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SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

THURSDAY, FEBRUARY 21, 1935

THURSDAY, FEBRUARY 28, 1935

WITNESS:

Mr. Noulan Cauchon, Town Planning Expert, Ottawa, Ontario

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

MEMBERS OF THE COMMITTEE

Mr. A. D. GANONG, *Chairman*

Mr. C. Bourgeois
Mr. T. L. Church
Mr. C. N. Dorion
Hon. J. C. Elliott
Mr. R. W. Gray
Mr. W. Hanbury
Mr. A. A. Heaps
Mr. C. B. Howard
Mr. J. P. Howden
Hon. R. D. Morand
Mr. C. R. McIntosh
Mr. E. A. Peck
Mr. D. B. Plunkett
Hon. F. Rinfret
Mr. G. D. Stanley
Mr. J. A. Sullivan
Mr. J. F. White

J. P. DOYLE,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

MONDAY, February 18, 1935.

Resolved,—That Messrs. Morand, Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Sullivan, Hanbury, Heaps, Howard, Howden, McIntosh, Peck, Plunkett, Rinfret, Stanley, and White (London), be appointed a Special Committee of this House to consider and report upon the inauguration of a national policy of house building to include the construction, reconstruction and repair of urban and rural dwelling houses in order to provide employment throughout Canada, and also to provide such dwelling houses as may be necessary, upon such terms and conditions as may be best adapted to the needs and requirements of the people, having regard to the cost of such a policy and the burden to be imposed upon the treasury of Canada; and to recommend the manner in which such a work should be proceeded with; and to hear evidence and to send for persons and papers in regard to the matters above set out; and that paragraph (1) of Standing Order 65, be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

FRIDAY, February 22, 1935.

Ordered,—That the said Committee be given leave to report from time to time.

Ordered,—That the said Committee be given leave to print from day to day 500 copies in English and 200 copies in French of the proceedings and evidence to be taken before the Committee, and of papers and records to be incorporated with such evidence; and that Standing Order 64 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

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REPORTS OF THE COMMITTEE

First Report

Thursday, February 21, 1935.

The Special Committee on Housing begs leave to present the following as a

First Report

Your Committee recommends that it be granted leave to report from time to time.

Your Committee also recommends that 500 copies in English and 200 copies in French of the proceedings and evidence to be taken before the Committee, and of papers and records to be incorporated with such evidence, be printed from day to day; and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

A. D. GANONG,
Chairman.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM 268,
THURSDAY, February 21, 1935.

The Special Committee appointed to consider and report upon the inauguration of a national policy of house building, to include the construction, re-construction and repair of urban and rural dwelling houses, met at 10.30 o'clock, a.m., for organization.

The following members were present:—Messieurs: Bourgeois, Church, Elliott Ganong, Gray, Hanbury, Heaps, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley and White (*London*)—14.

On motion of Mr. Morand, seconded by Mr. Elliott, Mr. Ganong was unanimously elected Chairman.

Mr. Ganong took the Chair and thanked the Committee for the honour conferred upon him.

The Order of Reference was read by the Clerk of the Committee.

Mr. Hanbury moved, seconded by Mr. Rinfret, that the Committee ask leave of the House to report from time to time, as this was not included in the Order of Reference. Motion carried.

Mr. Gray moved, seconded by Mr. Morand, that the Committee ask leave to have printed from day to day, 500 copies in English and 200 copies in French, of the proceedings and evidence to be taken before the Committee, and of all papers and records to be incorporated with such evidence; and that Standing Order 64 be suspended in relation thereto. Motion carried.

On motion of Mr. Morand, seconded by Mr. Elliott, it was decided that a sub-committee of five members be appointed by the Chairman to consider what witnesses should be called, reports procured, and to prepare agenda; the sub-committee to report at the next meeting.

There was some discussion as to whether town-planning commissioners or municipal authorities should be consulted.

Mr. Morand questioned the authority of the Committee to discuss all phases of the Housing problem especially as regards interest rates. The Chairman referred to Mr. Coote's motion on the Order Paper regarding interest rates on mortgages and thought this subject might be sub-judice. Mr. Hanbury suggested that consideration of this might be deferred until the question of interest rates was under consideration.

There being no other business before the Committee, on motion of Mr. Morand, seconded by Mr. Rinfret, the Committee adjourned to the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

COMMITTEE ROOM 268,
HOUSE OF COMMONS,

February 28, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10 o'clock, a.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs: Bourgeois, Church, Dorion, Elliott, Ganong, Hanbury, Heaps, Howard, Howden, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley, Sullivan and White (*London*)—17.

The minutes of the previous meeting were read and approved.

The Chairman stated that in compliance with a motion adopted at the last meeting, he had appointed the following five members to constitute the sub-committee on agenda: Messrs. Stanley, Morand, Church, Elliott and Hanbury. He then called on Mr. Stanley to report for the sub-committee.

Mr. Stanley reported that the sub-committee had met and considered the witnesses they thought it desirable to have appear before the Committee, and that Mr. Noulan Cauchon, Town Planning Expert, and his assistant, Mr. J. M. Kitchen, both of Ottawa, should be called for to-day's meeting.

The Chairman asked if any of the members had any suggestions to make, and Mr. Church outlined the course he thought the Committee should follow.

Mr. Cauchon was then called, examined, and retired.

It was decided to hear Mr. Kitchen at the next meeting.

The Committee adjourned at 12 o'clock, noon, to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 268,

February 28, 1935.

The Special Committee on Housing met in Room 268, Thursday, February 28, 1935, Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, we have a quorum here now. We will come to order please. The subcommittee called this meeting at 10 o'clock with the idea of sitting from 10 o'clock to 12 o'clock. When we come to consider their report we can discuss at what time it would be advisable to call future meetings.

I will ask the Clerk to read the minutes of the last meeting. Minutes duly read and approved.

Next we will have the report of the subcommittee. I might say that I appointed the following to be members of the subcommittee: Dr. Stanley, Dr. Morand, Mr. Church, Hon. Mr. Elliott, and Mr. Hanbury. I understand Dr. Stanley acts as Chairman and I would ask him if he has any report for us.

Mr. STANLEY: We have no formal report to make, Mr. Chairman; except we decided to ask Mr. Cauchon and his assistant, Mr. Kitchen, to give evidence to-day, and they are here.

The CHAIRMAN: Just one point, Mr. Stanley; that is, you decided to meet at 10 o'clock—

Mr. STANLEY: No, just this morning.

The CHAIRMAN: —this morning, yes; I think we should decide at what hour we are to meet. The suggestion was made by some of the members that we should meet at 10 o'clock and sit until 12, their idea being that this will afford them an opportunity of looking after mail or other work. Is 10 o'clock satisfactory to the members of the Committee.

Mr. MCINTOSH: Half-past ten would be better if you want to look after any mail or read your paper.

Mr. HANBURY: I think ten-thirty would be better.

Mr. PLUNKETT: I am on another committee and they are meeting at eleven, I would prefer ten o'clock.

Mr. MCINTOSH: I would prefer ten-thirty.

Mr. PECK: If it is an expression of opinion you seek, ten o'clock suits me.

The CHAIRMAN: We will try to arrange our sittings as much as possible so as not to conflict with the sittings of other committees.

Mr. MCINTOSH: Ten o'clock is an unusual hour for a committee to meet, half-past ten has been more the general rule.

Mr. HEAPS: It is largely a question of what days you choose.

Mr. CHAIRMAN: We will try to choose days so far as possible which will not conflict with other committees.

Hon. Mr. ELLIOTT: Wednesday is not satisfactory to the Liberals who are on the committee as they have some very important business on the calendar to consider on that day.

Mr. STANLEY: At least, they think they have.

Hon. Mr. ELLIOTT: It is very essential that there should not be any opposition.

Mr. STANLEY: Leave it to the Chair.

Hon. Mr. ELLIOTT: I would suggest that you do not meet on Wednesdays, Mr. Chairman.

The CHAIRMAN: Before we call any witnesses, have any of the members any suggestions, or anything they wish to take up.

Mr. CHURCH: Mr. Chairman, I do not wish to detain the Committee for more than two or three minutes. I want to point out that spring is coming on very rapidly and if we are to accomplish anything in the way of reconstruction or housing we have got to get right down to facts. Among the matters which we might consider are public works, trunk sewers, armouries and educational buildings, and many others of that description. These may all be considered as relief measures and unemployment measures and it may be considered that the principle of relief applies to them—one-third of the cost paid by the Dominion, one-third by the province and one-third by the municipality. I think we might very well take a leaf out of the book of the people on a lot of these things; namely, that we should go over the situation in the larger municipalities. The records before us deal with two agencies, urban and suburban; it deals secondly with housing and reconstruction. At the present minute the city of Winnipeg has a very large application before the present government in connection with which a large deputation came to Ottawa to interview the government before the Parliamentary Session opened. Their application related to a trunk sewer for the Winnipeg district, and in connection with that they have a very vast undertaking. I think from what I saw in the newspapers about it—and I may say that my information comes from some of the memoranda laid before the government which was made public through the press—this project is both urban and suburban, and it arises in connection with the solution of the Winnipeg river. That is just one municipal project. I do not advocate going as far as the George scheme in England, or the Labour government scheme, because I believe that in these municipal undertakings where the municipality gets one-third of the cost they should be able to carry the fixed charges, namely, capital and sinking fund. My reason for saying that is that the powers of the federal parliament are strictly limited, under the provisions of the British North America Act, but as relief measures it might be possible for us to do something. I believe we should go over the country first, from Halifax right to Vancouver, to ascertain what the municipalities need along this line. We should also bear in mind that people cannot pay taxes as they did with incomes reduced some 33 per cent; that as a consequence of people being out of work they cannot pay real estate taxes, with a result that public buildings, schools and ordinary municipal services are starved to-day all over Canada, and as a result municipalities are having a hard time.

The CHAIRMAN: Mr. Church, I do not think our reference has anything whatever to do with works of that nature.

Mr. HANBURY: Yes, it has.

Mr. CHURCH: Yes, I think the reference covers that; I think it is broad enough to include that.

Mr. HANBURY: It is, "relief work" according to the reference.

Mr. HEAPS: Oh! no, that is not in the reference.

The CHAIRMAN: The reference says "housing" I believe.

Mr. HEAPS: We will have the reference read, please Mr. Chairman.

The CHAIRMAN: Yes, I will ask the Clerk to read the order of reference.

Mr. CHURCH: If it is not broad enough it can be broadened.

Mr. CHAIRMAN: Just read the order of reference, Mr. Clerk.

The CLERK: The order of reference names the members and continues, "To consider and report upon the inauguration of a national policy of house building."

The CHAIRMAN: You will notice that is "house building."

The CLERK: —"To include the construction, reconstruction and repair of urban and rural dwelling houses"—

The CHAIRMAN: Now it says, "dwelling houses."

The CLERK: —"In order to provide employment throughout Canada, and also to provide such dwelling houses as may be necessary, upon such terms and conditions as may be best adapted to the needs and requirements of the people, having regard to the cost of such a policy and the burden to be imposed upon the treasury of Canada."

Mr. CHAIRMAN: I think it only applies to house building, absolutely.

Mr. CHURCH: I will just conclude, Mr. Chairman, with the observation that if the order of reference as it now stands is not broad enough it should be made broad enough. As you know, this country cannot solve any problems at all because of its "passing-the-buck" Act, the British North America Act; it cannot settle any problems at all, except objectively. If we want to do something in this committee we need to get busy, particularly because spring is coming; and I do not think many of the municipalities are able to go ahead on their own. Men are waiting for jobs and cannot get them. I do not advocate our adoption of such a policy as they have in England, where they are passing works of all kinds with no provision for meeting fixed charges; because fixed charges must come out of income from somebody, someone has to carry the burden of the cost of these reconstruction measures, and right here let me say that businessmen and merchants are being driven to bankruptcy because of present conditions, and tax collections are falling seriously behind. The seriousness of the situation is shown by replies which have been received to questionaires which have been circulated to municipalities. Also, may I point out these schemes are not all local in their character. The city of Toronto, for instance, has built a trunk sewer, and as you probably know that serves not only the city of Toronto but many surrounding municipalities as well.

Then, if we are to go on with any of these public works or undertakings let us limit the time to one year or two years during which the government will be doing this, in the way the Union government did in 1919 in housing—whether it be reconstruction or housing. Each city and municipality has its own local problem which includes the very involved and vexed question of finance and reduced rates. Also, we have got to be fair; owners of existing property are going to claim that others will get the benefit of government subsidy. I think we should not overlook the principle involved, and we should consider what has already been done. I think we should have it in mind to get action early this spring, naming a number of public works that might be undertaken within say two years or eighteen months—limit the time of the application of this policy in the same way as was done by the Union government in connection with housing. I think the municipalities are the ones who should take charge of the work, as they are most familiar with local circumstances, but Parliament should lay down the general policy to be followed.

The CHAIRMAN: Now, Mr. Church, I do not want to interrupt you, but we have got one definite thing here to consider. If you wish more than that would it not be better for you to bring a resolution, or something of that kind, because at present our responsibility is to consider housing.

Mr. CHURCH: Mr. Chairman, if I can't set my views out at this meeting I will hope to do so at a future meeting. In the meantime I will get down to brass tacks; that will be something new, because the House of Commons never does get down to brass tacks.

The CHAIRMAN: Then let us get down to that. We should have some resolution or something before us if we are to consider any matters which at present do not come within the terms of our order of reference. We are absolutely tied down to housing.

Mr. CHURCH: I understand all that. I am telling you that I am going to move to amend the reference. I may say that these matters are very involved and several of the municipalities are appealing for Dominion relief. If we want to do something, the time to do it is now. If not, all very well and good. The municipalities cannot supply capital for these works—courthouses, schools, hospitals and many of these matters. The government has already passed some of these. Some municipalities get them and some do not. They want equality of treatment not only in the province of British Columbia, but in Ontario, Quebec and the maritimes. Why should some municipalities be given works by relief for schools, education and housing, and others have the whole burden put on the municipal tax rates?

Mr. HANBURY: On a point of order, Mr. Chairman—I think that the remarks of Mr. Church are very interesting, and could well be a question for discussion of the committee if our order of reference provided for it. But under the circumstances I think we should go on with what the order provides for.

The CHAIRMAN: I think we will have to call that out of order, Mr. Church.

Mr. CHURCH: That is all I have to say. I am through.

Mr. HEAPS: I was wondering if we could just have a kind of brief report from that small committee, a kind of steering committee for this larger committee. We have had very little so far to submit to the larger committee as to what policy we should pursue here. All we have done is produce witnesses this morning. I would far sooner, before we proceed with the witnesses, to have laid down the policy of this committee, what we want and how far we are going to go.

Mr. STANLEY: Mr. Chairman, may I say that the sub-committee met and discussed the matter at considerable length, but it was thought that before setting down any definite policy it might be well to have Mr. Cauchon deal with the reference, give a general summary of the housing schemes in other countries, and some suggestions as to how it might be applied here. Then after we have heard a general outline and review of housing here and elsewhere, we might then come to the question of a general policy. I think that is fair

Mr. HEAPS: Yes, I realize the value of the evidence that may be submitted by Mr. Cauchon.

Mr. STANLEY: We are not tied down by anything he suggests.

Mr. HEAPS: Time is going on, and it is very important.

Mr. STANLEY: We are only starting.

Mr. HEAPS: It is a week since we met, and I thought perhaps it might be advisable to have consulted the provincial governments and the municipalities as far as possible, to get from them whatever information we can, so that we can have first-hand information from those actually on the spot.

Mr. STANLEY: They have been consulted to some extent.

Mr. HEAPS: I know in some cities they have actual housing schemes ready to proceed with and I have seen them—I have seen plans, sketches and costs and everything that goes with it—provided there is some assistance from the federal authorities.

Mr. STANLEY: All that can be discussed.

The CHAIRMAN: I thought, in talking with the Chairman of the committee, that this was new to a good many of us. He thought if Mr. Cauchon

could give us some idea of how we could proceed, after we had heard from him we would have a better idea of the whole housing problem all over the Dominion, and that would give us a sort of lead along what line to proceed.

Mr. HEAPS: It is all to the question of the reconstruction of homes.

The CHAIRMAN: Which is our reference.

Mr. HEAPS: Which you can only obtain from direct information.

The CHAIRMAN: I think if we hear Mr. Cauchon first, we will have a little better idea along what lines to proceed. I think it would be advisable this morning to hear him. Then afterward we could have discussion in regard to policy, or if the committee thinks proper, leave it to the sub-committee.

Mr. PLUNKETT: Who does Mr. Cauchon represent? What department is he from?

Mr. STANLEY: Himself.

The CHAIRMAN: Mr. Cauchon has been for twenty-five years, I think, chairman of the Town Planning Commission here.

Mr. CAUCHON: I have been chairman, since its inception, of the Ottawa Town Planning Commission.

Mr. HEAPS: Was that commission the one that was responsible for the Ottawa housing scheme?

Mr. CAUCHON: No.

Mr. HEAPS: I am glad of that.

Mr. STANLEY: Give him a chance.

The CHAIRMAN: Is it the pleasure of the committee to have Mr. Cauchon address us?

Mr. STANLEY: Mr. Chairman, may I just suggest this, that if any member of the general committee has any suggestions to offer in connection with the program that we should undertake, it would be well for him to submit a summary of them in writing so that it could be submitted formally to the sub-committee. I think it would be a good suggestion.

Mr. MCINTOSH: Is it not rather late in the day to get in touch with the different municipalities? Could you not get some organization that will represent them, and give the very last word on it?

Mr. STANLEY: No, it is not very hard to get them any time.

Mr. HOWARD: May I say for the information of the committee, before you hear Mr. Cauchon, that if later on the committee want to hear me personally, in 1928 I went into the business myself and put on a housing scheme in Sherbrooke and built fifty homes. I will give you the practical results of the scheme, costs and so on, from real, genuine, personal, observation. I am ready to go before the committee any time.

The CHAIRMAN: Thank you, Mr. Howard. In order to make progress, is it the pleasure of the committee that Mr. Cauchon address us?

Mr. HEAPS: I would so move.

Mr. HOWARD: I second that.

Hon. Mr. ELLIOTT: I would like to make a suggestion that, no matter what change may be made in the order of reference later on, Mr. Cauchon in his remarks this morning devote himself to urban and rural dwelling houses. The field is so large, if we went beyond that at the present time, it is hard to say just how long it might take. That, at the present time, is the reference; and I suggest that Mr. Cauchon devote himself to telling us to what extent, in his experience, the various municipalities have made progress along that line, not only with urban but also with repairing and reconstruction of rural dwelling houses.

Hon. Mr. MORAND: Let him go on. Any time he is out of order, we will call him to order.

Hon. Mr. ELLIOTT: Yes. But I would suggest that he direct his remarks along those lines as closely as possible this morning.

The CHAIRMAN: Then the motion is carried. I will call on Mr. Cauchon.

When you start, Mr. Cauchon, will you give your experience, and don't be too modest about it. We would like to know, and those who are not here will read the report. You may just be seated and address us.

Mr. NAULON CAUCHON called.

Mr. Chairman and gentlemen, I have been asked by your Chairman to give my record. I will give it to you in a very brief manner. I am chairman and technical adviser of the Ottawa Town Planning Commission, and have been since its inception in 1921. I am past president of the Town Planning Institute of Canada, and past chairman of the Ottawa branch of the Engineering Institute of Canada. I began my career with the old St. John railway in Quebec; and then from 1888 to 1908, twenty years, I was connected with the Canadian Pacific Railway in the administration, operation and construction departments, in which time I may say I had charge of railway construction in the west. In 1908 and 1909 I was assistant engineer for the Dominion Board of Railway Commissioners here in Ottawa. In 1910 I went into private practice as a consulting engineer—and that is still my standing—specializing in town planning.

I have been frequently consulted by governments, provincial and otherwise, and by municipalities. I have lectured on town planning, particularly with respect to my hexagonal system, which is a new street system. I have lectured on that in many places in the United States, Canada, England, France, Germany, Austria and Hungary. That system is now applied in Withemshawe, a suburb of Manchester, England; also in the garden city of Letchworth, and in the city of York in northern England. It has been accepted theoretically in Germany as well as on the continent. But without going into details on the subject—employment and jobs—that is my general record for the committee.

In consultation with your chairman and with the chairman of the subcommittee, I was told to make my remarks as free from technicalities as possible. Being an engineer, I have always got to be on my guard against running into technicalities. It is also, on account of the short notice, more in the nature of a round table talk. I might mention that if you gentlemen would wait until I get through with my remarks before asking me questions, perhaps it would be most satisfactory to you. If you hear my whole remarks, and then those of my assistant Mr. Kitchen then the committee will be in a position, I think, to have the background for judging town planning in general, or at least housing in general, as the various schemes may come up.

When we talk of "housing," we mean industrial housing. The reference from parliament says the building of houses, but "housing" properly understood is housing for the working classes. That is the understanding in England. My endeavour will be to give you the background of the whole problem and the inter-related problems, because you cannot deal with housing in one watertight compartment. There are various things affected. I will endeavour, to the best of my ability, to lay before you the inter-relation of the various things. "Housing" is really a function of town planning. It is like zoning; and you cannot have housing, I will say in passing, unless you have zoning, because you have got to protect values and amenities. That is our great trouble in large cities, to prevent incongruous building, and it is true that some have gone to a lot of trouble to stop it.

Comprehensive town planning and housing rests upon a biological basis. The problem of the town planner, which as I say includes housing, is to create

a condition of environment in which human life can thrive. That is what you are after. Anything short of that gives you deterioration of the human element and degradation and all the social and political ills that generally follow or accompany that process. It is a problem having to do with the maintenance of human life and its enhancement, by providing proper physical environment.

Now, if you will allow me—and I am not going to wander very far from the subject; I have given you what I consider the relation—I am going to give you a definition of town planning by the Town Planning Institute of Canada, which is: "Town planning is the scientific and orderly disposition of land and buildings in use and development, with a view to obviating congestion and securing economic and social efficiency, health and well-being in urban and rural communities." I will lay stress upon the congestion in a moment. You see therefore that town planning and housing is a social science. In fact in a way it is the technique of sociology. It functions through ethics, economics and expression or art and is an indivisible manifestation of natural law. That is to say, you cannot have economics without ethics and you cannot have ethics without economics to sustain it; but expression or art aesthetically is simply an expression of things as they are. I don't want to go too much into the idealistic side of it, but those are fundamental facts.

The crux of the problem of housing, and the crux of the problem in town planning is congestion; that is, congestion of traffic which affects the time-space or time-distance accessibility to homes. Then there is the question of congestion of houses; that is to say, too many houses on the land. That so shuts out sunshine and air. Then there is the question of congestion of occupancy, the overcrowding of houses. So you have those three factors—traffic, the house itself and its occupants—coming into your problem for consideration.

The English system is two to a room. I will come to that later. They recently passed, or had before them, some very wonderful legislation in England. You know that England has been in the last twenty-five years—since 1909—the laboratory of the world for housing problems, or the solution of housing problems. I shall not go into their various acts. Their acts started in 1909, with Lloyd George's budget; and there have been, almost every year, amendments giving different means of accomplishing these things; that is, a different project, varying from one to the other. Variation in the projects or in the acts rather, has mainly been variation in the amount of subsidy or the manner of granting that subsidy to these housing schemes. A great many were undertaken by the municipalities themselves, and a great many by private corporations, which I will refer to later.

Now, we come to traffic—we won't go into it—which in itself is a problem in dynamics. Our present street system is based upon a checkerboard or gridiron system of streets. If you look upon traffic as a problem in dynamics, that is the flow of traffic forces, you will find that at every cross-intersection, as soon as the city gets busy, you have interference of forces. You have that intermittent delay either by signals or a policeman. You have to alternate movement first on one street and then on the other, which means that the efficiency of our planning as accepted in this country and the United States mainly, is worth about 50 per cent of its face value, because you can only have one street going at a time if you have any considerable amount of traffic. If, from the 50 per cent efficiency obtained by the use of one street at a time, controlled by signals or policemen, you deduct the time lost in stopping and starting, you really get an efficiency of our system of planning of about 33⅓ per cent. About one-third is the efficiency of our streets, on their face value. It is a tremendous economic loss to cities to have to provide a system of traffic which only functions at about one-third of its face capacity when it is most required to function; that is to say, when you have crowded streets.

There have been many suggestions for improving that. The one I referred to in the first instance was the hexagonal system. That is a system whereby the streets are so designed as to meet in three-way junctions. That gives you a deflection of traffic instead of interference or collision of traffic. That is a technical matter, but has a very great bearing on housing; that is to say, on the accessibility of outlying districts within a given time. You see, it has been pretty well accepted by the industrial executives in the United States—and there has been a tremenodus amount of money spent on what they call efficient management investigations—that about one half-hour spent by the workmen in going to and from their work is about the normal approximate limit. If they have to exceed that time, then the principle of fatigue sets in, or the factor of fatigue. I am not talking of just one or two days, but I am talking about a condition that prevails over a long space of time. Therefore, you have a man who comes to his work tired and inefficient, and he goes home tired and does not rest properly over the course of months or years. That causes inefficient workmanship. That is the result of many investigations in the United States; and the scientific planners have practically accepted that approximate half-hour as the time limit. That is to say, the result of that congestion owing to so many variable dimensions, is to slow up traffic. If streets, let us say, start at a given width—and they get longer—there is cumulative traffic. If the buildings become high, there is cumulative traffic from that; and then there is the time factor. So that you get, as this process continues, a slowing down of traffic. If in the initial stages you can go out five miles, reach five miles from the heart of the city within half an hour, you have got a very healthy condition. That is to say, you bring about 75 square miles of territory into competition. Competition, under the present dispensation of the private ownership of property is the only way you can secure cheap land for the purpose of housing. As that congestion increases in the city, the real reach, I might say, of the radius becomes less and less, and the workingman does not continue to buy a cottage or home in the country with sunshine and fresh air for bringing up his children. He is brought into the duplicate housing and triplicate housing and three-storey tenements and so on. Then home deterioration begins by the lack of sunlight and air for the children. The grown man, of course, can stand it pretty well. That is why I brought in town planning, without going into any technical details, as far as I could, to show you it is a very serious factor in your housing problem. If it was left to me—but of course, this gentleman does not want me to enlarge the proposition too much—I say if your reference was enlarged to include a national policy of town planning and housing, then you would have the whole problem controllable from one source.

Reference has been made to urban and rural housing. What the gentleman over here has asked for, a record of what every municipality, or practically so, has done and their success with various schemes, would take me from now until the middle of next century, not next week. We can give you, and will give you, information on what happened in Ottawa, right under our noses. The Town Planning Commission, as I assured you, had nothing to do with it. We were established shortly after that thing ceased. You will get first hand information on that. I have asked the Chairman to call Mr. Gordon, the Finance Commissioner of the city of Ottawa, and he is prepared to come and give evidence, possibly at your next meeting, if it is convenient, to show you what money has been spent, from my point of view what money was lost, in the scheme. Now, the same story is told me everywhere—I know because I go around the country—on town planning work. The government has been of some assistance in respect of their municipal housing schemes, possibly in respect of some of the small towns, whether it was successful—possibly in individual cases—not general schemes.

By Mr. Heaps:

Q. What about Winnipeg?—A. I have not the information on Winnipeg.
Q. I will give you the information?—A. But it was a failure here.
Q. It was no failure in Winnipeg?—A. I am glad to hear it then.
Q. In fact they show a profit each year?—A. I am glad to hear it. In regard to rural housing, I am not touching it because I think that rural housing might well be covered by the proposed Farm Loan Board. Your committee might very well make recommendations as to how it should be controlled; but in regard to funds, I understand that the Farm Loan Board has authority to loan money to farmers. You see, in drafting this rural housing, I think the term originated because of the English practice. In England there is a large class of farm labourers who always remain farm labourers, and a house has to be provided for them on the farm. The housing of them has not been satisfactory in the old country and they take that in as part of their housing schemes. In this country—I do not know whether the committee will wish to recommend it or not—it is not the problem that the industrial housing is in the cities.

By Mr. McIntosh:

Q. It is a real problem just the same?—A. It is a real problem, but I am submitting that in this country most of the farmers are not in that position. The hired man on the farm lives in the farmhouse. It is not the problem here that it is in the old country. For that reason and for the reason that probably that it is a problem for the farmer himself more than for your class of real farm labourers, I am suggesting that the maintenance of that side of it might possibly be handled by the rural Farm Loan Board. It is simply an interjection, and has not come under the purview of the city. Our trouble in Ottawa is that people who are lacking in accommodation outside are flowing into the city of Ottawa at a tremendous rate, all the time, from all surrounding municipalities. They are coming, not only from the province of Ontario, but other provinces, pouring into here, to get relief. It is a very serious tax on the city of Ottawa. It is very difficult to discriminate. The Ontario government has not helped us to keep them out. They have made conditions which make it possible for people to come in here and qualify very easily, and then come to us for relief. I will give you some figures about relief in a moment, and you will see what a serious problem it is. I am giving you those figures for the purpose of showing unemployment and relief, and how much better it would be, in my humble opinion, if a policy could be devised to put these people to work, make them earn, instead of being a charge; because all the money we spend—and it is very seious—on relief, bring us no return. There is no return from it. In fact, it is serious in other ways than the mere matter of return. We are impoverishing, we are pauperizing a lot of people. However, we will come to that.

Now I take it that the scale of wages—if we take—because I am always thinking of the low wage earner, as I call him my friend, the pick and shovel man,—it at 100 per cent, as what his requirements are to keep up his biological needs to a certain degree of decency and amenity, he does not earn enough to carry them economically. He carries perhaps 60 to 75 per cent of it out of his wages, and the balance is carried by the community. That deficiency is carried through hospitals, and prisons, and school costs and all those things. Therefore the man of low wage earning capacity is not assisting the community. Now, the unemployed. I am going to give you some figures that I worked out last night upon that very problem. In the city of Ottawa, unemployment relief costs per family include food, clothing and rent. The food here amounts to $40 a month. In other words, $480 a year per family, which is divided into three, federal, provincial and municipal. The federal and provincial governments each pay one-third, so there is $160 against the city for food. The clothing we pay

ourselves, which amounts to about $5 per month per family, which is $60 a year. Now, the rent which is authorized averages $13 a month.

Mr. WHITE: How many do you figure in a family?

The WITNESS: A family here seems to be about six, father and mother and the children. Possibly the average is four children per family, the economic average we always use in " economics " is three children.

By Mr. Howard:

Q. In each district?—A. Ottawa. I am speaking absolutely about Ottawa. I am giving the figures for Ottawa. I asked the social service director only yesterday how she arrived at the average of four children per family. I asked her if she took the number of children and divided it by the number of families, and the lady who was in charge said no. She said that is the average on the whole. In many families there are six, eight and ten, but I have had to take four. She said it is a little bit better than four; but I am using four per family. The rental is $13 a month, and for twelve months it amounts to $156, of which we are paying one third, which amounts to $52. The government helps on the food, and rent but the clothing is paid by the city. Up to that point the amount paid is $272 a year per family. Now, the Dominion and provincial governments each pay only one-third. That gives you $320 they pay and $104 on rent that they pay, which is a total of $424. If you add to that the $272 which is a direct charge on the city, you get a total of $696 per family. The city's share is therefore $272. There is another little charge that comes in here, medical assistance which is given to these people in their homes. That assistance has amounted to 11 cents per month per head, so that in an average family of six it would be 66 cents. In twelve months the cost would run into $7.92. Our medical attention costs us on an average of $7.92 per family—I will give you the number of families in a moment. That brings the city's contribution up to $279.92. There is another big item that I have not been able to obtain in the time available. That item is the Civic Hospital charge. Hospitalization is really a very big item. When these people take sick we send them to the Civic Hospital, naturally, which increases that very materially.

Hon. Mr. MORAND: Do you include fuel?

The WITNESS: That goes in with the food, maintenance, as far as I know. Mr. Kitchen will know. Fuel goes in with the ordinary maintenance?

Mr. KITCHEN: Yes.

The WITNESS: Now, there is another problem that I should like to touch on, and that is the cost of education. In the city of Ottawa the cost of education in the public schools is $105 per head.

Mr. HOWARD: It is too high.

The WITNESS: It is too high, but it is that, unfortunately. I have here a report of the Chief Inspector of Schools. It is not the last report, and it gives these figures.

Mr. HEAPS: Is that not higher than the average city across the country?

The WITNESS: I cannot tell you.

Hon. Mr. MORAN: Yes, it is.

Mr. HEAPS: That is my impression.

The WITNESS: It is considered very high here. We have very wonderful equipment in schools. Our school boards did like everybody else during prosperous times, built palaces. We have at the present time possibly 1,000 to 1,500 vacant places in schools.

By Mr. McIntosh:

Q. Has there been any reduction in the per capita cost?—A. No, it is always going up.

Q. The teachers have not benefitted in the way of increase in salaries?—A. I think the salaries have not gone ahead in the same way.

Q. They have been actually cut to the minimum?—A. Yes.

Mr. HEAPS: The buildings here in the city of Ottawa are not nearly as good as in the other cities?

The WITNESS: They may not be.

Mr. HEAPS: They are not nearly as attractive as the school buildings in the city of Calgary?

Mr. STANLEY: No, not nearly as good.

The WITNESS: We all worked on the principle of having the finest ever, and now we are paying for it. There is no use kicking about it; we have it. The cost is $105, if you take an average of four children per family, is $420.

By Mr. Howard:

Q. Is not that $105 for those actually in attendance?—A. For those actually in attendance, and that excludes any frills such as modelling, playing the piano, or technical schools or anything like that. It is quite outside of that. That is for the ordinary average education that we give in the city of Ottawa. I remember some years ago it was $95. It has been always crawling up. Now, if I may refer to my figures again, I will give you the record of the city's expenditure. Along with the $272.92, schooling costs $420. The labourer who is out of employment does not pay that. Even when working he does not contribute that. Now, I am not objecting to those who have none, contributing to the education of the children of those who have. It is a matter of social safety, if I am putting it at that, but still it is costing the public that amount of money.

By Mr. Stanley:

Q. Does that add to the cost of education? In the first place you have your overhead fixed, anyway, so that the great bulk of your cost goes on whether these things are excluded or not?—A. That may be so, but still the cost is being paid.

Q. Yes.—A. That brings it up in the city of Ottawa, if we include schooling,—I am not blaming these people; I am not finding fault; I am simply trying to arrive at an economic statement of what the cost is under present conditions to carry the man who is on relief, who is making no contribution whatever towards the school, not even paying any taxes—

Mr. WHITE: He must pay his taxes in his rentals.

The WITNESS: We are paying the rentals for the man on relief.

By Hon. Mr. Morand:

Q. You are duplicating when you are adding rentals and education.—A. You think so?

Q. I do not think there is any doubt about it.—A. Possibly. That is a point of view. It is a small difference. Of course these figures are subject to criticism and correction, you know. So the full cost of the city of Ottawa would be $699.92, plus that payable by two governments, $424, or a total of $1,123.92. This amount is being expended on every family on relief here, in one way or another.

By Mr. Hanbury:

Q. How much of that was schooling?—A. $105 per child per year.

Q. I am basing it on the family. You have given us a family figure.—A. A family figure of four.

Q. The minimum cost per family, eliminating education?—A. Yes, you have got $279 for the city of Ottawa, and paid by the two governments, $424, and adding these two items, it comes to over $700, does it not?

Q. That is the point I want to get at?—A. I have not got it in just that way. At the end of January, we had 4,862 on relief.

By Mr. Howard:

Q. In Ottawa?—A. In Ottawa alone. During the month it went up, and the total was higher, 4,929.

By Mr. McIntosh:

Q. Six per family, or what number of children?—A. I am taking it six per family, 2 adults and 4 children—it is a little bit less than that. The figures do not quite check, because the total number of individuals which included children amounted in January to 20,786.

Mr. HOWARD: What is the total population?

Mr. KITCHEN: 135,000.

Mr. HOWARD: How many families were on relief?

The WITNESS: Well, between 4,862 and 4,929.

Hon. Mr. RINFRET: Any dependents?

The WITNESS: You mean families on relief?

Mr. HEAPS: You have 4,862 on relief. Have you got the percentage that that is to the total number of families in Ottawa?

Mr. KITCHEN: There are approximately 27,000 families altogether in Ottawa.

The WITNESS: Now, I will pass to the question of environment as justification for proper housing conditions. We have legal protection against a matter of this kind: if you are going along the street and a house falls upon you, a derelict building, the inspector comes along and condemns it, but if you are inside the house, and it is an unsanitary building, the medical health inspector can take no action, practically until it has become an absolute slum. In other words, it is a choice between quick death by a brick falling on you, or a slow death by contracting tuberculosis, in insanitary houses, and various other diseases.

By Mr. Howden:

Q. You said the health officer has not got the power?—A. They have the power, but there is difficulty in exercising it. A medical health officer comes along and finds a house in Ottawa here, absolutely unsanitary—he is generally faced with the alternative of putting the occupants out on the street for want of other proper housing to put them in.

Mr. HOWARD: And in other cities.

The WITNESS: What I am contending is, there should be more power given to the health officer to close that house up; whether it is absolutely unsanitary or half unsanitary, it is ruining the health of the people.

Mr. HOWDEN: Don't they close up the unsanitary houses in Winnipeg?

Mr. HEAPS: Yes.

By Mr. Hanbury:

Q. We all appreciate the necessity for considering these matters which Mr. Cauchon is bringing to our attention and we will have to consider them at some

stage of the proceedings, but I am anxious to get a picture of the practical work as it is being carried on in England and I think, perhaps, we could get some of the points he is now bringing out at a later stage?—A. If you will be patient I will come to that in a moment. I think it is essential for the proper understanding of the matter to get all the angles of it.

Q. I am drawing to your attention the fact that every member of parliament listens to hours of speeches for five days every week in which many of these points are brought out and we are all permeated with the necessity of it and we would like to know just what has been established?—A. I will pass on to that problem. I am going to ask you to make a distinction between housing and slum clearance. Housing is part of the industrial equipment of this country and the people who are living in these houses should be earning enough money to maintain those houses; but slum clearance is for people who are unemployable generally and deals with conditions that can only be remedied by pulling down houses. When you come to pull down these houses and clear the areas of slums you get the ground cleared, but you are starting with a heavy fixed charge due to expropriation. If a man has a house that is declared unsanitary and the area or block is declared to be part of a clearing scheme the man who owns the house gets nothing for the building, he gets paid for the land only. The claim is that it is not a house if you cannot live in it. That part of it, I think, is partly social service and partly relief and it is part of the legitimate charge upon the municipality upon its social service. But I want to keep clear the wide line between housing and slum clearance. Housing, I can show you from figures, more or less carries itself, whereas the other is a charge. I would like to define a slum in a rough and ready manner: a slum house is an insanitary house, it is a house that might have been sanitary but by being overcrowded will become insanitary. Now, we have slums in Ottawa. Every city in Canada has slums. We are no worse than other places. Our problem for the moment in the Medical Health Office is something like this: do you want me to close down certain houses? Well, if I close them where are you going to put the people? We have not room for them. We are putting up with a very undesirable condition through force of circumstances.

By Mr. Heaps:

Q. Do you mean to say that to-day people are occupying insanitary buildings because there is no other accommodation available?—A. Certainly.

Mr. HOWARD: They cannot afford to do anything else.

Mr. MCINTOSH: They are living in ice houses for the same reason.

The WITNESS: We have great difficulty in finding houses for the relief people. It has got to a point where the only houses available are the better class houses which their owners do not want to rent for that purpose. The relief has only a certain limit within which they can pay rents, and if a man does not want to rent his house at from $10 to $15 a month, what can be done about it? Many people own houses and do not wish to rent them at such figures, and, as a result, we have difficulty in finding proper accommodation. The trouble is that there was no accommodation ever designed objectively for the low wage earner. There has never been any money in it for the speculative builder—I am using the word in its proper sense.

By Mr. Howden:

Q. What is an insanitary house?—A. In principle?

Q. Yes.—A. There is a very fine definition of it in this Toronto report if you care to refer to it. I would say offhand that it is a house that is damp, that has not sufficient light, that has not proper plumbing. Those are the

essentials. When I refer to proper plumbing that has not directly to do with proper accommodation.

Q. Plumbing is not a necessity?—A. No. I have corrected that statement. Let us call it proper sanitary accommodation. That constitutes an insanitary house, and that is where the insanitary feature develops.

Q. An important feature is a sufficient quantity of air?—A. Yes, if it is fresh air.

Q. Of course.—A. I mean to say that you cannot consider an unventilated cube as a sanitary place to live in.

Q. Quite so; and there is a given minimum of air space?—A. Yes. That is worked out. That is really the trouble. The trouble with the insanitary house is usually its unfitness for people to live in, and that is accentuated and aggravated by the lack of proper toilet facilities, inside or out. They are sometimes inside and in a horrible condition; and then there is the overcrowding, by one or several families.

Q. The point I wanted to stress is that the house does not have to be a modern house in order to be sanitary?—A. Not at all. It is not a question of architectural style at all; it is a biological condition.

Q. Nor is it necessary to have modern heating or modern plumbing for the health of the people?—A. No, so long as that accommodation is provided for in a sanitary way—in a way that relieves the house of smells either inside or out. Also one of the insanitary conditions that arises from a lack of proper toilet accommodation, particularly when that accommodation is provided outside, is the presence of flies and the effect they have on the food; the incidence of disease immediately comes in—the thing is cumulative.

By Hon. Mr. Rinfret:

Q. You have mentioned overcrowding. The house may not have anything wrong with it at all in certain cases?—A. Certainly.

Q. But there are too many people living in it?—A. Particularly the overcrowding I refer to is the overcrowding of families. If a man has a lot of children you cannot call that overcrowding.

Q. The point I make is that in certain cases the house may be sanitary, in fair condition, but there are too many people living in them?—A. Yes.

Q. And that would be due to the fact that those people cannot go anywhere else?—A. They cannot afford anything else. As I say there is an inherent lack of accommodation for the low wage earner.

Mr. HOWDEN: There is in every city.

The WITNESS: There is in every city. That is one of the things I am going to ask your committee to consider. From my point of view this national policy of housing will have to provide houses for the low wage earner.

Mr. HEAPS: We might start by increasing wages.

The WITNESS: Yes. The scale on the yardstick of a hundred requirements of a man and his family is not met by the low wages of the low wage earner. We supplement that by paying for hospitals and sickness generally as well as various other things, but no matter which way you stretch it, it amounts to the same thing—to use a popular and common expression in Ottawa to-day, it is the lack of purchasing power.

By Hon. Mr. Elliott:

Q. To what extent is the dampness that you refer to in the house due to a lack of sunshine?—A. It is mainly due to structural defects. It is usually due in these old houses to leaky roofs and leaky walls. A wall can be just as leaky as a roof. The whole building gets wet and the material gets soaked and so you have a damp condition.

Q. Do you find it to be due more to the condition of the roof than to the condition of the windows?—A. It is due to both. I think here in Ottawa where there is lots of room and where we have not so much overcrowding on the land that it is probably due more to structural defects. The condition can also be aggravated by the lack of sunshine where a house has windows that look out on blank walls and which do not receive much sunshine. There is an important distinction there. It is not entirely a question of sunlight; I used the term sunshine. Unless you get the benefits of the ultra violet rays in the rays of the sun you are not really getting the benefit of sunshine. I would not like to say that the light in this room is unsanitary, but this room has not enough sunlight even.

By Hon. Mr. Rinfret:

Q. Would you consider this room to be insanitary from the viewpoint of a dwelling?—A. I would hardly like to accuse you of being overcrowded because it would be an invidious distinction, it is somewhat of a dungeon. The English experience over many years of work has favoured a subsidy which, in one form or another, has been roughly the equivalent to 20 per cent of the cost of the scheme. I am not going into all the details.

By Mr. Heaps:

Q. The English scheme is being created mainly for the purpose of providing houses at low rental?—A. Absolutely. It is mentioned in their laws, and they are the first country in the world which understood the problem and undertook to deal with it. They build from a solid basis rather than trying to raise themselves by their bootstraps. The contribution from the government in England and some from the municipalities has amounted to about 80 per cent, but that has been loaned.

Q. The 20 per cent includes the federal government and municipal contributions, about 80 per cent of it is loaned, is not that right? 80 per cent is only the facility provided for guaranteeing bonds or giving security at a low rate; is that so?—A. The great housing expenditures in England are not strictly expenditures, they are investments. There are several thousand millions of dollars bringing in a return. It is, I think, from my limited point of view, the main leaven to their industrial recovery—an enormous expenditure affecting all industries in the country and being on a sound investment basis.

The CHAIRMAN: Do they grant the 20 per cent and plus that guarantee the other 80 per cent?

The WITNESS: Yes, to municipalities or corporations which I will refer to; but, of course, needless to say any gentleman who has any knowledge of construction matters will realize the helpful advantages of such a system.

By Mr. Hanbury:

Q. I think that point should be covered; does the government provide all the funds that go with these housing projects?—A. The government provides practically all the funds they had in the beginning.

By Mr. Heaps:

Q. Is that the case with the private corporations which are putting up houses?—A. They have done that with certain private corporations.

Q. But, generally speaking, the private corporation provides most of its own finances?—A. Some of its own finances; it has been substantially aided by the government. I will refer to that in more detail when I come to answer your other question.

Q. You are going to cover that later?—A. Yes. This great housing movement has proved economical and has given a leaven to other industries. It has

given a leaven to industries other than the low class wage earners. If everyone is more or less prosperous the benefit is felt in lines other than building. It is not all done at once, it is a matter of constructive progression; all the time, you see, money is coming back—the scheme has been in operation for twenty years now, but I need not go into the details of how the subsidy is given, sometimes it is given outright as a certain amount and at other times it is given in the form of monthly advances. Under the former management which has been employed they have managed to introduce private initiative into their work, and they have also induced the employment of a great deal of private capital.

By Mr. White (London):

Q. Generally speaking, what is the interest charged on these loans of 80 per cent?—A. Between 3 and 4 per cent. The usual practice is for the money to be provided at a little above the rate at which the government can borrow, and do its bookkeeping.

By Mr. Stanley:

Q. Does not refer to repair and reconstruction as well as to actual construction?—A. Not in the same measure, sir. "Construction" usually means new housing, then you have "Reconstruction," which means the clearing of the slum areas—that is a thing which the government has taken as its particular responsibility; then you have the third condition, the movement to reduce the over-crowding in housing.

By Mr. Howden:

Q. Does the clearing of slums include the remodelling of old houses where that is practical?—A. Not exactly, that is rehabilitation. A house may be in a block and be rehabilitated fairly well, you see. When they come to a point where a very substantial area in a block is slum they usually decide to have a slum clearing project. That would mean that most of the houses in the block would be removed, by reason of the fact that a great many of them had been declared insanitary the property is expropriated at the land value, with no allowace for the existing structures.

By Mr. Stanley:

Q. The land is expropriated for the municipality, or for the reconstruction company, as the case may be?—A. As the case may be. Now, reconstruction schemes have, as far as I know, all been in the hands of the municipalities. When the municipality decides to clean such an area out they may or may not rebuild on the same site. The site may be more valuable for other purposes, and if so it can be sold for other purposes.

By Mr. Church:

Q. What about the reconstruction of these buildings? Would not transportation and other facilities be an important consideration? Would you advocate the reconstruction of buildings in districts in a municipality, urban or suburban, that had no transportation facilities available, no cheap light, no cheap power, or no roads?—A. That is the problem.

Q. Suppose the tenant refuses to pay the increased rental, could you force the owner to repair the building under your plan?

By Mr. Sullivan:

Q. If the tenant would not pay the rent the result would be that he would move out. A second point I am interested in is, what would be the position of the private owner who could not afford these repairs; right in the same street,

or in the next street say, a building is being repaired under this scheme, he would claim that there was a subsidy paid and his excuse would be he could not afford to do that.—A. Under this scheme and where this assistance is offered it is not only offered on houses owned by the municipalities, it is also offered to all houses requiring improvement.

By Mr. Church:

Q. The point you are touching on now came up in particular in connection with the situation in Leeds and Manchester in which complaints similar to what I have indicated arose in connection with the cost of repairs on reconstruction. The tenants moved out and the buildings were vacant for some time. In another case in the cities of Leeds and Manchester they came down to the Housing commission and made the same complaint. The tenants in the old building said, we are going to move, we can't pay the new rent. The storekeepers the retail grocers and the butchers objected to the location of the new district because it was ont centralized and there was no car line. That is what I have been pointing out. I do not wish to interfere with the reference, we should stick to our reference. I think we should at least consider municipal services, what is the use of building three or four blocks farther away where these services are not available. You will see what I mean from the report, copies of which I have had supplied to members of the committee but which they have not yet had an opportunity of reading. When the tenant comes along and says, "I can't pay the rent," what are you going to do, give him a subsidy of $10 straight? On the other hand the owner may object that his revenue is not sufficient to enable him to pay his taxes, and services such as light, heat and water.—A. The main object of this housing policy is to provide houses at rentals which working people can afford to pay. It is not a question always of disarranging a locality. In England when a municipality is going to carry out a slum clearance scheme it has to provide new housing accommodation sufficient to accommodate the number of families which will be displaced as a result of the carrying out of the scheme.

By Mr. Sullivan:

Q. Suppose you take the district represented by my friend, Hon. Mr. Rinfret, the member for the electoral district of St. James in the city of Montreal, and you decide to remove a whole lot of the houses. We have not exactly a real slum there, as they have in the district in Toronto to which Mr. Church has referred, but you might take the whole area and decide to demolish a large number of houses under this plan; where could we put the people affected during the time of reconstruction—that is the first question. Secondly, how do you propose to reconstruct the new building. Thirdly, how are you going to pay for these buildings; will these buildings be sold to the old proprietors or do you intend selling them to new people who are tenants and will become proprietors. That is the kind of a scheme in which I am interested?

Mr. MORAND: Might I suggest that the witness be permitted to complete his statement and then we can ask him any questions we desire. To ask questions at this stage breaks the continuity of his presentation.

The CHAIRMAN: I think perhaps it will be just as well to let Mr. Cauchon proceed without asking too many questions. When he has finished members of the committee may ask any questions they like, but I think if the members are willing it will be just as well for us to let him go on without having to be interrupted to answer questions.

The WITNESS: If that is the wish of the committee.

The CHAIRMAN: I think it would be better.

The WITNESS: I am contending that the basis of this housing scheme should be clear, it is intended to benefit the wage earner of the lower strata. We have figured it out here, Mr. Kitchen and myself—Mr. Kitchen is my assistant, and I may say that he is the zoning engineer, and he is also the supervising architect for the city of Ottawa. We have given a great deal of thought to this problem. We have figured out an average unit cost of $2,500, such units can be provided not as single detached houses but in groups of four or six, as in England; or as apartments. Personally I do not favour apartments, they are not favoured in England except under certain conditions. Because of the many factors involved I suggest that it would be a good thing for your committee to consider the whole problem as a problem of town planning. It is because of the many other factors which enter into it that I am giving you a unit cost figure to indicate what would be possible under conditions of mass production.

By Mr. Hanbury:

Q. Does that figure make provision for light and heat as well?—A. No, sir, it does not provide for light and heat; I contend, and I am endorsed by several other town planners—call them economic specialists if you like—that rentals for this class of labour must not exceed $15 a month. When the rent goes over that amount one of the two things happens; either the man for whom it was intended can't go into it, or else he will go into it with someone else—two families; and you immediately have the germ of congestion starting again. Or else it will be gone into by someone who could economically afford a better rent, and who should not be impinging upon benefits intended for people who cannot afford to pay more. That is the result if your rental is too high. That has been the trouble with a great many housing schemes. Take in the case of Ottawa and the Lindenlea housing scheme, that did not benefit working people but the houses were taken over by a great many civil servants and their construction cost of $4,000 or more. Anybody who knows anything about it knows that such a cost is too high. Fifteen dollars a month gives a yearly income of $180. Now, if you take $180, and the usual economic proportion of income which a man can afford to pay as rent as being about 20 per cent, that is for shelter, it means that a man has got to have an income of $900 a year whether he gets $75 a month regularly or whether he has only an accumulated amount of $900 for the year. He has got to have that much if he is going to be able to pay $15 a month for his house. If he is getting less than that houses have got to be provided between $10 and $15. I am using $15 a month for a five room house, or rather a five room unit.

By Mr. Heaps:

Q. Might I interrupt you there a moment.—A. Certainly.

Q. Do you happen to have before you the rentals charged in some of the large industrial sections in Great Britain? It might be useful to us to have such information now.—A. I haven't got the rental figures with me. I have seen a great many of these areas in my visits to the Old Country, and have gone through them. As to rentals, I have seen a 3 roomed house renting at 5 shillings a week, which would amount roughly to about $5 a month.

Q. In what part of the country?—A. That was near Leeds. They are vying with each other over there, it is becoming a matter of pride between city engineers to see who can produce the best for the least money. A very nice 5 roomed house can be rented for from 7 to 8 shillings a week.

Q. Is that net? Does that include rates?—A. There is a small rate on that.

Q. Sometimes the rate is very heavy there, so heavy as to be almost equivalent to the amount of the rental; do the rates you indicate include local taxes?

By Mr. Hanbury:

Q. Did you say the return on the money invested was from 3 to 4 per cent?—A. Yes.

Q. That would be the return in Canada on a rental of $180 a year for a $2,500 house.—A. Of course, taxes and repairs have to be considered, maintenance; I am putting it at a minimum and I am making the claim that that minimum must absolutely not be exceeded, or else you defeat your purpose.

Q. Could you not take 25 per cent of a man's income for rental, would it not be fair to take $20 as the minimum and put your maximum at say $25 for rental purposes?—A. I am taking the figure $20 for purposes of argument in this instance. If you have a regular income, say you are a civil servant, it is legitimate when various services provided in apartments and heated are taken into consideration to pay as high perhaps as 40 per cent. But with workingmen if you exceed roughly 20 per cent of his income he is going to have to skimp something else. He has only got so much money and if he takes off more for his rental than represents a reasonable proportion he is going to have to cut down on food and clothing for himself and his family—there are no two ways about it.

Now, I am suggesting that any scheme of this kind should be under the control of the federal government; that is to say, I am not at all satisfied with the results of scattered control, here at least under the two Ontario housing acts —with respect to which you are going to have criticisms by people who are to appear here. That is to say, whoever furnishes the money should have the say; also, that the scheme should be such as to induce private initiative.

Mr. SULLIVAN: That appears quite reasonable.

The WITNESS: "Who pays the piper calls the tune" isn't that the old saying? I would recommend that we endeavour to create "Public utility companies" as they call them over there—companies with limited dividends, over there it is 5 per cent; here it might easily be made 6 per cent. If they were to pay 5 per cent on the money, the government might advance say 75 per cent of it at about 3½ per cent. We would then be able to get investors and organizations such as the big construction companies, the insurance companies, the loan and mortgage companies, the trust companies and many individuals to put their money into them. Here we have the benefit of the experience in England. At first everybody over there was afraid, with the result that the British government had to come across with very substantial subsidies. The case is now proved and they are not giving that subsidy to such an extent. While the rate of interest may be low the security is good and people are putting their money into such schemes. I do not know of any case, although there may be such, in which they have failed to meet their obligations.

By Hon. Mr. Elliott:

Q. I just didn't get that; how low is their rate of interest did you say?—A. It runs usually somewhere around 3 or 4 per cent, depending on when the money was advanced and also upon the condition of the market at that time, and so forth. They have a number of acts, you see, and rates vary; generally the rate is a little above the rate at which the British government can borrow the money; because, guaranteed sufficient security what they want is to create homes as cheaply as possible, so they are willing to take pretty big risks.

Q. Would you outline that form of company again, I did not catch your point; you say it earns around 5 or 6 per cent do you; is that what you want here?—A. I recommended a form of public utility company along lines similar to what they have in England.

Q. What is that?—A. It is a construction company that gets together and is willing to build houses under government supervision and in accordance with government standards, provided the government will lend them varying amounts up to 75 per cent at very low rates of interest—they have their own money in it but the amount is limited.

Q. What would be the basis of their constitution, that is my point?—A. It would be an ordinary limited liability company, I would suggest a company through which money could be invested.

Q. I see, not a municipal affair at all?—A. Municipal affairs are separate. In England municipal building has been successful, but in this country it has not to so great an extent. Mr. Heaps referred to an individual case where it has been successful.

Mr. HEAPS: I have the figures here.

The WITNESS: I am not questioning them.

Mr. HEAPS I mean, it may be of interest now to have them go into the record.

The CHAIRMAN: If it will only take a moment or two.

Mr. HEAPS: It will only take half a minute, Mr. Chairman.

Mr. WHITE (*London*): In what year did this construction start?

Mr. HEAPS: I will give you that in just a second. The total amount of loans advanced in the city of Winnipeg was $2,757,848.16.

The WITNESS: Advanced by whom, sir?

Mr. HEAPS: Advanced by the city of Winnipeg to those who wanted to build homes. There were built altogether, according to this tabulation, from 1920 to 1923 inclusive, 712 homes. The net profit for the year 1932, after paying debenture interest and administration expenses was $14,754.45.—A. May I ask what the rentals run per unit?

Q. They have not a rental basis at all. Those houses were all constructed for those who wanted to purchase their own homes.—A. May I ask what capital cost was allowed?

Q. Well, I think there was practically no limit; but the houses were in what you call a middle type class; five and six room ones were built there, by the Housing commission of Winnipeg.

Mr. MCINTOSH: Were each about the same kind?

Mr. HEAPS: Approximately, I would say, $4,000 or $5,000 homes.

The CHAIRMAN: We can get someone to give a statement on that.

Mr. HEAPS: I thought Mr. Cauchon was dealing with the question.

The WITNESS: I would like to have consideration given to this discussion particularly, because they represent bigger capital cost than for your low wage earner. There has been a distinct movement between building homes for them and building homes for the low wage earner. It is a different thing altogether.

Mr. HEAPS: I will point out this, that at the time the federal government gave this money to the provincial government, the provincial government reloaned amounts to the civic authority. There was very little building construction, because rates of interest were extremely high, and this money was loaned out, I think, to borrowers at 6 per cent as against probably 8 per cent they would have had to pay otherwise.

The WITNESS: The Ontario Housing Act of 1919-1920 provided for getting money for building houses, but they did not keep the cost down so that houses were available to the low wage earner.

By Mr. Heaps:

Q. You know that it is a common experience that the difficulty was not so much in keeping down the cost as in keeping the house up to quality?—A. Yes.

Q. I think you will find that the trouble with many housing schemes is that they build a bunch of jerry-built homes which have no value in a couple of years?—A. No amortization value. In passing, I might say that I am a great admirer of the English rental system. The houses which they placed on a rental basis are well kept up.

By Mr. Sullivan:

Q. Just where do they use the English system, in large cities?—A. Yes, it is used by the London county council in something like 200,000 units, rented and administered, and they do not lose any money.

Q. By the city?—A. By the city; and that is done all over England and Scotland. There is a further control that I would suggest that the government should have. They should control town planning, that is environment and accessibility, the extent of the interval and the fatigue limit, and should control the standards of the houses—that is to say, the house plans, disposition of the rooms, that they are properly laid out for their purposes. That is a job for the Canadian architect. He does not have to copy continental or English houses in plan. The customs of our workmen are very often different. Our climate we certainly admit is different. It involves both social and structural consideration that has got to be worked out here, and can be worked out here quite easily. The government should control the materials which go into these buildings, as to their durability; because of the amortization plan which is practically what they are worth over their amortization, forty years for the cost of the house and sixty years for the cost of the land. If good materials do not go in, the house would not stand up for the period of amortization. That is ordinary common sense. They should control construction methods. That is to say, if a company is going to build, it should submit its plans to the proper government authority which may be constituted, and see if they fall within the province of these things. I would keep in mind the accomplishment of the purpose of obtaining a good home for the low wage earner. The rest comes by itself as a matter of general prosperity. They should have control from the point of view of cost, and they should control zoning. Zoning is the civic function, not that of the provincial government; but there would not be any trouble in appealing to the city and saying to the governing authority there, "We are going to have a scheme of housing in certain places in your city. We want you to pass a by-law that protects that." There would be no trouble about it, because zoning is the backbone which protects those houses, those homes, in their sunshine and air so that they fulfil the requirements and the amenities. I have tried for many years to get a zoning by-law for Ottawa, but I have never been able to get it through the city council. There are certain influences—

Q. Is that when Mr. Church was mayor?—A. No. I am talking of Ottawa. If we had had him as mayor in the City Council, probably we would have got the thing done! The main opposition, both open and hidden, came from people who wanted to turn good residences into duplexes or something else. In other words, they wanted to capitalize their neighbours' amenities and so destroy their neighbours' values. They were perfectly respectable houses, high class houses and expensive houses, but if you change the nature of the residences, you change the whole surroundings. The street turns from one of single family houses owned by the people who live in them into one with houses with two or more tenants, and eventually it is all tenants. There has been a conversion. Money is lost by those who have honestly put their money into a set of con-

ditions which is not maintained for them. We are having that trouble here all the time. It is essential that the occupancy of this "housing" should be controlled by the government authorities, but as to the class of people who go into them—that is, to say, to see that they are reserved for the class of people for whom they are intended—and also as to the number of people who are allowed in them, that is as to the overcrowding of houses.

I have a newspaper clipping here which I will not read, but will pass on to the committee. It is a Canadian Press despatch from London, relating to two new bills which extend the British drive on slums. "Overcrowding in homes made punishable offence under measures for England, Wales and Scotland." It is the first time in history that a country-wide standard of the overcrowded house has been established. "The first stage of the battle was a five year program for the total abolition of the slums and the construction of 300,000 houses to replace them." That is going on now. I may refer this hon. gentleman—I have not got his name—

Mr. STANLEY: That is Mr. Sullivan.

The WITNESS: Referring to what Mr. Sullivan asked, the law in England is that before you destroy slums, you have got to provide new houses. In the Old Country, you have got to remember that you are not allowed to put people out on the street. That answers one question.

"Under the new bills, a house will be regarded as overcrowded if sleeping accommodation in separate rooms is not available for occupants of opposite sexes more than ten years of age, other than persons living together as husband and wife. . . . . It proposes to allow for two persons in a single apartment, three in a house of two rooms," and so on.

"The safeguarding clauses protect existing occupants and here is an important matter—until new accommodation is ready." That is in the Act. "The subsidies from the national exchequer will be provided with the local authorities contributing an amount equal to one-half of the exchequer subsidy." I would say for every dollar the government puts up, the municipality puts up fifty cents. That is slum clearance; that is not ordinary housing.

"The bills further provide that state-assisted houses are to be occupied by the working classes and let at rents which the working classes can afford to pay." They have come to the essential. I need not enlarge on that. I am now at the end of my remarks. On what bills of this kind would do to revive industry in Canada, I would say it would give work to our friends the contractors, the construction industry. On the basis I am suggesting it would involve a great deal of private capital going into the movement. Engineers like myself would find more work, architects, mechanics, labourers, etc.

By Mr. White:

Q. How is that practically established? Is it established with the salary or wages secured as the yardstick?—A. I fancy so. I can't see from this, but it is established by the wages a man gets. I don't see any other way in which you can establish it. That is the invariable base to use. I have finished my remarks. I believe I am to be followed by Mr. Kitchen. I may say I have a very valuable collection of pictures. I have made many trips to Europe, and I have a collection of lantern slides which I use in my lectures, and if any of you gentlemen wish it, I will be very pleased to bring them and show them, and have a round table discussion, and point out the results and difficulties. Do not imagine that this continental housing that you read so much about is all so desirable—not by any means.

By Hon. Mr. Elliott:

Q. Would you give us your view as to whether these houses should be uniform in architecture, or varied?—A. I would like to allow a little variation, by

all means; that is to say, all the structural disposition of the rooms, the economic relation of the parts of the house, should be pretty well standardized. You cannot have very much variation in that if you are keeping in low figures.

Q. Would it not increase hand labour if there were variations rather than having a uniform system of building? That is, you would have more hand labour and less machine labour if you had some variety, would you not?—A. Well, it just depends on what you consider variety. If it is ornamental work, it is going to increase the cost of the house. They have found in England, and they are complaining of it, that there is a great monotony in the housing schemes. You can motor through England as I have done, from one end to the other, and you will no sooner get out of one town and over the hill, than you see a great mass of red roofs in the distances. Every town and village is doing it. As they are dealing with the smallest possible unit in human habitation, it is like drawing a design from a sugar bowl full of lumps of sugar. You will have difficulty in avoiding a certain amount of monotony. I would like to see a research department towards making them more aesthetic, but my great excuse is that these people are getting better accommodation than they ever had before. Monotony does not worry a man who is living in a better house. It worries the man who looks at it.

By Mr. Heaps:

Q. What I would like to ask in a little more direct way is whether you have anything to show, in the information that you have available, the actual needs of housing in Canada?—A. No, I have not gone over Canada. We will be able to give that for Ottawa. We have not got it compiled just yet. We had been working on it for some time before this committee was appointed, to find out, for instance, how many houses in Ottawa would need to be replaced. I do know that a great many families are living two and three families in a house. Anything to the extent that the houses are overcrowded with surplus families, there should be houses or single units provided. The ideal is a single unit for a single family.

Q. There is no research data that you know of that could be available to this committee?

Mr. STANLEY: The Montreal commission, the Toronto commission and the Winnipeg commission ought to be able to give us some information.

By Mr. Heaps:

Q. We have no commission that deals specifically with housing questions. You know of no health officer or other civic officer that could give that information?—A. I don't know anybody. I don't know of its having been obtained.

By Mr. Hanbury:

Q. Would it not be in the census?—A. I was going to say that, that the census may give some information on it. But you see, "housing" has never entered national consciousness until this committee was appointed.

By Mr. Heaps:

Q. It has, in some cases, been made the subject of local or provincial study?—A. Yes, but not national.

By Mr. Sullivan:

Q. There is no report?—A. I don't think so.

Q. Have you had occasion to study any of the different schemes which were proposed to the city council of Montreal last year?—A. I have never gone into that in detail, because if you went into all those schemes you would have to have forty-eight hours in the day.

Q. Have you made any study of the Doucet scheme?—A. No, only in a casual way. I have not studied it.

By Mr. Hanbury:

Q. You suggest $2,500 as the basis to provide housing in Canada?—A. Yes.

Q. That is based on the ability of a man to pay approximately 20 per cent of his income?—A. I say that is what it represents.

Q. Approximately 20 per cent?—A. Yes.

Q. In that, have you provided for taxes; and what proportion have you provided for taxes and what proportion for income?—A. We have provided a slight amount in that. $2,500 would cover his charges, but at a very low margin. We had hoped to build that unit for less than $2,500.

By Mr. Heaps:

Q. You say $2,500. Would that include the land?—A. Yes. That is for a new housing scheme. That is not for slum clearance.

By Hon. Mr. Morand:

Q. That would be multi-houses, not single houses?—A. No, not single houses —houses in groups of four or five, or grouped in apartments. There is the Toronto scheme and there is the Winnipeg scheme.

By Mr. Heaps:

Q. I was very much interested in the Winnipeg scheme, where they thought they could get rentals down to $15 a month, which I did not think possible.—A. No. I have passed to the chairman an article in the journal of the Royal Architectural Institute of Canada showing that scheme, and I think the rental runs from $23 and up, which makes a perfectly good house for good employment, but not a low wage earner.

Q. I think that would include the heat?—A. Yes, they have heat in there.

Q. It is a tremendous big item?—A. Yes, a big item. Central heating from an engineering point of view, is very economical. The problem has arisen not only with low wage earners, but better paid people, what they have to pay for their heat. Difficulty is in collecting heating charges.

By Mr. Hanbury:

Q. My point in connection with taxes is, that taxes are variable?—A. Yes.

Q. Interest is a known quantity and taxes are variable. What would you provide for the variation in taxes?—A. Well, I have not provided for it except on this basis. In Ottawa, and in all cities in Canada, almost, if an industry comes to a place with a big investment, it is given at least a ten years' fixed assessment in their taxes. I do not see why the same civility, let us call it, should not be extended to a housing scheme.

Q. You are providing amortization on the basis of forty years?—A. Sixty for the land.

By Hon. Mr. Rinfret:

Q. Let us go back to what Mr. Heaps said a moment ago. When I was mayor of Montreal, we had several delegations from organizations and associations interested in slum clearing and house building. I would expect that some of these will communicate with the chairman of the committee. I might say that every one of them was strictly municipal in basis, but at the same time I think that they could supply this committee with valuable information. I have had a letter from one of them, and if necessary I would be delighted to pass on its contents to the chairman, in order to have witnesses called. I would not undertake to summarize any of the information that is supplied, but I think it would be much better if they got it direct.

The CHAIRMAN: Does any other member wish to ask the witness any other questions?

Mr. PLUNKETT: I should like to ask a question.

By Mr. Plunkett:

Q. What is your opinion or suggestion in regard to the size of these houses? —A. Size?

Q. Do you favour a single detached house, a semi-detached house for two families, or a house with four apartments or more? What do you think would be the most acceptable?—A. I would like a single house as the ideal, but I do not think it is economically possible. For all classes of wages I have suggested that these units be in groups of four or six, or more. In this climate, if you have a house with four outside walls, it costs much more to heat it and the structural expenses are very much higher to resist the climate.

Q. Is there any more decided opinion on the part of people to live in apartments in the cities than there formerly was?—A. Apartments, yes. The problem of apartments is: for married people or unmarried people without any children, apartments are all right within reasonable limits; but they are no place for families or the bringing up of children.

Q. Would not an apartment house get out of repair quicker than perhaps a two or four-roomed house?—A. That depends on so many factors. It depends on the construction of the apartment house, the people who are in it, whether they are destructive, or not, and so forth. The trouble with apartment houses is that they usually cost more per unit than houses that I suggest. The apartment feature has gone up at Ottawa. For instance, take what has been done in Europe. Take Vienna. Vienna had not enough houses after the war. Austria is like Canada, a federation. Vienna is a province by itself, and at the time it was governed by either a Bolshevistic group or Communistic group, and they simply told the people who had houses: "now, you have to take in a family who has no house, or else put up the money to provide a house for them." I do not know whether they waited very long for the answer, or not. They immediately executed a capital levy, and they built houses for those who had no capital. When I was last in Vienna in 1931, 11 per cent of the population of that country was living in municipally owned houses, and they were paying hardly any rent. The rental they were paying was barely sufficient for the taxes and upkeep. They were not paying rent in the ordinary sense, because the money had not been borrowed. They simply took it from the people who had it by that simple process. Now, you read in the magazines that their buildings are magnificent, and they are magnificent. You could build magnificent houses also, if you could take the money out of somebody else's pocket.

By Mr. Heaps:

Q. Suppose we could get money at a low rate of interest, say 2½ per cent, could we have low price houses here?—A. Low priced houses?

Q. Yes.—A. I contend we can get them with money at 3½ per cent.

Q. Suppose we got money at 2½ per cent, would it not make a tremendous difference in the cost of erection?—A. It would be so much better.

By Mr. Stanley:

Q. You have submitted a great deal this morning on the construction of houses, but you have not emphasized anything about repairs. There are in the cities of our country, many families, who are living in homes that need repairs badly to make them sanitary, and yet there is no provision in the scheme you have outlined whereby they may be assisted in making repairs, and they are not able to do it. Have you anything to say on that?—A. I have not touched upon that. It is a very very complex and very difficult phase of the housing business,

for the simple reason that you have to loan the money on individual houses, and you have to get security for the mortgages. Then the question arises where the security stands. That is the trouble with a great many of the smaller proprietors. In this case you are dealing with small proprietors first. They have not got into the habit of a sinking fund, and the capital is being used up by them, and so in ten years your security is gone, the house is gone, and we have to begin all over again.

In the city of Montreal it has been an economic principle of the working man, the good mechanic, to invest in houses. He has not been investing in bonds. He has put has savings into a house. He generally builds a double house, and he is known as a "petit proprietaire," as Mr. Rinfret knows. He looks to that for his insurance for his old age, or for his family in case of his death. They live in one side and the other side carries them. They do not have to leave their home. It is a very very fine system of economics for poor people. The trouble has been during the last five years many of these people have lost their jobs, and the poor man who owns the small house has not had work. He has gone behind, has not been able to pay his taxes or the interest on the borrowed money, and a great many of them have lost their homes. As a matter of fact, they have been losing them by the thousands. We think provision should be made for that class of people to help them to rehabilitate their homes, but it is a very complicated business. If you set up any question about the physical or the ethical point of view, it is simply a matter of how you are going to do it. You get into the question of inspection and book-keeping and the rate of interest being charged, and you will find it to be a very, very difficult problem.

Q. As I see it, that is the most important part of the problem?—A. Yes.

Hon. Mr. RINFRET: I think that is a very pertinent question. You suggest housebuilding or slum clearing or rebuilding where houses have been torn down, but you do not say anything about the repairing of houses already in existence.

The WITNESS: There is no question about it, it is an important feature. I might mention here to the Chairman of the Committee that there is a very exhaustive report which has just been completed within the last two or three days on behalf of the Montreal Board of Trade. The report was made by Professor Nobbs of McGill University. He was accorded help by members of the committee of the members of the Board of Trade, particularly on the financial set-up.

By *Mr. Church:*

Q. Would you apply the repair policy to the type of house, whether owned by farmers or urbanites, who are on relief? What would you do in that case? —A. Farmers on relief?

Q. The type of house occupied by people on relief whether farmers or city urbanists. Would you apply that principle to them?—A. As I say, Mr. Church—

Q. The report you speak of shows the properties occupied by people on relief?—A. Yes.

Q. Would you apply the principle of public repairs to these people?—A. City people?

Q. To these houses occupied by the type of worker on relief.—A. Well, it could be done, but it would impose a total subsidy, because they cannot pay anything.

By Mr. McIntosh:

Q. Under the British Housing Scheme, covering England, Wales and Scotland, approximately what has been the amount of government money involved? —A. I think roughly something like $3,000,000,000, is it not?

The CHAIRMAN: Dollars or pounds?
The WITNESS: Dollars.

By Mr. McIntosh:

Q. Three billion?—A. Three billion dollars of money. I am to be followed by my assistant, Mr. Kitchen, who has gone into that phase of it.

The CHAIRMAN: Gentlemen, before Mr. Kitchen is called, I should like to say this: when we met this morning, we met on the understanding that we would meet from 10 to 12. Do you want to hear Mr. Kitchen now or do you want to wait until the next meeting? I think we shall have to ask Mr. Kitchen to come to our next meeting. Before we disperse I should like to say this: I have read this reference over five or six times, and every time I read it I find something more in it. I find it very difficult to get everything at once, and I should like to ask every member of the committee to read the reference over thoroughly so that we shall keep our discussion within the reference. We have appointed a sub-committee to decide on the calling of evidence, and if each member will remember the names of the members of that committee, Dr. Stanley, Dr. Morand, Mr. Wright, Mr. Hanbury and Mr. Church to indicate to them the names of anyone that they wish to give evidence before this committee, I think it will assist us greatly.

The WITNESS: May I answer in just one paragraph the question asked by one of the members. This matter will be presented to you at the next meeting by Mr. Kitchen, but I should like to read this:—

> The most outstanding example of state-aided and state-promoted housing to-day is probably to be found in England, where, between 1919 and March, 1934, about 2,330,000 dwellings were erected in England and Wales, of which 1,180,000 were built with state assistance and about 1,150,000 without. The capital expenditure on the 1,180,000 dwellings is estimated at $3,355,000,000 of which $2,095,000,000 was expended by local authorities and $1,260,000,000 by private enterprise. State subsidies paid from 1919 to March, 1934, on the 1,180,000 dwellings amounted to nearly $685,000,000 mostly in the form of annual grants for a period of years; they are quite distinct from municipal contributions. New dwellings erected since March, 1934, bring the total number at December, 1934, to well over 2,500,000.

The CHAIRMAN: Gentlemen, we will have Mr. Kitchen at the next meeting.

By Hon. Mr. Morand:

Q. Gentlemen, I have one question to ask. You estimate a house costing $2,500 should rent for $15 a month. Have you any figures on what percentage you think should go for taxes?—A. No, we have not separated them. These are approximate figures. That is the minimum. Taxes vary. I think a good arrangement could be made with the city to have a fixed assessment and probably fixed taxes as for a commercial institution that is willing to spend $1,000,000 or $500,000 or more.

Q. I have a big apartment house, and I was wondering how I could work it so that I could rent them for $15 a month.

By Mr. McIntosh:

Q. If you paid $180 on a $2,500 house, that would include taxes?—A. More or less, sir.

Q. That would be about 7 per cent on the principal, would it not?—A. I have not figured it out.

Q. Yes, it would.

The CHAIRMAN: I should like to ask the sub-committee to get together and indicate to us when we shall meet again. I understand there are very few committees meeting tomorrow, and I was wondering whether the committee wanted to meet tomorrow.

Hon. Mr. RINFRET: Let us meet at the call of the Chair.

The Committee adjourned at twelve o'clock, to meet again at the call of the Chair.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

TUESDAY, MARCH 5, 1935

WITNESS:

Mr. P. E. Nobbs, F.R.I.B.A., Montreal, P.Q.

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM 429,

MARCH 5, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock a.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs: Bourgeois, Church, Dorion, Elliott, Ganong, Hanbury, Heaps, McIntosh, Peck, Plunkett, Rinfret, Stanley, and Sullivan—13.

Mr. Stanley, from the sub-committee appointed to call witnesses, reported that Mr. P. E. Nobbs, of Montreal, had been summoned to appear to-day.

The Chairman reported having received numerous letters from people who wished to be heard.

Mr. Sullivan handed in two letters from people in Montreal who desired to present the "Doucet" plan and another plan to the Committee.

Mr. Heaps suggested someone from Winnipeg be heard.

Mr. Hanbury thought these requests should be turned over to the sub-committee on Agenda for their consideration. The Committee agreed to this.

Mr. P. E. Nobbs was then called, examined, and retired.

Mr. Noulan Cauchon, who gave evidence at the previous meeting, answered a number of questions.

The meeting adjourned until Thursday, March 7th, at 10.30 o'clock a.m.

J. P. DOYLE,
Clerk of the Committee.

95027—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

MARCH 5, 1935.

The Special Committee on Housing met in Room 429, Tuesday, March 5, 1935, at 10.30 a.m., Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, will you come to order. The clerk says we have a quorum. As the minutes are printed, I think we can dispense with the reading of them.

We have several communications here which I do not think we want to place on our record at the present time, although we may want to later. I have a letter from the Social Service Council of Canada and they have sent Housing in Canada, Housing Related to Land Development, a pamphlet on housing in Canada, housing of the working classes, Housing in Europe, by John W. S. McCullough, Summary of the Findings in regard to Housing in Canada, with two or three other small pamphlets. If any of the members would like to see these publications or any of them, I would be very pleased to show them to them. I am going to pass them over to our small committee.

Mr. PECK: I think we all received copies, Mr. Chairman.

The CHAIRMAN: Perhaps you have. He writes as if he had sent them to you.

I also have a letter from F. G. Engholm, of Toronto, a fairly long letter, containing some quite good suggestions; also one from Parksite Homes which I do not think would have very much interest, as it is almost altogether on town planning. I have a communication from the secretary of the League of Nations Society, and perhaps the rest of you may have received it also. They have on file: Housing policy in Europe—cheap home building at $1.25; Housing Situation in the United States at 20 cents; European Housing Problems since the War at $1.50; Unemployment and Public Works at $1; Public Works Policy at $1; National Public Works, $3, all issued by the League of Nations Society.

I have a letter from the National Construction Council of Canada, Toronto, wishing to be represented before the committee, and one or two others which I have unfortunately neglected to bring with me. All of these I will pass over to the sub-committee to consider. I think one or two members have communications.

Mr. SULLIVAN: I have two letters, one from Le Comité du Logement Salubre. Mr. Dupuis, a merchant in Montreal is the chairman of that committee. I would like to submit the letter. They want to be heard on this plan known as the Doucet plan. Then I have a letter from Mr. Ouimet who ran as mayor for Montreal, who wants to be heard. I would like to have these people heard whenever the committee chooses.

The CHAIRMAN: Have any of the other members any communications they would like to file?

Mr. HANBURY: It occurs to me that a great many people are going to be anxious to be heard; and if, as we hope, the session concludes within the next month or two, I do not think we are going to have an opportunity of hearing everybody I suggest that any of these people asking to be heard should, in the first place, give a brief outline of what they have to submit, and have that considered by the sub-committee in order that they can decide whether or not they wish to hear them.

The CHAIRMAN: I think that is a good suggestion.

Mr. STANLEY: I will second it.

Mr. SULLIVAN: Of course, the Doucet plan is a pretty well known one. It was submitted to the government last year, to the Minister of Labour; they submitted it to the city council of the city of Montreal. Of course, the city of Montreal have so many of these houses which I might not call exactly slums, but in a thickly populated centre of the city people are living together in houses that are not fit for them, and they have a pretty good plan. I would like that to be submitted. I do not want them to come and make long winded speeches, eleven-hour speeches, but make it as short as possible.

Mr. MCINTOSH: You said "government." Was that provincial government or federal government?

Mr. SULLIVAN: Federal government, and I believe to the provincial government at Quebec and the city authorities—mayor and aldermen of the city of Montreal.

The CHAIRMAN: I think we could pass these over to our sub-committee.

Mr. HEAPS: I have a communication here from the mayor of Winnipeg suggesting that a gentleman who is conversant with the housing scheme should come and give evidence.

Mr. MCINTOSH: Who is that?

Mr. HEAPS: Mr. Alexander. The mayor also says that they have a committee that is working on a housing proposal for Winnipeg at the present time. Undoubtedly if the gentleman came, he could give a good deal of information.

Mr. MCINTOSH: He could give us the Winnipeg picture in full.

Mr. HEAPS: Oh, yes. He is one of the health inspectors at Winnipeg.

Mr. STANLEY: Chief Inspector of Sanitation.

The CHAIRMAN: We will report that to the sub-committee. We have several witnesses here from Montreal. Is there any other matter that the committee wishes brought up before we call the first witness? If not, Mr. Nobbs from the city of Montreal is here on behalf of the Board of Trade committee on housing. He has made out a synopsis which he will read, and if the members would listen while he reads this, then afterwards his suggestion is that we take each section up and ask him different questions on them. The report is very long, and he cannot submit the whole report.

Mr. MCINTOSH: He will speak for the Board of Trade and Municipal authorities in Montreal?

The CHAIRMAN: As I understand it, he is speaking for the committee on housing of the Board of Trade. I will ask him to explain it exactly.

Mr. MCINTOSH: That is what I thought.

The CHAIRMAN: I will ask Mr. Nobbs to address the committee.

PERCY E. NOBBS, called.

By the Chairman:

Q. First, will you give the committee some idea of your experience. We would like to have that on record. because others will read the report besides those present?—A. With regard to the report, do you mean?

Q. No, in regard to your personal experience or authority. Don't be too modest about it, because we want to know just who is presenting this?—A. Mr. Chairman and gentlemen, I have been asked to explain why I have the temerity to be here. In the report of this committee the various members are described. The description of myself is M.A., Edinburgh University; Royal Canadian Academician; Fellow, Royal Institute of British Architects; past president of

the Town Planning Institute of Canada and of the Royal Architectural Institute of Canada. Around the years 1901 and 1902 I was a servant of the London County Council and concerned, as architect, with design and charge of fire stations. In those fire stations the staff are housed in London, and they were housed in accordance with what were called first class housing regulations. There were three classes of housing in use at that time, first, second and third, with separate regulations. In that way I was in close touch with the housing branch of the London County Council, and naturally became familiar with their problems.

Subsequently, since 1903, I have had occasion to do a certain amount of teaching at McGill University (in the School of Architecture there), and we have always made the study of housing problems part of the curriculum. I have been in close association with the City Improvement League of Montreal for about fourteen years, as chairman both of the City Improvement League Committees on town planning, and on housing. In that way I have inevitably acquired a certain familiarity with the Montreal problem. When various schemes such as the plan referred to by Mr. Sullivan, and others, came on the carpet in Montreal a couple of years ago, some of us realized that while they might deal with certain aspects of the problem, there was no machinery in existence for making a complete survey of the whole housing problem of Montreal. I was asked by the City Improvement League to undertake that task. After working for some time, we found that there was a committee of the Board of Trade particularly interested in slum clearance; and they had the same task, to seek understanding of the situation in Montreal broadly in order that they might be in a position to decide on how far they approved of these various plans, of which there were several. The net result was that the two committees got together to share their labours. The original intention was that my committee would produce the facts, and that the Board of Trade committee would make the findings. However, when we worked together we found that the experts of the two committees were so well distributed between them that we decided to join forces completely. The two committees were merged into one committee, and both bodies took responsibility both for the facts disclosed in the report and for the findings. Does that meet the point you had in mind?

Q. Yes. Now will you proceed, please?—A. You have before you, gentlemen, two sections of this report: the introductory section which is quite brief, and section Number Two which is really a summary and might just as well have come at the end of the report. I think that we will get on faster if I read you this summary which you will notice has a rubric of numbers referring to different sections of the report, I would suggest that I confine myself to answering questions as to what is in the report, rather than giving ex cathedra remarks as an individual expert. I am only expert on one aspect of this whole problem. There are other gentlemen associated with me who might come before you at a later time, if you wish further elucidation on some of the ramifications.

I shall now read from Section 1 of the report.

"Introduction: With recurrent demands being made upon the municipal authorities of Montreal to give consideration to various proposals for slum clearance and housing, the Board of Trade appointed a committee to study these important questions. Being impelled with a desire to go to the roots of the problem, the committee accepted the offer of co-operation from the committee on housing of the City Improvement League which had, by September, 1934, made some progress in analysing the basic elements of the housing situation in Montreal. From that time forward these committees were fully merged in investigating the facts and in arriving at the findings herein contained.

This report is intended to be informative for the general public and of use to federal, provincial and municipal authorities, when dealing with housing and slum clearance as parts of the national economic problem.

The committee has found that the slums of Montreal are relatively small even when taken as a whole; but they are scattered throughout a dozen wards where their presence does great harm to adjoining real estate values. The potential area of deterioration is found to be very serious.

(I might stop reading for a moment to point out to you that this potential area of deterioration in Montreal presents a far more important problem than the existing slum areas.)

There has for long been a marked shortage in low rent dwellings, quite apart from standards of accommodation. The prevailing type of dwellings under the present system of ownership and management fails to provide accommodation for the lower wage earners, at rents they can afford to pay. An acute actual shortage of dwellings is now in sight. (I may mention that, at the present moment, there are four thousand odd fewer dwellings than there are families of an average of 4·7 souls.)

For purposes of investigation the committee has divided the wage earners of the city into four groups:

1. 'White Collar' and highly skilled manual workers;
2. Artisans and skilled manual workers;
3. Semi-skilled and other low wage earners; and
4. Unskilled wage earners.

The proportions which these several groups in Montreal have to the total population and the numbers of their dependents have been carefully studied and it has been found that they constitute a very large proportion of the whole population.

The available official sources for data are the Health Department and the Board of Assessors of the city of Montreal and the census authorities at Ottawa, none of which deal specifically with the housing question. (I might here interpolate that we cannot profess, in our report, to have done what a government department charged with the duty of dealing with housing problems might have done, but we have come as near to it as we could.)

The committee has accepted the view, borne out by recent studies in Cleveland, Ohio, that the cost to the community at large of leaving the lower wage groups to find accommodation in deteriorated structures is not economically sound; i.e., that it is cheaper for the community at large to bear a substantial part of the cost of providing adequate accommodation.

The committee has been forced to the conclusion that an annual program of 4,000 dwellings at rentals to meet the exigencies of the lower wage groups is required in Montreal.

Though late in entering the field of assisted housing, Canada is in a position to profit by the housing experience of older industrial countries. (That experience, I may mention, contains many mistakes.) The colossal housing program undertaken in the United States also stimulates Canadian thought.

The reader will note the emphasis the committee places throughout the report on questions of orientation, light and air, sound construction and on the advantages of corporate ownership, and collective management with social service."

Now I come to the summary of the remaining sections of the report, of which there are 29, as follows:—

"As this report necessarily contains much technical and statistical matter, both with respect to the sociological survey of existing conditions—the facts—and with respect to the recommended policy—the findings—the reader may find it convenient to have a summary of the whole report placed before him at this stage.

3. In the third section a distinction is drawn between low rent housing for low wage earners as a national economic proposition and slum clearance as a

means of alleviating a municipal burden. Housing is regarded as a part of the national industrial plan making for efficiency. Slum clearance is shown as concerned with two classes—the very low wage earners and the indigenous slum population, the latter recruiting itself from the former. In consequence of this, social reclamation work must be associated with slum clearance operations.

4. The four sections that follow contain much information derived from statistical and expert sources and constitute what may be called a social survey of the problem. It is revealed that just one third of the total population of the area under consideration are wage earners whose annual incomes range from $1,250 to $550 in normal times. Of this a substantial majority earn below $750 a year. Persons earning from $1,250 a year downwards, with their dependents constitute 85 per cent of the total population, and they consist of 213,200 families or households."

By Mr. Sullivan:

Q. That is, in Montreal?—A. We are dealing with Montreal—Verdun, Westmount and Outremont.

Q. Do you consider Outremont and Westmount?—A. We are including that area. We got figures from the authorities in Montreal for the report, and these are corrected figures for the whole area.

By Mr. Heaps:

Q. Can Mr. Nobbs tell us where those figures are gathered from? Where did you obtain those figures?—A. The figures are largely compiled by the department of social research of the Rockefeller bequest at McGill university, from the three sources mentioned, (1) the Montreal Board of Assessors' tables, (2) the Health Department of Montreal and (3) the Census Statistics from Ottawa.

The CHAIRMAN: It might be best to discuss each section as we come to it. We were going to let Mr. Nobbs read it through; but would it be better to discuss each one as we come to it, or shall we continue and read the whole?

Mr. SULLIVAN: Read the whole thing first.

The WITNESS: One thing depends on another. I would prefer to read the whole thing first. Continuing:

5. The growth of Montreal is next considered. After bringing out the fact that annual increase is at the rate of 5,800 families containing 27,300 persons, there is a reference to the supply of vacant dwellings, which is illuminating. The 13,000 vacant dwellings, that balanced the number of families 'doubled up' a year ago has diminished to 9,000. An acute shortage is in sight. (That is an acute actual shortage, quite apart from low rent.) With the first signs of the passing of the depression, doubling up will decrease.

6. The characteristics of existing housing in Montreal and the great preponderance of three-story flats on narrow lots is next commented on. A plea is made for the cancellation of homologated lines and registered subdivisions wherever possible, so as to admit of replanned city blocks of greater width and resubdivision in conformity with modern ideas.

7. It is then brought out that the rentals necessary to pay for the investment in the predominant type of dwellings just alluded to are above what the lower wage earners can pay, if they are to keep themselves properly clothed and fed. The 'White Collar' wage earners, with incomes at about $1,250 can afford one third of their income for rent; but the semi-skilled factory worker and the unskilled labourer with incomes from $750 to $550 cannot, as a matter of social economics, afford to pay more than one fifth of their incomes for rent.

8. It is shown that nearly 80,000 households are paying disproportionate

rentals. The shortage of low rent dwellings in Montreal is thus seen to be very great. The arguments for the workman to own his own house are next demolished with respect to urban population. (That is really an important point.)

9. Then follows a survey, with explanatory maps, of the slum areas of Montreal. The wide distribution of these accretions of moribund real estate is revealed, together with their effect on adjoining areas. The finding is that there are forty blocks of buildings, housing some 18,000 persons, to be dealt with by slum clearance measures. (In other words, the slums of Montreal are not very great, as large cities go).

10. It is next brought out that these slum areas and their inhabitants constitute a colossal financial burden upon government and society—a burden so great that the assisted rehousing of the slum population becomes a measure of public economy quite apart from social justice or any ethical considerations.

11. The effect of the depression is next discussed; and the bearing on the general problem of the fact that out of 40,000 families on relief, 30,000 are housed at rents from $6 to $12 a month is investigated. (These rents are provided by the relief authorities). As these are the proper economic rents to be paid by persons earning wages commensurate with the relief rates, it follows that great numbers of employed persons are paying too much rent. These $6 to $12 rents are being paid for accommodation that cannot be profitably rented below $20 to $30 a month. The situation of the landlords accepting these rents is a part of the problem to which the Committee has given due attention.

12. At this point the report passes on to the consideration of what should be done. A series of plans of dwellings from housing operations built with state aid in foreign countries is studied, with a view to establishing minimum standards of accommodation.

13. This followed by plans for dwellings showing the application of these standards to Montreal conditions, both climatic and social.

14. The construction costs are then analysed in search of economies. Large scale operations and some modifications of the building by-laws to admit of modern structural methods are recommended.

15, 16 and 17. The problems of cheap land acquisition for housing purposes are next taken up with respect to (1) interior land derived from slum clearance; (2) middle land, where homologated street lines cannot well be interfered with but resubdivision could be arranged for; and (3) fringe land, where large parcels could be acquired and both the homologated street lines and the registered lot lines could be wiped out.

In this latter connection, the suggestion is made that in view of the city's having great numbers of distressed lots on its hands—(the report contains actual figures with regard to the amount of these distressed lots)—the city might, by exchange of lots, consolidate large parcels of land to be leased for sixty years for housing operations at low rates.

18 and 19. The principles on which resubdivision should be made are next elucidated and it is conclusively shown that by throwing from two to five city blocks together into one larger block, redesigning the roads and lanes and then resubdividing on the community principle, not only can more houses be placed on the land, but that larger areas can also be obtained for play-ground and recreational purposes. The result of these findings is a severe indictment of the gridiron street plan as wasteful of building land and obstructive of amenity.

The physical problems of housing and slum clearance being disposed of, the report proceeds to deal with the financial questions involved.

20. The gap between low rents and the high costs of construction, even when large scale operations have contributed to its reduction, is illustrated by set ups showing the rental of a small dwelling based on 6 per cent money provided by private capital and based on 3½ per cent money provided by governmental agency. This is done by way of elucidating the nature and scope of the problem of providing low, and even very low rents for accommodation of a certain standard.

21. The program of assisted housing which the committee recommends as necessary for Montreal (1) to liquidate existing slums (2) to prevent slums on a far greater scale from developing all over the metropolitan area in the future (which is the really important thing) and (3) in due time to provide a substantial amount of low rent housing, without aggravating the difficulties of the small proprietors, is next examined. The proposal is to provide under corporate ownership and collective management, 4,000 dwellings per annum for twenty years. Of this housing 70 per cent would be community planned two storey dwellings on fringe land, the rest being divided about equally between slum cleared land and middle land.

22, 23. The structure of mid-European, British and United States housing finance are then described.

24. Various financial plans for housing schemes in Montreal have been submitted to the committee. The committee apreciates the kindness and courtesy of the authors of these financial plans in placing their studies at its disposal, but regrets that it could not find among them a financial plan to fully meet the situation as it sees it. (That is a subject on which I take it there will be more said later.)

25. The question of a financial structure appropriate for initial efforts in state aided housing in this country and applicable to the peculiarities of the situation in Montreal, has given the committee much food for thought. An adaptation from British models, as revealed in successive British housing acts, is generally recommended. With all advantages from large scale operations, corporate ownership and collective management, the stubborn fact has to be faced that equivalent accommodation is about twice as costly to construct as in Great Britain and rather more costly to operate. Recourse must therefore be had to such expedients as abatement of interest on federal funds used for housing operations, or alternatively to subsidies. State aid would have to be on a more generous scale here than is necessary in Great Britain; but in all cases a sound amortization basis should be applied. (That is to say, we envisage the money coming back every time.)

The true return on capital expenditure would be the relief of the public burden that bad housing conditions engender.

26, 27, 28. The application of the financial policy recommended to the cases of (1) small flats in four-storey blocks on interior slums cleared land, (2) large dwellings of the composite type in three-storey units on middle land and (3) community planned two-storey, self-contained cottages on fringe land, then follows.

The principle of providing accommodation of substantially the same minimum, but adequate, standard for the various low wage earning groups at variable rentals is thus illustrated.

29, 30, 31. In conclusion the report deals with necessary federal provincial and municipal action. Under the head of federal action, stress is laid on the constitution and duties of a federal housing board. The committee advises that federal participation in housing finance should be strictly conditional on adequate action in the fields of town planning and zoning and health legislation, which are provincial matters. If the report were acted on, the federal government would be dealing directly with housing corporations, able to provide corporate ownership and collective management. The provincial and municipal action demanded as a condition would be directed to facilitate such procedure and to safeguard the assets so created. The primary need in this connection is a Town Planning and Zoning Enabling Act, on the lines put forward by the City Improvement League in 1929.

The burden of these thirty-one sections may be summarized in the statement that as far as Montreal is concerned a government aided program of housing is long overdue; and that this is a matter fundamentally independent of the depression, though aggravated by it.

If embarked upon on an adequate scale a housing program would tend to alleviate the unemployment situation in the sorely distressed construction industry. It would also mitigate appreciably the situation with respect to distressed land in Montreal, much of which could be earmarked for future housing operations.

A very firm policy would be necessary to prevent exploitation of the housing problem."

Mr. HEAPS: Is Mr. Nobbs through with his presentation?

The CHAIRMAN: Yes, for the moment.

Mr. HEAPS: I would like for him to refer back to section 20.

The CHAIRMAN: Don't you think it would be better for us to take each section in turn?

Mr. HANBURY: I don't think so, I think section 20 is probably the most important.

By Mr. Heaps:

Q. In it you refer to, "the gap between low rents and the high cost of construction;" did your committee work out a scheme with respect to rentals? —A. Yes.

Q. Does it show at what rentals houses can be rented to those who want to untilize them?—A. There is a great deal more material than is shown in this report, and we have it available for your committee if you want it.

Q. Could you give to the committee now a very brief summary of that scheme that you have; could you not state at what rates houses of this type would rent?—A. I think the shortest way of doing that would be for me to begin reading from the report, section 20; and then passing over to some of the other sections and take it up. Of course, you will all have a copy of this report in your hands in the very near future.

By Mr. Howard:

Q. Does your plan apply to the city of Montreal alone, or to any part of Canada?—A. We are only speaking for greater Montreal.

Q. I am speaking about section 20 as a whole?—A. Section 20 broadly would apply to the whole of North America.

By Mr. Heaps:

Q. Do you mean to infer by that that the same type of house would be suitable at other places?—A. No, sir. It is a question of the greater cost of construction in North America for equivalent accommodation as compared to Europe. European housing finance is based upon a certain cost of providing accommodation, and we have to realize that our cost of providing equivalent accommodation is very much greater. That is our main difficulty. Section 20 states the gap between high costs and low rents. "In Montreal private enterprise in the form of small proprietorships has been producing dwellings lacking in amenity which can be rented to workmen with families around $30 a month at a moderate profit."

Q. How many rooms is that?—A. That is the equivalent to a house for about six or seven people—the typical Montreal three-story flat. We have made surveys of a number of these flats, not looking for bad ones, to indicate slum conditions, but just to get the characteristic house to study the finance of it; and 70 per cent of Montreal accommodation is made up of three-story flats which you might say accommodate a matter of six adult people; this might mean a man, a woman and six children—these typical flats might accommodate quite easily a family of nine on each floor. Now this housing is very lacking

in amenity, because the lots are very narrow and very deep, with a back yard and a very unfortunate orientation. However, the important thing is that they can give a moderate profit if rented at $30 a month. The factory worker should pay $12.50 a month, the unskilled labourer about $10. No four roomed dwelling at $10 a month exists in Montreal.

Q. Do you claim that a four roomed dwelling is sufficient to house nine people?—A. No, sir; but we are talking about a four roomed dwelling which is the most characteristic size that is required. No four roomed dwelling at $10 a month exists in Montreal; there are some four roomed dwellings at $12.50—I challenge any of you gentlemen to take any of those $12.50 dwellings and find them fit to live in. Any $12.50 four roomed dwelling in Montreal is a very bad slum dwelling. An admirable five roomed dwelling is produced in England through state aid and collective management—that is the commonest type, the most used and average type of house required in England, where incidentally families are rather small.

By Hon. Mr. Rinfret:

Q. Might I ask you, when you refer to a four roomed dwelling, does that include the kitchen and bathroom?—A. I am glad you raised that point, Mr. Rinfret, because the committee will no doubt be studying reports on housing and documents relating thereto particularly in reference to England. In England in describing a place as a four roomed dwelling they mean four habitable rooms, they do not count the kitchen or bathroom or anything of that kind; on the other hand, our committee decided that we must speak the language of Montreal real estate, and when we speak of a four or five roomed dwelling we do not include the bathroom, but we do include the kitchen. Does that answer your question?

Hon. Mr. RINFRET: Yes.

Mr. HOWARD: That is an important point.

The WITNESS: Now, we are talking of a house with three bedrooms, a livingroom and a kitchen, making your five rooms in Montreal parlance. That house is provided in England at a cost in Canadian money of $1,750; that cost includes the cost of design, the cost of interest during construction, the land and everything.

By Mr. Heaps:

Q. That is a detached home?—A. No, sir, that would be probably one of four or five in a row, not long rows but short rows, anything from three to six or seven at the most—an average of five to a row.

Q. They would be one story dwellings?—A. These would all be two stories, sir.

Mr. CAUCHON: One and a half stories we call it here.

Mr. HEAPS: Yes.

The WITNESS: I do not wish to burden you with the complete set up but I will give you the results; the cost of the house is $1,750, with interest at 3·25 per cent plus amortization at ·5 per cent over sixty years; making a charge of $65 against the rent. Then repairs, maintenance, insurance, etc., $28; rates and taxes etc., $39; making a rent per annum of $132, or $11 a month. Now Mr. Chairman, the same house won't do here because of our climate which is different; we have to have a basement, we have to have double windows, we have to have a double roof, we have to put radiators in and so on. To offer equivalent accommodation either in the Northern States or in Canada that house will cost $3,600—we will call it $3,500, which is just twice the other. Now supposing we take that little house, with interest provided on money from private sources at 6 per cent and amortization, repairs and management and so on, we get a monthly rent of $35.20.

By Mr. Hanbury:

Q. Based on what interest rate?—A. That is based on 6 per cent, interest on private funds. If we had the same house with interest at 3·5 per cent, plus amortization at ·75 per cent over sixty years, the rent of that house has fallen from a necessary rent of $35.20 to $28.64; but you see $28.64 is still a long way from what the third and fourth groups can pay. The second group,—the skilled artisans—can pay that; but those below that cannot.

By Mr. Heaps:

Q. Supposing the money could be provided at a cost of 1 per cent, have you any figures to show how it would work out on that basis?—A. We have a number of set ups on that. We have gone into it and we have a great deal of material which is not in the report, but which we can provide for you in the form of tables, if you care.

Q. But, Mr. Nobbs, I notice in section 25, I think it is, they speak about the abatement of interest on federal funds?—A. That is the point. Our assumption is that we might be fortunate enough to finance housing at 3·5 per cent, and that will take care of a very great number of people requiring low rent housing. But there are two clases—the exact number of which are revealed in the report, (1) the industrial worker or the mill hand who is semi-skilled and (2) the unskilled —that require a lower rent if they are to live healthfully and happily. The only way you can get down below this $28.64 is either to forget about some of the interest—perhaps all of the interest, or do what some of the members of my committee are not at all satisfied with as a policy and that is to make it up in annual subsidy; that is the principle adopted in the most recent British housing act passed some weeks ago.

Q. Supposing, Mr. Nobbs, we did away with the subsidies and the government provided credit at say cost or 1·5 per cent—but that is equivalent in the long run to a subsidy—have you worked out what the rental basis would be with money at 1·5 per cent?—A. Yes, sir, I can show you tables carrying every possible reduction and the resultant rental. But what we are talking about here is the average house for an average family. If we are going to produce such a house which is going to rent at $10 a month, which apparently is necessary, then from the point of view of the producer of houses you have got to go further and provide for the abatement of taxes. That is a principle which is involved very often in connection with housing. Once the housing is established if you assess it at the cost of the building these building assessments will be fairly high; then the building is going to be there for sixty years let us say. During that sixty years that land and that investment in buildings is restricted as to its income, because it is not producing as much money as it might produce if it were left free. On that ground there is something to be said for the abatement of taxation in relation to the restriction of the producing value of the land and buildings devoted to housing. Then, after sixty years, the housing is done and the whole situation changes. Do you see my point, sir?

Q. Yes, but personally I have generally opposed the idea of playing favourites in regard to taxation on any scheme of this kind—there is a principle involved there?—A. I am only mentioning it as one of the points to be considered.

Q. I would rather see money supplied at a low rate of interest than to see other inducements given which are bad in principle.—A. Your question is as to whether or not we touch on that in our report. It is in our report. We have a program there, and if that program were carried out fully one-half the houses on that program could pay 3·5 per cent. You might say that the other half could pay no per cent. The situation might be better after a few years, after we get out of the present mess.

Q. There is one other point on which I would like to have your evidence, Mr. Nobbs; that is on item 31 on page 6 of your report.—A. Yes, sir.

Q. In that section of your report you refer to the character of the organi-

zation that should undertake the construction of homes. Do you favour in every case the federal government dealing directly with these bodies, or would you prefer dealing with them through the provincial governments?—A. Sir, I can only speak for the committee in my report.

Q. That is all we can expect.—A. Our finding is this: as you know, there is the British North America Act—

Mr. HOWARD: Yes.

Mr. HEAPS: We have heard something about it.

Mr. HANBURY: There was.

Mr. HOWARD: There is, in Quebec.

The WITNESS: In Great Britain the government aids housing—

Mr. CHURCH: But there is only one government there.

The WITNESS: There is only one government, and the government aids housing, either dealing with housing corporations or municipalities. In England they make no difference between housing corporations—which are practically public utility companies—and municipalities. The provisions with respect to a contract with the government for money are practically identical to all intents and purposes for both a housing corporation and a municipality. That is not the situation which we have here. The only way or means of getting money into the hands of municipalities to-day is by way of a grant to the provinces for distribution to the municipalities; and my committee are not at all in favour of that line of contact.

By Mr. Heaps:

Q. Why?—A. Well, sir, we are dealing with a report.

Mr. HANBURY: We are looking for information.

The WITNESS: In our report we have dealt with certain Montreal schemes including one referred to to-day, by Mr. Sullivan and there are others, all relating to housing. Everything that my committee has in the way of study and analysis of these financial plans would be at your disposal. They are not described in the report. In the report these various methods of financing housing through municipal aid and so on, are brushed aside with the statement that we have studied these plans and we regret that none of them will solve the problem as the committee sees it. Now, the reason why the distribution of aid to the provinces then to the municipalities and through the municipalities either to themselves or to housing corporations is objectionable lies principally in the fact that municipal governments change their complexion every few years, provincial governments and federal governments are not always of the same political complexion, and in that way we have experienced—and now I am speaking as a citizen—we have experienced enough of the difficulties of this line of action which was a complete failure in the case of the post-war housing effort. Once the federal government deals direct with the housing corporations interested as public utility companies all these difficulties disappear.

By Mr. Heaps:

Q. What are the difficulties to which you refer?—A. Well, sir; I read the newspapers and I inevitably know what is being said by the people of these various governments—over the question of relief finance for instance. Now, housing has got to be put absolutely clear above politics, gentlemen; because, we are not doing something for a short time. If we do it at all, and I am quite willing to hear reasons why we should not do it at all, it has got to be a long program. It is necessarily a matter of national policy that we are considering, and the thing to do is to remove it completely from politics. Then, let me tell you what happened in Vienna. In Vienna the municipality owned the housing—the famous Carl Marx Hof—and it became necessary to use shells and guns to get the tenants out. Is that not a sufficient answer?

Q. No, I do not think it is at all; I think you are wrong in your assumption there. That would happen also to privately owned dwellings as well as to those publicly owned?—A. No, I do not think so.

Q. Oh yes it would; were there not other than public buildings destroyed a few years ago in the revolution in Vienna?—A. That particular difficulty has occurred even in England where they have had a long experience. Some of the municipally owned housing plant became inhabited by the supporters of the regime of the moment—there were promises made and so on. These is the matter of the selection of tenants. Assisted housing involves the selection of tenants, and I think that is a sufficient ground for leaving municipal ownership of houses out of mind.

By Hon. Mr. Elliott:

Q. There is just one question I would like to ask. I see in section 20 here, the section to which Mr. Heaps referred, interest at 6 per cent on money provided by private capital, and a basis of 3·5 per cent on money provided by governmental agencies?—A. Yes, sir.

Q. Did your committee come to the conclusion that a government agency might be able to provide money at 3·5 per cent; did that have any relationship to your statement in that regard?—A. That is the assumption underlying the proposal, because that is the rate charged by the British government. The British government is able to supply money at 3·5 per cent because it has good credit and can borrow unlimited funds at a very low rate. When it borrows at 2 per cent it lends it at about 3·5 per cent to the housing corporations.

Q. And at a less rate to the farm loan board there, do they not; about 2·5 per cent?—A. That is the principle.

Q. Yes; and did you think that government money here could be loaned to a housing scheme at 3·5 per cent?—A. Sir, in Section 25 we delivered ourselves to the best of our ability, on the question of financial structure. There are many alternatives financial structures possible; and the committee that prepared this report, while it has a great deal of material on the facts of the different financial structures, did not think it was wise in a report which was going to be published broadly to deal with the intricacies of financial structures. If your committee, when you circulate this report, should not find sufficient in Section 25 to satisfy you as to what our point of view is on this, we will be only too delighted to bring our financial experts before you.

Q. I do not want to take up your time, or the time of the committee.—A. We have the material on which our views are based, but that is quite intricate, and it would require some special circulated memoranda before the members of your committee.

Q. There is another statement you made referring to Section 18 and 19. that is failure of the post-war housing schemes. In that statement, did you refer to the post-war housing schemes generally and throughout the world, or to those in Canada?—A. No. The post-war housing scheme here. It was managed or embarked upon on the expert advice of a body which was part of the Conservation Commission. There was a town planning and housing branch of the Conservation Commission which handled the technical end of it. I understand that the federal government lost no money by it.

Q. You are speaking of Canada?—A. I am speaking of Canada, the post-war housing scheme in Canada.

Mr. CAUCHON: 1919.

The WITNESS: But that scheme cannot be described as successful. The mess is still to be found all over the province of Quebec.

By Mr. Elliott:

Q. I think it is not limited to the province of Quebec, probably?—A. However, that was not successful.

Q. Would you think it would be worth the while of the committee to hear from you for a few minutes, just briefly, as to the weaknesses in that scheme that caused it to be unsuccessful?—A. Well, one does not wish to use harsh words, sir. I would prefer—

Mr. HEAPS: You will not hurt our feelings one jot.

Mr. ELLIOTT: Tell us the truth.

Mr. SULLIVAN: The whole truth.

The WITNESS: The fact of the matter was that this system of distributing money to the provinces, or credit to the provinces, to be distributed to the municipalities, did not work in that case, and I do not think it would work in a bigger case. You have the result.

By Mr. Elliott:

Q. Is this what you mean, that the municipalities were distributing money that they did not have to raise, some other jurisdiction raised the money, and as a result perhaps the same supervision was not exercised over it that would have been exercised if they had been the body responsible for raising the money?—A. I would go farther. There may have been a certain amount of that.

Mr. SULLIVAN: Was that given to favourites?

Mr. HANBURY: That is the theory, yes.

Mr. HEAPS: I don't know.

The WITNESS: There is another aspect of the thing, and that is that it was largely concerned with house ownership. The housing problem in municipalities, as we see it, has nothing whatever to do with the building houses to be acquired by private individuals. The only way that accommodation can be got, without great unnecessary loss to the community—a loss which would go on costing us money for a hundred years, because buildings will be standing sixty years and so on, is by renting—by building large housing estates to provide dwellings on a rental basis. This distribution of funds to individuals to aid them in house building is not one of the matters which is dealt with or touched upon in our recommendations. Any system of aiding individual house building is a matter quite outside this report. We do not say that for certain municipal areas or for rural areas or in the smaller towns a certain amount of that may not be necessary; but as far as a large city like Montreal is concerned, it is sheer waste of money, to distribute funds on an individual basis, for house building.

By Mr. Heaps:

Q. That is, I presume, the reason that it is not dealt with in your report?—A. Precisely; because we are dealing with Montreal only.

Q. There is one other question. You spoke of $6 and $12 in Section 11?—A. Yes.

Q. $6 to $12 rents being paid for accommodation that cannot be provided for a rent below $20 to $30 a month?—A. Yes.

Q. Who makes up the loss, the difference? The landlord, I suppose?—A. Perhaps Mr. Rinfret will correct me if I am wrong, because he knows more about something I am going to refer to than I do. At the beginning of the depression, the housing of the out of work was done as an act of generosity by the petit proprietaire of Montreal. The first two years there was no question of rent. These people did not turn their tenants out. It was a heroic and magnificent thing, but it could not go on forever.

Q. It was a matter of charity on the part of the landlord?—A. Charity of the landlord, of these little landlords.

Mr. SULLIVAN: And I am one of them in Montreal.

Mr. RINFRET: No politics, Mr. Sullivan.

The WITNESS: In this report we criticize the whole basic and fundamental system of the Montreal petit proprietaire, but we give him credit, he did the plucky thing. These small owners, many of them skilled artisans, small shopkeepers and people of that class, would invest their savings in a three-storey house, rent the upper two storeys, with a view to themselves living rent free for the rest of their lives. It looked beautiful; and as long as things were good, it worked. But now they are in trouble, to the tune of 30,000 $6 to $12 rentals. Does that answer your point?

Mr. HEAPS: Yes.

The WITNESS: But the thing to bear in mind is that at the beginning of the depression the housing of the unemployed was done by the petit proprietaire.

Mr. HANBURY: I would like to ask Mr. Nobbs why, in the opinion of his committee, it is necessary to provide state aid for the provision of homes?

Mr. SULLIVAN: You mean federal?

Mr. HANBURY: Any aid.

The WITNESS: The simple reason is that private capital is incapable of providing low rental accommodation. The owner of private capital's way of doing it is by providing a class of accommodation which is seriously deteriorated in twenty years—creation of the slum. Private capital working in a small way, cannot build as cheaply; it cannot manage as cheaply as a large state aided corporation can. To safeguard the taxpayer, every expedient must be resorted to for economy. The first great economy is in large production. It comes to the full when you have about 400 houses to build at a time, not one, two or three or thirty or one hundred but four hundred at a time. Then you begin to get the full economy, because you get something approaching mass production. The ownership and administration, when you have got 400 houses or something of that kind, is economic. Then when you have these housing corporations functioning, they look after the maintenance and all that. It is all a question of employing experts. There are schools in England, Germany and the United States where housing management is taught, so that the very last cent has got to be got out of housing. Then under private ownership there is always the question of empties and vacancies and things of that kind. Once you have state aid in housing, that part of the risk disappears. The results occasionally give 102 per cent of the rents collected. That requires very great skill, and incidentally, perfectly honest management.

By Mr. Hanbury:

Q. Yes; but as I understand it, the main reason you give for the necessity of state aid is based on the insufficient income of the person that wants to live in the house?—A. Oh, yes.

Q. Is that the main reason?—A. Well, it is this way: You can either say that the house can only be built too dear by private enterprise, or you can say that the working man does not have enough wages. You cannot raise his wages. I am sure we all agree about that, because we are in competition with world industry, we cannot raise his wages, so that part of the plant of industry which consists in the housing of the lower paid worker has got to be provided in the most economical way for all concerned.

Q. What effect has a state aided housing scheme? What effect will that have on private ownership?—A. Now, sir, in our program we do not suggest any effort to overcome at one fell swoop the condition of 80,000 families of

Montreal who are paying too much rent. If you did that, you would just create another great trouble. Because of the interest of the petit proprietaire, it must be done gradually. Our program provides for liquidation of the slums of Montreal which are not very great, in two or three years. It is only a matter of $13,000,000 or $14,000,000 to rehouse all who live in the slums we have in Montreal.

By Mr. Sullivan:

Q. Are they really slums? Have we got any real slums?—A. We have not any real big ones; little ones.

Q. Where?—A. We have got maps, figures and facts.

Mr. CAUCHON: You had better find out where he lives first.

The WITNESS: There is Murray street. I can give you some addresses on Montcalm.

The CHAIRMAN: That is all right. Are you through, Mr. Hanbury?

Mr. HANBURY: I have not got an answer yet that suits me.

The WITNESS: What is the exact point?

By Mr. Hanbury:

Q. The exact point is this, that you are going to provide state capital competing with the present private capital?—A. No, sir. I do not think you would find a Board of Trade committee recommending that. The point is that private capital has always failed to produce these low rent houses. If the working classes, the lower ranks of the working classes—semi-skilled factory workers and unskilled labourers—have got to live in second-hand and third-hand cast off accommodation, cast off by the upper class, let us say, the accommodation is not specialized for them. It is an uneconomic way of doing it. Under the financial system, the land in these slum areas is always highly assessed. It is dollar land. As few working class people as possible should live on dollar land. A certain number must.

By Mr. Heaps:

Q. What do you mean by dollar land?—A. A dollar a foot.

Mr. CAUCHON: A square foot.

The WITNESS: A dollar a square foot, assessed value.

By Mr. Heaps:

Q. We have not got that situation in other parts of Canada, I do not think—that system or basis of figuring land values.—A. No, not in Toronto. Well, if these people are to live in moribund real estate, like a third-hand garment—it is just the same as though you said to a working man, "Well, you have got to wear somebody's old coat" which has been worn by two or three people, and get it from a pawn-shop.

Mr. HEAPS: He is doing that.

The WITNESS: That is not the economic way of keeping the working classes happy. The extent that our maps show of tuberculosis, infantile mortality, juvenile delinquency, hospitalization and all that, is due to people paying too much rent and not having enough money to spend on their food. There is thus a burden created which falls upon government and society. The researches of Ernest Bohn in Cleveland, Ohio, are particularly illuminating on that subject. But the fact remains that it is cheaper to house these people decently than to let them degenerate. That is really where the saving comes in to the public. It is much cheaper to house them than to maintain them in these slum areas.

By Mr. Hanbury:

Q. There is one point that I wish to get in my mind. You are going to provide a home, we will say, for someone to live in, and you are having someone live in it at $15 a month. Under private ownership you say they would require a rental of $30 a month?—A. Yes.

Q. There are many houses in all the cities of Canada where people have constructed houses with their own capital, houses which require an income of $30 a month. State aid in this housing is going to give them competition, and the other people are going to leave their houses and go and rent a $15 a month house?—A. Oh, no. I think I see your difficulty. There is no free will for anybody at all to cause competition by moving into state-aided housing. State-aided housing involves selected tenants. You see what I mean. It is only the tenant who is eligible in virtue of his low income that is accepted. We McGill professors—I am sometimes a McGill professor—who might like to take full advantage of any housing that the government might embark upon, would not be admitted.

Q. Why not?—A. Because it would all depend upon income. There would be housing of certain kinds and in certain places for people whose income was below so much. Automatically you arrange it; partly by where you place housing. You place specialized housing near a certain industrial area and so on, to fulfil its end. But the principle of selection of tenants is bound up with this.

By Mr. Sullivan:

Q. What about a Montreal University professor?—A. I think they get better salaries than we do.

The CHAIRMAN: If you are through, Mr. Hanbury, Mr. Church wants the floor next.

By Mr. Church:

Q. I would like to ask two or three questions. Your plan would go farther than the C.C.F.?

Mr. HANBURY: Yes.

By Mr. Church:

Q. Have you any study in Montreal for correcting the present slum districts and creating a new area for housing in the outskirts with the jurisdiction they have there?—A. That is a very good point.

Q. Have you any study of that?—A. That is a very good point, sir. As far as study is concerned, there can be no town planning, of a substantial kind, in Montreal, until there is suitable provincial legislation to safeguard town planning. What happens in Montreal is that we have town planning commissions established every few years, and it does not follow that the incoming provincial government or municipal government supports them, or it forgets all about it and appoints another one and so on. Until we have town planning legislation in the province of Quebec, we cannot safeguard any federal asset in the way of housing properly, and we cannot deal adequately with our slum areas. Our estimate is that when we clear a slum area in Montreal, about one-third of the number of people displaced would still have to be housed on or very near the cleared land. Slum clearance is greatly mixed up with town planning, and I cannot too strongly emphasize the fact that town planning and housing must go hand in hand, if the money invested in housing is not going to be thrown down the sink.

Q. What are you going to do with the people in the slums? If you are going to reconstruct, what are you going to do with the people while reconstruction is going on?—A. That is a technical problem which we do not deal with in the report. But there is an accepted method of doing it. It is called decanting. You have what is called a decanting block. Everybody whom you displace goes

into that decanting block, which may be either part of the new construction or very often any building that can be made temporarily suitable to accommodate families; all the displaced families from the area go through the decanting block. While they are there, they are dealt with by social agencies; and it is determined what proportion of them will be housed—on account of having large families and being low paid working class people—on outer land, and what proportion of them will be housed on the new accommodation on the slum cleared area. The technique is quite established for that, and it is known as decanting.

Q. When you get tenants out of old slums removed, and put back again in the new buildings, there would be an increase in the rents unless the state pays. There would be an increase in rent on the houses, would there not, unless the state pays?—A. Well, that might be your experience in Toronto. The assumption is that we would do as little rehousing in the slum area as possible. Some must be done.

Q. How are you going to meet the objection of the man with a house a mile away, with a similar house and paying taxes? How is the state going to deal with that, a tenant getting a $6 or $10 rental, and a man a mile away paying two or three times as much, and paying high taxes? You propose to build these new houses which will involve many municipal services not covered by your report,—street closings, widenings, sidewalks, roads, light and so on, many times the existing slum ratio. How do you get over that?—A. I think the best answer to that is to study the economy accruing to the community—the city, government and organized society and all the rest of it—the economy effected by rehousing; because the present slum areas cost the municipalities a tremendous lot in services of one kind and another. It is a long and elaborate question; but I would commend to you the studies in Cleveland on that particular point, (which can be taken as very important). They show the cost of the community of a slum area. It is a matter of straight dollars and cents.

Q. Your report states you are very strongly in favour of a federal housing commission. That policy was not followed in 1919 when the Dominion went into this business. Would it not be far better for the Dominion to decide on its program? Winnipeg has a different situation from what you have in Montreal. Yours is probably an isolated case in the Dominion. Would it not be better for the federal authority to grant money to the municipalities who are in charge of the health administration or building by-laws? Would it not be far better to grant money direct from the Dominion, from the federal power, on a standard plan, to the municipalities who understand far more about local problems than any board sitting in Ottawa? Would it not be far better to have that than a multiplicity of powers, as you have in England? Would it not be far better to place the organization for state aid on a standard plan? What about that?—A. I can't agree with you.

By Mr. McIntosh:

Q. The government would not deal with any municipality, would it?—A. Our feeling is the government would be wise not to deal with the municipality. It could only do so through the province.

By Mr. Church:

Q. Would it not be better for the dominion to grant any money they have for state aid through the provinces, direct to the municipalities, with the federal power laying down a standard for the houses? Every municipality has got different building by-laws?—A. No.

Q. This is not primarily, under the British North America Act, a federal plan as I see it, and money could be granted under Clause 1 to the provinces as in the case of old age pensions. Would it not be better to grant these funds for state aid direct to the municipalities, and the dominion could lay down a

standard plan, like they do with relief construction now?—A. You are asking me a difficult question, Mr. Church, which you preface with "Would it not be better?" That all depends on the point of view. I can only state that from the Board of Trade Committee's point of view nothing could be described as "better," if it risked the money not all coming back into the state treasury. Our committee from start to finish have been seized with the idea that every cent that the federal government spends on housing should come back to the federal government; that the question of interest must be involved in some cases where interest must be forgone; for other values that will come back to the federal government; but that the amortization must be there, and every cent of capital come back. That is the opinion of both the Board of Trade and City Improvement League members of my committee. I think, when you say it would be better to do certain things, it might be better in the way that it might be quicker, but I do not think it would be better in the way of making sure that the money was not lost.

Q. When you say you would go farther than the state aid in Great Britain, that would involve something the size of the railway debt. They spent over 400 million pounds in housing over a period of years?—A. Yes, they did.

Q. Taking into consideration the circumstances of the Dominion, when you remember over one million a week debt on the railway, whatever the dominion does in the way of housing will have to be done in a very moderate way. I was wondering whether it could be done by direct aid to the municipalities, with the dominion laying down a standard plan?—A. As far as the particular city under study by our committee was concerned, our feeling was that there was more assurance that the money all came back if it was done in another way through these corporations. That was our feeling.

By Mr. McIntosh:

Q. Mr. Nobbs, before we embark upon another national housing scheme, it might be well to give us some facts about the 1919 or post-war housing movement. How much was involved?

Mr. CAUCHON: Twenty millions.

By Mr. McIntosh:

Q. In what parts of Canada?—A. I do not profess to be an expert on that matter. I only know the working of certain actual cases in my own neighbourhood in Canada, and I would like you to ask another witness. I am quite sure Mr. Cauchon could give you a great deal of information on that.

Mr. CAUCHON: May I answer his question?

Mr. MCINTOSH: I asked in what parts of Canada this housing scheme had operated.

Mr. CAUCHON: It was applied to all the provinces. There was a distribution of $20,000,000 by quota. That is, the Province of Ontario and the Province of Quebec got large sums, and other provinces got less. As a matter of fact, it was advanced to the provincial government which in turn advanced it to the municipalities. In the case of Ottawa that I am familiar with, we had authority to get $750,000. We got $741,000.

Mr. MCINTOSH: In Ottawa. Then they created a housing commission. But the housing commission was a failure. That is, the result of the work was a failure, and the city still has to go on and pay interest to the provincial government. One of the reasons I think is that—since I am on the floor and can answer it, and I might answer Mr. Church at the same time—in Great Britain there is a large body of experts. Their municipal officials are trained in housing and principles for housing have been established for years, and they are highly competent to carry these things out as an ordinary financial undertaking, and they do not lose anything practically of the rent. It is all well managed

from a business point of view. We in Canada unfortunately have never encouraged town planning and housing. We have no school of town planning and housing, and the number of those who are experts in this country on town planning or housing is very limited. So I would submit to Mr. Church that it is better in the case of Canada to have a board here in Ottawa advising the government when and how to advance money to housing corporations—public utility companies, as they call them in England—and control all the standards.

By Mr. Heaps:

Q. Supposing the municipalities were going to make a contract, would they not be entitled to do the same?—A. The experience has been that the municipalities do not give the same care to good management.

Q. I gave the city of Winnipeg as an example last week?—A. That is not a housing scheme. When we talk of housing we do not mean the average house; "housing" is used in the sense of a peculiar term limited to houses supplied for the low wage earner.

Q. Where has that ever been done in Canada?—A. It has not been, and that is the trouble.

By Mr. McIntosh:

Q. I want to ask a question just there, if I may be allowed to; in what part of Canada was this post-war housing scheme operated, did it take in the cities in the west?—A. (Mr. Cauchon) I have no information about the west. We have the report of the Ontario government covering distribution in Ontario.

Q. But you have no figures for the province of Saskatchewan.—A. (Mr. Cauchon) We have no figures for the province of Saskatchewan.

Q. Then, what is the average depreciation on houses, included in any housing scheme; for instance in Great Britain?—A. Well, the basis of depreciation in England is of a very different character from what it is here, and they get along with less than half because they build substantial buildings.

Q. You say "half"; what is it in Great Britain, then we will know what it is here.

Mr. CAUCHON: It is about 2 per cent here while it is 1 per cent in Great Britain. The reason for that is that they build a better class of house which does not depreciate at the same rate. Then, in Canada on account of the climate we cannot use the same type of house. It is for that reason that we have to assume a depreciation rate of 2 per cent. That is possible with good management.

By Mr. McIntosh:

Q. One more question: where is the urge in Canada for the introduction of a national housing scheme outside of Montreal?—A. (Mr. Cauchon) Oh, Toronto, Quebec, Ottawa and all the large cities, all the, what you may call, urban centres.

Q. Has there been any urge, so to speak, from any of the rural municipalities?—A. (Mr. Cauchon) You mean, the small towns?

Q. Yes.—A. (Mr. Cauchon) In the small towns they take different action usually. What they do is they lend money to individuals. If a man has a lot, if he were responsible and wanted to build a house, he would turn that vacant lot over to the housing commission and they in turn would advance him the money with which to build a house. But housing at that time was not limited to the low wage earner; in fact, $4,000 was the amount of money usually advanced. It was for house building, not housing in the technical sense. It did not reach the low wage earner at all. Housing, as we consider it, embraces buildings intended specifically for the benefit of the low wage

earner who is always living in the cast-off house of somebody else. Such a building is generally in a delapidated condition when it comes to him. He starts practically with a slum. I think I elucidated this point when I was before your committee last week; economically this type of wage earner cannot afford to pay more than $15 a month rent. If he only has to pay $15 for a $30 rental the landlord will only get half of what he is entitled to or because of the fact that two families go together; and that is the start of a slum. That is the answer I think to what you were asking.

By Mr. Hanbury:

Q. Maybe we should find some way of enabling a man to pay a higher rent?—A. That is our whole contention, there should be state aid for these two classes comprising the lower paid wage earners on the ground that they do not get enough wages to pay an economic rent.

Q. The question of wages has some bearing on it?—A. Yes.

Q. Your aim for Canada is a combination of private or public capital, or public capital only; which?—A. I am recommending, and I understand the Montreal Board of Trade also recommends, state aid to private capital so that we can hold it responsible on a business basis.

By Mr. Peck:

Q. Would that be the essence of your idea?—A. And it should be a long term proposition. You could not rush into it.

Q. Once the money was voted there would have to be annual appropriations?—A. For a number of years, yes, sir.

By Mr. Howard:

Q. Mr. Nobbs, there are just a few questions I would like to ask: you say that you have taken Montreal as a whole?—A. Yes, sir.

Q. Do you include in Montreal, Verdun, Outremont and Westmount?—A. Yes.

Q. I want to make it clear, did you find any slums in Verdun, Westmount or Outremont?—A. No, sir.

Q. I thought not?—A. Would you care to know why we included them.

Mr. RINFRET: What was the answer?

Mr. HOWARD: There are none.

By Mr. Howard:

Q. Now, in Montreal would it not be better to build in the outskirts than to have these congested centres; it is a question, you say, of slum clearance? —A. Wherever possible you have to move a family on to outer land. You cannot only then give them more land but more amenity that way; and it is cheaper to do that. A four story building such as you would have to put up for them if you were dealing with expensive interior land, will always cost more per person than a two story building. That is a point not generally realized, two story housing is the most economical. Now, will you repeat your question?

Q. Would it not be preferable to build on the outskirts, relieve these centres such as Goose Village and Timothy street—you know the situation there, as also does my friend the Hon. Mr. Rinfret—and thereby leave these centres for industry?—A. I think if you go to Gooses Village you will find that it is a very peculiar little place; with your permission I will call it a slum.

Q. Yes?—A. I think you will find when you consider Goose Village and many of these other places that there is a very good reason why people want to

live there. You know where Goose Village is, it is an area adjacent to the Victoria bridge, and very convenient for people working for the Harbour commission.

Hon. Mr. ELLIOTT: There was just one question I would like to ask.

Mr. HOWARD: Pardon me, I am not through yet.

By Mr. Howard:

Q. You say in section 7, a man earning $750 a year or $550 a year cannot afford to pay more than one fifth of his income for rent?—A. Yes, sir.

Q. Have you a plan by which you could build a house to be rented at $100 a year?—A. Not without money at a very low or negligible rate of interest. There is no way it can be done at current rates.

Q. It cannot be done?—A. No. The cost per person—you see we have analyzed it every kind of way and for every conceivable kind of house—and in the city of Montreal, building in large quantities and all that sort of thing, the cost per person for this class of house must be $700. That is a useful figure to bear in mind, $700 per person. The amount of land people will require will be at least 90 feet per person housed on interior land, where land is expensive; about 200 feet on middle land; and where you can replan on fringe land which is the ideal, there it would absorb about 450 feet of land per person. Incidentally, that 90 feet of interior land will cost far more than the 450 feet of outside land does at present.

Q. Yes. Is that in your report?—A. Yes, you will find very full particulars.

Q. Do you intend printing that report?—A. The assumption is that the Board of Trade will print it and that it will be made available to the committee.

By Hon. Mr. Elliott:

Q. When will the printed report be available?—A. Well sir, that is a matter which you will be able to judge of when I say that this copy is endorsed as now under consideration by the council of the Board of Trade of Montreal, it has been submitted to them but requires final revision from a purely editorial aspect, revision which was not possible through lack of time. Our committee would like the privilege of making the final revision, because there are some 20 corrections to be made. Otherwise it is practically ready for the printer. The assumption is, sir, that the Board of Trade will print and publish this report, possibly a very large edition. I am not a member of the Board of Trade, and if they decide that they cannot face the expense of that all I can say is that the committee will have to seek other methods of getting it circulated. In that case its publication may be delayed.

Q. The reason I am asking is, of course, we have been dealing with these different sections on the assumption that the report was ready. Could you leave a copy of it with the Chairman in the meantime?—A. Yes.

Q. There was just one other question I would like to ask: does the report deal with the proportion of expenditure made upon this housing scheme as it will actually go to the workmen in wages? You talk about a scheme that will involve the expenditure of from thirteen to fourteen million dollars over a period of years, I would just like to get at what proportion of that will go into wages?—A. You mean, direct labour.

Q. Yes?—A. Broadly speaking in the building industry fifty per cent goes directly into labour.

Q. You mean direct labour—?—A. Labour involved on the job; and of the amount remaining a very large proportion, possibly fifty per cent goes into labour, not necessarily direct labour.

Q. Do I understand you to mean that 75 per cent of the total expenditure will actually go to labour?—A. I think that would be a fair assumption in round figures, it might depend a good deal on the materials used.

Q. And to that extent it will relieve the unemployment situation?—A. Precisely, sir.

Q. That is your best judgment?—A. Yes.

Q. Do you deal with that in your report?—A. Yes.

Q. And do you give your reasons for arriving at these percentages?—A. We did not stress that particular point, because we felt that the Canadian Construction Association were perhaps in a better position to speak authoritatively on the matter. Our feeling has been that there might be a tendency to exaggerate the benefit of housing to the construction industry. It has been used as an argument for aiding housing, an argument arising out of the depression. Our argument is that housing is a long delayed economic duty, that it will aid industry in its present very sad condition to a considerable extent, but that extent must not be exaggerated; because, if you spent fourteen million dollars a year on housing operations in Montreal that would only be a very small percentage of the normal building done in Montreal, which I think—subject to correction by the Canadian Construction industry—is many times as great. But just at present it would be very helpful indeed.

Mr. HOWARD: I have to protect my electors; the Board of Trade is in my riding, I believe it is a great body, a very altruistic body, doing great good in this country. I would ask that this report, which I believe is very comprehensive in its scope, be printed by the committee.

The WITNESS: It will I hope be printed by the Board of Trade.

The CHAIRMAN: I was going to bring that matter up before we adjourned, as to whether we should not print this report as part of our proceedings, it does not seem to be so very long.

Mr. CHURCH: Surely there is enough money in St. James street to pay for the printing of that report.

The WITNESS: As to the cost of printing this report, this report is only about two thirds as long as the Toronto report; the Toronto report runs to about 150 pages and this one runs to about 100. There are 22 maps, plans, and systems of housing lay-out showing economy in the use of land which would be printed with this report. Should you decide that you are prepared to issue this report, I hope that it would be possible for persons other than the committee to get copies of it.

Mr. HEAPS: In regard to the printing of this report it is not a matter so much of the quantity as it is of the principle involved in asking parliament to print a report being published by a private organization. There is a principle involved there which may be wrong.

Mr. CHAIRMAN: This report is being submitted to-day as evidence.

Mr. HEAPS: If it is to go into the evidence that is another matter entirely. I thought you were going to have it printed as a report of the Montreal Board of Trade.

The CHAIRMAN: It will have to be printed as part of the regular report of this special committee on housing.

Mr. HOWARD: The report is submitted to the committee to-day as evidence, being read and referred to by the witness.

Hon. Mr. RINFRET: In that event, it may be considered as part of the evidence.

Mr. MCINTOSH: If it is necessary perhaps the report could be printed as part of the evidence, that principle might be accepted.

The WITNESS: I think you can rely on the Board of Trade to print it.

Mr. CAUCHON: Yes, they want it anyway.

Mr. MCINTOSH: Might I say, before the committee rises, that we ought to have full information as to the amount of that appropriation of $20,000,000 made in 1919 that was expended. Was it all spent?

Mr. CAUCHON: As far as I know it was all spent; not only was it all spent, but a lot of it was wasted.

By Mr. McIntosh:

Q. Then, another question: the type of house about which you spoke of in Great Britain as costing $1,750 and in Canada or in the northern states you say it would cost $3,500?—A. Yes.

Mr. HANBURY: That is exclusive of land?

By Mr. McIntosh:

Q. What is the main difference in these two figures, I just want the main differences?—A. There are different wages, different materials; the main difference is this, that we have to go five feet to get below the frost line and in England they go but one foot. Once you have gone five feet to get below the frost line you go three feet above so as to have a basement. In England they have only to go two feet between the floor. Another difference is that in this country we have to have double windows, a double roof and radiators, and all that sort of thing. If they would only let us house regardless of building by-laws, and allow modern insulated walls we could probably effect another 5 to 6 per cent economy. The cost we have given is based upon Montreal building by-laws, without the special modifications which we recommend for housing purposes. In our extra cost I should say that fully two thirds is made up of what we may call climatic requirements. The rest is made up simply by a higher scale of wages.

Mr. HANBURY: I was just wondering, Mr. Chairman, whether Professor Nobbs had any information to give us regarding repairs. I think our reference covers repairs as well as new building, and we have not had any information from him on that as yet.

Mr. CAUCHON: You are referring now to what I termed "rehabilitation" the other day, are you not?

Mr. HANBURY: Yes.

Mr. CHURCH: Did the Department of Public Health of Montreal support your committee?

The WITNESS: I would be glad to answer that provided the answer is not put down on the record.

Mr. HANBURY: I would like an answer to my question.

The WITNESS: I take it Mr. Church wants to know about the relations between my committee and the medical authorities of the city of Montreal.

Mr. STANLEY: I would suggest that the witness take up the question of rehabilitation.

The WITNESS: In this report we refer to the various people who gave us assistance, including various financial agencies and many others who offered us valuable information bearing on the various aspects of slum clearance and the housing problem. Sir, nobody has been more helpful to us than certain of the officials in the pay of the city of Montreal who afforded us every facility to arrive at the facts. That is the answer.

Mr. CHURCH: My question is this: any question of slum clearance must involve health; what I want to know is, has the medical officer of health for the city of Montreal been consulted and does he recommend the rebuilding of slums where they are to-day, or does he recommend that they be rebuilt on the outskirts as is being done in England. Your report apparently does not say anything about that.

The WITNESS: Yes, it says a great deal, sir. But as far as the medical departments, both of Montreal and of the provinces are concerned, both engineers and medical officers in these departments have furnished us with a great deal of material. I believe that the report will be sympathetically received by them, but they were not officially members of the committee. They were most helpful in offering us every kind of information, and made useful suggestions as to how we could get information ourselves.

Mr. MCINTOSH: There is one objection I have to take. I did not get an answer to my question and I was wondering if at the next sitting of our committee we can have information available as to just what amount of money was spent in Saskatchewan and the western provinces in connection with the grant of $20,000,000 which was made in 1919.

Mr. CAUCHON: I think you could get that by application to the statistical department of the government.

The CHAIRMAN: I think we ought to have a report on that whole housing scheme.

Mr. MCINTOSH: I can get a return from the House to supply the information, if necessary.

The CHAIRMAN: Possibly we could have Dr. Coates or someone from his department give us a statement on the matter. What was your question Mr. Hanbury?

Mr. HANBURY: I was asking Mr. Nobbs if in his report he had any recommendations to make to this committee with reference to rehabilitation.

The WITNESS: You mean, the cost of repairing buildings?

Mr. STANLEY: Might I add to Mr. Hanbury's inquiry—I think it all deals with the same thing—you have not explained to this committee what you propose to do in regard to these 30,000 families that are being looked after by small proprietors in the city of Montreal.

The CHAIRMAN: Let us get Mr. Hanbury's question first.

Mr. STANLEY: I think it is very important, this whole question; as I understand it these properties are running down and taxes are accumulating, and do you propose to move these families; or what steps do you propose to take to rehabilitate the properties they are now in; and in addition to that what provision is to be made to take up the difference—the gap—between these $12 houses and these $20 and $30 houses.

The WITNESS: Sir, there is a reference in the report to such matters. A good deal of the money spent on housing is not going to give you 3·5 per cent, or 1·5 per cent or even 1 per cent; but my committee feel that we might put the whole of it on a 3·5 per cent basis, and keep it at that on paper; because, then you can forego your interest during these very bad years. For the housing is going to be there for sixty years—there is no use building for any less time.

This tremendous burden of unemployed people in Montreal must be gradually absorbed. The number of very low rentals required now will diminish. That is why we tell you frankly that you cannot get 3·5 per cent on all your money loaned for housing till times improve.

By Mr. Stanley:

Q. You are not answering about those who are already located in perfectly suitable quarters, in the properties owned by these small proprietors?—A. The situation is this, that the number of available houses in Montreal is rapidly diminishing. Nine months ago, to be precise, the figures derived from the health authorities in Montreal and from the board of Assessors, made it perfectly clear that the number of families doubled up counterbalanced the number of vacant houses. When the depression began we had some nineteen thousand

unoccupied houses in Montreal, but four months ago we had just as many unoccupied dwellings as we had doubly-occupied dwellings. To-day we have only nine thousand unoccupied dwellings in Montreal, and in the meantime the population keeps on increasing at a rate which requires about six thousand new dwellings per annum of which fully four thousand would be for the low wage earning groups. It is therefore perfectly clear that what has already begun is going to continue. We have already got slightly better times and these people are ceasing to be doubled up and will very soon occupy other available dwellings in Montreal at a reasonable rent and cause ejection of those on relief rentals. In the meantime you have your low wage earners and I hope a diminishing number of unemployed to be dealt with.

Q. Then, Mr. Hanbury's question comes in; these properties that are all run down because the proprietors are not able to keep them up—what steps are you proposing to take to get them into proper repair?—A. That is a subject which we have not dealt with. We have drawn attention to it, that there are thousands of such properties the proprietors of which have been affected by the depression with the result that maintenance has been disregarded for some years. When you disregard maintenance on a house you know it gets worse and worse, by geometrical progression or something of the kind. In Montreal to maintain high class property you must spend 1 per cent of the original cost broadly in annual maintenance, if you do not it will depreciate 2 or 3 per cent; if for three or four years you do not do that it will depreciate very rapidly; and that is what we mean when we speak of the tremendous Montreal slum of the future. That is what we are trying to guard against, that tremendous Montreal slum of the future. At the present time the slum areas of Montreal are not very great, as big cities go. Control of the situation lies in proper maintenance, and it is this lack of maintenance during these hard years that is accelerating the time when we may have a big slum problem.

Q. Have you suggested any remedy?—A. No, we did not touch on that at all because that is more in the form of direct aid for maintenance which our committee did not consider.

Hon. Mr. RINFRET: Might I be permitted to make a remark here? The question raised by Mr. Hanbury is very very important in so far as it relates to the city of Montreal. Every time we have had projects of this kind submitted to us we have had requests from the small proprietors expressing the fear that if new buildings were created in the suburbs it would destroy the value of their own properties. They felt that their properties could be repaired and that they might also be helped. That of course raises a very big question. I understand your report does not deal with that feature but I believe it is very important that the committee should not overlook that at all. It is all right to say we are going to spend millions on building new houses for workingmen in the suburbs; but that brings with it the other problem, how are you going to compensate the house owners inside the city, in the central parts of the city, which properties will become valueless absolutely if new quarters are provided for the workingman in the suburbs. That has always been one of the most vivid aspects of the housing problem before the municipality of Montreal. I do not think we can overlook it.

The WITNESS: Might I say, sir, how sympathetically the committee has always felt on this question of the small proprietors. Something in the way of direct aid for maintenance purposes might very well come within the provisions of your committee, sir. We do not recommend the rebuilding, the reconstituting of individual ownership; we do not feel that that is the solution. But so far as the small proprietor and his great problem in maintenance is concerned, I think it would be very suitable so far as Montreal is concerned to give it earnest consideration.

By the Chairman:

Q. Is that in your reference?—A. We have provided a limited program instead of dealing with the whole question for all the people in Montreal who were paying too much rent. We are quite satisfied that the small proprietor will be able to take care of some of them. But the program provides for two things, the liquidation of existing slums and additional building only in proportion to the increase in the low wage population; because, we feel it would not do anybody any good to rehouse half the population and create a very great deal of new poverty thereby.

Hon. Mr. RINFRET: That is the point.

Mr. CAUCHON: Might I answer Mr. Hanbury?

The CHAIRMAN: Yes.

Mr. CAUCHON: Mr. Hanbury perhaps was not listening at that point. Professor Nobbs has just answered Mr. Rinfret. There will not be any disability imposed upon people who own houses through the loss of their tenants; because, the program for Montreal that he has submitted provides first for the wiping out of slum areas, which is nobody's loss; and secondly to take care with new houses of a growing population. Your particular question is this, and as far as I can answer it: In England they have, in many cases, housing corporations. When a man's house is in a condition that he wants repairs, then they take over his house and rehabilitate it, and it becomes part of the housing estate, and then they rent it back to him. Most houses, as you know, in England are on a rental basis. He surrenders his lease. They take over the house—provided it is worth while—put it in good condition, and they rent it back.

Mr. HANBURY: I am not satisfied in my own mind as to this. Here is John Doe who has a house that is in good condition, well located and rents for $30 a month. Then the state, in some form, competes with him in the next block or a house a mile away, with a house that rents for $10 or $15 a month. He is going to lose his tenant.

Mr. CAUCHON: In these houses when the tenant cannot go on—at least, when the tenant cannot pay more than $15, and with any return of prosperity the landlord cannot afford to release his property for $15, it will then happen that very likely two families will go in a building to pay the $30. And that is one of the social evils we are trying to eradicate.

The WITNESS: I think your point is largely met by the fact that there would be a selection of tenants. With selection of tenants it leaves the door wide open.

Mr. HANBURY: I think it leaves the door wide open for a lot of things I do not approve of.

The CHAIRMAN: Gentlemen, it is getting pretty late. I am not satisfied just yet about this report.

Mr. MCINTOSH: How may pages are there in it?

The CHAIRMAN: This one is two-thirds the size of this one (indicating), and this one has a lot of cuts.

Mr. SULLIVAN: You mean you are not satisfied with the report?

The CHAIRMAN: I am satisfied with the report, but I am not satisfied as to what we are going to do about it. The report, as I understand it, is unedited. After that, the report is ready to submit.

The WITNESS: In three hours that can be made ready for the printer.

The CHAIRMAN: I think we should incorporate that report in our proceedings.

Mr. HEAPS: Our copies are limited. I presume if the Board of Trade wished, more copies could be printed for them.

The WITNESS: Yes. If you gentlemen decide to print it, I am quite sure the Board of Trade will pay for the printing.

Mr. HEAPS: You mean pay for the copies they take. It is printed at the Government Bureau.

Mr. HANBURY: If you print that report, Mr. Chairman, you are establishing a precedent, because we will have many filed.

The CHAIRMAN: The only way we can do is put it in as evidence.

Mr. HANBURY: I think as long as there is one copy here available to this committee, that that is sufficient for the time being; and if we decide later to print it, we can. I think that is something we should decide later.

Hon. Mr. RINFRET: It has been done before.

Mr. HEAPS: Not with anything as voluminous as this.

The CHAIRMAN: We have got this copy for the present at least. We can take any further action we think necessary later.

Mr. STANLEY: At least you are printing the summary?

The CHAIRMAN: Yes, the summary is in the evidence.

Mr. HEAPS: When do we meet again, Mr. Chairman.

The CHAIRMAN: I think perhaps next Thursday.

Mr. SULLIVAN: Can you not make it on Wednesday or Friday?

The CHAIRMAN: Wednesday does not suit our Liberal friend.

Mr. HANBURY: I am going to suggest that, as we have a lot of evidence to hear, it might be advisable to sit while the House is sitting.

Mr. HEAPS: Who is the next witness.

The CHAIRMAN: We are going to have Dr. Coats. We will have to get down to work and find out what other witnesses we want to come before us. At present we have not anyone except Dr. Coats and someone from Toronto.

Mr. HEAPS: Would you set the date when we meet again?

The CHAIRMAN: I think we had better meet next Thursday.

Mr. HEAPS: At 10.30.

The CHAIRMAN: Yes.

The Committee adjourned at 12.40 a.m. to meet again, Thursday, March 7, at 10.30 a.m.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

TUESDAY, MARCH 7, 1935

WITNESSES:

Mr. G. P. Gordon, Finance Commissioner for the City of Ottawa, Ontario.

Mr. J. Clark Reilly, Manager, Canadian Construction Association, Ottawa, Ontario.

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1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
COMMITTEE ROOM 429,
March 7th, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock, a.m. Mr. Ganong, the Chairman, presided.

The following members were present: Messieurs Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Hanbury, Heaps, Howard, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley, Sullivan and White (London)—17.

The Chairman announced that Dr. Coats was unable to be present to-day as expected, but would be available a week from to-day.

Mr. G. P. Gordon, Finance Commissioner for the City of Ottawa, was called, examined and retired.

Mr. J. Clark Reilly, Manager of the Canadian Builders Association, Ottawa, was called, examined and retired.

Mr. Noulan Cauchon, Town Planning Expert, who previously gave evidence, was in attendance, and answered several questions.

The Chairman announced that he hoped to have Lieutenant-Governor Bruce of Ontario as a witness on Tuesday next.

Mr. Stanley moved, seconded by Mr. Hanbury, that the Committee ask leave to sit while the House is sitting. Motion adopted.

Mr. J. Clark Reilly filed the following documents:—

Report No. 10 of the Honorary Advisory Council for Scientific and Industrial Research;—1922.

Building Insulation Industry in Canada, 1930, and Low Temperature Heat Insulation Industry in Canada, 1929—Department of Interior.

Dominion Bureau of Statistics Bulletin No. xxxix. Seventh Census of Canada—Houses and Dwellings.

Recommended Minimum Requirements for small dwelling construction;—Bureau of Standards, Washington.

Recommended Minimum Requirements for Plumbing in dwellings; Bureau of Standards.

Proceedings of the 17th Annual Convention of the Canadian Construction Association. (See— "Assisted Housing Policies" by E. J. Bohn).

Mr. Noulan Cauchon filed the following documents:—

Zoning By-law. (2 copies.)
Housing—Town Planning—Education—Letchworth; 1926.

The Committee adjourned at 12.40 o'clock, p.m., to meet again Tuesday, March 12th, at 10.30 a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

ROOM 429,

HOUSE OF COMMONS,

March 7th, 1935.

The Special Committee on Housing met in Room 429, Thursday, March 7th, 1935, Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, will you come to order please. We have now a quorum, and I think we had better start. We had planned to-day on having Dr. Coats here. I went over it with Dr. Coats, as to the information we want, and which he can give us, and he said he could not possibly be prepared to give it for a week. He wanted time to look it up. So we are planning on having him a week from to-day.

To-day we have three others from here in Ottawa who wish to appear before us, and I thought we would hear them. I suppose we can dispense with the reading of the minutes, as they will be printed. With the permission of the committee, we will hear Mr. Gordon first. Mr. Gordon is commissioner of finance of the city of Ottawa. He is going to speak on the Housing Act of Ontario of 1919, and the results of that here in Ottawa.

G. P. GORDON, called.

Mr. Chairman, I have prepared a memorandum with reference to the operations of the Ottawa Housing Commission. It gives a brief history of the commission and its operations, as well as the results, so far as they have affected the city of Ottawa. With your permission I shall read this memorandum.

Following the passing of an Act to provide for the erection of dwelling houses, known as the Ontario Housing Act, 1919, by the legislature of the province of Ontario, which was assented to on the 20th of March of the year mentioned, city council of the municipality of the city of Ottawa decided, under the provisions of the act, in view of the shortage of dwelling houses then existing in the city, to borrow from the province $750,000 for the purpose of acquiring land and erecting dwellings thereon, and also to loan to citizens who already possessed lots within the city, amounts, under conditions prescribed by the act, to build houses on these.

A section of land comprising 22·235 acres near the north eastern boundary of the city, known as Lindenlea, was purchased with part of the proceeds of the loan and subdivided for building purposes. Slightly more than 7 acres were laid out in streets, and open spaces to be used as playgrounds, tennis courts, bowling greens, etc. The balance was divided into building lots to the number of 169, and the cost of acquiring the property distributed over these lots.

On these lots the commission, appointed by city council, under authority of the housing act, built 142 houses which were eventually sold to purchasers under agreement of sale, the terms of sale being that the purchase price (or loan) would be the cost of the lot and house and interest thereon at 5 per cent, to be paid in equal monthly instalments, interest and principal, amortized over a period of twenty years. The purchasers had the right to repay the loan, or purchase price, if they so preferred, in shorter periods.

On lots in other parts of the city already owned by prospective borrowers, the commission loaned moneys to individual citizens for the erection of dwellings thereon, under the terms of the Act. On such lots in various parts of the city, outside the Lindenlea section, some 29 houses were built by the commission and transferred to the purchasers (borrowers under the Act) by agreement of sale.

The cost of the houses built by the commission was from slightly under $3,000 to $4,500 each, these figures including the values of the lots when such were not already owned by the purchasers. $4,500 was the maximum amount of loan to any purchaser by the terms of the Act.

Of the original 169 lots into which the Lindenlea property was subdivided, 142 were built on during the first few years that the commission operated, leaving 27 available for sale; 8 lots (still vacant) have been subsequently sold, so that at present there are 19 lots still unsold.

As already stated, some 171 houses (142 at Lindenlea and 29 elsewhere in the city) were built by the commission under the terms of the Act. At the present time 14 of these have been purchased outright, 146 are being paid for under agreement of sale, 9 are rented and 2 are vacant.

There was appointed by city council in 1919 a commission consisting of 5 members to administer the affairs arising from the operations of the city under the Act. This commission, with certain changes in personnel, continued to function till 1925 when it resigned. Thereafter till 1930 the commission consisted of the mayor, the city clerk and the city treasurer. From the beginning the commission had a permanent secretary who, along with a stenographer-clerk, constituted the staff which attended to the routine business arising from the affairs of the commission. In 1930 it was discovered that these affairs were in a serious condition, a special audit disclosing that the secretary had been guilty of defalcation to a known amount of $82,498.02. This official was immediately removed from office, arrested, tried in the magistrate's court, found guilty and sentenced to a term of imprisonment. At the same time there was a reorganization of the city treasury department. The city treasurer having resigned, council appointed a new city treasurer, with the title also of commissioner of finance, who was given much wider powers, and entrusted to him the reorganization of the financial and accounting work of the city. Under him was also placed the affairs of the housing commission. A new commission was appointed by city council of three members, the mayor and two private citizens. The personnel of this commission, with the exception of change resulting from change of mayor, remains unaltered at the present time.

To 1932 no members of the commission received any remuneration. Since then each member, with the exception of the mayor, has received a yearly honorarium of $300.

The history of the Ottawa Housing Commission makes rather sorry reading almost from the beginning, and the venture has been a very costly one for the ratepayers.

The commission commenced early to find itself with difficulties it had to contend with. Owing to lack of proper and adequate supervision many of the houses erected by it turned out to be very poorly built, and continued claims and complaints were being made by the purchasers. Numbers of these purchasers registered very definite dissatisfaction. Also, with the amount borrowed from the province, the commission found, through inadequate planning and the type of scheme it had launched into, there was not sufficient funds to carry out its undertakings and in 1922 the city had to raise by debenture issue a further $45,000 to complete certain houses the commission had under construction at Lindenlea. This will mean, for the following twenty years, an annual payment from tax levy to meet interest and principal, on the issue, of $3,610.91. That will require to be borrowed by the taxpayers at large.

Mr. CAUCHON: Each year.

The WITNESS: Yes, each year. The situation between 1922 and 1925 did not improve. As a result of so many of the houses being so poorly built, and as a consequence of the dissatisfaction of the purchasers, it became difficult to dispose of a number of vacant houses the commission still had on its hands. Apparently, also, certain of the houses were still not properly completed, and an appeal was made by the commission in 1925 to city council for a further $10,000 to

complete these dwellings and repair and renovate others in an effort to put them in a condition that they might become saleable. City council gave the necessary authority to raise the money asked for by debenture, but for some reason the annual change for interest and principal in connection therewith is raised in the tax levy against general fund and not through the housing commission appropriation direct. Since 1925 to date this particular borrowing has cost the ratepayers $7,224.97, and it will continue to cost the ratepayers each year the amortized amount of interest and principal as it falls due under the bonds.

Not only was the commission experiencing the difficulties just mentioned, but through lax control and careless and unbusinesslike methods being followed, the accounts of many of the purchasers of properties were getting badly in arrears, and the ratepayers had to meet heavy deficits yearly through the tax levy.

In 1925 the whole commission resigned. Conditions were very serious.

By Mr. Heaps:

Q. Was that the original commission that resigned in 1925?—A. The original commission, with certain changes of personnel that had taken place between the years 1919 and 1925.

Q. May I ask further whether the members of the commission of 1919 were members of the council, or whether they were an outside body?—A. No, sir, they were an outside body. There was one member of the council on the original commission, a controller.

Q. But of the five, four were non members of council?—A. That is correct.

Q. It was what is commonly called a non political body?—A. Yes.

Q. And they made a mess of it?—A. That is also correct. Continuing:—

In 1925 the whole commission resigned. From that time, as already stated, till the exposure in 1930 of the defalcations of the secretary and the serious condition of its affairs, the commission consisted of the mayor and two civic officials. During this period a member of the Board of Control, though not a member of the commission, sat in with it at its meetings, and assisted in its deliberations.

Since 1930, under the new commission, with its affairs under the reorganized treasury department, and the commissioner of finance acting as its financial adviser, considerable improvement in the situation has been made.

At 31st December, 1930, the total arrears in purchasers' accounts amounted to $33,548.94. With serious difficulties to contend with, particularly those arising from and peculiar to the economic depression of the last four years, these have been reduced at the end of 1934 to $23,700.85. That is, they have been brought down by $10,000 in the last four years. Of the 146 houses still being paid for under agreement of sale, the payments in connection with 79 have been made to date; those in connection with 67 are one month or more in arrears.

No figures are readily available of the number of houses that had been repossessed by the commission prior to 1930 for non-payment of instalments due, but including, and since that year 22 have, in this way, reverted to the commission. In nearly all cases these houses have been found to be in a state of poor to bad repair, necessitating considerable expenses requiring to be made before they could be resold or rented. In addition, in nearly all cases also, there were uncollectable tax arrears in connection with them, meaning a further loss to the city.

To ascertain how costly a matter the housing scheme of 1919 has been to the City of Ottawa, it is only necessary to look at the appropriations for tax levy of the various intervening years. Since 1919 to 1934, there has been raised by levy from the taxpayers, as shown by exhibit A attached, $352,538.48. But this is not all of the picture by any means. As already stated the annual levy for the debenture of 1925 for $10,000 for the completion of, and repairs to certain unsold houses has amounted to the end of 1934 to $7,224.97. Again, in 1931, there was charged to tax reserve $11,612.12, of tax arrears on repossessed

properties, accumulated prior to that year. There is also a considerable amount represented by other undetermined charges which might quite reasonably go against the Housing Commission account, but which do not show against it in the books of the city.

Previous to 1930 the affairs of the commission were never properly set up. Subsequent to that date they have been, and exhibit B attached shows the balance sheet of the commission as at 31st December, 1934. This statement indicates a deferred surplus, as of that date, of $38,875.86. Deducting, then, this amount from the charges and losses met from tax levy above indicated (which are incomplete) the net loss incurred to the ratepayers of Ottawa, to date, as a result of the city participating in the housing scheme under the act of 1919, is something in excess of $332,499.71, established as under:—

Raised from tax levy as indicated by Exhibit A		$ 352,538 48
Add annual payments in connection with $10,000 debenture issued 1925	7,224 97	
Tax arrears on repossessed properties prior to 1931	11,612 12	18,837 09
		371,375 57
Less deferred profit as indicated by Exhibit B		38,875 86
		$ 332,499 71

7th March, 1935.

(Signed) G. P. GORDON,
Commissioner of Finance,
City of Ottawa.

EXHIBIT "A"

AMOUNTS THAT HAVE BEEN RAISED FROM TAXATION FOR HOUSING COMMISSION ACCOUNT, 1919–1934

Year	Total	Salaries and Administration	Interest and Principal on Debentures	Provision to meet Balance required on Housing Loan	Repairs to unsold Houses	Insurance	Taxes on unsold Houses
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1919	3,675 35	3,675 35					
1920	4,649 69	4,649 69					
1921	4,114 50	4,114 50					
1922	3,133 61	3,133 61					
1923	56,873 89	3,262 98	3,610 91	50,000 00			
1924	33,551 94	4,941 03	3,610 91	25,000 00			
1925	32,581 41	3,970 50	3,610 91	25,000 00			
1926	28,262 73	4,651 82	3,610 91	20,000 00			
1927	27,810 91	4,200 00	3,610 91	20,000 00			
1928	27,865 71	3,413 87	3,610 91	20,000 00	840 93		
1929	37,815 94	3,083 53	3,610 91	30,000 00	1,000 00	121 50	
1930	20,874 23	1,637 32	3,610 91	15,000 00	500 00	126 00	
1931	45,481 03	1,420 12	3,610 91	39,000 00	225 00		1,225 00
1932	7,538 37	2,091 13	3,610 91		599 04		1,237 29
1933	9,604 13	1,921 36	3,610 91		2,363 95	210 97	1,496 94
1934	8,705 04	2,273 50	3,610 91		1,373 86		1,446 77
	352,538 48	52,440 31	43,330 92	244,000 00	6,902 78	458 47	5,406 00

EXHIBIT "B"

CORPORATION OF THE CITY OF OTTAWA

HOUSING COMMISSION—BALANCE SHEET AS AT 31st DECEMBER, 1934

ASSETS

AGREEMENTS OF SALE—		
Loan Principal	$ 341,193 14	
Interest to Maturity of Loans	102,540 21	
Interest on Arrears	2,972 96	
Insurance Premiums	112 45	
		$446,818 76
PROPERTIES HELD FOR SALE—		
Houses repossessed (11)	$ 38,353 08	
Lots (19)	19 00	
		38,372 08
CASH ON HAND AND IN BANK		3,879 39
		$ 489,070 23

LIABILITIES, RESERVES AND SURPLUS

CURRENT LIABILITIES—		
Bank Loan	$ 20,000 00	
Rents paid in advance	25 00	
		$ 20,025 00
LOAN FROM PROVINCE OF ONTARIO—		
Principal and Accrued Interest to 31st December, 1934, repayable in equal monthly instalments of $5,036.03		324,656 20
RESERVES FOR:		
Deferred Interest	$ 102,540 21	
Interest on Arrears	2,972 96	
		105,513 17
DEFERRED SURPLUS		38,875 86
		$ 489,070 23

Of the exhibits attached, exhibit A shows the amounts that have been raised from taxation from housing commission account from 1919 to 1934. These are listed by years and have been subdivided to show: salaries and administration totalled $52,440.31; interest and principal on debentures, $43,330.92—and that does not include interest and principal on debentures of 1925, $10,000, which for some reason or other city council at that time saw fit to charge to the general fund of the city. They consolidated it with another $50,000 debenture, and it became practically a loss as a result; in addition to that there has been a charge of some $7,200 since 1925 to 1934, chargeable from tax levy. It should be chargeable to the housing commission. Provision to meet balance required on housing loan, $244,000—that figure is partly defalcations of the secretary of the commission between 1920 and 1930; and also the shortage of revenue, or rather the difference between the revenue and the amount paid to the Ontario government in repayment of the loan of $750,000.

By Mr. Stanley:

Q. Mr. Gordon, was the secretary who defaulted a city official in any capacity other than that of secretary to this commission?—A. No, he was only secretary to the housing commission. He was a city official appointed under city by-law, he was a permanent city official, but his sole duties were to act as secretary to the housing commission, and in charge of the business of the commission.

Q. As far as the city was concerned his defalcations were entirely in regard to this particular commission?—A. Yes, sir, entirely in reference to the accounts of this commission.

By Mr. Heaps:

Q. Might I ask to whom the commission was responsible?—A. The housing commission was responsible to city council.

Q. Did they report regularly?—A. According to the act they should have reported four times a year. I am not in a position to tell you at the present moment whether they did or not. I only came to the city officially subsequent to the exposure of the defalcation.

By Mr. White:

Q. Did you mention the amount that was lost by the theft by this individual? —A. $82,000.

By Mr. Heaps:

Q. Are you through with your presentation?—A. I have just to complete my reference to the exhibits.

By Hon. Mr. Rinfret:

Q. When you mention "Act," you mean the federal act of 1919?—A. The provincial act.

Mr. CAUCHON: It is the same thing.

By Mr. Hanbury:

Q. You say, it was a provincial act?—A. It was a provincial act that the city appointed the commission under. I do not know what connection there was with the dominion.

Mr. CAUCHON: Its purpose was the disposal of Dominion funds loaned to the provinces.

Mr. STANLEY: It was enabling legislation on the part of the provinces.

The WITNESS: That is correct, but it was under the provincial act that the city operated.

Mr. CAUCHON: The city dealt with the province, not with the Dominion.

Mr. MORAND: The Dominion loaned to the provinces and the provinces were responsible to the federal government.

The WITNESS: The people raised from taxation $6,902.78 for the repair of houses; $458.47 for insurance on unsold property; and $5,406 for taxes on unsold houses. But in addition to that as I have pointed out there was also over $10,000 which was charged direct to tax reserve.

The other exhibit, as I have already stated, is the balance sheet of the housing commission at the end of 1934. It shows a deferred surplus of $38,875.86; but it only shows a deferred surplus charged by the city to the tax rate. If none of this had been charged it would have shown the net deficit which I have indicated in my memorandum.

By the Chairman:

Q. Does that cover all future amounts, or are you still facing some loss?— A. No, sir. There will be very considerable continued losses—or at least, charges to ratepayers. There will be, for instance, the full amount of interest and principal on the debenture issue of $215,000; and the same on the debenture issue of $10,000.

By Mr. Heaps:

Q. Do you know anything about the cost of construction in 1919 and 1920? —A. I understand they were rather high, that was about the peak of construction cost.

Q. And that of the subsequent years, 1922 and 1923, there was a heavy drop in construction cost?—A. I am not altogether competent to state, but I think there was a tendency toward a drop after 1921 and 1922.

Q. And therfore, was not the loss in the value of the houses due somewhat to this reduction in cost?—A. That does not enter into it at all, because the original cost of the houses was the amount of the loan to the particular purchaser.

Q. Yes, I realize that; but when a person purchased a home at a fixed price say in 1919 or 1920 and then found in 1922 or 1923 he could buy just as good a house or a better one for less than what he owed; was not that a factor in the situation which resulted in losses?—A. I do not think so, because the purchase price or loan was amortized as to interest and principal over twenty years; and that meant, and does mean, that the amount that each of these purchasers is paying monthly in the form of instalments in repayment of their loan is not even equivalent to the rental value of many of these houses.

Q. Yes, but if there was a reduction in the value of the property and a person subsequently could go out and purchase a new home at less than what he owed on his present building; wouldn't that have a bearing on your losses?—A. No, because in every case so far as I am aware—and I know this has been so since 1930—the commission has not resold any of these houses at a lower price than the original cost to the commission; that is to say, the original loan.

Q. Can you explain then why you are making such heavy losses?—A. I think I have explained that it has been through defalcations.

Q. But only to the extent of $82,000?—A. Then I have suggested, gross mismanagement.

Q. The loss has been practically over $2,500 per house?—A. I haven't figured it out.

Q. I mean, there is over $300,000 of a deficit on 140 homes—just making a rough calculation. I would like to know why the loss has been sustained if they have all been sold at the cost of construction?—A. The loss has been sustained through various items which are indicated here. Many of these houses have been repossessed owing to the fact that the purchasers have failed to keep the instalments up. According to clause 9 of the agreement of sale, if the instalments become more than 2 months in arrears the housing commission may repossess; and, as I have already stated, in the cases in which repossession has been made practically every case with the exception of 2 since 1930, there have been very considerable arrears of taxes. Arrears of taxes amounted to $5,406, plus $11,000; you have $16,000 there. There have been considerable repairs to these unsold houses. There were defalcations amounting to $82,000. Then, over considerable periods particularly in the early stage many of these houses remained vacant for a number of years. There was no revenue coming in from them but in the meantime the amount of the loan principal and interest falling due to the province had to be met, so that there had to be raised through taxation the difference between the revenues and the amounts that were due to be paid to the provinces. That amount totalled, with the defalcations, $244,000.

Q. May I then ask, Mr. Gordon, if these houses were put up at Lindenlea without there being an effective demand for them?—A. Well, it would appear that that was so; because I find from an old report of the commission here to the Board of Control that they found themselves in very serious difficulties in 1925. Also there were a number of houses, quite a considerable number, which through bad planning were not completed and in a condition to sell. $4,500 was the maximum which could be loaned on any house, and in order to build

the type of house that a number of purchasers wanted they had to keep within $4,500—they had to leave off such things as verandas, front steps, double windows and various other things. That resulted in a partly completed house, and of course nobody wants to buy a house like that.

Q. They would have a roof on them, I suppose?

Mr. CAUCHON: They didn't always have that.

The WITNESS: I could tell you of cases in which serious difficulty has been encountered.

By Mr. Heaps:

Q. Do you think faulty construction had something to do with it?—A. There is no doubt about it. I know of one house, this happened a year or two ago and not in one of the buildings at Lindenlea, it was a building in another part of the city, and that house practically fell in two. It was found out—I think a digging was made around the foundation—that the house was simply practically standing on the bare ground, it had no foundation, at least none worth while, the result was that the house became a menace, even to the public, because it was tending to fall apart.

Q. Were there any specifications by the commission that was appointed in 1919?—A. There were specifications according to the act which were very strict, even more strict than the building by-laws of the city which are very strict.

Q. Yes?—A. But unfortunately apparently many of these houses were not properly inspected at the time, and they were very badly constructed.

Q. That is something like the minimum wage law?—A. There might be quite an applicable relation.

By Mr. Stanley:

Q. Then I understand that the Commission was appointed by the city council of those days?—A. Yes, sir, that is correct, under the terms of the act.

By Mr. Heaps:

Q. In your experience, would you suggest, assuming that the committee would recommend some form of housing scheme, what could be done to offset the difficulties that the housing commisison found itself up against here in Ottawa?—A. Well, I am inclined—it is only a question of opinion; I am not an expert in this matter—

Q. From your experience?—A. From my experience I would most certainly say if a housing scheme is entered into again, and enabling legislation passed, and municipalities have anything to do with the matter, you are going to have a repetition of the same thing, simply because—and it is a very simple thing—to my mind, civic officials are not particularly interested in being put on these commissions, as in Ottawa they were, after things got so bad. Apparently, outside citizens were not interested in acting on the Commission, and very often officials are put on, and they knew little about a housing commission or housing work, and in all probability they did not give very much attention to matters other than those that were simply reported to the Commission.

Q. That is a negative answer. I am trying to see if you have anything positive to tell us.—A. The only thing I can say positive would be that in my opiinon it would be distinctly disadvantageous to develop and carry out and pass enabling legislation for a scheme that would come under municipal control.

Q. What control would you suggest?—A. Well, I don't know; I am not an expert along those lines, but I had in mind the results in a city that I think is rather well governed, whose credit stands very high, whose municipal

affairs are rather well looked after, the city of Ottawa. You see what a hopeless mess has taken place with reference to the housing scheme here; I do not know whether that has been paralleled elsewhere, but I know that it has been in certain other cities—I do not know to what elsewhere, but it has been a gross failure here.

By the Chairman:

Q. Did the province lose anything?—A. No, the province stands to lose nothing. The credit of the city is behind the $750,000 borrowed, and that must be repaid and is being regularly repaid each month, interest and principal amortized over the period of twenty years.

By Hon. Mr. Morand:

Q. Have you any idea what percentage of taxes have been paid on those houses since they have been constructed?—A. No, I could not tell you that. Of course it might be said this housing scheme has been an advantage to the city; that is, where probably one million dollars of assessment has been added, from which revenue is derived. That is probably true, but it does not alter the situation as regards the losses to the city, because if a building company had built these houses, that same amount of assessment would have been there, and the same revenue would have been derived.

By Mr. Heaps:

Q. Who constructed those homes?—A. They were constructed by various contractors, contracts were let to various contractors.

By Mr. Stanley:

Q. At tender?—A. Yes, sir; but in many cases there were quite a number of additions outside of the contract.

By Mr. Heaps:

Q. Were any specifications put into the tenders?—A. Yes, sir, and very drastic specifications too.

Q. Were the contractors responsible for the character of the buildings they put up?—A. Not after the houses were taken off their hands. It is quite right, there was supposed to be architectural supervision as well.

By Hon. Mr. Rinfret:

Q. You mentioned a moment ago you did not believe in municipal control over a scheme of that kind. Would you say that you do not believe in public control generally or is there something special about a municipality that makes you speak thus?—A. I would not quite—

Mr. GRAY: He is speaking from experience.

The WITNESS: I am talking from experience. I would not enter into—I would not care to give an answer as to whether I believe in public control or not for such a scheme, because there are many things where it has been found that public control is a good type of control. Some things have worked out all right in that connection, and other things have not worked out just as well as they have under private enterprise.

By Hon. Mr. Rinfret:

Q. What is your specific objection to municipal control?—A. I should say that the objection has come mainly from the results. Theoretically there ought to be no difficulty.

Q. That is my view point. That is why I put the question?—A. But what I have shown to-day, Mr. Chairman, has been the actual results that have taken place in one of the main cities of the Dominion under a housing scheme municipally handled.

By Mr. Heaps:

Q. Suppose we had the reverse result in other cities, would that be apt to change your viewpoint?—A. Well, my viewpoint, naturally, if I knew of satisfactory conditions elsewhere, would certainly be altered to a certain extent. All that I am giving you this morning is from the experience of the city of Ottawa, what I know and what I have learned from the records prior to my becoming a city official.

By Mr. Peck:

Q. What compensation went to the commissioners?—A. No compensation was given to the commissioners until 1932.

By Mr. Sullivan:

Q. 1932 was the first year?—A. Yes. Since 1932 each commissioner has been paid $320 a year, with the exception of the mayor. The mayor, who is the chairman of the commission, has received no compensation whatever.

By Mr. Peck:

Q. Is not that the weakness of the scheme, nobody is really interested in carrying it out?—A. Well, that is it—I think Browning rather expressed what has taken place when he wrote Pippa Passes, "God's in his Heaven, All's right with the world." That was, I think, a good deal the attitude behind the whole thing. I think it expresses the mental attitude.

By Mr. Stanley:

Q. What was the annual average administration charge?—A. The highest year was $4,900 odd, which was 1924. The lowest year was 1931, and the cost was $1,420. Prior to the reorganization, it ran to between a little over $3,000 to almost $5,000. Subsequent to reorganization, it has been between $1,420 and $2,273.

By Hon. Mr. Elliott:

Q. Are you speaking only of Ottawa when you think that it should not be community obligation?—A. Well, I am talking of course, from the results that have taken place in Ottawa. But I should imagine, from the experience we have had here, that it would be the general tendency, similar conditions elsewhere, probably worse in some cases, probably better in others.

Q. Have you followed the Toronto report?—A. No, sir, not closely.

Q. You have not gone into it in regard to other cities?—A. Not closely, but I know in a general way most of them have not been successful.

Q. Have you gone into the European policy?—A. No, sir. The European policy, as I understand it, is different. The policies in Europe are quite entirely different from ours.

Q. I want to submit to you a sentence from the report by the Toronto Housing Committee. After they had gone over it carefully, they came to this conclusion—

Hon. Mr. MORAND: What page is that?

Hon. Mr. ELLIOTT: Page 117.

> The community is responsible, we believe, for the provision of satisfactory dwellings for those who are too poor to afford them. This principle is widely if not universally accepted by European countries; and has been the basis of low cost housing development in Great Britain since before the war. Toronto must follow the example of the leading British cities. The responsibility must be shouldered. The time for reconstruction is here.

The WITNESS: I thoroughly endorse the statement. But I do think in the matter of administering the moneys, that would be required for the building of those houses, such administration should not come directly under city council or those appointed by city council; but that the work should probably be done by building companies or some much more responsible body than merely—

Mr. HANBURY: City council?

The WITNESS: No, those commissions appointed by city council.

By Hon. Mr. Elliott

Q. Would the size of the city not make a difference?—A. I do not think so. You have the basic facts and conditions behind it irrespective of the size of the city, in my opinion.

By Mr. Gray

Q. I am not quarrelling with what you have said with respect to the experience in Ottawa and other cities, but if the municipalities themselves cannot control and look after this matter satisfactorily, I cannot, for the life of me, see how some federal commission sitting at Ottawa or somewhere else can do the work. I agree with Mr. Peck. I think he has put his finger right on the spot, and that if there is to be somebody who is really responsible for looking after this work and seeing that it is properly carried out, he should be paid for it.—A. Yes.

Q. I think that it must be the responsibility of the municipality, rather than any outside organization.

By Hon. Mr. Morand:

Q. In those $4,500 houses, what rental are you getting for them now?—A. In some cases we have not been able to rent them at all, owing to the condition they were in. Of course, it is true in recent years, there has not been the same demand for houses, and we had to rent those houses as low as $27.50 a month within the last couple of years, but I think there is a tendancy in Ottawa towards a somewhat greater demand for houses than there was, and we are renting them now at $30 a month, but we cannot get more than that.

By Mr. Heaps

Q. Let me give you the experience in Winnipeg. They built 721 houses in 1919 and 1920 under the Federal Housing Scheme, and they have shown the citizens a slight surplus each year on the amount of money that was loaned. What would you say to that?—A. Under what? Was there a commission operating, a similar commission as in the province of Ontario?

Q. We had a body comprised of, if I remember correctly, a member of the council and one or two assistants.—A. Well, they have had a much more happy experience than we have.

Q. Through the depression they have shown a slight profit on the investment many times greater than Ottawa. Would you put that down to administration?—A. I would certainly put that down to the fact that the commission must have been much more interested in the carrying out of the work and had given much more of their personal time, and probably had more experience than most gentlemen have on those commissions.

Q. Of course, I might say this, that the money was never paid over to the commission. It was paid directly to the civic authorities, and there was no question of the commission handling the money at all. It always came under

the review of the commission and the council jointly.—A. Mind you, I have said theoretically I do not see why such a scheme as this should not work out. It is the practical results that must be borne in mind.

Q. Just one other fact. To-day in Winnipeg the houses that were built under the control regulations and the specifications of the Housing commission are looked upon as a much superior type of construction than those built by private construction or control.—A. Yes, but it must not be forgotten that under the Ontario Housing Act of 1919, the specifications are much more strict than probably the specifications required by the building bylaws of any municipality in Ontario.

Q. Then, the success of any such scheme depends to a very large extent upon the proper administration of it?—A. Yes, and the personnel of those who are directing the scheme.

Q. Under proper administration we would assume proper personnel?—A. Yes.

By Mr. Hanbury

Q. Have you any information as to the abilities, capabilities or qualifications of the original administrators of this housing scheme?—A. The original commission consisted of John Cameron, who is building inspector of the city to-day. I think he was a very capable man.

Q. Still on the job?—A. He is a building inspector of the city to-day.

Q. He was one of the original commission?—A. He was the chairman.

Q. What did he have to say about the degree of jurisdiction he exercised during this jerry-building referred to?—A. I don't know.

Q. Don't you think the citizens of Ottawa should have someone interested enough to see whether or not he carried out this control?—A. Quite true, but unfortunately the citizens—the ratepayers rarely know of the adverse conditions until they have been obliged to foot the bill and then they arise in their struggle, which eventually happened in Ottawa.

By Mr. Stanley:

Q. Let me point this out. Here is a man, a trusted executive official who has defaulted to the extent of $82,400, and all the executive work of the commission passed through him: the question as to whether the specifications were being carried out, whether the loans were being made on a straightforward basis, whether the agreements of sale were being collected as time went on and, in fact, everything that had to do with the executive administration passed through his hands, and to that extent he was the trused official. Could you say at every turn of the road where, in addition to the $82,400—there may have been very very many other dollars that went astray—every dollar went if the commission carried on different work?—A. There is no doubt about that. I stated in my memorandum that there is an undetermined amount of other loss which it is not possible to determine. Mr. Chairman, may I point out that Mr. Cameron who is now the building inspector for the city was not the building inspector at that time.

Mr. HANBURY: He was one of the commissioners?

The WITNESS: He was.

By Hon. Rinfret:

Q. Did you mention that these buildings averaged a cost of $4,000 each?—A. There were some under $3,000. I think the lowest was $2,800. Many of them were $4,500. The loans were made to the limit of the amount under the Act. These houses even were built without verandahs and various other things because they could not go beyond $4,500.

Q. Would you consider that was too high a price to pay for them?—A. I do not know. I am inclined to think, because the specifications were not lived up to and the houses were badly built, it probably was. I was asked the names of the other commissioners.

Mr. HANBURY: If you have an original commissioner here that will stand for what you say has taken place in Ottawa, I think my reason will have to stand as to why it failed in Ottawa. I do not want any further excuse about it.

The CHAIRMAN: Are there any other questions you want to ask this witness?

The WITNESS: The other original members of the commission were Mr. Walter Todd who, I think was formerly an employee of the government, Mr. C. P. Meredith, an architect, Mr. J. U. Vincent, who was a lawyer, and Mr. J. A. Machado.

Mr. SULLIVAN: Was Mr. Vincent at one time the deputy minister of Inland Revenue?

Mr. CAUCHON: I think so. He was a lawyer. I think he had some government position.

The WITNESS: The other member was Mr. J. A. Machado who was president of the Canadian Bank Note Company.

Mr. PECK: There were, evidently, too many and nobody was responsible.

Mr. MORAND: Too many and no pay.

The CHAIRMAN: Are there any other questions?

Mr. STANLEY: I think it should be pointed out here, although Mr. Gordon is not interested in that phase of the question, that it is a generally accepted principle now that housing schemes should not be schemes for loaning to the public for purchasing buildings but that a housing undertaking, as I understand it, is to provide homes for workmen on a rental basis and on a basis that they can afford to pay. They are not supposed to be purchasing their homes.

Mr. HANBURY: I do not think I would accept that altogether. In connection with a housing scheme, to my mind, if there is going to be such a thing I do not see why we should take one class of the community and say that we will help only those. If we are going to go in for a housing scheme we should go in it for all classes.

The CHAIRMAN: I think that is one of the functions of this committee.

Mr. STANLEY: It is not part of Mr. Gordon's evidence, anyway.

Mr. CAUCHON: I think I pointed out that this housing idea of 1919 was for building houses, but it was not confirmed to those who could not help themselves; anybody could get the loan of money if they were lucky enough.

By Mr. Heaps:

Q. Before the city of Ottawa had a scheme was any report submitted to the city council from any responsible body as to the requirements and the scope of such a scheme as they undertook?—A. I really could not say. I do not know. I was not really in this question.

Q. I thought perhaps you had access to the records and might have known?—A. Those old records are not in the best of shape. The city hall has been destroyed since then by an act of God.

By Mr. Morand:

Q. You are now connected with this housing scheme?—A. Well, I have had a certain amount of the work in connection with it wished on me, and I have been glad to do what I can to untangle the situation.

Q. Could you tell us from your experience whether there is a demand to-day in Ottawa for more houses than are built?

Mr. HEAPS: And the type.

Mr. MORAND: I am asking generally.

The WITNESS: I really could not say.

Mr. MORAND: You have no idea of the number of vacancies in Ottawa at present?

The WITNESS: No, sir. I am not acquainted with the situation.

The CHAIRMAN: I think you would have to have some definition of housing before you asked that question.

Mr. MORAND: I am asking what is the number of vacancies in a city like Ottawa. How many vacant dwellings are there? How many unoccupied electric metres are there?

The WITNESS: I could not tell you.

Mr. MCINTOSH: I understand from information given the other day to a question asked by myself that the urge for a Canadian housing program came from Montreal, Toronto, and Winnipeg. Ottawa was not mentioned. I asked for some information last meeting with regard to the prairie provinces: how much was spent out of that approximately $20,000,000.

The CHAIRMAN: I went down to see Dr. Coats, but he was not ready to give a statement. He is preparing a statement, and he is going to give us one; but nothing was advanced to Saskatchewan or Alberta. Dr. Coats will give that when he comes next week.

Mr. MCINTOSH: Then they did not use a cent of the $20,000,000.

The CHAIRMAN: No.

Mr. MCINTOSH: I asked a further question was the $20,000,000 spent? And I do not think I got a complete answer to that. Was it spent?

Mr. MORAND: You would have to put that question on the order paper.

Mr. CAUCHON: I think that is covered by the statistics you are going to get from Dr. Coats. We have no means of getting that in Ottawa.

The CHAIRMAN: I went over that with Dr. Coats to see what information he could give us, and as I remember nineteen million and something was spent —a little under the $20,000,000 that was advanced.

Mr. MCINTOSH: A little less than the $20,000,000?

The CHAIRMAN: Yes. I am only speaking from memory, and I may not be correct. He had a statement completed to present here, but when he found what our reference was he asked for more time in order that he could get certain other information which he thought we should have. He asked for one week's time to get ready to give us a more complete record. We had expected to have him here this morning.

Mr. MCINTOSH: Anyway Saskatchewan and Alberta did not get anything out of that lot of credit.

The CHAIRMAN: That is correct.

Mr. WHITE: We have had some experience, Mr. Chairman, in London with regard to the housing scheme. I wrote to find out what our experience had been. To date I have not had a reply. It is not very different from that of Ottawa, leaving out the experience of an official who had to be jailed.

Mr. GRAY: They did not catch yours.

Mr. WHITE: Not yet. The houses themselves were more or less jerry-built, and I know that in some cases the coverings of the roofs had to be taken off and relaid. On the whole it has been a serious loss. At a future meeting I hope to have more definite information.

By the Chairman:

Q. I have two questions I would like to ask Mr. Gordon. You spoke of building bowling greens and certain other things. Were those put down in this community, and who paid for them?—A. Mr. Chairman, so far as the bowling greens, streets and open spaces for recreation were concerned they, in all, comprised about some 7 acres of the 22, and that was passed over to the city council and the city is responsible for that part of the 22 acres that was purchased. It was the balance that was taken and divided into housing lots and the cost of the purchase was spread over each of the lots.

By Mr. Morand:

Q. With regard to these houses at Lindenlea what was the cost per lot?—A. I am sorry I have not the information to give you in connection with that.

By the Chairman:

Q. The question has come up as to how much it cost to build a house. You have had houses built for $3,000. Now, were they satisfactory houses, or would they have been satisfactory if the specifications had been lived up to?—A. Some of them are; some of them are very well built. Where a purchaser came on the ground himself and saw that the work was properly done the house was well built.

Mr. HANBURY: When he acted as his own building constructor.

The WITNESS: Yes.

Mr. MCINTOSH: You have the same kind of contractors here as in the west; they have to be watched.

Witness dismissed.

J. CLARK REILLY, called.

The CHAIRMAN: Mr. Reilly is our next witness. He will tell you who he represents.

The WITNESS: I am manager of the Canadian Construction Association and, therefore, in view of some of the statements that have just been made with regard to contractors and people of that sort you can see what a brave man I am to come here. The Canadian Construction Association is an organization composed of general contractors, trade contractors, material supply people in the construction industry, linking up a nation-wide membership and also linked up with the various building exchanges in the different cities.

By Mr. Heaps:

Q. Have you your headquarters in Ottawa?—A. In Ottawa.

Q. How long have you been in existence?—A. The association came as one of the movements following the war in 1918, when a conference was called here by the then Minister of reconstruction, and representatives came to Ottawa from all over the country to consider the condition of affairs as they then were, and at that time the organization was formed.

Q. How long have you been here as a permanent body?—A. As a permanent body, since then—since 1919.

Q. You have not taken part in any movement outside of construction?—A. In what way?

Q. Sending out circulars with regard to the railway situation?—A. Yes. Some of our men were foolish enough at the last convention to pass a resolution which I sent forward to you all.

Mr. McINTOSH: They are all falling for it, you know.

The WITNESS: I received some very interesting replies, and I also took it up at our last meeting.

By Mr. Heaps:

Q. In other words, you went a little beyond the construction work of the organization?—A. I would not think so myself. It is a matter of opinion. But the idea in the minds of those people who passed that motion was, that they felt that the heavy debt—I am getting out of my depth, frankly—on the railways was perhaps holding up our industry and other industries.

Q. Would not the heavy debt on the Lindenlea construction job also hold things up?—A. It might in this way, that there was money that was not coming back on the original investment until that was lifted, and would not be available for other construction to that extent. I think that is true of every investment, good or bad. However, I do not wish to deal with that.

Hon. Mr. MORAND: Go ahead.

The WITNESS: May I say that I have not got a brief, but I have copies of some notes that I would like to pass around, if I may.

By Mr. McIntosh:

Q. Would you permit a question? Are you represented in all the large cities?—A. In the large cities, yes.

Q. Have you any representation from the rural areas whatsoever?—A. Only indirectly, because a number of our men go out and do work in the rural areas, especially in your province, Mr. McIntosh.

Q. There are just the urban and suburban areas represented on your committee?—A. I would say mainly to that effect. I would also say, Mr. Chairman, if I may, that in coming before you this morning, I do not come as an expert. I want that understood thoroughly. I am not like Mr. Cauchon, Professor Nobbs, or Mr. Gordon. I am not an expert. I am just a very ordinary person. However, I have this thing at heart, and I happened to be on the Employment Service Council, one of the bodies that has not functioned for the last year or so. I have also served on a committee in the Dominion Fire Prevention Association, and also on some of the committees down in the National Bureau of Research, and I think I have a personal interest at least, in this housing matter, and also on behalf of the men whom I in some way represent.

I think I would like to say right here that when you hear the National Construction council, which has asked for a hearing, you will get a very large amount of data that you, Mr. McIntosh and others, have been asking for in regard to construction, some of which I have indicated here this morning.

I have started this brief memorandum from the point where I first became interested in this problem, at the National Industrial Conference which was held here in Ottawa in 1919. I presume you have all had copies of the proceedings of that conference, but I think I would put in the motion that was carried unanimously by the representatives of organized labour, of the employers and government representatives at the last session of the meeting. It links up with the Royal Commission on Industrial Relations which in section 69 had reference to insufficient and poor housing:—

> That this Conference commends the attention of the Dominion and provincial governments in their united efforts to the improved housing conditions.

I suppose that that is partly responsible for the housing work that was done in 1919. I think that recommedation may be said to be partly responsible, but I hope not for all the blunders and mistakes in carrying it out. We have learned a great deal more, I think Mr. Cauchon will admit, since that time in regard to housing matters generally; and that particular housing undertaking, as has

already been stated, was not especially designed for any particular case—to relief slum housing or to provide low cost housing. There was simply thought to be a scarcity of housing for people, and this scheme was worked out as a sort of garden scheme, putting up a housing scheme at a certain rate. The price of the houses was less than what one could get a house for—I think I am correct—in the city of Ottawa; at any rate, an ordinary house, a very ordinary house. It might have been if handled properly here, as I think it was in other places, a fairly good system.

By Mr. Stanley:

Q. The great scarcity there was just ordinary, common, every-day houses? —A. Ordinary, common, every-day housing.

Q. Honesty is the thing that was scarce?—A. Well, a lot of people—Mr. McIntosh included—seem to think that is a great scarcity in our industry all the time, but I do not think we are quite in that.

Q. Mr. Gordon's evidence brings out that all down the line there was a definite lack of ordinary honesty?—A. There certainly was a lack of supervision. There was lack of having the thing done in a reputable manner. I have in the next paragraph a couple of the figures that I have taken from Mr. Marsh's recent article in the Canadian Journal of Economics, in which he mentions the amount that was expended. He says:—

> But Canada suffered much more heavily than the United States from housing shortage after the War; and the Federal Government in 1919 made available to municipalities (through the provinces) a mixmum of $25,000,000, to be drawn on as loans to assist housing construction. In the ensuing five years, $9,400,000 of this sum was borrowed in Ontario and $7,400,000 in Quebec; and throughout Canada some 6,250 houses were built, housing about 32,000 persons. While the precedent for state action has been set, however it is generally admitted that in relation to its results, the costs of this housing effort were high; and also that the basic housing problem of the city—the provision of dwellings at rents which the wage-earner can afford—was only inadequately touched, and it still remains.

That is from the Canadian Economic Journal of Toronto, February, 1935, Number One. I just quote that in regard to housing generally.

I agree with that principle raised by the Hon. Mr. Elliott in the Toronto report, that the community is responsible; and I do not limit that to the city or town. I think the community as a whole is responsible for the housing of its people. I think that is one of the great responsibilities there is, responsibility perhaps not for providing for housing at all times, but to see that the kind of houses people live in are decent, clean and respectable, and the kind that Canadian citizens should live in. That is the ground I start with, personally, in this matter. I think it has been a community matter, the matter of housing, since the early ages. In the little villages, when a barn was being built, people went and helped their neighbours at the bee—helped raise beams and put on the roof. Each one in the town helped the other. Housing at the present time, however, has some particular problems that are different; I do not know whether Mr. Heaps will agree with me or not, but my idea is that in the question of housing there is also something else that should be brought in there. There inevitably comes in the question of the wages the workers are paid, the matter of unemployment where a man cannot earn a proper living, the matter of interest rates and the matter of the availability of mortgage money; and the question also, in some of our provinces, of the moratorium and its effect on the people.

I think, so far in your committee, you have been restricted to the question of slum clearance and slum housing. I feel very strongly, and would urge upon you that in your work under the reference that has come down to you, you should not limit yourselves to slum clearance and slum housing and perhaps

also to low cost housing which is another thing, but that you should be concerned with ways of making available to industry and to the ordinary individual, the opportunity of building a home, a house. I think that all comes in under the question. I say that because after all housing, your shelter, is one of the three principle physical, basic needs which consist of food, shelter and clothing. I have these figures which came from one of the magazines, showing that in 1919 to 1930, the average American family or consumer had in its yearly expenditure: food, $813; housing, $540; wearing apparel, 348. I do not give this as accurate, but as indicating three of the major expenses of everybody's household, as everyone knows.

Hon. Mr. ELLIOTT: Savings.

The WITNESS: I would like to urge that savings never comes in my budget. I take it that this problem of housing should be considered from a strictly Canadian standpoint. I believe that our conditions in regard to weather, in regard to materials, in regard to our methods of financing and in regard to our labour condition, are very definitely different from the experience over in England, in Wales, in the Irish Free State, in Germany, in France or in Italy. I think also that our limitations are broad, at least as compared with the United States. I think we cannot take absolutely the experience of any of these countries as being arbitrarily the thing for us in Canada. I illustrate that in this way—you know far more about this than I do—by mentioning the restriction of the banking laws on finance in regard to loans on real estate as compared with that over in the United States; and the other thing, or one of the things, that makes their housing schemes perhaps cheaper than ours, that they do not sell the land, many of them, with the houses; that there is a lease over a long period of years, which makes it that much cheaper in the cost of the house, in a building scheme. The other point, of course is this, that if in spite of the fact that in some parts of the country houses can be built of much the same type as those in England, for most of us there has to be a different, a stronger house that will resist the weather, stand up under the strain, and serve the needs of the family. So I have said, strictly speaking I think the divisions are slum clearance and replacement, of which you have heard a great deal; low cost houses for low paid workers; renovation, repairs, rebuilding present houses. I have with me two or three pamphlets from the United States. There is table number 1 showing their housing renovation and modernization, which I think is probably familiar to you, by which they made money available. A person could go to the bank and borrow money, as you know, and use it for the renovation or the improvement of his home. As I understand the system, it was then supposed to be added on to his mortgage as an indebtedness to be paid off over a period of years. I think that perhaps very properly comes in. Then there is the question of new houses, financing, location, material and methods—perhaps any of the questions of town planning, all these other things that are of the utmost importance.

By Hon. Mr. Rinfret

Q. I don't want to interrupt, but I want to have my mind clear on one point. You say there are three main divisions and then you have four items under it. I suppose two and four are the same?—A. Two comes under four to some extent. There should be really four divisions instead of three, unless you make renovations as part of four, new houses. There might be four main divisions instead of three. I did not intend, when I put this schedule in here, to steal any data from Dr. Coats; but this is one of his bulletins from the 1931 census, as showing the present number of dwelling houses in Canada, rural, urban, and the total; also the number of householders, and the materials from which a lot of these houses, rural, urban and total, are built.

Mr. HANBURY: I suggest that this information could be put in the report, the information on this statement.

The CHAIRMAN: Yes.

Mr. HANBURY: Then it will not be necessary to read them.

The CHAIRMAN: We can place this whole memorandum in the report, as submitted.

See Appendix A—

The WITNESS: As to the question of vacant houses, a survey last year in the city of Toronto showed that there were less houses vacant there than there had been in 1929. The survey showed 1,670 vacant houses.

By Mr. Heaps:

Q. May I ask if those vacant houses that you refer to in your memorandum were all fit for human habitation?—A. I would not like to say they were, but I think they were. I think I know what you want me to say, Mr. Heaps—

Q. No, I don't want you to say anything except what you know.—A. What I would say is this, that the one that is unfit for human habitation is perhaps more likely to be occupied than one that is fit.

Q. May I put it perhaps a little more clearly than I did? Were any of those homes that you referred to in your quotations condemned by the sanitary authorities?—A. As being vacant?

Q. Yes.—A. I would not think so. The Real Estate Board here made a similar survey, and they made no mention of anything of that sort.

Q. Who made this survey?—A. This one in Toronto?

Q. Yes.—A. Made by a group—or by the city assessment department. I think the city assessment department made the survey in Toronto. In this city it was made by the Real Estate Board.

Q. Usually and generally speaking, I would say the type of house that is vacant is a very poor type, that a great many people will have to live in.—A. Would that be true?

Q. Is that the general tendency?—A. Let me answer that in this way: I was told not long ago by one who knows, that in this city the school population of two or three schools had altered very much in the last year or two, that there were one or two schools that were almost going to be given up. Yet those schools to-day are filled and some other schools are not so well filled; because as the people perhaps became poorer, got out of work and went on relief, they had to seek quarters that were made ready for them in the poorer or less available districts, and those schools filled up and had to have additional classes this year.

Q. That is due perhaps to a depression condition. In normal times when you have vacant houses in a city is it usually the type of house people do not care to live in?—A. Then, how would you explain slums; why do people go to live in slums?

Q. I suppose, of necessity?—A. Exactly. Such places very quickly become inhabited by such people.

By Mr. Morand:

Q. Might I ask you, just for information; in the statistics of the 1931 census do you know whether a dwelling house is considered as a separate house; for instance, an apartment building might be occupied by a number of people, would it be considered one dwelling?—A. I think they have that completely in here.

By Hon. Mr. Rinfret:

Q. You mentioned that in 1933 there were fewer vacant houses in Toronto than in 1927?—A. Yes.

Q. Would that be due to the fact that rural populations have a tendency

to flock to the city in order to get relief; that would be very much the condition of things in Montreal I imagine?—A. That is partly true. Another condition might be that there has not been so much building of houses in the last few years, and you get caught up with people coming in and taking up houses.

Q. You mean, the population has increased but there has been little new building?—A. The absence of new building possibly accounts in part for the shortage. Another thing to be considered, however, is the many families who are doubled up at the present time. As you know, many houses have two or three families living in them in which normally there would be only one. To my mind these are not necessarily slums at all, but they are overcrowded conditions.

Mr. CAUCHON: They are incipient slums.

The WITNESS: As they get worse and worse they do become slums. There are a great many houses to-day in which people are doubled up in order to save the expense of rent; for instance, when a boy comes home from the States or somewhere else and his wife and family live with the old man.

I would like to give you these figures as to representative costs, although these also I cannot guarantee. The Chairman asked me if I had any data on the cost of houses, more particularly the distribution of that cost in respect to labour and material; for that after all is perhaps the most important issue in this matter. I feel that if a housing program were instituted it would do a great deal to start our industry again, it would give a great deal of work and provide for the use of a good volume of material. I therefore give you the following figures in relation to residential costs.

RESIDENTIAL COSTS

Trade	% of Total	Labour	Materials
Miscellaneous	5.5	24.8	75.2
Roofing	1.8	32.31	67.7
Papering	0.5	61.5	38.5
Painting	4.2	66.6	33.4
Plastering & Lathing	8.2	55.4	44.6
Plumbing	10.1	24.7	75.3
Heating & Vent	6.6	20.3	79.7
Electric	4.5	36.0	64.0
Concreting	11.7	36.5	63.5
Tiling	3.5	44.0	56.0
Carpentry & Mlk	27.3	32.9	67.1
Brick-Masonry	14.8	41.6	58.4
Excavating & Grd	1.3	98.3	1.5
Total	100.		

I do not know how far we can guarantee these figures. They are interesting at any rate as showing the proportion of the total distributed under a variety of pertinent headings. I think we are the worst industry in Canada when it comes to keeping statistics. While I cannot guarantee these figures I do think that they give a pretty fair picture of the cost of building houses. May I say this: house building in Canada has been in a somewhat different category from a lot of other construction in that a great deal of house building here has been done by the speculative builder who builds a house to sell. It is not like in the old days when a man built his own house. Some man comes along, or someone who has money available for a mortgage, and the man who buys it finds it already there complete and ready for occupation. It is usually sold on such a basis that it takes a long time to pay for it, and there the buyer's troubles perhaps begin. Not all builders are like that; we have some very fine construction men in this country. At the same time, this type of building is generally not done under the supervision of an architect; it does receive more or less supervision from the building department of the city—but they are built to sell, and there cost is relatively high and it takes a long time for a man to get them clear.

By Mr. Heaps:

Q. Before you proceed to tell us about the building of homes I would like to know whether you have any information to give to the committee as to the demand there is to-day in the various parts of the country, assuming you have the information, for a certain type of home?—A. How do you mean?

Q. Mr. Cauchon dealt with the question of low priced homes which would be suitable for people earning low wages; has your organization made any investigation to ascertain how many homes of this type are really needed at the present time?

Mr. CAUCHON: For the low wage earner.

The WITNESS: When the National Construction Council reports here I think you will find that they will have information on that. They sent out questionnaires to some 20 different cities—and I have a copy of their questionnaire here if you care to see it—and they have been trying to get that information. That is the only thing I know of in that line which is available at the present time.

By Mr. Heaps:

Q. Have you got that with you?—A. I haven't it with me, I have the questionnaire.

Q. But you have not the replies to it?—A. No, that is coming in the form of a report to this committee.

The CHAIRMAN: The National Construction Council have asked to appear before this committee to be heard.

The WITNESS: When they appear here I am sure they will have information as to the demand; by the way, is what you have in mind the demands from the people themselves, or the demand as it appears to the social agencies who are concerned with the matter—which do you mean?

By Mr. Heaps:

Q. I would say, from the agencies who have made investigations from the general social standpoint?—A. I think you could take their views as to the demand as your guide at the present time with respect to the need of low cost houses, for the type of house that will enable the low paid worker to get proper housing at a fair proportion of his income. I don't want to get in deep water, but I take it that it is that type of housing which has to be assisted. By that I mean, that if a man can afford to pay only $10 in the form of rent and the normal rental for the type of house he needs is $20; it has to come from somewhere.

Q. I think first we had better find out what the demand is, then we can go into these other questions?—A. That is coming in the report which will be presented from Toronto.

By Hon. Mr. Morand:

Q. Just before you go on: at the top of page 3 of your memorandum you show "residential costs; in respect to the first item in that table you show, labour 24·8 per cent and materials 75·2 per cent?—A. That is the "miscellaneous" item; if these costs are divided up as to labour and materials with respect to the several things entering into the construction of a house from roofing to excavation and ground.

Q. Do you figure that material is all material, or does that include as well some part of labour separate from the construction of the home; let me put it this way, I think this will cover my whole question: what is the total percentage of labour that enters into the cost of building, starting with the raw product?—A. From the best survey we have been able to make it would appear that from 80 to 82 per cent is the total amount of labour involved in a house. It varies, of course, with the type of house.

Q. Yes?—A. We are confident from what we have established that the

percentage of labour—that is, going back to the factory, the gravel pit, the mine and the stump—is from 80 to 82 per cent. Some say that 85 per cent of the cost really represents labour.

By Mr. Hanbury:

Q. What would be the other 15 to 20 per cent?—A. Various charges go in there; there is a small profit, there is supervision and overhead—different things—

By Mr. White:

Q. Does that include the cost of the property?—A. No, that does not include the cost of the property.

Q. That is what I wanted to get at?—A. It would be difficult to split up that 80 per cent, it would depend upon conditions altogether.

Q. Then, there is another question I would like to ask: is that amount of 82 or 85 per cent, as the case may be, the actual labour used to build or does it include the labour involved in the preparation of the material for instance?—A. It includes everything.

By Hon. Mr. Elliott:

Q. Then, that leaves about 18 per cent for profit, for materials—that is just for materials apart from labour— —A. Outside of labour.

Q. Do I understand that 18 per cent covers both the profits and the cost of the raw material?—A. Outside of the labour cost; that is what is estimated, it is very difficult to get.

Q. Just checking your table on residential costs: apart from excavation and drainage I find nothing here on labour higher than 66·6 per cent, and quite a bit of it down as low as 24, 20 and 32 per cent; how do you explain that?—A. As I understand it, Mr. Elliott, this is just the labour on the job, not the labour back in the factory.

Q. It does not include the labour that goes into the preparation of the material up to the time it arrives on the ground?—A. No, sir. This statement as I understand it is just with respect to the building of the residence itself.

By Mr. Hanbury:

Q. In any event, the land is not included?—A. No.

By Mr. Heaps:

Q. When the houses are built will the people living in them rent or buy on a long term basis; with respect to the housing scheme which is in your mind, what would be your opinion?—A. You mean, in any housing scheme that might come up do I favour ownership or rental?

Q. Yes.—A. I think you should be prepared for both, I do not think any one scheme should be inflicted on the country at large.

Q. You think a man should be able either to buy or to rent?—A. Yes.

Q. Until he paid for it a man could not really be said to own it, he could not say it was his property under such conditions?—A. They find that arrangement very satisfactory over in England; there may be exceptions, but speaking generally it is very satisfactory.

Q. I would think that was a weakness?—A. Conditions are different here, when a man buys a house he really buys a mortgage and he really does not own the property until that is paid off.

Mr. MORAND: He is really a tenant on suffrage.

The WITNESS: He is really a tenant on suffrage, exactly.

I think a question was asked as to the total construction in Canada. I have nothing very definite, and I think Dr. Coats when he comes before you will have more complete figures; but in a general way I might indicate that

the total construction in Canada for 1934 was approximately $126,000,000; in 1929 it was $580,000,000; and in 1912, which perhaps may really represent much more than 1929 due to the difference in values, it was $470,000,000.

By Mr. Morand.

Q. Is that dwelling houses only?—A. That is all construction, that would mean the total of the construction industry. From this you can see how we have been affected by changing conditions. Raw materials are now listed at 82 as against the peak in 1929 of 144; taking the year 1926 as equalling 100. In this connection I would suggest, sir, that you should have a department of labour representatives appear before your committee. I would suggest Mr. Boulton, who is the actuary for the department and who knows these things very well. Labour rates, taking 1913 as 100 are placed at 147, as compared with 171 in 1926. I should like to emphasize one of the publications that you gentlemen publish called the Labour Gazette. In that publication appears a very significant schedule month by month, giving the unemployment in trade unions. I looked up under the building and construction column, for December, 1934. It showed that in 1920 these unions reported only three to seven per cent out of work, and in 1926 seven to eight per cent. In 1933 the figure of unemployed in their ranks rose to 71 per cent of the skilled men. That is my reason for being here. The carpenters and bricklayers and men of that sort, I believe, are the men who need the work, and they will be getting it this summer under your works program to some extent here. If you inaugurate a housing program it will give these men a chance to build homes for themselves and neighbours, and will thereby reduce the number right down the list.

By Hon. Morand

Q. Have you any idea roughly, what the total number this 71 per cent would be of?—A. I have not. That would vary with the year, too. I imagine this percentage in 1934 would be quite different from 1929, because no doubt they have lost very considerably in their membership in the five years. Their membership is very considerably down and of course naturally they do not tell you them, but no doubt they are down just as our own ranks are down and other organizations. That is a significant figure. About 380,000 workers were supposed to be engaged in the construction industry in 1929.

By Mr. McIntosh

Q. How does the construction figure this year compare with 1934?—A. Construction so far—it depends upon what you are comparing it with, Mr. McIntosh. Last year's figures, I think, are just over 30 per cent.

By Mr. Heaps

Q. Inclusive of government building?—A. No. Last year was not inclusive of government work. You have got the figure—

Q. If there was no government building, how much private building would be going on?—A. Well, there is the MacLean's building report schedule (exhibiting).

Q. Perhaps if you have that figure handy you may read it.—A. It gives the construction contract for each of the nine provinces in Canada during February, 1935, Ontario, Quebec, and so on. The total residential contracts for the Dominion were 140,700—you want a comparison with what?

Q. 1934.—A. With 1934. The contemplated construction for two months, 1935, for the whole of Canada, $53,706,200. For the same two months in 1934, it was $62,249,900, a little less.

By Mr. McIntosh

Q. On a two months' basis the total for the year would be $300,000,000?—A. If it is, Mr. McIntosh, it would come up to the average for the past twenty

years. We have averaged between $250,000,000 and $300,000,000 for the past twenty years, and if you are familiar with the plan—I think I circularized you also, Mr. Heaps—of Mr. Black, published a year or so ago, you will see he worked it out in a very interesting way as to the fluctuations up and down, and that they could be ironed out by some form of control over the industry, by which it would not rise so high as it does some years, and the next year go right to the depth or dumps; but we average between $200,000,000 and $300,000,000 over the years.

Q. You do not think the new Central Bank would control that?—A. Oh, I am not a banker. I do not know anything about that, sir; I am only a pick and shovel man on the job.

Mr. GRAY: One of the first honest men who has come before the committee.

The WITNESS: The Bank of Nova Scotia has published in its last monthly review, a very good article, which I should like to mention here because it has some of those things I have mentioned at the top of page three. I think perhaps you are familiar with it. The table is headed, "Materials for estimating the 'Normal' demand for residential construction," and then the table is divided up into sub headings: residential construction contracts valued millions; D.B.S. Index of the Cost of Construction (Base Period January 1935 = 100); residential construction contracts in dollars of 1935 (millions); population of Canada annual estimates (millions); residential construction contracts in dollars of 1935 (per person). Then they have a total for eleven years, $1,143,800,000. This brings us down to 1931. Then they give us the annual average, and that is $104,000,000. To show you how that is arrived at, or rather to show you how that has dropped, 1932 is given at $28,900,000, 1933, $23,900,000, and 1934, $30,600,000, in residential construction. They also show what they call "A Detailed Estimate of the 'Blacklog' of Residential Construction." I am not working for the Bank of Nova Scotia, but I should like to leave a couple of these copies with you.

The CHAIRMAN: Gentlemen, Mr. Church suggests that we put the table in our record. I think that will be quite all right.

The WITNESS: It is a table that speaks for itself.

THE BANK OF NOVA SCOTIA

TABLE I.—MATERIALS FOR ESTIMATING THE "NORMAL" DEMAND FOR RESIDENTIAL CONSTRUCTION

—	1. Residential Construction Contracts (Value in Millions)	2. D.B.S. Index of the Cost of Construction (Base Period Jan. 1935=100)	3. Residential Construction Contracts in Dollars of 1935 (Millions)	4. Population of Canada Annual Estimate (Millions)	5. Residential Construction Contracts in Dollars of 1935 (Per Person)
1921	$ 76·7	138·3	$ 55·5	8·79	$ 6·32
1922	104·2	124·7	83·6	8·92	9·37
1923	97·6	128·2	76·1	9·01	8·45
1924	91·2	124·6	73·2	9·14	8·01
1925	96·5	121·8	79·2	9·29	8·52
1926	109·6	120·0	91·3	9·45	9·66
1927	124·9	119·2	104·8	9·64	10·88
1928	139·2	121·6	114·5	9·84	11·64
1929	128·9	126·5	101·9	10·03	10·16
1930	93·3	123·2	75·7	10·21	7·42
1931	81·7	115·4	70·8	10·38	6·82
Total for eleven years	$ 1,143·8	.....	$ 926·6	.....	$ 97·25
Annual average	$ 104·0	.....	$ 84·2	.....	$ 8·84
1932	28·9	106·7	27·1	10·51	2·58
1933	23·9	100·6	23·8	10·67	2·23
1934	30·6	100·8	30·4	10·80	2·81

TABLE II.—A DETAILED ESTIMATE OF THE "BACKLOG" OF RESIDENTIAL CONSTRUCTION

—	1. Estimated "Normal" Value of Residential Construction (Millions)	2. Actual Value of Residential Construction (Millions)	3. Estimated "Backlog" of Residential Construction (Millions)	4. Adjustment to the Scale of Building Costs Ruling in Jan., 1935	5. Estimated "Backlog" in terms of 1935 Costs (Millions)
1932	$ 99·1	$ 28·9	$ 70·2	100·0 / 106·7	$ 65·8
1933	94·8	23·9	70·9	100·0 / 100·6	70·5
1934	96·2	30·6	65·6	100·0 / 100·8	65·1
Accumulated "Backlog"					$ 201·4

I suppose the next conclusion in the report, which is strictly my own, might be regarded as controversial. We have always taken the ground that the state should not be a competitor with industry, but that in any method that is proposed, the regular channels, the natural channels, should be used in every possible way; that the state should not go into a program of housing on its own, but if possible it should encourage the people who have an investment in industry, whether it is a question of unemployment or housing. That is the ground that we take very strongly.

By Mr. Heaps:

Q. You would not suggest it should not provide the funds, would you?—A. I have no suggestion right here, Mr. Heaps. I think the thing is different in each case. For slum clearance—this is strickly my own idea—your funds would have to come, perhaps, from the state, because those people cannot help themselves, and the costs are too high to get in on the problem. Of course, I do not want to dodge the issue at all. I think probably every city has in its own hands the power to shut up these buildings, to close them right up under the Public Health Act. I think your public health departments should be consulted in that respect, and to act with the provincial and civic health departments. I think if we had the nerve to do it, we could shut up a lot of the slums, but if you do, and you are not ready to place the people, where are you?

By Mr. White:

Q. The Board of Health has that power in every city?—A. It has that power.

By Mr. Heaps:

Q. I am coming to the question of private enterprise. Would you provide the capital for any housing scheme?—A. I say not for the slum clearance, and perhaps the low cost houses. I think perhaps it should provide some of it, maybe. I think it should be assisted by the government. But I want to say this one thing: we must not forget that we are on the eve of very important events in housing, and the method of building new houses. Those of you who were at Chicago saw the houses that were there know that. If I had a few slides I have in my office, I would show you some of the ways in which this new material and the new buildings are being developed in the laboratories down in the States. This will come up to Canada in due time. I think the National

Bureau of Research could be endowed and empowered to investigate the different materials and see what is the best way to more cheaply build houses that we have to build for people in this country, a low cost house for the low paid worker. What I mean is this: you know the type of houses that are built in Canada, the majority of them are built of wood, and you know what fire traps most of them are. You hear every day of people being burnt to death in this country.

Q. Not in the cities?—A. I am not speaking of the cities; I am speaking of the country as a whole; but there are a lot in the cities too.

Q. Wooden houses are well built. I know, because I have lived in one for many years myself.—A. They can be well built, yes, but you would not live in the type of house I speak of.

Q. Yes, I lived in one for many years.—A. Well, there are a lot of houses just tar paper over pieces of wood.

By Mr. Hanbury:

Q. Don't blame the wood.—A. I don't blame the wood, no sir. What I am saying, Mr. Chairman, is this. Wood houses to-day can be so built and so insulated that they are not a fire hazard in any particular in the way they are to-day. Houses to-day can be built very cheaply and insulated with rock wool, or some other insulation materials that have been developed, and which reduces the cost of heating, so that you do not have to overheat your fires in the wintertime, and you thereby have cool houses in the summer, and well heated houses in the winter. You have also this vey fine pamphlet put out by one of your own men showing the way in which these new homes can be satisfactorily constructed.

Q. Read the name into the record.—A. It is published by Mr. G. D. Mallory of the National Development Bureau.

Q. What is the name of the publication?—A. The Insulation of New and Old Houses.

Q. I wish to understand you perfectly. Are you suggesting that the use of wood should be displaced as much as possible by other materials?—A. No, I am not. I am saying though, that there is a field—

Q. That is the impression you are giving.—A. I do not want to give that impression. I am very glad you corrected me. There is a field for wood and steel. They are building houses of glass now, and building them of sheets of steel, building them of masonite material, and the whole wall will be just run up in one great sheet, and the walls will be filled in with insulating material. Houses in a few years will be built of new materials, and it will be like a new car. It will reduce the cost. It will be on a mass production basis, though.

By Mr. McIntosh:

Q. Can you state approximately the reduction in cost that will likely follow that?—A. We cannot tell you because it is a matter of experiment yet. In any housing scheme you have to consider, just as in Lindenlea, as an example, how other housing in the city would change and come around in the next few years. If they had considered that in Lindenlea, they might not have done their work the way they did. In any housing scheme, the purpose would be to have low cost housing, and I think some government aid ought to be given to the man who cannot do it himself. I think Mr. Marsh has a statement that bears on that.

By Hon. Mr. Elliott:

Q. Just before you leave government assistance, I should like to ask you if you are referring now to municipal, provincial or federal?—A. I am speaking

to a federal committee. I was thinking perhaps of a plan you gentlemen might have in mind. I was hoping that in some way some one might be able to bring to you—I do not know about it myself—the experience of the building societies in some places, not in this country, but in other countries where work has been done in that way. I don't know—I have no such scheme as to how the assistance would be given. I think I would be opposed to just giving a straight subsidy, but if that were the way you were doing it, if for nothing else, but to help the health of your people—

By Hon. Mr. Morand:

Q. How about the unemployed?—A. And the unemployed. Then you are doing a good service.

By Mr. Heaps:

Q. Would you be in favour of providing funds at one or two per cent, credit at cost?—A. Now you are coming into the low cost housing—

Q. But generally?—A. Coming to the other type of housing, a lot of us would like to build houses to-day and we are up against several things. In this province and in other provinces we are up against the moratorium, which has been a good thing. If there had not been a moratorium I would have lost my own house. It has been a good thing for us, but it is just a question of how long it is going to be a good thing.

By Mr. Hanbury:

Q. You are having it react against you now?—A. And a good many people now. It is holding back and damming up the supply of mortgage money.

By Mr. Gray:

Q. And will continue to do so.—A. And will continue to do so.

By Hon. Mr. Morand:

Q. Where is that money going?—A. You can tell me sir.

Q. Is it not going into government bonds?—A. People were educated following the war, I take it, instead of putting their money into mortgages, to put their money into government bonds and other bonds, where they got a high interest, and did not have to look after rents, did not have to pay taxes or anything else, and in the last couple of years, so far as I am concerned, it has been almost impossible to get mortgages.

Q. Let us carry that a step further.—A. Yes.

Q. Let us carry that a bit futher. If the loan companies, the life insurance companies and so on have now got to put their money in government loans at a much lower rate of interest than they were getting on mortgages will it not be possible in turn for the government to provide money at a much cheaper rate of interest to these building concerns, and would we not be in as good a position as before?—A. It would be a good plan if the government had some supervision and called these loan companies here and asked them for information.

By Mr. Heaps:

Q. If the Bank of Canada comes into existence, why cannot we secure our own credits at 1 per cent or 1½ per cent?—A. I have a very interesting scheme here that was presented by an architect in Toronto which takes in that entire matter.

Q. I do not want to go into it now.—A. That is a scheme worked out by which the Bank of Canada issues bonds and debentures and has a self liquidating and self financing scheme. I cannot understand it myself.

Q. We have to go to the loan companies for credit, and we might as well issue our own credit and be through with it?—A. If you would like to put that on record, I think the man would probably be down to see you about it. It has been filed with the commission already. That is the scheme. I will be pleased to let you see a copy. I cannot understand it.

Q. I am not a banker like yourself?—A. I am not a banker; I am a labour man on the employers' side.

By Hon. Mr. Elliott:

Q. You have given some attention to the plans that have been adopted in other countries for housing schemes, have you not?—A. Yes, sir.

Q. From your knowledge of them, just briefly would you indicate to the committee what in your knowledge of Canadian conditions you think would be a feasible scheme here? I do not say it might be adopted, but we would be glad to have your information?—A. Mr. Elliott, I would say that for the private individual who wants to have a new house his need at present is to have his mortgage—to have money available to him at low interest rates.

Mr. HANBURY: Why at low interest rates?

Mr. HEAPS: Why not?

The WITNESS: I suppose I should qualify that.

Mr. HANBURY: Yes.

The WITNESS: If the rates are generally lower—the income on money and other things—I would think a lower rate than what we are paying might be advisable. I am paying 7 per cent for my house. A friend of mine who is going to build a house in Toronto—

By Mr. Howard:

Q. Have you asked for a reduction in your interest rate of 7 per cent?—A. I have not yet, but I intend to.

Q. I asked the question for information. I made a request to the Trust companies for a reduction from 7 per cent to 5 per cent and they turned it down cold. I am going to file it before the committee?—A. They should have given you 6½ per cent, probably. Of course, they consider the rest too.

By Mr. Heaps:

Q. Can you tell me what objection there is to providing funds at cost—at 1½ per cent or 2 per cent—out of the cost of looking after the investments by the government?—A. Perhaps people who are wanting a house are willing to pay a certain rate. For your slum clearance, for your low cost housing possibly you can provide for that on whatever rate may be established just above the cost of the money to the government. For ordinary individuals building houses the thing would have to be kept in line with rates on other things.

Mr. HANBURY: Sound economy.

The WITNESS: Whatever it is

By Mr. Heaps:

Q. You think the government, or whoever provides the money, should not interfere with existing mortgage companies?—A. I do not say that.

Q. Is that your idea?—A. No. My idea plainly is that the government, while not taking over any of these things, should very distinctly supervise the way in which interest is charged on mortgages and should call these people to say why they have not had mortgage money available so that they can furnsh it to a man who wants to build a house.

By Mr. McIntosh:

Q. Your argument is for a fair rate of interest?—A. For freer mortgage money, and whatever may be established as a fair rate of interest.

By Mr. Heaps:

Q. What is a fair rate of interest?—A. I do not know.

By Hon. Mr. Elliott:

Q. Perhaps you can tell what they loaned out to housing commissions at in England?—A. I have not what they loaned to them over in Great Britain with me.

Mr. CAUCHON: Between 3¼ and 3½ per cent.

By Mr. McIntosh:

Q. When you get down below 3½ per cent and 3 per cent it is not a fair rate of interest?—A. Their conditions are different from ours. I think they get their money for 2½ per cent and loan it for 3½ per cent.

Mr. CAUCHON: The British government has been borrowing as low as 3 per cent.

By Hon. Mr. Elliott:

Q. They have been loaning on farm loans at 3½ per cent?—A. Yes.

Q. And they have been loaning on the other—there seems to be a difference—to the different housing commissions at a very little lower than 3 per cent?—A. As you noticed they have more residence building over there done by private enterprise than by the assisted schemes, and that is desirable.

By Mr. Heaps:

Q. Do they subsidize homes?—A. What do you mean by subsidize?

Q. The government gave subsidies to the private contractors, did they not?—A. They make money available to the contractors, I think, up to about 80 per cent of the total cost, and he puts up 20 per cent. There have been a number of methods over there.

Q. The Imperial government gives those private contractors a subsidy for each building?—A. I think so.

Q. You are opposed to the subsidy, are you?—A. Opposed to it? Not for the low cost housing.

Q. But for the housing that is not of a low cost?—A. For the ordinary housing I think it should stand on its own feet. I think if I want a house I should pay for it.

By Mr. Stanley:

Q. You are making a distinct dividing line between two groups; one group is comprised of a group of people, the workmen, whose wages are below a certain standard and who cannot afford to pay sufficient to carry the actual cost of the house that they should be living in according to the size of their family; and that group must be provided for in some way that cannot be met by ordinary investment methods by an ordinary investment company?—A. Quite so, doctor.

Q. The other group comprises those who want to construct homes and who can afford to pay for what they get?—A. Yes, sir. And there is a third group—the slum clearance, the removal of the slum as a sore spot, a plague spot to the community.

By Mr. Hanbury:

Q. Have you any information that would enable you to form an estimate as to the minimum economic number of houses that would get the benefit of the

lowest cost of construction—that is, whether the number would be fifty houses or one hundred houses or two hundred houses?—A. I think, as I said, you will find that in the report of the National Construction Council which is coming to you. I do not think I can say definitely. For instance, I do not know at this moment how many unemployed people there are in Canada, neither do I know how many houses are needed at the present time by any one class. Possibly that might be one of the off-shoots of this committee—to have an intelligent and thorough survey made of conditions. I think that no scheme of any sort should be entered into in the light of past experience until a most thorough and intelligent,—a fast and quick survey—a thorough and intelligent survey of the actual needs is made, perhaps along different lines from what I have said, but, at least, along these three lines.

Q. I do not think you understood my question. My question has to do with the construction end of it. In order to get the cost down as low as possible, a certain number of houses would become an economic unit?—A. By any housing scheme.

Q. Yes. The mass production of housing, where you get it down to a sound economic basis whether that would be 50 or 100 or 150 or 500 houses for, say, one contracting firm or one housing firm to take over and construct?—A. I am afraid there is a lack of information on that. The experience so far, unfortunately, has been that the large contracting firm when it goes into house building has almost inevitably lost money. I think that is true with the large concerns going into housing schemes—they lose money, strangley enough. I take, for example, a big firm in Montreal. I will not give the name. They have done some of the biggest work in this country and on some they have made a profit, but when they went to building high-cost houses—$40,000, $50,000, $20,000 or $25,000—houses in one of the best parts of the city, they lost, and I suppose they are still losing.

By Hon. Mr. Elliott:

Q. Could you give us a picture of the relative costs of construction in the last few years. I thought perhaps, you would have a schedule?—A. It is on this schedule of the Bank of Nova Scotia.

Q. "In 1929 when the industry was at its peak, construction supported one-eighth of the entire population of Canada giving employment to a total of about 380,000 workers." I see the cost of construction in 1929, with January, 1935 equalling 100, was 126·5?—A. I think that is right.

Q. In 1931 it was 115·4 and in 1932 it was 106·7. Can you tell me what it was for the last couple of years?—A. The materials of building construction for the entire construction?

Q. That is cost of construction—total cost of construction—I take it?—A. I have not that information in front of me just now.

Q. If you have not it available, perhaps you would not mind handing it to the chairman—that is for 1933 and 1934 as far as you have it?—A. All the cost of construction?

Q. Yes. That is with 100 as a basis, either on the 1st of January, 1935—

Mr. HEAPS: On page 3 you have something.

Hon. Mr. ELLIOTT: It does not cover it.

Mr. HEAPS: Yes. On page 3.

The WITNESS: Yes. I have this. The question was asked as to the cost of construction as a whole.

Hon. Mr. ELLIOTT: Does that refer to 1934?

Mr. HEAPS: 1934.

The WITNESS: 1934. The only figures available at the present time for 1935 are for the two months of January and February. Only Maclean's reports are available for the two months of January and February at present.

Mr. HEAPS: With regard to these figures here on page 3 you say, "material prices (1926 equals 100) are now 82 as against peak in 1920 of 144."

The WITNESS: January, 1935. In conclusion, sir, I have taken the liberty of making a couple of personal suggestions. Whether this work might be carried on by an investigating commission, or a conference with the provinces and cities; or a housing commission for supervision of new enterprises, loans, etc., perhaps being appointed for a term of years with a proper staff, and having architects, engineers, contractors, etc., etc., either in consultative or active capacity. Financial arrangements. Lower rates of interest. The making available of mortgage money through the regular public channels.

The CHAIRMAN: Mr. Reilly, with regard to those reports concerning the United States, could you let us have them, and we will file them with the clerk in case anyone wants to look at them?

The WITNESS: Which reports are those?

The CHAIRMAN: The three small reports from the United States on housing.

The WITNESS: Yes. I might say these are in connection with the renovation of houses, their table No. 1.

The CHAIRMAN: Leave those with the clerk.

The WITNESS: If it has not been filed with you already, I would like to file a copy of a paper on housing given at our recent convention by Mr. Bohn of Cleveland. There is some very interesting information in this. There is a paper by Mr. Bohn of Cleveland. There is a speech by the Prime Minister on housing policies—program and housing policy. There are also some very interesting notes that came in incidentally from Doctor Kahn, who had been in Germany and who is now in the United States, a man who knows more, I think, about housing than anyone I ever heard of, in his own way.

By Mr. Heaps:

Q. What was the name?—A. K-a-h-n; a man who was a financial man in Germany previous to the crash, who had to do with one of those large housing enterprises in one of the principal cities, and is over here at this present time.

By Hon. Mr. Elliott:

Q. Where is he now?—A. He is in Chicago, and he can be reached through Mr. Ernest J. Bohn who is president of the National Association of Housing Officials in the United States, at Cleveland, Ohio. This paper of Mr. Bohn's is headed "Assisted Housing Policies;" and he goes through, in a very good way, ways in which a number of United States cities have handled this question of housing, and the assistance. I would like to leave that with you.

Mr. CAUCHON: Might I interject in order to complete the record, that Mr. Kahn was Mayor of Frankfort in Germany, and he managed a housing proposition of 15,000 houses. Mr. Reilly is quite right. He is one of the best authorities in the world, and he was put out of Germany because they discovered that one of his grandmothers was a Jewess.

Mr. HANBURY: Mr. Chairman, there is one point that I think we will probably have to clear up before we conclude, and I just want to get it on record so that it can be taken into consideration. As I understand it, the municipalities have no authority to expropriate property where it may be desirable to do so in clearing up slums. I think we should have some information in that regard, because they may be required to procure authority to expropriate property in areas where they wish to clear up slums.

The CHAIRMAN: Where would we get information of that kind, from the Justice department?

Hon. Mr. MORAND: Every province has one.

Mr. HANBURY: Every province. I think we may be required to make some recommendation regarding the clearing up of slums, and we may wish to make some suggestion to them to procure legislation in these various cities, particularly, to enable them to do that. They are really clearing up a slum.

The WITNESS: May I put on record, before I leave, the fact that at the present time, in addition to the housing report in Toronto, that excellent report of the Lieutenant-Governor, you have also heard of the report that has come, in Montreal, from Professor Nobbs. There are also a couple of reports from a committee in Winnipeg that have done splendid work out there in investigation. There is also a report of a housing commission in Halifax which, if it has not been obtained, should be obtained for this committee. Those are the four that I know of, apart from individual efforts that have been made, at the present time.

The CHAIRMAN: Gentlemen, it is our hope to have either Governor Bruce or some members of his commission down here next Tuesday; next Thursday Dr. Coats is to give us all the information he can. But after that I think we shall probably have to obtain permission to sit in the afternoon and evening; because if we have any witnesses from any distance, we would have to hold them over too long if we should not get all we wanted in one day, and had to hold them here over night.

Mr. STANLEY: I think we should have that permission anyway, and we could use it at our discretion.

Mr. HANBURY: I will second your motion.

The CHAIRMAN: The motion is to ask the House for leave to sit while it is in session. What is your pleasure?

Carried.

Mr. CAUCHON: May I interject a word in answer to Mr. Hanbury? That is one of the things that was brought up by Mr. Nobbs, the necessity of getting legislation from the province in such cases as you mention. There is a great lack of proper legislation. I had the pleasure of drafting, with Professor Nobbs, a tentative town planning and zoning by-law for the province of Quebec, which we presented to the premier and the authorities, but they have never seen fit to adopt it. I collaborated on the physical end, and Armand Mathieu and Miss Dorothy Hennekker contributed their quota on the legal side, but it has never been acted on since. May I file with the committee a couple of copies of the zoning by-law which I drafted some years ago with the collaboration of my assistant Mr. G. M. Kitchen, and one that would be a very great help to a city such as Ottawa. That was a zoning by-law that was drawn up for the Dominion. I tried to get it adopted by the city of Ottawa, but could not do it. We also had the invaluable collaboration of F. B. Proctor, City Solicitor,

Mr. HOWARD: Mr. Cauchon suggests now that the health officer has the right to condemn property that is unfit to be lived in.

Mr. CAUCHON: Yes.

Mr. HOWARD: Then the municipal tax rate would be taxing against property which was non-producing, which would force the proprietor to either do something or sell it at the present time.

Mr. CAUCHON: Or pull it down. Our trouble at the present moment is that the medical officer of health has powers which are not as great as those in England. He may condemn a house as unfit for habitation when it is absolutely unfit, but he cannot condemn that house if it happens to be a little bit damp. That is the trouble.

Mr. HANBURY: The point I had in mind was that you might have a block where there were a dozen houses that might be condemned, and you might have two in that block that could not be condemned, and you want to have a scheme for the whole block, and have to have power to expropriate.

Mr. CAUCHON: We would have to have power like in England. If in a block there is a house which is condemned, the man whose house it is gets the value of the land, nothing on the house. A condemned house is not a house. If there are a few people in the block with perfectly good houses, they have got to pay the ordinary value of land and house on expropriation.

The WITNESS: May I say also that the Chairman has eleven volumes of the report of the president's commission in the United States—President Hoover —in his reading room.

The CHAIRMAN: I am reading the titles. We will now adjourn.

The committee adjourned at 12.40 P.M. to meet again on Tuesday, March 12, at 10.30 a.m.

APPENDIX A

(Filed by Mr. J. Clark Reilly)

A Housing Program for Canada

In the Fall of 1919, a National Industrial Conference met in Ottawa, composed of representatives of Federal and Provincial Governments and representative employers and Labour men. At the final session, the last Resolution of the Conference was unanimously carried, as follows:—

> Your Committee has considered section 69 of the Report of the Royal Commission on Industrial Relations, with reference to "Insufficient and Poor Housing" and begs to endorse the Resolution offered to the Conference, as follows:—
>
> That this Conference commends the attention of the Dominion and Provincial Governments in their united efforts to improve housing conditions and to provide facilities for the proper and satisfactory housing of our people, and recommends increased co-operation of, and investigation by, the Dominion and Provincial Governments to find a satisfactory solution of this problem.

I believe that in 1919 the Federal Government made available to municipalities, through the Provinces, a maximum of twenty-five million dollars ($25,000,000), to be drawn on as loans to assist housing construction. In the following five years, it is stated that $9,400,000 of this sum was borrowed in Ontario and $7,400,000 in Quebec, and throughout Canada some 6,250 houses were built, housing about 32,000 persons. (Marsh.)

Housing—One of Greatest National Problems

(*a*) Early History, individual and community.

(*b*) Causes include—wages, unemployment, interest rates, mortgage money, moratoriums, etc.

(*c*) One of three basic needs:—

(1) Food.
(2) Shelter.
(3) Clothing.

Average American consumer expenditures (1919 to 1930) includes, Food, $813; Housing, $540; Wearing apparel, $348; Transportation, $385; Personal, $305; Health, $102; Recreation, $124; Savings, $293.

(*d*) Problem should be considered from strictly Canadian standpoint. Differences between conditions in Great Britain and United States—Banking Laws, Lease-hold of Land, etc.

Three Main Divisions

(1) Slum Clearance and Replacement.
(2) Low Cost Houses for Low Paid Workers.
(3) Renovation, Repairs, Rebuilding Present Houses.
(4) New Houses, Financing, Location, Material, Methods.

Statistics (1931 Census)

	Rural	Urban	Total
Population	4,792,135	5,570,698	10,362,833
Dwelling Houses	1,002,397	981,889	1,984,286
Householders	1,019,780	1,246,944	2,266,724
Matérials—			
Brick	92,740	366,906	459,646
Stone	11,884	19,507	31,391
Wood	867,858	526,037	1,393,895
Stucco	17,506	58,599	76,105
Cement Brick	5,946	8,142	14,088
Others	4,735	966	5,701
Not Given	1,728	1,732	3,460
Totals	1,002,397	981,889	1,984,286

In September, 1933, a survey in Toronto showed only 1,670 vacant houses at that time. In 1932 there were 2,205; 1929, 3,885; 1928, 4,992; 1927, 6,054.

Survey by Assessment Department there showed between 7,500 and 10,000 families "doubled up."

In Great Britain, between 1919 and 1934, 2,330,000 dwellings were built in England and Wales. Of these, 1,180,000 were built with state assistance and 1,150,000 without.

Residential Costs

Trade	% of Total	Labour	Materials
Miscellaneous	5.0	24.8	75.2
Roofing	1.8	32.31	67.7
Papering	0.5	61.5	38.5
Painting	4.2	66.6	33.4
Plastering & Lathing	8.2	55.4	44.6
Plumbing	10.1	24.7	75.3
Heating & Vent	6.6	20.3	79.7
Electric	4.5	36.0	64.0
Concreting	11.7	36.5	63.5
Tiling	3.5	44.0	56.0
Carpentry & Mlk	27.3	32.9	67.1
Brick-Masonry	14.8	41.6	58.4
Excavating & Grd	1.3	98.3	1.5
Total	100.		

Construction Figures

Total construction in Canada for 1934 approximately $126,000,000. In 1929,—$580,000,000; in 1912,—$470,000,000.

Material prices (1926 equals 100) are now 82 as against peak in 1920 of 144.

Labour Rates, taking 1913 as 100 are placed at 147, as compared with 171 in 1926.

Unemployment in Trade Unions in construction (Labour Gazette, December, 1934) showed that in 1920 only 3·7 per cent out of work; 7·8 per cent in 1926; in March, 1933, the figure rose to 71·7 per cent. In December, 1934, it came down to 58·6 per cent.

In 1929, when the industry was at its peak, construction supported one-eighth of the entire population of Canada, giving employment to a total of about three hundred and eighty thousand workers.

Residential Construction (Bank of N.S. Bulletin)

Residential contracts for 11 years, 1921-1931, one billion, one hundred and forty-three millions. Annual average, 104 millions.

1932, 28 millions; 1933, 23 millions; 1934, 30 millions.

Cost of construction, 1929 (Jan. 1935 equals 100) 126·5. In 1931 115·4; 1932, 106·7.

Cost of residential construction, per person, in dollars of 1935, annual average over 11 years 1921-1931, $8.84. In 1932—$2.58. In 1933, $2.23—in 1934—$2.81.

Independent Conclusions

State ought not to be a competitor with private enterprise, but should use the natural channels in every possible way, by stimulating and encouraging home building, home-owning, and manufacture of necessary materials and employment of skilled workers.

Slum clearance—Ought to have power to appropriate properties if necessary, at their site value, less cost of clearance, or some other way, to prevent exploitation.

The effects of the moratorium—good, and bad.

The possibility of building societies.

National Research Council to study methods of new construction of houses, and pass on the new materials now rapidly coming to the front.

The great factors, in private homes, of insulation and air conditioning. The new materials by which houses can be constructed.

Course of Action

1. An Investigating Commission.

2. An Interprovincial conference, with cities represented.

3. A Housing Commission, for supervision of new enterprises, loans, etc. Appoint for a term of years, with proper staff, chosen from civil service, and having architects, engineers, contractors, etc., either in consultative or active capacity.

4. Financial Arrangements. Lower rates of interest. The making available of mortgage money, perhaps by government, or through the regular company channels.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TUESDAY, MARCH 12, 1935

Mr. I. Markus, Secretary, National Construction Council, Toronto.
Mr. Gordon M. West, Acting President, National Construction Council, Toronto.
Mr. W. L. Somerville, Chairman of Housing Committee, National Construction Council, Toronto.
Mr. James Henry Craig, Chairman of Housing Committee of the National Construction Council, Toronto.
Mr. J. A. Bradley, Member of National Construction Council, Toronto.
Mr. J. Y. McCarter, of McCarter & Nairn, Architects, Vancouver, B.C.

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

ORDERS OF REFERENCE

FRIDAY, March 8, 1935.

Ordered, That the said Committee be granted leave to sit while the House is sitting.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS OF COMMITTEE

MARCH 7, 1935.

The Special Committee on Housing begs leave to present the following as a

SECOND REPORT

Your Committee recommends that it be granted leave to sit while the House is sitting.

All of which is respectfully submitted.

A. D. GANONG,
Chairman.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM 429,

March 12, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock, a.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs—Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Hanbury, Howard, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley, and White (*London*)—15.

The Chairman read a letter from Professor E. J. Urwick, Toronto, stating that he would be unable to give evidence on account of illness. Some other member of Lieutenant Governor Bruce's committee will be nominated.

The Chairman also read a letter from the Montreal Board of Trade *re* copies of printed report of its sub-committee on housing.

The Chairman called attention to an error in the 2nd issue of the proceedings of evidence. The questions on pages 48 and 49 attributed to Mr. Howard were asked by Mr. Sullivan.

Mr. Cauchon filed with the Clerk of the Committee:—

Chief Inspector's Annual Report on Ottawa Public Schools—1934.

A suggested Town Planning Act—drafted by Messrs. Nobbs and Cauchon.

Der Karl Marx Hof.

The following witnesses, all of Toronto, were called, examined and retired:—

Mr. I. Markus, Secretary of the National Construction Council of Canada.

Mr. Gordon M. West, Acting President of the National Construction Council of Canada.

Mr. W. L. Somerville, Chairman of the Housing Committee of the National Construction Council of Canada.

Mr. James Henry Craig, Chairman of the Housing and Finance Committee of the National Construction Council of Canada.

The Committee adjourned at 1 p.m., to meet again at 4 o'clock, this afternoon.

AFTERNOON SESSION

The Committee met at 3.30 o'clock, p.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messrs.—Bourgeois, Church, Elliott, Ganong, Gray, Hanbury, Howden, McIntosh, Peck, Plunkett, Rinfret, Sullivan and White (*London*)—13.

Mr. James Henry Craig was recalled, examined and retired.

Mr. J. A. Bradley of Toronto, Ont., member of the National Construction Council, was called, examined and retired.

Mr. W. L. Somerville was recalled and examined regarding rehabilitation of houses. He promised to prepare and forward a brief on this subject later. Witness retired.

Mr. J. Y. McCarter, of McCarter & Nairne, Architects, Vancouver, B.C., was called, examined and retired.

The Committee adjourned at 6 o'clock, p.m., to meet again at 10.30 a.m. Thursday, March 14, 1935.

J. P. DOYLE
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 268

March 12, 1935.

The Special Committee on Housing met in room 268, Tuesday, March 12th. at 10.30 a.m. Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, come to order. We have a quorum present now according to the clerk. I think we can dispense with the reading of the minutes. Those are printed in the report. I have two or three communications I would like to read. On Thursday we expected to have present Professor Urwick. He was one of the Bruce committee. I have a note stating that he is not well enough to appear before the committee, and Lieutenant-Governor Bruce is recommending another member of his committee to appear before us. I have not heard from him, but probably I will during the day.

I have a note here from the Montreal Board of Trade which reads as follows:—

> I acknowledge receipt of your telegram of yesterday, reading as follows:—
>
> Mr. Nobbs communicated your Housing report to the parliamentary committee on Housing this morning the committee would appreciate twenty copies with illustrations as soon as convenient.
>
> As indicated in a letter signed by the joint chairman of the special committee on slum clearance and housing, attached to the report, the council has not received an edited copy and has not had sufficient time to study the report in detail. As soon as possible the twenty copies will be sent you in some form as I cannot say whether the council will authorize the printing of it or not.
>
> You may be sure that the council of this board will be only too anxious to co-operate in every way with your committee in its study of this complicated and important problem.
>
> Yours very truly,
>
> J. STANLEY COOK,
> *Secretary.*

So we should be furnished with that a little later.

I would like to make an announcement of a correction in our report number 2 at pages 48 and 49 where questions in regard to Verdun asked by Mr. Sullivan of Mr. Nobbs are shown in the evidence to have been asked by Mr. Howard. I would like to have entered in the minutes the fact that these questions were asked by Mr. Sullivan.

Mr. CAUCHON: I have a telegram from Mr. Nobbs stating that the Civic Improvement League are printing the report at once; it went to press yesterday.

The CHAIRMAN: With regard to what Mr. McIntosh asked concerning the Dominion Housing loan, there was an advance made to Prince Edward Island of $50,000, to Nova Scotia of $1,537,000, to New Brunswick of $1,525,000. To Quebec $7,369,689.62, to Ontario $9,350,000, to Manitoba $1,975,000; no advance to Saskatchewan and no advance to Alberta; to British Columbia $1,701,500.

Hon. Mr. RINFRET: Was that advanced by the federal government?

The CHAIRMAN: Yes. On the 1920 Act.

Hon. Mr. RINFRET: The 1919 Act.

The CHAIRMAN: Yes, the 1919 Act. We have several representatives from the National Construction Council of Canada. Before proceeding to hear them have any of the members any questions they wish to ask? I think Mr. Cauchon, supplementing his evidence, desires to place some papers before you.

Mr. CAUCHON: I would like to file the last report of the Chief Inspector of Schools for Ottawa. This year's cost is $100 per child in the public schools. I also found a copy of the enabling act that was drafted for the Quebec government and mentioned in evidence by Professor Nobbs and myself. It will interest those who are interested in the Karl Marx-Hof and the Vienna Housing and I would like to file that.

The CHAIRMAN: We have as our first witness, Mr. West, president of the National Construction Council of Canada, and there are several others who are with him who wish to be heard. Before proceeding I would like to warn the delegation that we shall have to keep pretty close to our reference, a copy of which I have already sent to the National Construction Council. Now, beside Mr. West we have with us Mr. Markus, secretary of the Council, and I am going to ask Mr. Markus first to give us the names of those whom they wish to be heard and also a slight description with regard to each witness.

Mr. MCINTOSH: Will all the witnesses this morning be from the National Construction Council of Canada?

The CHAIRMAN: Yes. We expect to have them all morning and perhaps this afternoon.

Mr. I. MARKUS: Mr. Chairman and members of the committee, I would like to say in opening that there are five members of the National Construction Council here this morning in connection with this brief, three of whom will present certain parts of it which Mr. West will mention in a few moments. Our delegation this morning represents as constituent organizations of the National Construction Council of Canada the following associations, institutes and societies:—

1. Royal Architectural Institute of Canada
2. Canadian Construction Association
3. Canadian Manufacturers' Association
4. Engineering Institute of Canada
5. Trades and Labour Congress of Canada
6. Canadian Lumbermen's Association
7. Canadian Paint, Oil and Varnish Association
8. Brick Manufacturers' Association
9. Canadian Ceramic Society
10. Asphalt Roofing Manufacturers of Canada
11. Structural Clay Tile Association
12. Canadian Council of Master Painters and Decorators
13. Canadian Founders and Metal Trades Association.

I would like the opportunity of advising the committee who the three men are who will actually present the brief. Gordon M. West is the acting President of the National Construction Council and he will introduce the brief. Mr. West is Fellow of the Royal Architectural Institute of Canada, Fellow of the Royal Institute of British Architects, member of the firm of Molesworth, West and Secord, well known architectural firm in Toronto, he is a Canadian by birth and training, having been in practice since 1912. He served overseas during the war with the 124th Battalion, C.E.F., and was discharged with the

rank of major from the 12th battalion, C.E., C.E.F. Since the war he has had some private financial experience, having served as councillor and treasurer of the Ontario Association of Architects. He was president of the Royal Architectural Institute of Canada, 1932 and 1933, and he is the representative of the Royal Architectural Institute of Canada on the National Construction Council of Canada.

He will be followed by Mr. W. L. Somerville—

Mr. HANBURY: May I suggest that the introduction of Mr. Somerville take place just before he gives his evidence.

Mr. STANLEY: It occurs to me that if we sit here from 10.30 to 1 o'clock that ought to be sufficient time to hear the Construction people state their case. Meeting in the afternoon for an overflow meeting makes a hard day.

The CHAIRMAN: In their telegram they asked us for three hours, and I think if the evidence they are giving comes within the scope of our reference we may have to extend the time.

Mr. STANLEY: I hope they will make an effort to keep within the time.

Hon. Mr. RINFRET: I agree with what you have said, Mr. Chairman. At the same time there are many matters coming before the House that require our attention also. I understand to-day we will have the third reading of the Unemployment Insurance Bill, and I wish to suggest that if it is found necessary to extend the time given to these gentlemen to this afternoon it might perhaps be possible to start the committee a little later in order that we might be in the House the first hour. It may be a little too soon for this committee to sit while the House is sitting, although we have authority to do so. However, there is the other point which I appreciate and that is that these gentlemen who come from long distances must not be kept over a certain time. Discussing the matter in a practical way, I would like to ask whether these gentlemen come from Montreal or Toronto?

The CHAIRMAN: They are from Toronto.

Hon. Mr. RINFRET: That is different. There is a night train to be considered in that case. In Montreal we are most unfortunate now. If we do not leave at 4.30 in the afternoon we must stay another day.

Mr. WEST:

As Acting President of the National Construction Council of Canada, I have to express our appreciation for this opportunity of placing our views before you.

In order that you may understand for whom we speak, I may say that the Council consists of representatives from thirteen national bodies representing the contracting, manufacturing, professional and labour organizations in the construction field. In addition the Council has established some twenty regional committees throughout the Dominion and through them we have obtained a cross section of opinion within the country. The membership of these regional committees has not been confined to members of constituent bodies, but includes representatives of municipal and semi-public organizations.

About two years ago it became evident to the Council that housing was to become a live question in various parts of Canada, and in going into the matter has sought reports from each of these regional committees, and it is from these reports and the deliberations of the Council and its committees, that the views which we are presenting to you have been arrived at. A summary of these reports is attached to Mr. Somerville's presentation.

As we are a national body, we should present if possible, a national rather than a local point of view. In consequence our major suggestions may seem to be very broad and general in their character. They are, however, supplemented elsewhere in our brief.

In Canada, as indicated by the existence of building by-laws and health regulations, the state has admitted a degree of responsibility for housing conditions. Nevertheless, up to this time no definite comprehensive housing policy has been established.

We desire to make three general recommendations:—

First: The adoption by the Federal Government of a definite housing policy.

Second: That the Federal Government make available the necessary credit and financial assistance for the furtherance of such a policy; and that such assistance should be provided with a view to making housing projects self-liquidating.

It may be asked what is a definite housing policy and why it is suggested.

First—There will, in fact, be very little difference, physically, in our surroundings now and shall we say fifty years hence, except for the construction carried out in the interval. Domestic building is ordinarily 22%-32% of our entire construction expenditure including engineering and as it touches the lives of our people daily there is almost prima facie evidence that housing is entitled to some guidance from the state.

Second—Our investigations make it very clear that from a social point of view there is a demand that something be done in regard to raising housing standards particularly for groups of wage earners who receive the least for their services.

Third—There is agreement on the reduction or elimination of unemployment and we know of no better method to approach this than through the medium of the construction industry.

Fourth—If any housing program is to be initiated it should follow the lines of a permanent policy, which might be made to serve as a balance against bad times. A housing policy with permanent administration would lend itself to this end if operated on a self-liquidating basis.

Fifth—If the Federal Government initiates a national housing program involving the extension of credits, it should set forth the conditions under which assistance is to be rendered to any provincial, municipal or other authorities through which such a program would be developed, so that substantial conformity to a general policy would be obtained.

Sixth—Our investigations have proven that housing for the lowest income groups cannot ultimately be made profitable to private enterprise, and this is the only field in which municipal or publicly operated housing schemes could be justified, and then, only if self-liquidating and well supervised.

Seventh—In the field of housing for other than the lowest income groups, there is, in our opinion, necessity for financial assistance for the stimulation of private and semi-private housing operations. We believe that such assistance and stimulation could be worked out in co-operation with organizations loaning on real estate. However, to be fully effective, a lower rate of interest than the prevailing commercial rate should be a condition under which the Government would undertake to assume in part, at least, some of the credit risk involved.

Our Third general recommendation is—

> That in order to avoid further disequilibria, any definite housing policy should contemplate that all moneys spent on construction be spent through the normal channels of the industry and not involve direct relief labour.

By Hon. Mr. Rinfret:

Q. I happened to read that in advance, and I should like to know exactly what it means. Do you mean by that you will not employ anybody who is already on direct relief?—A. No, not that; but we would not advise, shall we say, the rotation of labour or the work being done as a relief project proper under relief authority.

Q. I see; because I would think on the contrary, that these are the very men whom we should try to free from direct relief.—A. I agree with you, sir.

The arguments which support this are substantially the same as were presented by the council to the Prime Minister prior to the introduction of the recent public work program and need not be reiterated here.

I have contented myself with presenting these three general recommendations. The Chairman of our committee on housing, Mr. W. L. Somerville, is more familiar than I am with the result of his committee's work, and will present to you further recommendations as to how a national housing policy might be implemented as well as some of the more technical requirements involved therein.

He will be followed by Mr. James H. Craig, who is Chairman of the Council's Committee on Financing of Housing, who will present a possible method of finance with particular regard to the effect of a national housing program in relation to a solution of the unemployment problem.

In addition to the report I have just read, I think I should make, in fairness to the committee, this short statement: in presenting the views of this council in the past, it has always been the policy of the council to send the briefs to our constituent bodies, and have them approved by their council. Owing to the shortness of time in this case, we have not been able to do it, but I think we have unanimous support from them. I think I should protect my other bodies by saying if they do not agree with everything we will, without any hesitation, let you know.

By the Chairman:

Q. Has this brief been given by the executive?—A. By the executive, and approved by our council in full meeting.

Q. Is that all?—A. That is my part.

Mr. I. MARKUS: Mr. Chairman, members of the housing committee, the next speaker will be Mr. W. L. Somerville, who will present the main part of the brief. Mr. Somerville is a fellow of the Royal Architectural Institute of Canada, fellow of the Royal Institute of British Architects, an ex-officio member of the National Construction Council of Canada, Chairman of the Housing Committee of this National Construction Council, Associate member of the Royal Canadian Academy of Art, and past president of the Ontario Association of Architects. Mr. Somerville was born in Canada and went to New York in 1909 for the purpose of study in the American Ecole des Beaux-Arts. As a result of winning a competition for the selection of designs for the most economical types of workmen's houses conducted by the National Americanization Committee in 1912, he was retained as architect for industrial housing development in Allwood, New Jersey, and Charlotte, N.C. He was taken into partnership by the firm of Murphy and Dana, and designed further housing developments at Elizabeth, N.J., and Derby, Conn., and Waterbury, Conn. The latter for the U.S. Housing Corporation, a National Housing Authority set up by the Federal government. In 1919 he returned to Toronto to practise under his own name. Among the housing developments in Canada he has been architect for the following: Westdale Development, Hamilton, Ontario; Canada Wire and Cable Company, Housing Development, Leaside, Ontario; Spruce Falls Paper Company, Housing Development, Kapuskasing, Ontario; Canadian International Paper Company, Housing Development, Timiskaming, Quebec; Canadian International Paper Company, Housing Development, Gatineau, Quebec. He has visited and studied housing developments in England and Scotland.

Mr. W. L. SOMERVILLE, called.

Mr. Chairman and gentlemen, in presenting this brief I might explain the committee on housing have endeavoured to make it, shortly, a brief to cover in general the principles which we think should be included in any housing policy or regulations.

As a result of a study of the housing problem in Canada, assisted by reports and suggestions received from Regional Committees, and after a thorough review and study of the methods that have been followed in Great Britain and the United States, we submit the following suggestions and recommendations, together with the data upon which they are based.

Existing Housing Conditions

(See also Appendix No. 1—Summary of Reports received from Regional Committees)

That overcrowding and housing of a standard much below that considered as healthful or permissible by medical authorities exists in practically every city and town in Canada as well as in many rural districts is a fact with which we have long been familiar, and is confirmed by reports of surveys received.

In municipalities overcrowding, two or more families occupying premises only adequate for one, is caused by the economic necessity of the lowest income groups (many of whom are on government relief) to seek living quarters at a monthly rental which varies in different parts of the country from $10 to $20 per month.

This condition, which existed even during periods of prosperity has become more acute due to the fact that many families formerly in a higher bracket income group have been forced into lower groups by loss of employment or reduction of wages. This situation has created a demand far in excess of the supply and has increased overcrowding. This is the primary cause of many social evils and physical ailments.

The argument has been advanced that there can be no actual housing shortage and figures have been quoted regarding house and apartment vacancies. Upon analysis it will be found that in most cases the abnormal number of vacancies is almost entirely confined to dwellings and apartments belonging to a much higher income group. In other words, forced down the scale, leaving the vacancy at the top.

It has been further observed that overcrowding and sub-standard housing in the larger cities can be divided into two classes. The first is what is usually referred to as a slum. That is an area largely consisting of obsolete dwellings in poor state of repair with inadequate sanitary conveniences. Such areas are usually those that were formerly occupied by a much higher income group but owing to the encroachment of commerce or industry have become undesirable as residential areas. The dwellings have not been kept in repair and have, through lack of improvement, become obsolete. The land has increased in potential value to such an extent that the owners would not increase the return on their investment by improving the existing building for residential purposes. Owing to high value of land that has become more suitable for commercial or industrial purposes and cannot be rendered suitable for residential purposes without complete demolition of existing buildings, the provision of park and playground areas and possibly minor changes in street system, the individual owners of such property are unable to take any action. As a result of these conditions these obsolete dwellings are not kept in repair or improved in any way. A large percentage of the tenants are on relief and their rent is being paid by the municipality or some charitable organization. In other words, the taxpayer is maintaining these slums and assisting the owners of such land to carry their property until such time as it can be sold for some other purpose at a greatly enhanced value. In some municipalities the owner, at the expenses of the taxpayer at large, is given further assistance by a reduction in the assessed value of 50 per cent due to the value of the building being less than $1,000. We are, in fact, therefore subsidizing slum areas.

The second class, as distinct from slums caused by blight in the central portions of our municipalities, is that consisting of shacks poorly constructed,

without proper sanitation located in suburban or rural districts adjacent to our municipalities. These are in many cases pathetic efforts of the lower income groups to meet their own problem.

They are a cause of the excess tax rate in many municipalities. They reduce the value of adjoining properties, and make it necessary sooner or later to extend public services which the taxes collected from such areas cannot possibly support. Both of these classes are the result of unregulated growth and lack of adequate or effective housing standards.

The prevention of the development of future slums is essential in any National Housing Policy for the preservation of any new housing erected at this time, and existing satisfactory housing which would otherwise deteriorate.

Coupled with this is the necessity of providing new housing and the elimination of existing slum areas by rehabilitation or demolition.

Housing Needs—Lowest Income Groups

(See Appendix No. 1)

There is a great need in normal times as there is at present for housing available for the lowest income groups. This has been well established by the survey conducted by the National Construction Council through its Regional Committees.

We are of the opinion that this need of the lowest income groups can only be met by providing housing on a rental basis. The sale of houses to individuals in this group on easy terms over a long period would not in our opinion be effective. This is clearly demonstrated by an analysis of the results obtained under the Housing Act of 1919 in this country. Housing on a rental basis permits of the adjustment of rents so that by control an economic ratio between rent and income may be maintained—a social as well as an economic necessity. I think that is a basic fact that is generally recognized by those familiar with housing.

Housing Needs—For Individual Owners

In addition to housing for the lowest income groups, it is necessary in our opinion to include some means of encouraging the erection of housing by individuals in order to make effective a national housing program of a volume sufficient to stimulate the construction industry to the extent necessary to materially reduce unemployment. That is why we have added that paragraph.

That the construction of residences for individuals is an important factor in the building industry is pointed out in the monthly review of the Bank of Nova Scotia (February, 1935) in which it is stated that during the period of eleven years, from 1921 to 1931 inclusive, no less than 85 per cent of all residential construction in Canada was represented by the building of residences, and only 15 per cent by the building of apartments. It is estimated that $300,000,000 represents the volume of work of a residential character now waiting to be put in hand in Canada, apart from the housing requirements of the low income groups. This does not mean that we think that the government should undertake to build houses for everybody, but that there is a certain class in the lower income group who could afford a small equity, and in order to provide sufficient volume some provision should be made to take care of them, with a maximum limit on the cost of the houses.

Rehabilitation

From the reports received from our regional committees, it is evident that there is a necessity for the rehabilitation of large numbers of existing sub-standard dwellings.

The argument put forward in favour of such a policy is that a greater number of families could be properly housed for a smaller expenditure than by any other means. This is very evident in referring to Appendix 1. That seems to be a very general opinion from the different provinces.

We would recommend the consideration of a policy of rehabilitation. Such a policy would involve technical advice and report on the merits of any proposed scheme of rehabilitation. Value would be a very important item in regard to rehabilitation.

It is clear that to safeguard loans made for this purpose, they must be protected by guarantee that districts so rehabilitated will maintain their residential character for the term of the loan. Zoning will therefore be an important requirement as well as the provision of adequate open spaces. I think Mr. Cauchon has already explained the significance of the word "zoning."

Mr. CAUCHON: I tried to.

The WITNESS: As a large percentage of the sub-standard dwellings in such cities as Montreal and Toronto are in areas not suitable for housing, the wisdom of adopting a scheme of rehabilitation in these areas would be doubtful.

That many such properties are already mortgaged to such an extent that any additional loan would be economically unsound is another consideration.

Further, if loans were made for the purpose of rehabilitation to provide housing for the low income groups, adequate safeguards must be provided to ensure rentals which minimum wage earners can afford to pay. I would like to stress that point, that there must be safeguards to ensure rentals for the minimum wage earner in the cost of rehabilitation.

SLUM CLEARANCE

Under a national housing program for the purpose of improving housing for the lowest income groups, such as we suggest, the question of slum clearance is necessarily involved. New housing must be provided as the first step, in order to house those now occupying the slums that are to be demolished.

In our opinion the enforcement of municipal zoning laws and the establishment of minimum housing standards, including maximum occupancy regulations, would automatically prevent the growth of slums and during a period of years eliminate slum areas. In some instances, particularly in Montreal and Toronto, areas of sub-standard dwellings have become too well established to eliminate by these means. This condition is also exaggerated by inadequate provision of park areas, and the arrangement of street and lane systems. Such conditions can only be rectified by demolition and replanning of the area for rebuilding for residential or other purposes in accordance with a plan for the entire muncipality and district. We are of the opinion that such operations should be carried out by the municipalities but must be subject to the approval of the Government technical advisors if credit or guarantee of the financing is to be extended for such purposes, but in no case should a scheme of slum clearance be approved unless a town plan is established to guide the future growth of the municipality accompanied by established zoning regulations for a period equal to that required for amortization. Any other procedure would be sheer folly.

RURAL HOUSING AND FARM BUILDINGS

Whereas much of the information contained in this brief deals with housing in urban centres, nevertheless our investigations disclose the necessity in rural centres for the rehabilitation and replacement of obsolete dwellings and farm buildings.

We believe further, due to the curtailment of purchasing power of the primary producers, that special consideration should be given by the proposed national housing authority to means of financing farm building improvements if funds are to be borrowed extensively for rural housing or rehabilitation.

Financing

In Appendix II we have attached a brief on long term financing of low cost housing, which was presented to the MacMillan commission when they sat in Toronto. It has particular reference to the financing of houses by means of second mortgages; and we suggest long term amortization as a simpler means of providing funds for housing those who cannot afford to pay for their own homes.

Sound economics and well considered financing are vital to any housing policy if it is to be successful.

It is hardly necessary to mention the numerous experiments by the Governments of Great Britain and the United States which are well known to all familiar with the subject. European countries generally have followed closely methods used in Great Britain.

These experiments have definitely demonstrated that a lower rate of interest than it is possible to obtain through commercial financial institutions is necessary for housing the lowest income groups.

Relation of a Housing Program to a Solution of Unemployment

From our study of the situation and our familiarity with the construction industry of which we represent all branches, including organized labour, we are further of the opinion that an unusual opportunity is afforded to initiate a national housing policy on a sound economic basis that would ultimately eliminate the problem of unemployment relief. According to data we have obtained, 60 per cent of the unemployed are workers normally dependent on the construction industry for employment. A large scale national housing program, would in our opinion, have the effect of reducing Government expenditures for direct relief which cannot be justified as economically sound. This saving would go far toward the cost of housing for the low income groups.

The Housing Act of 1919

In considering any national housing policy, the results obtained under the Act of 1919 should be reviewed. The housing was initiated at a time when there was a shortage of labour and materials resulting in abnormally high cost of building. The housing was not for the lowest income groups but for those who could invest a small equity. In many cases the houses were occupied by those who could have afforded better homes and for whom no financial assistance was necessary. When the housing shortage was taken up, values declined: with the result that those who had purchased the houses erected under the 1919 Act found that their equity, which was very small, had been wiped out and that they were paying more per month than they would have to pay to obtain the same accommodation on a rental basis in houses built when prices were lower. The result was that in some municipalities it was necessary to repossess some of these houses. During the past few years many of those who purchased these houses have been unable to meet their payments or to keep the houses in repair. The point I want to make is that under the purchase plan it is therefore evident that the government responsibility in the final analysis is tantamount to a rental scheme but with less flexibility and control over occupancy, maintenance, etc.

Control of Occupancy

The control of occupancy is a feature that was lacking in the 1919 Act and is one that should, in our opinion, receive consideration in the formulation of any housing policy. Further that a maximum income should be the controlling factor to ensure tenancy by the low income groups. This is a primary factor in

determining the character of housing and the means of financing. The minimum income or the minimum equity of 10 per cent in cost of house and land as required under the 1919 Act precluded any benefit to the lowest income groups, which is the group we consider presents the greatest problem to-day.

A minimum rent is an economic necessity but to eliminate sub-standard housing and conserve new low-cost housing for those whom it is hoped to benefit, control must be maintained by a ratio of rent to income.

Regulation of maximum occupancy is also necessary for proper hygiene and to maintain benefits provided by new housing or rehabilitation. The number of persons per room for each family unit, allowing only one family per unit, has been proved to be a satisfactory regulation that can be easily enforced. The administration of housing for the lowest income groups must be undertaken on the basis of social service. I cannot emphasize that point too strongly. This factor is largely responsible for the success of a great number of such developments in England.

RECOMMENDATIONS

As a result of our conclusions, as hereinbefore mentioned, we would respectfully submit for your consideration the following recommendations in addition to those previously mentioned:—

First: The creation of a permanent national housing authority to:—

(*a*) Draw up and establish minimum housing standards applicable to existing as well as new housing.

(*b*) Draw up and establish regulations pertaining to the rehabilitation of existing sub-standard dwellings.

(*c*) Make recommendations as to the distribution of funds; that is, the amount that should go for each of these different classifications.

(*d*) Administer its provisions in respect to repayments, housing renewals and maintenance.

(*e*) Draw up such other regulations as may be necessary.

Under that "such other regulations as may be necessary"; such an authority would necessarily in our opinion be required to make a survey of housing conditions as the basis for any allotment of funds.

By the Chairman:

Q. That is, we have not enough information now to do that intelligently? —A. No, sir; that is, in our opinion. That is the procedure followed I believe in England, and it was followed under the housing authorities in the United States; the government having facilities to gather the facts are in a position to do it much better than any other party, and it is the only scientific and sound basis on which any housing scheme can proceed.

Second: That in such region there be created a similar body to administer and make effective such standards and regulations and to co-operate with the national housing authority.

Third: That all municipalities benefitting under the scheme be required to enact zoning regulations as part of a town plan providing for the growth and development of the municipality, including adjoining suburban and rural districts, and that all provinces desiring to benefit under a national housing program be required to pass necessary enabling legislation.

Fourth: That for the purpose of housing the lowest income groups, money be made available at a rate of interest not exceeding 2½ per cent in order that such schemes may be self-liquidating as far as possible.

Mr. Craig's committee have worked that out, and this 2·5 per cent is arrived at after a very careful study, both as to building cost, and to making it self liquidating. Mr. Craig will enlarge upon that later.

Fifth: That a portion of any funds which may be made available be allocated to encourage the construction of houses, and for the repair and rehabilitation of existing buildings by private enterprise. Further that such funds be utilized to relieve private capital of a portion of the risk at present inherent in making large sums available for mortgage purposes at a low rate of interest for long terms. Thus relieved of part of the risk involved, private capital would be enabled to provide funds at low interest rates with an amortization period of at least twenty years.

Conclusion

The recommendations hereinbefore mentioned are necessarily broad and cover only general principles. The National Construction Council is prepared to offer the facilities of their organization to assist in the formation of a National Housing Program and is also prepared to give technical advice on housing standards and regulations which would necessarily vary to meet local conditions.

Mr. Chairman, I do not think I need to read the appendix which follows, if you wish I could mention some of the high spots.

The Chairman: I think it would be well for us to be posted.

The Witness: Reading from a portion of the original report submitted by John M. Flood, chairman of the regional committee:—

> I definitely feel that the rehabilitation of sub-standard housing should be advocated perhaps even in preference to new housing, for economic reasons. It is obviously difficult to provide "desirable" housing units at rentals of $15, $20 and $25 per month which seems to be the rental scale prevailing in workmen's homes here.

Then he mentions:

> Our local experience in public financing of any housing scheme is limited but was a decidedly costly one for the municipality. I doubt if it can be repeated with any measure of public support.
>
> Slum clearance is another matter entirely and, from a town planning point of view, is justified. The opening of new streets through congested areas, demolition for playground space and parks and similar projects will automatically be reflected in building activity by other than public bodies. Public financing of civic improvement projects, such as these, if deemed necessary by competent authority, would perhaps be a more popular move than outright public financing of any housing scheme doomed to be a financial failure.

In Quebec Mr. Brousseau is chairman of the regional committee. He states, in part:—

> I am directed to inform you that after investigation made in this city, it is established that 450 to 500 are in a very poor sanitary condition and are classed as slum houses. Besides that there are about 1,100 to 1,200 houses that need urgent repairs.

Hamilton is an industrial city, and this report we have used the findings of the council of social agencies which made a survey in 1932. This report shows that:

> Of the 727 households reported upon:—
>
> Fifty-three per cent averages more than one person per room;
>
> Eighteen per cent averaged more than three persons per bedroom;
>
> Seven and nine-tenths per cent averaged more than four persons per bedroom;
>
> Thirty-one per cent averaged more than two persons per bedroom;
>
> Seventeen families of three or more persons lived in 1 room;

Eighteen per cent of the housholds had children of both sexes in the same bedroom;
Twenty-eight dwellings (out of 504) had rooms without windows—7 of these are bedrooms in which a total of 20 persons slept;
Twenty per cent of the dwellings had outside toilets, a further 20 per cent had insanitarily placed inside toilets;
Ten households lived in basements;
Sixty-four households lived in one or two rooms;
Seven and two-tenths per cent had no sink in the kitchen;
Eighteen per cent of dwellings classified as bad;
Forty and seven-tenths per cent of dwellings classified as fair;
Eighty-eight per cent of the families are tenants.
That conditions are worse to-day.

Then there is the report from London, Victor J. Blackwell being chairman of the regional committee:—

> There are several blocks in the city where the houses are in a most dilapidated and unsanitary condition, and we would recommend that demolition of all buildings and the erection of a block of modern low rental apartments, with proper playground facilities in connection with same, properly supervised, along with the apartments, by the municipality.

Kitchener: Mr. H. J. Ball was chairman of the regional committee, and I may say that the area taken in includes Kitchener, Guelph, Galt and towns and rural districts in the neighbourhood. They estimate their needs for replacements and rehabilitations at $6,762,000.

From the Ottawa regional committee, C. N. Pitts chairman, we have the following:—

> Your sub-committee, from data available, knows unquestionably that there is a very serious and urgent need for low-cost housing, and gives hereunder supporting information:—
>
> Dr. Lomer, Medical Health Officer of Ottawa, in his annual report, under date of the 13th December, 1934, warns city against slum conditions as follows:—
>
> During the past four years of financial depression 5,842 persons were added to our population by natural increase (excess of births over deaths) and at the same time 4,917 more people moved into the city than left, making a total increase in population of 10,759.
>
> At the beginning of this period there was no surplus of low rental houses and during these years building of that class of houses has been practically at a standstill with the result that many houses which formerly accommodated one family in a satisfactory and sanitary manner are now occupied by two or more families for which they are not adequate.

This, of course, is a typical case, and the same condition exists in nearly every town and city.

Now, turning to the west, Manitoba presents a very full report, and reading from that:—

> This report definitely shows a very serious condition of overcrowding, living in basements and attics, lack of privacy, scarcity of sanitary conveniences, besides fire hazard; all told, a very serious menace to health and welfare of the community.

Saskatchewan: Regina—The chairman of the regional committee, Colonel J. McAra:—

> 2,000 sub-standard dwellings, 1,000 of these have sewer and water supply. Estimated cost of rehabilitation $300,000. Further recommend small loans to improve housing conditions generally amounting to $200,000.

I might say that when these reports speak of sub-standard dwellings they are referring to a housing standard which the committee drew up and sent to each regional committee so that they would all have the same yardstick to measure by, taking certain requirements with regard to sanitation, light, etc.

Then, taking Alberta, Mr. R. M. Dingwall, chairman of the regional committee of Edmonton, states: "Our committee and a large body of citizens feel that there is much need for a low-cost housing program in this city." The city is undertaking to make a survey in Edmonton.

The same thing applies to Calgary.

British Columbia reports very deplorable conditions, although slightly different from the east:—

> There is no recognized slum district or area in Vancouver as the term is generally understood, but there are hundreds of single buildings, cabin blocks and terrace blocks scattered throughout the city, which have within this last five or six years, been allowed to develop through lack of attention, into a state, where the occupants are living under slum conditions and in a state menacing the health of the city at large.

I think, sir, that that is probably sufficient to cover the important points.

The CHAIRMAN: Now, while Mr. Somerville is here I think perhaps there might be some questions we would like to ask.

By Mr. Hanbury:

Q. There is one question I would like to ask Mr. Somerville, Mr. Chairman: The other day I was trying to find out what the economic unit would be for the construction of houses in connection with a housing scheme; that is, whether 50 or we will say 100, 400 or 500 would be an economic unit. Naturally, it is advisable that we should get our economic unit as high as possible?—A. Quite. That is a very important question, sir, and I am glad you brought that up. It varies under different conditions. Naturally it is easy to understand that materials are more advantageously ordered in large quantities if we are going to undertake a scheme in an economical way. Therefore, in a housing project the economic quantity has to be considered, and the practical minimum becomes the determining factor. For instance, take cement; to buy advantageously you must have a car load and that amount of cement might be sufficient for the foundations of say fifty or one hundred houses. That would be the determining factor. Other materials would be bought at larger quantities and so naturally they would come in car load lots. Then, again, there is standardization of units; that is, your doors and windows—they also are a determining factor. But it is not a question which can be answered by saying 50, 100 or 200.

Q. I thought probably it had been worked out?—A. It depends entirely on the type of house.

By Hon. Mr. Rinfret:

Q. I notice that in several cases the reports say that some of the houses are not insanitary in themselves, but that they become so because there is over crowding. Does your council recommend together with new building, regulations forbidding people to over crowd; because it strikes me that otherwise you may have large numbers of buildings for workingmen and so on, but if they choose to live all in the same one we will not be any better off?—A. Exactly, sir; I have mentioned that; that is one of our recommendations which we referred to as occupancy control—perhaps regulation would be the better word. That is, in initiating a housing scheme unless there are some regulations with respect to occupancy we would simply be subsidizing or financing, new slums.

Q. Do I uderstand that that is mentioned in the report?—A. Yes, that is covered.

Q. I must admit that when you read the paragraph about occupancy control, I did not know exactly what you meant; I know it now.

The CHAIRMAN: Are there any other questions?

By Hon. Mr. Elliott:

Q. Do I understand you, Mr. Somerville, to contemplate the financial assistance coming from various jurisdictions, or from the community involved?—A. If I understand your question, sir, you mean whether the provinces, the municipalities and so on should do the financing.

Q. What are the jurisdictions that should contribute, if a contribution is made?—A. I am afraid I will have to answer that by giving you my personal opinion of the matter. Housing is a thing that requires very careful regulation, and my own opinion is that that can best be handled by a central housing authority; that is, that the funds might originate from the Dominion government, but they should be handled and controlled directly by them. In other words, in a municipality if there is a housing scheme or some slum clearing undertaking it should be done by the people who are responsible for the source of the funds, namely the Dominion government.

Q. Whoever raises the fund will see to the expenditure?—A. That is absolutely necessary. One reason I say that is that if it is lent through a municipality, the municipal authorities change at very short intervals and there is no continuity, whereas if the body in charge of the source of the fund is a responsible one you have a much better chance of getting the money back.

Q. Even federal authorities sometimes change.

Mr. STANLEY: Not very often though.

Mr. CAUCHON: Might I ask Mr. Somerville if his committee had come to any conclusion of what they would consider a fair average minimum rental for low class wage earners?

The WITNESS: I should say an average rent around $15.

Mr. HANBURY: That is based on a percentage of a man's earnings?

The WITNESS: About one-fifth.

Mr. HANBURY: If wages are increasing more rent is paid.

The WITNESS: Yes. That is what I meant by ratio of rent income.

The CHAIRMAN: With regard to individual owners you advocate helping them to build. If the government should do that will not that destroy a certain amount of value on those houses that are already built and paid for?

The WITNESS: Well, sir, one thing that is not mentioned here is that I think the limit of cost under which such financing should be done should be very low—actually not more than $4,000. There is not any competition in private capital at that point of $4,000. I do not mean the low income group. This is the next group. Even where it would be a case of individual owners. It is simply to obtain a sufficient body of construction to take care of unemployment in the construction industry resulting in taking care of unemployment in other industries.

By Mr. McIntosh:

Q. In any national housing scheme what would be the approximate proportion between the rehabilitation and the new construction?—A. That, sir, would depend entirely on the conditions in each centre, and that is why I suggested a survey. I think that each of these centres would have to be investigated by competent people.

Q. By a government commission?—A. Whether it is a government commission or a body of technical people employed for that purpose, I do not know.

I think that really comes under social science and should be done by technically trained people rather than by a public commission.

Q. You would have it done by a national body—not by a provincial body? —A. By a national body, yes.

By Mr. Stanley:

Q. You spoke about the rural parts. In the practice of my profession I have done a great deal of work in the cities—in the homes in all parts of the cities—and also for many years I have practised in the country, and I can say that there is more of a slum condition, more overcrowding, more unhealthy and insanitary conditions among the homesteads on the old farms than you will find in any of the cities. We hear a great deal about conditions in the city. Now, have you anything to say about those country homes, and what can be done in regard to them?—A. Yes. You are quite right. I myself have seen worse living conditions in country sections than exist in most of our cities. It is really pathetic in some cases. However, it is rather difficult to get facts—I mean there is no organization in the country districts that you can appeal to and ask: what are the conditions in your district?

By Mr. McIntosh:

Q. Could you not get that information from the average municipality in Manitoba, Saskatchewan and Alberta?—A. I did get information this year, but not in the west; it was from the district around Kitchener and Guelph in Ontario; and they particularly mentioned that in the regional report—that there was great need in the rural districts for some scheme of rehabilitation.

By Mr. Stanley:

Q. If you have need for it around Kitchener where they have such magnificent farm homes, then you ought to go out west and see the need for it there.—A. Yes. I do sincerely entertain the view that there should be something done for the rural districts. Whether it is done by a housing authority or some farm board is the question.

Q. In your recommendation you spoke about the lowest paid wage earners, and stated that any housing scheme provided for them should be on a rental basis entirely?—A. Yes.

Q. Then you also recommend that the body which provides the funds, which would be the federal government according to your recommendation, should have direct control over those who secure the loans and who are renting the houses? —A. Yes.

Q. Would you eliminate the municipalities entirely?—A. To this extent that my suggestion would be that the municipality might incorporate a housing corporation to administer the housing, but that corporation would not be dependent on change from one year to another. That is the commission—

Q. That is not my point. Supposing a housing scheme is put into effect in the city of Montreal and a suitable number of homes are provided at $10 a month for the lowest wage earners, would you have a central federal housing commission transacting all the business and dealing directly with the tenants to the elimination of the city authorities?—A. That would be an impossible situation.

Q. Your recommendation seemed to leave that impression?—A. What I had in mind was the system that they had in England to some extent. We will take, say, the city of Montreal: they want to undertake slum clearance in housing, the city would incorporate a public utility body and that corporation would borrow the money from the Dominion government—credit or whatever it is—and they would administer and look after that housing entirely independently of the municipal government. They would be directly responsible.

Q. And appointed by the federal commission?—A. Incorporated under their regulations.

By Mr. Plunkett:

Q. Mr. Somerville, what about taxation of the municipalities on such a housing scheme? Should they not give some relief in that way?—A. It would be very desirable if it could be arranged.

By Mr. Hanbury:

Q. It could be required before the money was given?—A. You have the money.

The CHAIRMAN: Mr. Church asked a question dealing with your remarks at top of page 4.

By Mr. Church:

Q. I would like to know who appoints the municipal body—the city council?—A. Not necessarily, Mr. Church. I think the dominion body would have certain regulations.

Q. You think there is no guarantee unless the municipality has a definite town planning for the future. That would mean the large cities would never get any guarantee from the Dominion government on a standard plan—just the cities that have got town planning?—A. They should not get more credit. I certainly would not lend a nickel to any municipality that has not got a town planner's organization.

Q. You say that you would not give any guarantee: "We are of the opinion that such operations should be carried out by the municipalities but must be subject to the approval of the government technical advisers if credit or guarantee of the financing is to be extended for such purposes, but in no case should a scheme of slum clearance be approved unless a town plan is established to so guide the future growth of the municipality...." If that is the rule the largest cities will not be able to qualify for a guarantee from the Dominion government, from the municipality?—A. Why, Mr. Church, I do not quite see. "....be approved unless a town plan is established to so guide the future growth of the municipality accompanied by established zoning regulations for a period equal to that required for amortization."

Q. We had a definite plan of town planning that would bankrupt the municipalities. Do you mean to say that Toronto could not get a guarantee from the municipalities unless it had town planning for the outskirts?—A. It was a very regrettable thing, and it was not by any means a proper town plan, and it was not occompanied by zoning regulations.

Q. Under the 1919 arrangement a municipality could qualify under the Act under standard plans; under this clause you cannot?—A. I think the investment of money in any municipality that has no regulations would be very inadvisable.

Mr. CAUCHON: I think Mr. Sommerville means town planning in as far as it is necessary to protect these investments of the government. I do not think he is calling for a comprehensive town plan of a whole city?

The WITNESS: Not the street systems and so on.

By the Chairman:

Q. In your recommendation here you say you do not think we have any information for proceeding at once and suggest just what we should have is some kind of national housing authority to study plans before we could make an intelligent and consistent move?—A. My thought would be that the first step for this committee to take would be to recommend the appointment of a national housing authority, and that that authority should formulate the method of procedure. It requires a good deal of technical study, but it can be done; but it would be very difficult for a large committee to arrive at anything like standards covering regulations.

Q. That committee should act before any money is advanced through the government?—A. Absolutely.

By Mr. McIntosh:

Q. On page 4 the statement is made: "Whereas much of the information contained in this brief deals with housing in urban centres, nevertheless our investigations disclose the necessity in rural centres for the rehabilitation and replacement of obsolete dwellings and farm buildings"? All the information here is of an urban nature. Why is there not more information brought to the committee from rural areas throughout Canada?—A. Because there is no rural organization to which we could appeal.

Q. You have all the rural muncipalities. The municipalities are just as well organized in the rural centres as in the urban centres?—A. Our existing regional committees were utilized.

Q. Is it not because your organization is more effective in the larger urban centres, more active there?—A. Undoubtedly.

Mr. CAUCHON: They are the only places where they have any.

By Mr. McIntosh:

Q. Without representatives from the rural areas on your regional committees?—A. Quite.

Q. It is a matter of organization?—A. It is a matter of organization. That is why I suggested a survey by some government authority which could get that information much more readily than we could.

Q. I would support Dr. Stanley in what he said that the need in the rural areas is very great. I think, perhaps, the need is greater than in any urban centre in Canada?—A. I am glad to hear you say so because we are of that opinion.

Q. And any investigation should take into consideration the rural parts of the country.

By Mr. Church:

Q. The first brief we had here contended that there was no need for rural housing on the ground that it could be done by the Farm Board if necessary. I think that is the most important branch of our work. What have you to say about that? The first brief said that rural housing was not necessary in Canada, or that if it was necessary it could be carried on by the Farm Board or in some such way. Do you agree with that?—A. No. I do not. I am voicing my personal opinion, and I think I am supported by all those on our regional committees that that is not the case.

Mr. CAUCHON: Might I qualify that. When I referred to that I meant rural housing—farmers' housing. My suggestion was that the farmer could get his aid from the Farm Loan Board.

Mr. CHURCH: Nothing that you proposed would take care of the most vital point of all, namely, rural housing. Rural housing to-day is against all known laws of public hygiene. It is one of the most important branches of our work.

The CHAIRMAN: Now, gentlemen, if no one has any other question to ask Mr. Somerville I think we had better hear Mr. Craig.

Mr. MCINTOSH: There is another question. Dr. Stanley has mentioned it. Can we not have before this committee some rural organization to give evidence with regard to rural housing needs? Is that possible?

The CHAIRMAN: I went to the Department of Agriculture and saw the Minister and he referred me to the Farm Loan Board, and there I saw Mr. Macpherson and had a talk with him, and he said he thought he could get some

good information or he knew where he could get it. He said he would study the situation and tell us in a few days. If any member of the committee knows anyone who can give this information the committee will be pleased to hear him. Certainly there are no definite statistics. Dr. Coats will give facts on Thursday and Mr. Macpherson is going to try to get us some information.

Mr. McINTOSH: It has been mentioned to me that perhaps we could get very valuable information from the Red Cross organization in western Canada.

The CHAIRMAN: We would be glad to get it.

Hon. Mr. RINFRET: Is it clear in your mind, Mr. Chairman, that our reference covers rural housing as well?

The CHAIRMAN: Oh, yes. It says so definitely.

Hon. Mr. RINFRET: Would not that make it very extensive?

The CHAIRMAN: Urban and rural dwelling houses is what it says. I do not know whether " rural " means farm houses or not, but I take it to mean that.

Now gentlemen, it is getting late, and I think we had better hear Mr. Craig. Mr. Craig will be introduced by Mr. Markus.

Mr. MARKUS: Before introducing Mr. Craig, Mr. Chairman, will you permit me to say for the benefit of those members of the Housing Committee who are not familiar with the set up of the National Construction Council, that we have twenty regional committees located in the principal cities throughout the Dominion, and it is from those sources that we were able to give you the information we did this morning, thereby giving you a cross section of the housing situation in Canada. We do not have organizations in the rural communities, and that is why we are unable to give you a report on that.

I now introduce James Henry Craig, Bachelor of Science, architect, member of the Royal Architectural Institute of Canada, ex officio member of the National Construction Council of Canada. He is chairman of the Finance committee on housing of the National Construction Council, past president of the Ontario Association of Architects, and member of the Ontario Architects' Registration Board. Mr. Craig was born in Canada and graduated in architecture from the University of Toronto in 1910. He is partner in the firm of Craig and Madill, Architects, from 1912 to the present time, except during the period of war service. He served with the second battalion, Canadian Railways Troops, on the western front as company commander, being proomted to the rank of Major on the field. He has been architect for several minor housing projects,—Windsor Court Apartments (118 suites), Windsor, Ontario; Two Hundred St. Clair Avenue West, Toronto, Four Hundred Avenue Road, Toronto.

JAMES HENRY CRAIG called.

Mr. Chairman and gentlemen, with your permission I am showing some charts to illustrate the points which I should like to cover in the course of this brief. Financial consideration must ultimately play an important part in the adoption of any national housing policy or plan which may be adopted, and this phase of the problem has been studied by special committees of the National Construction Council. In our appendix to the brief, long term finance with regard to housing is discussed, and the relative financial costs involved in housing construction in Ontario, New York state and Great Britain are tabulated. I am putting my documents this way. Mr. Chairman, in your terms of reference I notice the following lines:—

> And also to provide such dwelling houses as may be necessary upon such terms and conditions as may be best adapted to the needs and requirements of the people, having regard to the cost of such a policy and the burden to be imposed upon the Treasury of Canada.

Now, this subject that I am going to deal with takes into consideration particularly that phase of the problem. The finance committee of the council has felt that it is perhaps the most important phase by reason of the fact that it

is absolutely essential that any program adopted should not impose a great burden on the taxpayers of this country at this time. For that reason we have studied the problem not merely in relation to housing alone, but in relation to the economic factors that regulate all our activities.

I was at a meeting of the Lieutenant Governor's committee in Toronto on Friday, and he made a very interesting announcement. He stated in Great Britain the Architects' Association had established a school of national planning, with the object of training graduate architects, engineers and surveyors to take their places in the national life of the country; to train them in the relative positions which one economic activity should have as related to another economic activity. The plan which I am going to present to you is prepared by John W. Bell, an industrial engineer, who has done much work in the United States. He built a $2,500,000 plant in southern India, and he has been a keen student of economics. I collaborated with Mr. Bell in the preparation of this plan, and I may say that architectural work being slack during the last three or four years, I have had lots of time to study economics as a side line in more ways than one, Mr. Chairman.

Mr. HOWARD: As we all have.

The WITNESS: When I present this plan to you, I present it as having been passed by the finance committee of the National Construction Council and passed on to you by that council for your consideration. The plan has merit in itself. It involves the financing of a national construction program, a self-liquidating program over a period of three years, through credits advanced by the Bank of Canada. The plan, as I say, has merit in itself. It may not be one with which Mr. Graham Towers is entirely in accord. I do not presume to talk to learned bankers on economics, and I am sure my colleague Mr. Bell does not propose to do so; but the plan has passed the survey of one general manager of one of the banks, who says that it is entirely practical. It has been before eminent economists, and as I present it to you, I should like to have your questions as we proceed in order that every point may be cleared up in so far as possible as we go along. I feel that Rome was not built in a day, and that perhaps it will take more than one battle to put across this idea, maybe not. In any event, we are going to give it to you for what it is worth. Is it your idea that I should proceed now or delay this, as it is about twelve o'clock.

The CHAIRMAN: We have almost an hour.

The WITNESS: Very good. First of all gentlemen, I am going to show you this chart (exhibiting chart). You will see here some figures which I collected from the Dominion Bureau of Statistics' Monthly Bulletin. I show the current loans extended by the chartered banks in Canada, commencing with October, 1929. First of all, let me say this: this is not a reflection upon the banks. The banks have had to retire the credit which has been retired by reason of the system under which they work, and if we were in the banking business we would have to be calling up our clients just as they have called us up, and ask them to put up a little more collateral or reduce the loan. The fact remains, however, that with every sale of collateral, the market for collateral securities of various types has been reduced.

In October, 1929, the current loans extended by the chartered banks in Canada totalled $1,473,000,000. That was the high point of the apparent good times that we had enjoyed before the depression. In October, 1931, the current loans had been reduced to $1,141,000,000. In October, 1933, they were down to $912,000,000. In July, 1934, they reached a low point of $851,000,000 and in October, 1934, we were able to show that there was a slight increase. At that time they reached a total of $896,000,000. You will find these figures quoted in the brief, gentlemen, if you wish to refer to them.

By Mr. Church:

Q. Why are the figures in black? Are the banks in mourning?—A. They may be.

Q. Why not red?—A. You will notice that the fall in current loans up to this time was over $600,000,000. In other words, the essential medium of exchange in Canada, which is bank credit, was reduced by some $600,000,000. Viewing the picture as it is, I think that tells the story of the depression. The next point I want to make is this: We have in Canada the man power, we have the raw materials, we have the natural resources, we have everything but the necessary means to correlate supply with demand in adequate quantities. I should like to say this, gentlemen: recently a survey of the potentiality of the American industrial machine has been made by a competent committee of engineers and economists functioning in all parts of the United States, and a preliminary report has been prepared by Langdon W. Post, tenement houses commissioner to the national housing authority, and in this report he shows that the American industrial machine is capable of producing a standard of living for the American people—the present existing machine—equal to $4,370 per annum per family, if that machine were utilized.

By Mr. Hanbury:

Q. On present day valuation or 1926 valuation?—A. The report was published only a few months ago, so it must be on present day valuation. In other words, in order to achieve that, it would be necessary to balance production by consumption. The medium of exchange, money,—if you like to put it the way Dr. Marvin, the economist of the Royal Bank, put it when he addressed a meeting in Toronto some three years, ago—in fact, he wrote a bank letter on the subject. He was a most courageous man. He put it this way: I may not have his story exactly, but as I recall it, it is something to this effect. There is the industrial machine. We will liken it to a motor car running on one cylinder because the distributor does not work. Well gentlemen, I think the time has come, when we have 1,250,000 people on relief in Canada, to stop worshipping the distributor, to examine it and repair it. I am not one of those who is in favour of destruction. I believe in making use of what we have to the best possible advantage. But let us not overlook the fact that the distributor is not performing its function. What would happen to an architect, or engineer, Mr. Chairman, if the buildings that they built fell down periodically every seven years, as the whole structure of our economics falls down? As a matter of fact my interest in this thing was stimulated by a lecture given by Dr. Fyfe, principal of Queen's University at a meeting of the Engineering Institute in Toronto some two and a half years ago. He stated that he had been up through the Northern part of Ontario, had been through the mines, had been through the pulp and paper industries, and he was astounded with the efficiency of the work of the engineers. But he was very sad at heart by reason of the fact that many of these industries were either inoperative or only functioning part time. He recommended that people with engineering training give their study and thought to this economic structure, in order that we might do something to contribute to putting it on the same sound basis that engineering functions upon.

The reason that I stress this point is this, that 95 per cent by volume of all money transactions take place through the medium of cheques on bank accounts; and those bank accounts originated almost entirely as somebody's borrowing—95 per cent by volume. My authority for that is the Canada Year Book, Mr. Chairman. I do not think we need an authority. I think any one of us, if we started to figure out the monetary transactions in the course of a year, would find that 95 per cent or perhaps more took place through the

medium of the cheque on the bank account. If that is the case, if 95 per cent of business transactions take place through the medium of credit money, cheques on bank accounts, does that not explain why, when $600,000,000 of bank credit is retired in the community, there is the sore point? There is the failure in our economic system. I will leave that point with you, gentlemen.

I want to say one more thing in that regard. Professor Irving Fisher, Professor Emeritus in Economics at Yale University, was speaking in Toronto in 1932, in the Economics Building. Somebody cornered him and asked him to get down to brass tacks in the matter of the cause of the depression. The old gentleman, with his beard bristling and his eyes sparkling, said, "Eight billion dollars have been destroyed in the United States. The answer to the problem is to put them back again." That is the point I am trying to make here this morning.

I would like to say one other thing, gentlemen. It is now generally known that the banks do not lend their depositors' money. A recognition of this fact is the beginning of wisdom in all these matters. The banks do not lend their depositors' money. I want you to challenge me on that. I have got rafts of stuff to give you. I will quote first of all from the MacMillan report—and may I do that with your permission?

Mr. HOWARD: I was smiling because we know it. We all agree.

The WITNESS: I think so.

The CHAIRMAN: Do not forget that you are talking on housing. Do not get too enthusiastic about your financing.

The WITNESS: Quite so. But without this basis, any housing policy that is adopted will be relatively abortive.

Mr. HANBURY: I suggest we have been here for five years now, and I don't know how many hours or days or weeks that we have listened to similar discussion. I think that is the reason why this committee has been set up.

The WITNESS: Quite so.

Mr. HANBURY: Because we have recognized that there is a condition existing that must be corrected.

The WITNESS: Quite so. I have a note here, Mr. Chairman, from my colleagues which says, "We do not think it is clear to the press and the committee that your scheme is presented for information and illustration of what happens in elimination of unemployment. Will you make that clear?" I hope it is clear. This scheme has been passed, as I said before, by our finance committee, one member of which is here, in addition to myself. Otherwise it is presented for information.

Mr. GRAY: Go ahead in your own way.

The WITNESS: Well, we will follow along. The need for a national housing program is closely allied with the problem of unemployment. Figures quoted by the Canadian Council of Child and Family Welfare on June 30, 1933, showed 1,100,000 persons in Canada to be on relief. The latest figures show the number on relief in Canada to be between one and a quarter million and one and a half million. You know these things better than I do. My figures may not be accurate, but let us take it somewhere in the neighbourhood of one and a quarter million. Despite the general improvement in business it is therefore evident that the numbers on relief continue to grow, and the reason will become evident as we proceed in this discussion. You will see it in figures.

There is a letter of the Royal Bank of Canada which commences with the pungent statement "Over-production of capital goods constitutes the boom; under-production of capital goods constitutes the depression." The problem of recovery and the maintenance of permanent economic stability is then the problem of recovery in the durable goods industry, and thereafter the main-

tenance of economic balance of production and distribution. The bank letter states further, "It is the building industry and the industries manufacturing machinery and equipment which have borne the full brunt of the depression. Where production of goods and clothing have been reduced by ten or fifteen per cent, the reduction in orders for buildings and machinery and other items of this nature has amounted to from eighty to ninety-five per cent."

Under the next heading which is "What One Spends Another Earns"—and I am now following page 2 of my brief—is the following: When one man who normally spends all his earnings is thrown out of employment, his purchasing power is reduced by the amount of the wages which he formerly received; and this reduction of purchasing power automatically reduces the money in circulation which pays another man's wages. In the United Startes, Col. Ayres, of the Cleveland Trust Company, has compiled figures which demonstrate this principle. He stated last June that the unemployed in the durable and building goods industries in the United States totalled 4,700,000; and that there were unemployed in consumable goods 500,000 and in services 3,900,000, or a total of 4,400,000. Therefore, it is fairly obvious that were the 4,700,000 unemployed in the building and durable goods industries re-employed, the spending of their earnings would employ the 4,400,000 in the consumable goods and services industries. This is perhaps an over-simplification of a complex problem, but it clearly illustrates how re-employment in the durable goods industries is essential to general recovery.

At this point I just want to show you a chart. This is a chart prepared by J. J. Gibbons, on Canada's progress towards recovery. I will give you a copy of it. The reason I am showing you this is that I am not so concerned in these other items (indicating), although they all have significance, but this line here (indicating) represents the low of the depression. This line (indicating), this dotted line, represents average prosperity. Construction has advanced since the low of the depression by 17 per cent. We are 17 per cent on the way to recovery. Per capita purchasing power has advanced 17·7 per cent. Mr. Chairman and gentlemen, I submit that this is another confirmation of this item which I have read from the Royal Bank letter, which goes on to say that purchasing power per capita varies almost directly and uniformly with the volume of construction work.

Recovery under a laissez-faire system is dependable upon the return of public confidence.

By Mr. Gray:

Q. What is the meaning of laissez-faire there?—A. The letting of things alone; or monkeying with the wrong thing, if you will.

Hon. Mr. RINFRET: Because of the fact that this word has come somewhat into current use, may I say here that the French meaning of the word is much wider than the English meaning. As I understand it, in English it means merely that the government does not intervene or interfere. In French it means apathy, indifference, slackness; and that is why I think the word is very equivocal in a bi-lingual country.

The WITNESS: Thank you for the information. Continuing, recovery under a laissez-faire system is dependable upon the return of public confidence, the loosening up of credits and the extension of building loans at rates of interest which will encourage the revival in construction. The recovery is dependent upon that. The public demands a minimum return of six per cent on mortgage money, and yet the expectancy of receiving this return is so limited that both borrowers and lenders are scarce.

Now, I would just like to elaborate for a moment on that point. I got this from a rather good article in Saturday Night of March 2: "Mortgage lending will come back if and when depreciation of currency is halted." That is a point to think over. I am not advocating that it be halted, but it is a factor. What is going to be done to revive the construction industry? I realize this, that we are not alone in the matter of currency. We are linked up with other nations.

By Mr. Hanbury:

Q. Excuse me for a moment, just on that point. Have you any views on the relationship between moratoria and the loaning of money?—A. Well, I believe this, that moratoria were absolutely essential, and they are very desirable under conditions of stress for short periods. I have other views, that I am not going to express here, with regard to methods of loaning money on mortgages. I think I monopolized a morning at the Royal Architectural Institute's meeting in Montreal a year ago on that. I won't go into it here. We are dealing with things as they are.

Q. But moratoria are?—A. Yes, they exist. They have a depreciating effect, because they make it difficult for the mortgagee to obtain his money when he is entitled to it under his contract; and yet there is the equity of the man who took the initiative, which must, in a measure, be safeguarded.

Q. Do you not think that moratoria have some relationship to the fact that there has been less building?—A. Undoubtedly it is a very considerable factor.

Q. Do you not think that moratoria will have to be raised before there will be any great amount of building?—A. In some cases it may not be possible to raise them. I would not want to express an opinion on that. My view is this, that building must be stimulated regardless of moratoria, regardless of the restrictions which tend to make mortgage money scarce. That is the point I want to make. The second point comes to your point. There must be security of principal and interest; that is, there must be a reasonable degree of prosperity. We have got to create prosperity before we get out of our ills; and we have got to find a way of doing it which is perhaps a different way to the one we are accustomed to.

Mr. HOWARD: Hear, hear.

The WITNESS: The buying and selling of houses and shops is a factor. There has got to be a demand for property. People have to be able to realize on their investments. The value of buildings depends upon their earning power, but it also depends upon taxation. We have got to lighten the burden of taxation. We have got to get rid of unemployment relief.

Mr. HOWARD: Hear, hear.

The WITNESS: Provision for the calculation of payments when due is another feature, if default means anything; then, expensive legal transactions are necessary in order for the mortgagee to obtain what is coming to him. There are all the other things that interfere with the extension of mortgage loans at this time; and I do not think I am out of place in referring to the borrowings of the governments—doubtless there is some other method of taking care of it, I think the method has been established, but the fact remains that the competition of governments all through Canada—I am not referring to the national government, but to all governments—with the mortgage loan market has put the construction business out of business. These are the things, gentlemen, that are so responsible at this time.

I have dealt with this point, what one man spends another earns. The necessary confidence cannot be restored upon an adequate scale until unemployment is eliminated and wages restored to a normal level. Now, you can't merely raise wages, even if you raise them uniformly all through the economic structure, unless you put back in credit money to pay them and pay a profit. We are trying to run a profit system, and at the same time to destroy the profit system, to take away the money that is needed to pay the little bit of profit that the manufacturer and producer is entitled to. We have got to get back some way.

One other point though, gentlemen; while I have said something about merely raising the wages; in order to buy all the automobiles that can be produced, in order to buy all the shoes that can be produced with our present equipment—all the radios, all the refrigerators, and what have you—the only

way to get that done is to increase the purchasing power of the wage earner, increase his ability to consume. It must be increased, otherwise we are going to follow along on the low level which we have been following. The public must become convinced that industry does not support the wage earner, but that the wage earner is the essential support of industry. Employment does and must precede recovery. What we are trying to do is to follow along through this depression and attain recovery through the old method. This depression is too severe to achieve that end. We have to stimulate employment if we are going to get out of it without Huey Longs or people of that kind coming along to take over our affairs.

The CHAIRMAN: Before you proceed, it seems to be running along pretty well toward half-past twleve and I do not think you could finish by one o'clock, could you?

The WITNESS: I don't think so.

The CHAIRMAN: I think we ought to have an afternoon session. This witness has just about finished with the financial end of his presentation, and I notice that he has some comments to make on the point of actual construction. Would it not be well for us to adjourn now until this afternoon, if we are going to have an afternoon session; or, would you care to proceed.

Mr. HOWARD: We have another half hour.

The CHAIRMAN: If the members are willing we can go on.

The WITNESS: This is a good time to stop, if you have to stop.

The CHAIRMAN: That is why I bring the question up now.

Hon. Mr. ELLIOTT: Could Mr. Craig reasonably expect to finish in the time remaining between now and one o'clock?

The WITNESS: I hardly think so. I am dealing with questions which are largely a matter of simple mathematics, but no doubt there will be certain things which you would like to have explained a little more fully. I would like to have every member of this committee follow me through this thing, because I know—here is a point, whether you agree with the method of financing I am suggesting or not is not so important as that you should see the picture that evolves from providing the necessary housing at this time, that is the important thing.

Mr. HANBURY: Let us go on for another half hour.

The CHAIRMAN: Let us decide this thing now. We have Mr. J. Y. McCarter here representing Vancouver interests.

Mr. STANLEY: I would suggest that we go ahead.

The CHAIRMAN: Mr. McCarter is here to appear before the committee and he is probably the only witness we will be able to get from Vancouver, so I would like to have an afternoon meeting. We will proceed now if you wish.

Mr. GRAY: Let us go on until one o'clock now.

The CHAIRMAN: As you wish.

The WITNESS: Very good, sir. I will show you the next chart. The chart you have just seen, is "cause"; and this one is "effect." The volume of construction contracts awarded in Canada in 1926 amounted to $372,947,900; in 1929 they raised the volume to $576,651,800. In other words, gentlemen, that was our proven capacity for construction output in this country. That is not a theory, we have the man power, we had the equipment, we have all the necessary things and let contracts totalling that amount in 1929. But somehow or other all that disappeared again by 1933 until we got down to $97,369,800.

By Mr. McIntosh:

Q. Taking the average of the most active building period in the history of the country, what would be the average for a period of say ten years?—A. About $300,000,000, I will come to that, sir.

Hon. Mr. RINFRET: Do you not think that in 1929 there was more building done than should have been?

Mr. HOWARD: Sure.

The WITNESS: I agree that for our economic set up there was more building done perhaps than we needed; but let us look at it this way, the figures show what we were able to do by way of construction in 1929. We had the men with which to do it, we also had the natural resources, the equipment and all the rest of it.

Mr. STANLEY: Look at all the stocks we were able to buy too.

The WITNESS: That, of course, was a factor.

By Mr. White (London):

Q. Is there not another feature there, that the 1933 figure represents proportionately a great deal more building than the 1929 figure on account of the variation in prices?—A. Yes, there was a drop of possibly 20 per cent. I go into that here, right the next thing. Last year we were up to $125,800,000. Allowing for a reduction in the cost of construction the figures for 1926 may be assumed to represent $300,000,000; that is, technically 1926 is to be considered a fair year. On the same basis we must expect an increase in construction in 1935 of $175,000,000 over last year's program of $125,000,000 if we are to reach normal times within a year.

Q. Our present costs are above the 1926 costs; but some are lower, are they not?—A. Some are lower than that, yes.

By Mr. Howard:

Q. Labour is very much lower while other things are very little lower?—A. One of our great problems is that very thing of which you speak, labour on relief being employed in cities for building houses, the result of that has been that the legitimate housing industry has been put out of the picture.

Allowing for a reduction in the cost of construction, the figure of 1926 may be assumed to represent a $300,000,000 construction program based on to-day's building costs, and as 1926 is generally conceded to be a normal year, we must expect an increase in 1935 of $175,000,000 over last year's program of $125,000,000, if we are to obtain normalcy in one year. Well, that is out of the picture, we can't do it.

Mr. HOWARD: I would not say that.

The WITNESS: To achieve this, activity must be stimulated, and yet such a program must avoid a conflict with private enterprise which would retard recovery from this source. The national government is the only body large enough to minister to an adequate program on a national scale.

Now, I have something here I would like to read. This is a paragraph from Henry Clay, who is a very outstanding British economist. It is contained in this little book, "The World's Economic Crisis", the "Halley Stewart Lecture 1931", Salter, Stamp, Keynes, Blackett, Clay, Beveridge—six of the leading British economists:—

> In the position the country is in to-day the only authority or person that can start a spending movement big enough to restore appreciably industrial activity is the Government. Such expenditure is criticized on the ground that the Government should practise the most rigid economy. This criticism seems to me to turn on a misconception of the nature of

economy. It is obviously economy to meet your current expenditure on current objects out of your current income; it would be unsound for the British Government to go on meeting the cost of unemployment relief, for example, by borrowing, because that is a current need exhausted in the course of the current financial year. But if the object of expenditure is some capital purpose, or a housing scheme, an object which will last years, and will give its return over many years, then it is not uneconomical, it is merely ordinary financial common sense, to finance the expenditure by a loan. Arrangements should be made to ensure that the loan is repaid by means of a sinking fund within the life of the object on which the expenditure is incurred; but to object to borrowing for such a purpose is merely to ignore the distinction between capital and income account.

Lacking effective demand (that is, ready money and a desire to invest in construction), a very real demand exists in the obsolescence of dwellings which are occupied by low paid workers. This demand exists not only in the slums of great cities but in towns and villages and on the farms, and the provision of adequate housing for this class of worker provides an uncompetitive field for the absorption of the unemployed construction workers on a national scale and in localities in which they at present reside.

A brief survey of Toronto's slum areas should convince an unprejudiced observer that private enterprise had done nothing in more than fifty years to improve dwelling conditions for the minimum wage earner. The replacement of slum dwellings and minimum cost houses throughout the country should then, provide the ideal uncompetitive field.

Mr. HOWARD: Hear, hear.

The WITNESS: I think, gentlemen, you have had enough evidence to satisfy you that this is an uncompetitive field.

On page 56 of the report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto, it is demonstrated that the minimum wage earner cannot afford to pay more than $10 to $12 per month, even in good times. Annual operating costs from the Governor's report is given below, with a third column added, showing annual operating costs in interest at the rate of 2½ per cent per annum.

ESTIMATED ANNUAL COSTS OF OPERATION OF $2,700 HOUSE IN TORONTO

Taxes (land and building)..	$ 55 00		$ 55 00		$ 55 00
Management..	15 00		15 00		15 00
Insurance..	4 00		4 00		4 00
Maintenance..	40 00		40 00		40 00
Amortization in 50 years.. ..	16 95		16 95		16 95
Interest on $2,700 @ 6%.. ..	162 00	@ 4%	108 00	@ 2½%	67 50
Total..	$292 95		$238 95		$198 45

The CHAIRMAN: How could you ever rent that building for $12 a month if you got no return. You could just barely rent it.

Mr. HOWARD: That chart shows really that you can't afford to go over $2,000 on this type of building.—A. The $2,700 type is taken by this chart for purposes of comparison.

By Mr. Hanbury:

Q. Does that $2,700 include the property?—A. It includes the land.

By the Chairman:

Q. Is not that $2,700 house about the minimum which they thought suitable for construction in Toronto?—A. That is what they consider a minimum for a house, working it out on the basis of the figures in the Governor's report. You will see later on that the scheme which we propose would bring the rent of an apartment down to $12.55 per month for a three roomed suite.

By Hon. Mr. Morand:

Q. You make no allowance for vacancies?—A. No. The point is this. These houses would be available at relatively lower rents than any of the competitors from outside, so as long as there are people there would be no vacancies. There is no need for considering vacancies in this picture.

By Hon. Mr. Rinfret:

Q. What will be the effect if it brings down the rents on privately owned property?—A. There should not be enough of it.

Mr. HOWARD: Overcome that by reducing the interest rate on privately owned properties.

By Mr. White:

Q. How is the taxation arrived at?—A. Thirty-three mills in the city of Toronto, 50 per cent exemption on the value of the building, because anything under $2,000 in the city of Toronto is exempt 50 per cent. And then it steps up. The percentage varies with the increase.

Q. $2,700 is the house and property?—A. House and lot.

By Mr. Stanley:

Q. That means that if the lowest wage earner is getting a house he can afford to pay $12 a month. Then the loaning authority will have to provide the money at 2½ per cent in the first place and provide a subsidy of, say, $6 a month?—A. On this basis. This is not exactly the basis I am recommending, as you will see as we go forward. I am showing the comparative figures with those published in the Lieutenant-Governor's report, and showing the effect of reducing the interest rate in bringing down the rent.

By Hon. Mr. Elliott:

Q. What proportion of the $2,700 would the cost of the house be?—A. A little over $2,000. That would be land at $30 a foot.

Q. How far out of Toronto would that be?—A. That would be property right down in some of the poorer sections more or less centrally located. Basing the property on a little appreciation on the assessed value, or attempting to assess the property in Toronto at actual value—the buildings are about 66 per cent assessed normally. The low ones, below $2,000, are exempt by 50 per cent.

By Hon. Mr. Morand:

Q. Have you figured the deflationary effect upon all the property now constructed?—A. As a matter of fact, this would have, to my thinking, an inflationary effect. The great fault with our whole slum condition is that it develops slum rot which always extends to adjacent properties. All the authorities should agree on that. That is not my opinion. You will find that in the Lord Amulree report to the British government—a recent report over there; and it was dealt with very extensively by Mr. Kahn and some other authority at a recent meeting of the Canadian Construction Association at Montreal.

Q. You are taking the low wage as a permanent basis?—A. Yes.

Q. Instead of attempting to raise your wages you are attempting to bring down your construction to your wages?—A. No. We are really dealing with existing conditions.

Q. And taking them as normal?—A. No. Well—no. As a matter of fact these figures quoted from the Lieutenant Governor's report refer to normal times. A lot of these people now are on relief, and they cannot pay.

By Mr. Hanbury:

Q. Is there not also the assumption that if there is an increase in wages there will also be an increase in the cost of construction, so that your ratio of one-fifth of a man's earnings would still carry?—A. Yes.

Hon. Mr. MORAND: I do not think that carries. If that had been true your total cost of construction would have gone down in proportion to your wages, and it has not.

The WITNESS: Of course, I think a properly organized national authority would consider very carefully construction costs on work of this kind. They would have comparative figures from different sources and they might be in a position even to ask certain individuals to reduce, if necessary, the cost of certain commodities where there seems to be an over-charge.

Mr. HANBURY: If there is an over-charge under normal conditions I do not see why we should ask people to reduce beyond fair prices.

The WITNESS: No. We are trying to get back to normal conditions.

Hon. Mr. MORAND: By what percentage have wages gone down?

The WITNESS: Wages to-day are the most difficult thing—

Hon. Mr. MORAND: Have they gone down 50 per cent?

Mr. HOWARD: More.

The WITNESS: A man on relief, if he be so constituted, will take as low as 20 cents an hour for his time, and we know that wages of that type have been paid.

By Hon. Mr. Morand:

Q. Say 50 per cent. By what percentage has your material gone down?—A. Oh, less than 20 per cent.

By Mr. White:

Q. Mr. Reilly made the statement the other day that material prices are 57 per cent of what they were in 1920?—A. 57 per cent?

Q. Are now at 57 per cent of what they were in 1920?—A. I have not seen those figures.

Q. And he also made the statement that wages are 86 per cent of what they were in 1926?—A. Well, you see, Mr. Reilly was speaking with regard to agreements between employers and labour when he quoted wages on that scale. That is probably accurate, but I want to point out—

Q. This had to do with unions?—A. Quite. I want to point out the disrupting fact in connection with relief labour at the present time—men who are taking relief and at the same time working and avoiding—you see what I mean. I know these things exist. I think we all know they exist. Now, to start with the housing plan itself. Private investors, gentlemen, are not interested in a return of 2½ per cent. I do not think any of you gentlemen are interested in that return on your money. Consequently this source of funds is cut off. You can forget about it. However, there is a source from which the necessary funds can be raised without the burden of additional taxation or the imposition of excessive interest charges. The Dominion government may divert a portion of the funds at present raised for relief purposes into a national housing program, and finance the balance of the cost by government lending at a rate not exceeding 2½ per cent. This is the only source which can provide the necessary funds to finance the self-liquidating program on a national scale. I mean by that the government has to take some initiative if the funds are to be forthcoming for the financing of this scheme on what may be termed a relatively self-liquidating basis in any national housing scheme.

By Hon. Mr. Elliott:

Q. Could you give us any idea as to what the government would lose by advancing the money at 2½ per cent?—A. It will not lose anything. You will see it is going to make a lot of money. It is going to make about $380,000 on every million dollars loaned.

By Hon. Mr. Rinfret:

Q. That excess would not be returned to the government. If the government loaned the money at 2½ per cent that is final as far as the government is concerned?—A. No. If you follow you will see.

Q. I was following the interrupter.

By Mr. Stanley:

Mr. Craig sets it down as fundamental that the taxpayer has to house these people; if he houses them in the slums it is expensive work; if he houses them in other places it is less costly?—A. Yes.

By Hon. Mr. Elliott:

Q. Have you considered what naturally the government should be able to obtain that money for?—A. Yes, sir. I am coming to that right now. In this scheme you will notice in the next paragraph that it says: "Loaned to municipalities." Since this paragraph was written we have had several meetings of our committees in the National Construction Council, and we came to the conclusion that everything should be organized, as Mr. Somerville pointed out, through the National Housing authority. The funds should then be loaned to municipalities for slum clearance and municipal housing projects. Loans to private individuals would be made directly by the regional representatives of the National Housing authority. This contemplates not merely loans for the purpose of slum clearance and rehousing, but it also contemplates the provision of low interest bearing money to others in the low income group who have homes of their own, and who would like to either rehabilitate their homes or, where the homes are obsolete, replace them. And we go on to say: Whereas the Dominion government can exert no direct control over housing in the provinces, it should determine that loans which it extends for housing purposes are to be economically and efficiently expended, if a lot of useless monuments to the depression are to be avoided.

By Hon. Mr. Rinfret:

Q. I see in the draft report you have cancelled several lines which proposed to act through the provinces. Your final view is that the federal government should act directly with the municipalities?—A. We more or less came to that view by reason of the fact that it would eliminate a secondary control and that the control would be direct through the national authority with the local authority which, I think, probably would mean that there would be better administration.

Mr. STANLEY: We had better pass those lines on to the B.N.A. Act committee.

The WITNESS: It might be necessary. The point in that is the one that Mr. Somerville raised that if the government is going to provide these funds for a specific purpose—a purpose which at least some feel is one that has to do with labour and industry—they should have some say in how these funds would be expended: Whereas the Dominion government can exert no direct control over housing in the provinces it should determine that loans which it extends for housing purposes are to be economically and efficiently expended, if a lot of useless monuments to the depression are to be avoided. To accomplish this, a Dominion housing commission should be established which should employ

technicians competent to pass on all municipal projects for which loans are to be made. Funds should be available for two types of enterprise: (1) slum clearance and rehousing; (2) loans to private owners of low cost dwellings which are now obsolete and which should be replaced.

From available figures we are of the opinion that 7 per cent of all urban and rural housing in Canada, or approximately 130,000 dwellings are obsolete. It is estimated that of this number 40,000 are in the slums of the cities and large towns. The 90,000 remaining houses include among the occupants many owners, and of this group a large number are restrained from rebuilding because of prevailing interest rates and amortization charges.

By Mr. Church:

Q. And taxes?—A. And taxes.

Q. I should say so.—A. The cost of living of such an owner would now be increased by $25 per month on a house costing $3,000. Under the plan which is proposed, the increased living costs would be but $13 per month, which in many cases can be borne and should provide the necessary stimulant to housing construction in this group. In presenting this plan, we are not insensible to the fact that there would be very great difficulties, perhaps, in getting this money out. I heard about one housing plan that proposed to get $400,000,000 in one year. Well, anybody who is in the practical world of affairs knows that just cannot be done. But we think that if it were found that there was some responsibility like town planning and other program requisites, the plan could be augmented to some extent by the government's policy of building public buildings, and so on.

This plan proposes that the amortization period be not fifty years as down here, but only forty years. Now, if it were worked out on a fifty-year basis, we could reduce the rents further. This is only an outline, a suggestion; it is not a perfect plan, but it is the basis on which a perfect plan could be evolved.

To Municipal Housing Commissions, loans would be extended for a period of forty years at a rate of two per cent—you see we are talking about two per cent, not two and a half—with an amortization of two and a half. You see, interest at the rate of two and a half per cent, over a forty-year period of amortization, means a little over $1\frac{1}{4}$ per cent per annum paid out over the forty years, so that the total amount paid would be $5\frac{1}{2}$ per cent, not 7 per cent per annum.

To finance the program, the Dominion government, over a three-year period, would sell to the Bank of Canada its securities amounting to $400,000,000. The amount required for slum clearance, 30 per cent of the total, or $120,000,000 should be obtained at the rate of two per cent—I think we turn a page here, or very soon—and the remaining $280,000,000 at the rate of $2\frac{1}{2}$ per cent. The Bank of Canada would receive no interest. Now we have shown, gentlemen, already one of the reasons for this preliminary discussion with regard to the banks creating deposits and that sort of thing, just to prepare our minds for the fact that it is a book-keeping entry in the books of the Bank of Canada. And all that the Bank of Canada requires to be paid in order to transact that deal is enough to pay for its overhead and its cost of operation. That is all that is necessary. If there are any profits after the shareholders are paid their $4\frac{1}{2}$ per cent, they must go back to the government.

Mr. HOWARD: And the wear and tear on the gold.

The WITNESS: Don't forget that.

Mr. STANLEY: And the printing.

Hon. Mr. RINFRET: That meets the point I raised a moment ago.

The WITNESS: That meets your point.

By Hon. Mr. Morand:

Q. What effect would that have on your currency, $400,000,000 put out at 4½ per cent?—A. On the currency of Canada?

Q. Yes?—A. In foreign markets?

Q. Yes?—A. It should have no effect. If that money is going to be spent in Canada, it would have no effect. It won't affect the Canadian dollar; it is not money, it is credit. There is a distinction between money and credit. Money is something that has been saved up from past enterprise, the balance that has been saved. Credit is a book-keeping entry on the part of some authority to permit future activity, which is self-liquidating and will pay for itself.

Mr. HANBURY: Hear, hear.

Hon. Mr. MORAND: This is the first time I ever heard the distinction made.

The WITNESS: Well, there is a distinction, and so far as that distinction is concerned, gentlemen, it is not original. I read it from an article in the monthly letter, National State Bank, New York.

Hon. Mr. RINFRET: That is very interesting.

Mr. CHURCH: We better recommend you for an O.B.E..

Mr. HANBURY: That was said by Jackson Dodds in his speech some time ago.

The WITNESS: Yes. I am trying to keep on safe ground. There is plenty of safe ground in this case, lots of it.

By Hon. Mr. Rinfret:

Q. That is very interesting, but when credit becomes due, you must have the money to meet it—A. Yes, it must be self-liquidating, and this whole brief is on the assumption that it would be reasonably self-liquidating.

By Mr. Stanley:

Q. You must have new currency then?—A. No new currency in this scheme. It may be advisable to use new currency in preference to this, but it is not for me to say that; it is a matter of national policy.

Q. If we can do it for $400,000,000, why not $4,000,000,000?

Mr. CHURCH: The banks are privately owned.

The WITNESS: Are you going to be able to liquidate $4,000,000,000?

Mr. STANLEY: I don't know.

The WITNESS: That is the point. I will tell you a little story about a gentleman who was a Russian banker previous to the revolution. When the revolution occurred he was head over a bank in a large district in Russia, and the revolutionists got hold of him and told him he had to create money for them. He had to create something. They needed money of some description. He had to do it. There was no answer to it or he would meet the fate that other people met in Russia at that time. There was quite a group of them, and he said, come in and set down what you consider yourselves to be worth in rubles and each one of them set down what he considered himself to be worth. He said, "Now, I am going to loan you credit to the extent of your personal estimate of your own wealth, but you have to pay it back."

By Mr. Stanley:

Q. Why do you pick $400,000,000? That is an arbitrary sum. How do you know we can liquidate $400,000,000 and cannot liquidate $800,000,000, or why do you not start with $100,000,000?—A. Because we figured that seven per cent of the houses were obsolete in that low area, and it would cost approximately $400,000,000 to build that seven per cent of the houses, taking care of the seven per cent new houses and rehabilitation.

Q. Your argument is dependent upon the ability to liquidate the amount that is put into it?—A. Quite.

Q. Are you sure you will liquidate $400,000,000? That is my point.—A. I think the answer to that is simply this, that it will depend on your national survey or your central housing authority to corroborate this estimate. We are giving something. We are using that estimate as a basis. I will tell you how we arrived at it, so that you will know that we just did not take a shot in the dark and say, "We need $400,000,000." We arrived at it in this way: There was a survey made of some thirty different cities, as I recall it, in the United States, to check up on obsolescence in low cost houses and that sort of thing; and they found that seven per cent was about the average. Then I took the Lieutenant-Governor's report in Toronto, which showed that 4,000 houses must be replaced, and said nothing at all about rehabilitation. Well, if we estimate that there would be as much rehabilitation as there is new housing required, that would be 8,000 houses in Toronto where we have about 109,000 houses; in other words, over seven per cent. We estimate that probably would hold good for the whole of the country, more or less, on that basis.

Q. Have you taken into consideration any calculation of the portion of these which will not be liquidated? There will certainly be some of them fall down?—A. Yes.

Q. Who is going to provide for them?—A. When you see the answer—a saving of $380,000,000 of the present relief costs—when we come to it, you will say, "Let us take care of the deficits through that fund, if necessary."

Q. It will not be charged back on the general taxpayer?—A. No, it should not be; because it is going to save the general taxpayer a lot of money if it is adopted.

By Hon. Mr. Morand:

Q. Your maximum will find its own level by the demand for it that may come?—A. Quite true. This is an outline, and I am glad to have all these questions, because they give us the chance to tell you how we arrive at it.

The CHAIRMAN: Gentlemen, it is one o'clock.

Mr. HANBURY: At what time shall we meet?

The CHAIRMAN: Some one spoke about what was going on in the House just after lunch. What time do you think we had better come back?

Hon. Mr. RINFRET: I am only expressing my own view. I was going to say four o'clock.

Mr. HANBURY: Yes, four o'clock.

Hon. Mr. RINFRET: That will give us a chance to speak on the orders of the day.

The CHAIRMAN: All right. We will adjourn now until four o'clock.

The committee adjourned at 1.00 p.m., to meet again at 4.00 p.m.

AFTERNOON SITTING

The committee resumed at 4.30 o'clock p.m.

The CHAIRMAN: Gentlemen, come to order. We will ask Mr. Craig to proceed.

JAMES HENRY CRAIG, recalled.

The CHAIRMAN: Proceed, Mr. Craig.

The WITNESS: Mr. Chairman and gentlemen, to resume from where we left off this morning—

By Mr. McIntosh:

Q. I am not clear where you get this $400,000,000?—A. I will clear up that point. First of all I would like to make this clear that in suggesting a program of this magnitude the suggestion comes from the finance committee of the National Construction Council, not from the general body. It is sent on to you by the general body I think with the idea of illustrating the effect that a program of this magnitude would have on eliminating unemployment. I think that was the primary purpose. Am I right in that?

Mr. WEST: Correct.

By Mr. McIntosh:

Q. You are thoroughly satisfied in your mind that a program of public works would eliminate the problem of unemployment temporarily and not permanently?—A. I will distinguish between public works and self-liquidating public works or between public works and self-liquidating housing. If the project is not self-liquidating it has to be paid for in some way sooner or later by the taxpayer or out of savings. It may pay for itself in increased revenue to the country, but there is a distinction in this plan that emphasizes the importance of a self-liquidating program of housing, for instance. To show where the $400,000,000 would come from. In the first place, I just want to read briefly from the preamble of chapter 43, "An Act to incorporate the Bank of Canada":—

> Whereas it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the Dominion."

I feel that this recommendation is one which comes well within the requirements of the purpose for which the Bank of Canada was set up in that regard. Now, then, how is the Bank of Canada going to issue $400,000,000 of credit? I think that is your question, sir.

Q. No. My question was as to how you arrived at that figure.—A. Now, that is quite different. I arrive at that figure when that figure was given that 7 per cent of the houses in the low group throughout Canada were either obsolete or required replacement, and the estimated cost of replacing those houses together with the needed money for buying the slum land and slum clearance would come somewhere in the neighbourhood of $400,000,000 which includes only 30 per cent for slum clearance and 70 per cent by private persons for the replacement of their properties which are obsolete. That clears up that point.

Now, how can the Bank of Canada lend that amount of money? I will read from section 21 of the Bank of Canada Act:—

> To buy and sell securities issued or guaranteed by the Dominion of Canada or any province, having a maturity exceeding two years from the date of acquisition by the bank but the bank shall at no time hold such securities . . . of a par value in excess of three times the amount of the paid-up capital of the bank.

It must be long term money; it must be more than five year money. It is provided at 3 per cent under section 25 of the Act.

Now, the proposal we are offering is one that may be carried out under the terms of the Act as it is at present drafted provided the directors of the Bank voted to increase the capital stock we will say to $200,000,000. They could increase it to less than that, but we will say for the purpose of easy figures to $200,000,000; and instead of lending three times that amount, $600,000,000 we suggest that they lend $400,000,000, or that they buy government securities to the extent of $400,000,000. Am I correct in that, Mr. Chairman?

By Mr. Hanbury:

Q. Do you mean that $400,000,000 is going to be put out in a short period?—A. Over three years. This plan contemplates the putting up of $300,000,000 over a period of three years. Gentlemen, let me point out to you that $600,000,000 of credit has been retired in a period of five years. Why should not $400,000,000 be put back in a period of three years if we are going to make the machine work?

By Mr. White:

Q. Did I understand you to say in the earlier part of your remarks that Mr. Towers was not in agreement with you on this?—A. No, not at all. This has not been brought to the attention of Mr. Towers.

Q. There was some reference to Mr. Towers in your opening remarks?—A. They were to the effect that Mr. Towers may have a better method than this of financing a government program of housing.

Q. It led me to believe that he did not agree with this idea?—A. No.

By Hon. Mr. Rinfret:

Q. He has not pronounced on this question?—A. No, not at all. I do not think it has been brought to his attention.

Mr. WEST: I still think that perhaps some of the members of the committee are not clear on what you mean. It seems to me that they think you are advocating a campaign of $400,000,000 to be spent by the council.

The WITNESS: I will make that clear, that the National Construction Council is not, as a council, advocating the expenditure of $400,000,000 on housing. They have set no amount, but they were sufficiently intrigued with the results of such a plan to endorse its presentation to this committee as information. Do I make that clear? The finance committee of the Council was the only body that thoroughly endorsed the plan. I want to make that clear.

By the Chairman:

Q. What is the present stock of the Bank of Canada?—A. The present stock is only $5,000,000.

Q. You have increased it by $200,000,000?—A. Increased it by $200,000,000 under this proposal. It can lend three times the amount of their capital stock.

By Mr. McIntosh:

Q. Did you say by $200,000,000 or to $200,000,000?—A. That is the point that has got to be cleared—increased it by $200,000,000. By so doing, under section 21 of the Act, subsection D, the bank could buy government securities or securities guaranteed by the Dominion government not exceeding $600,000,000. We are proposing that only $400,000,000 be used. Let the bank have the other $200,000,000 to carry on with other necessary financing of other business. The point is that there is a reserve there. We are not asking that the total amount of $200,000,000 new stock be used as a backing entirely and exclusively for credit in establishing a housing problem.

Now, then, the bank pays to its shareholders 4½ per cent. Interest at 4½ per cent on $200,000,000 capital stock would be $9,000,000 per annum. That is what they have to pay the stockholders. If the money were loaned to the Dominion government, or the credit perhaps I should say on this basis, 2 per cent on $120,000,000, the annual payment would be $2,400,000 in interest and 2½ per cent on $280,000,000 the annual payment would be $7,000,000 or a total payment of interest annually of $9,400,000 would be required by the government to the Bank of Canada. But as the Bank of Canada has increased its capital stock only by half the amount borrowed—by $200,000,000—it pays to its shareholders 4½ per cent on that amount, or $9,000,000, leaving $400,000 annually to pay the overhead and carrying charges of the bank; to pay for the operation in other words. Now, is there any question on that?

By Mr. Gray:

Q. Does that mean you expect a return from the slum clearance of 2 per cent or does it mean the government absorbs the 2 per cent to the Bank of Canada?—A. Under this plan we would charge only 2 per cent for money to be used for slum clearance.

Q. The government of Canada would absorb that because you do not expect any return?—A. Yes, we expect that to be paid.

Q. By whom?—A. By the tenants of the buildings.

By Mr. Hanbury:

Q. In the form of rental?—A. Yes. Is it quite clear where this credit comes from? It was because of this problem that I dealt at length with the problem of bookkeeping money this morning. This is quite within the terms of the Bank Act —to increase the credit of the country to this extent, providing it can sell $200,000,000 additional securities to the country; but I would point out, Mr. Chairman, at this time when good securities are securities that 4½ per cent money is very attractive to a lot of people, and there is a tremendous lot of money in the savings banks waiting for investment. The first issue of stock was very greatly over-subscribed. If that point is clear I think I can proceed. For the benefit of the member who has just come in (Mr. Bourgeois) I would say that the proposal is to increase the capital stock of the Bank of Canada by $200,000,000 which would pay interest at the rate of 4½ per cent per annum—a total of $9,000,000. In other words, $9,000,000 would be paid to the shareholders of the bank, and the government would borrow twice that amount from the bank by the sale of securities, paying 2 per cent on $120,000,000, or $2,400,000, and 2½ per cent on $280,000,000 or $7,000,000. The total interest paid on these securities would be $9,400,000, and the total that the bank would pay out to its shareholders would be $9,000,000 leaving $400,000 to take care of the transaction by the bank. That point is important, gentlemen, because it is the crux of this matter.

As I pointed out earlier all profits of the Bank of Canada over and above the interest paid to the shareholders returns to the government in any event so that the $400,000 should be ample to cover the actual cost to the bank.

Now, we come to perhaps the most interesting part of this whole discussion. We show by this chart the benefits to be obtained by the government lending $1,000,000 for housing on the basis herein suggested. We have taken it on the basis of $1,000,000 because it is easier to take in these terms than the large amounts, and then giving a recapitulation showing what it would be if the entire program were carried out over a period of years. This column is the cost of land and administration, this is the cost of new dealings—30 per cent for slum clearance, or $300,000; an item of $120,000 would be needed out of that to pay for the land and slum clearance and $180,000 would go into new buildings. In the case of private borrowers, of 70 per cent of this total of $1,000,000 or $700,000, 35 per cent would go into administration.

Q. That is 3½ per cent?—A. 3½ per cent, yes—5 per cent would go into administration because they already own the land, and the balance of $665,000 would be spent on new buildings or on rehabilitation. Now, the total to be expended on new dwellings would be $845,000. That is the figure we are concerned with, because that is the money spent on new dwellings or on rehabilitation that will go into labour, and the purpose of this is to show what will happen to unemployment if it is adopted. Now, it is almost established without question that 80 per cent of all construction costs are either directly or indirectly labour costs. That goes a lot further back than the men working immediately on the job; it means transportation, the preparing of materials in the shops, and right back to the forests and the mines—but 80 per cent has been established as a reasonable basis as the percentage of labour involved in any construction program. Now, then, 80 per cent of this amount to be spent on housing would provide a payroll of $676,000 for every million dollars loaned. For the purpose of this plan we have assumed an average wage of 60 cents per hour. Sixty cents per hour with a five-day week and 36 weeks per year—not the whole year. If men employed on this were employed only for 36 weeks in the year 782 men would each receive $864 per year. Now, that is simple mathematics. I think it is clear. Is there any question so far?

By Mr. White:

Q. I think your rate per hour is too high?—A. Well, we considered that rate per hour from various angles. We had it at one time at 50 cents and then we changed it to 60 cents. There are many shades of opinion that would have to be satisfied in the average rate per hour—organized labour on the one hand and there are other factors on the other hand—so we set it at 60 cents and it worked out relatively at 50 cents or 70 cents. The point is that the basis of this scheme is 60 cents per hour. That many men, 782, employed at $864 per year will total $676,000.

By the Chairman:

Q. For each million you employ 782 men?—A. That is the start of it.

By Mr. Hanbury:

Q. Based on your estimate of $864 per year, that would allow a man to pay about $170 approximately per year for rent?—A. Yes, that is true. That is a factor it is well to have in mind. That is a very good point. It is a point I had not thought of, and it is well taken. Now, I am going to show you that the velocity of money turnover is the essential factor, and this, I submit, is the factor that was not given due consideration when unemployment relief was adopted in preference to construction.

Q. I think it is much more important than your foundation?—A. It is more important than anything else; and the other factors are the things that result in the slowing up in turnover of money. The average relief costs, Dominion, provincial and municipal, for heads of families, from the figures we have been able to obtain, are $260 per annum. Now, that does not include various other contributions from charitable organizations and other sources.

Q. I think that figure is very much too low.—A. Possibly it is.

Q. Very much too low. As a matter of fact, we had information in the House last week showing that the cost of maintaining a single unemployed man was $1.30 per day, including Sundays.—A. Yes.

Q. In addition to certain administration costs?—A. Yes.

Q. Now, if that is the cost of a single unemployed person, surely the cost of a family would be much greater than $260.—A. You will see later, gentlemen, there are other factors that we add to this in order to get to our final computation; but this was the figure that we were able to get locally in Toronto. You people are in a much better position than we are to get accurate figures.

By Hon. Mr. Rinfret:

Q. Do you mean that was a single contribution or the contribution of the Dominion, provinces and municipalities together?—A. That was the information we got at the time.

Q. I am afraid that it is so much lower than what it should be, that it will throw out the whole value of your figures.—A. There are other factors.

The CHAIRMAN: I think Mr. Cauchon's figure was $690, was it no?

Mr. CAUCHON: Mr. Chairman, I have some revised figures here, if I may interject just for a moment. There is difficulty in getting some of the figures, but I have here a revised list of the cost per annum of the maintenance of a family of five on relief in Ottawa, replacing what I gave last day.

	Per year
Rent, $13 per month	$156 00
Food, 5·41 per week	281 32
Fuel, $1.75 per week for heating season, say 22 weeks	38 50
Light, 25 cents per week	13 00
Clothes, $4 per month	48 00
Medical services, 11 cents per month, per person family of five	6 60
Hospitalization	84 50
Total	$627 92

The cost of hospitalization, exclusive of the Civil Hospital, and the Royal Ottawa Sanatorium, is $169,000 per annum. You see, indigent persons or people on relief go to the hospital and no bill is rendered for them, but at the end of the year, the deficit is charged back to the city, so the only way we can figure out the amount is as I will show you. Relief patients, at the Civic Hospital and at the Royal Ottawa Sanatorium, number approximately the same as at all other institutions combined. Hence to arrive at an approximate total cost, the amount of $169,000 must be doubled, and for an average of 20,000 persons on relief, the average cost per person is 2 $\times$ 169,000 divided by 20,000, which equals $16.90; the cost per family of five is therefore $16.90 $\times$ 5, which is $84.50. The actual cost per year for relief chargeable to the city is $599,266, one third of the total cost, or $1,797,798. For an average of 20,000 persons on relief, this gives a total cost per person of $89.88, or for a family of five, $449,40. It is pretty hard to get it exactly for the reasons I gave you.

The WITNESS: I want to go a little further into the conditions under which relief is expended, Mr. Chairman, in different parts of the country. For instance, in Ottawa apparently you pay every month's rent. In the city of Toronto they pay alternate month's rent. At one time alternate month's rent were being paid by charitable institutions, so those figures would vary in different parts of the country. Not only that, but we have taken a family of four, rather than a family of five, which makes another difference. What I have here a little further along, is to show that the average cost of $8 per week is necessary to pay for the food, light, heat and shelter of a family who is receiving clothes from different governmental and charitable sources. In some municipalities a lot of those things come from charitable sources.

Mr. CAUCHON: A lot of charitable sources are added to what I have given here.

The WITNESS: Basing it solely on what the city of Toronto was paying out at that time, together with the provincial and Dominion grants—these other things, I grant you, were included, but they came from other sources—for the purpose of this investigation, a saving of $260 per annum would mean, by removing 782 heads of families from relief, $203,320 per annum. These men would spend

all their earnings, and the total spent would exceed relief by $472,680. This $675,000 is divided up in this way: this was the amount that was being spent by the governments, and the other is the additional amount that they would expend if they were on this program.

By Mr. Hanbury:

Q. My point there is this: I do not think that your expenditure is going to exceed the cost of maintaining the unemployed to anything like the figure you have set up there?—A. Well, we recognize the other factor; we increased the amount to $8 per week per family a little later on, and we took the economics of that. The reason that amount is there is that that is the figure we got from the welfare department in Toronto at the time we were making up this brief. They may not have given us the accurate information but it was the best we could get, and the principal involved will work whether it is $269 or $306 or $460. It is a matter of degree and the time that would be taken to eliminate unemployment. Your Bureau of Statistics here will be able to furnish you with much more accurate information.

Mr. SULLIVAN: Mr. Gray said that would be only the city's portion, not the province's, nor the Dominion's.

Hon. Mr. RINFRET: I put that question. It involved everything?

The WITNESS: It involved those three departments, according to the information we have been given.

Mr. GRAY: Quite so. It is a matter of degree, as you say.

The WITNESS: Here is the point: it is this velocity of turnover that makes the depression, along with the initial cause. The velocity of turnover in 1929 was 17 times. Now, as we know, a lot of that was due to speculation in the stock market. It was money that did not get into industry. Perhaps some of it did, because a man that made some money built a new house, or bought a new motor car. He used it in some such way. By 1932 the velocity of turnover was only 9 times. It had slowed down to that pitch. We have not exactly the amount of velocity turnover to-day, but we have assumed it is six times, which is very conservative, as compared with nine times in 1932.

By Mr. Sullivan:

Q. This is all speculation?—A. No, it is not speculation. Those are actual figures that can be obtained; but we have not got right up to the minute figures. Six times, I imagine, is correct. We will assume but 70 per cent of this $472,680 turned over but six times. Seventy per cent is assumed to be the portion of any sale that would be used in replacement of the goods sold, the 30 per cent that we have left out of the picture being the portion that goes all along the line. It would represent taxes, interest, profits dividends, etc. And these costs are only paid annually or semi annually and therefore do not immediately go back into purchasing power and into turnover. Do I make that point clear, gentlemen? Well then, when we have assumed only 70 per cent of this amount turns over six times, we arrive at the figure of $1,280,000 new purchasing power created. Of this we assume only 35 per cent will create new labour. The reason for that is the point that we added in there, the other costs that were normally taken care of by charitable organizations, to bring up the costs of maintaining a family on relief to $8 per week. That is why we assumed only 35 per cent of this amount will create new labour, and if it does create new labour, we get labour for 518 men at $864 per annum. The total number thus re-employed is 518 plus 1,300 men, and the savings in relief, if the heads of families are employed, is that amount, $338,000. Now then, gentlemen, we have assumed that the savings are only on the basis of the cost. If the cost is greater, the savings are greater, so what difference does it make whether our

figures are actually accurate, or whether they are subject to some correction? The savings of 6 per cent on sales tax on 50 per cent of the purchases, would be $40,000 per annum. In other words, we have assumed that half of the goods bought by these men who have new purchasing power, would pay a sales tax; half of the goods that go into the construction of a house would pay sales tax, so there is another item of $40,000. Your total savings on relief costs per million loan would be $378,000.

By Mr. Church:

Q. You ought to add something else to that. Your chart does not show the annual losses of the men on relief. You have to add to that chart the annual wages which these men lost by being on relief.—A. You are perfectly right. We are not dealing with that factor. That is a factor that should be considered.

Q. Economic wastage.—A. That factor is so nebulous and yet so real—but it is one that, as you say, to give a complete picture, ought to be added as well.

By Mr. White:

Q. Should you not call that "stock market profits"?—A. No, sir. You have seen how it has worked out. I think you all follow it. Is there any doubt as to the figures? After all, it is just simple mathematics.

By Mr. Hanbury:

Q. I do not think you have made the picture nearly as attractive as it could be made. That is my whole criticism.—A. I have no doubt you are right, and I trust that—

Mr. SULLIVAN: Very conservative.

The WITNESS: We have been very conservative in the presentation of this brief.

By Mr. White:

Q. What about that sales tax, Mr. Craig?—A. The sales tax is fairly obvious. Fifty per cent of these goods pay sales tax.

Q. People on relief now are the cause of certain sales tax being collected on that $260 that you have added there?—A. Yes; that is already eliminated. We have eliminated all that. All the way along the line we have taken all that out. That is on the annually created purchasing power. That is clear, is it not? Now then gentlemen, here is the result of the three years—

Mr. CAUCHON: May I ask Mr. Craig, for the committee's information, what proportion of the cost of a house goes into direct wages, and what proportion goes into indirect employment in the house?

The WITNESS: Oh—

Mr. CAUCHON: In your opinion.

The WITNESS: Approximately 50 per cent is paid out, pretty well, to direct wages. It varies between 45 and 50 per cent, I think.

Mr. CAUCHON: Indirectly.

The WITNESS: Indirectly it goes into all other factors I have mentioned, transportation and preparation of the goods in the shops,—away back.

Mr. CAUCHON: What percentage?

The WITNESS: Another 30 per cent; 80 per cent all told in labour.

Mr. CAUCHON: That confirms the previous evidence given as to the amount of money that goes into the housing scheme as wages.

The WITNESS: The result of the three years' program is shown, the amount to be loaned in this column (indicating); the savings on relief costs in this column; persons removed from relief in this column. We will assume that it is this year, that the program is in full swing. We hope that it will be in full swing when you get through with the work of your committee. 1935, $120,000,000 to be loaned, the first year; the savings on relief costs would be $45,360,000 and the persons removed from relief, 770,000. 1936, $180,000,000 to be loaned; savings on relief costs, $68,040,000, a total of one million. You have got your unemployment problem solved in two years even on this basis, gentlemen. But the thing will be abortive unless it is done on an adequate scale. A courageous program is what is needed; and I believe that your committee, Mr. Chairman, has within its power, if the members are sold on the possibilities of a housing program, to lift unemployment in Canada, and to lift it in the course of two years' time. The third year that one hundred million expended would give further impetus to private enterprise to maintain its equilibrium. I think that is all I have to say.

By Hon. Mr. Rinfret:

Q. I have looked at the figures in your brief, and in the third column, for 1936, you have persons removed from relief, 1,100,000. I suppose this table would be correct?—A. Yes, this is correct. It should have been 1,000,000.

Q. I would like, so far as possible, to have it accurate?—A. Yes, quite right.

The CHAIRMAN: Does anyone else wish to ask Mr. Craig a question?

By Mr. Gray:

Q. Have you made any study of the Federal Housing Act of the United States, and its workings?—A. No extensive study; no, I have not. I can say this about it—

Q. It has not been successful?—A. No, it has not been successful. I can say one or two things about it. One of the reasons it has not been successful is that there were only two states in the Union that had permissive legislation. That is an essential thing to start with. In other words, the thing was condemned from the start until the necessary permissive legislation was granted by the state.

By Hon. Mr. Rinfret:

Q. Which states?—A. The different states of the union, of the United States.

Mr. GRAY: Which ones?

By Hon. Mr. Rinfret:

Q. Could you mention which ones they are?—A. I am not sure, but I think Michigan was one of the states that had legislation.

Q. There was a purpose to my question. I wanted to find out whether they were what might be called urban states or states where there are large cities?—A. Yes, I understand. I am not sure, but I am under the impression that Michigan was one of the states that had permissive legislation. I remember reading an article by Mr. Kahn, who was director of housing, or one of the authorities, where he explained the difficulties which they encountered in getting their program to work.

Mr. CAUCHON: Would you not say that the American schemes are too expensive for the low wage earner? As far as I can learn from reading, they rent from $10, $12 to $14 a room per month, per room, not per house.

The WITNESS: Yes.

Mr. CAUCHON: I have not seen yet any American scheme that meets the requirements we are trying to reach here, to supply housing to the man that can only pay $15 a month, unless they are for niggers. I think they have got some down to about $5 per room for ~~niggers~~. NEGROES

The WITNESS: That is of vital importance. I would like to point out one thing. Here we have a saving of $378,000,000. If we take $120,000,000 of that—

Hon. Mr. RINFRET: Thousand.

The WITNESS: Yes, thousand—$120,000. I am so accustomed to talking in millions, you see.

Hon. Mr. RINFRET: I can see that.

The WITNESS: If you take $120,000 of that amount, that would pay off the land for the whole of the slum clearance in Canada. That would pay the land costs. Under this scheme, even if land costs were left in and on an amortization scale of forty years, we would be able to rent five-room buildings at $16 a month. If you increase the amortization period to fifty years, the rent will be correspondingly reduced; and if you pay for the land, you can get those apartments down to the price that anybody can pay.

By Hon. Mr. Rinfret:

Q. You mean to say that the land would become public property?—A. That would become public property.

Q. What about taxes?—A. The taxes would have to come off the land. It would be leasehold, and the taxes would still be collected on the buildings.

Mr. CAUCHON: Might I ask Mr. Craig what he thinks about amortization? You know in England they give sixty years.

The WITNESS: I know.

Mr. CAUCHON: But they build very much more substantial houses, and their climate does not deteriorate them like ours. What would you think in this country would be a normal rational amortization, for the life of the houses we build? For after all, it is the opinion of the committee, as I gather it, that amortization means the natural life of a house.

The WITNESS: I would say forty years was the best period.

By Mr. Hanbury:

Q. For what type of house?—A. For the ordinary small house, at the minimum wage.

Q. Frame?—A. No, masonry construction.

Mr. HANBURY: Mr. Chairman, there is one thing that I do not think we have got from any witnesses who have been here to-day, and that is some practical and economically sound method by which funds could be provided for rehabilitation. I think that is one of the most important things we have to deal with.

The WITNESS: Well, I would say in reply to that point that funds from the same source could be had for rehabilitation purposes—the central body or commission or whatever you term that central body that sits at Ottawa here and supervises the expenditure of money and that sort of thing. They could draw up the conditions under which that money would be let out for rehabilitation purposes. There is no question that, where there is a large area to be served or a large population, there must be a subsidiary authority or commission that would come directly under that central body, but would administer the expenditure of those funds. The terms under which they would be expended would have to be drafted by technicians qualified to determine those terms.

Mr. HANBURY: I think it is more a financial consideration than anything else. Most of these houses that require repairs are houses that to-day are not worth the mortgages against them.

The WITNESS: In many cases that is very true. Those mortgages would have to be paid off in some way or another.

Mr. CAUCHON: The government advance would have to go on the first mortgage; and as Mr. Hanbury points out, a lot of them are not worth much.

The WITNESS: That is one of the problems.

Mr. CAUCHON: In England where everything is based on the leasehold system, and a man's house becomes debilitated, the commission will take it over from him, rehabilitates it and rents it back to him.

The WITNESS: Quite right.

Mr. CAUCHON: By adopting a similar policy here—I am not saying it is right—would mean that a man would have to part with his ownership, the commission would take it over and put it in order, and then rent it back to him. I don't think that point of view has been discussed yet.

The WITNESS: We have not discussed it.

Mr. CAUCHON: That is one of the difficulties of rehabilitation advances made to private owners; that is, if you want to have any security for the government funds.

Mr. WEST: I think Mr. Hanbury is overlooking the fact that in one part of our report there was a recommendation that funds might be put out privately or with the assistance of private loaning bodies, with the government accepting some of the risks. One of the thoughts behind that, without it being developed, was that a loaning body carrying a mortgage on a house which is now in a bad condition might be guaranteed to some extent by the government, in putting that house in marketable condition. It is highly technical, and the conditions are individualistic rather than mass; and we think probably it could possibly be worked out through the private bodies, to some extent.

Mr. HANBURY: Mr. Chairman, the point I wished to make particularly was this: this National Construction Council is probably the body that we should look to as much as any other body in Canada for practical suggestions as to how and what recommendations we are going to bring in; and we are expected to bring in recommendations with reference to rehabilitation. As I say, I think we should have some practical suggestions as to what recommendations we can bring in. I have been listening for them, and I can frankly say that I have not been able to accumulate any of the suggestions yet, in a practical manner.

Mr. MARKUS: Might I suggest that Mr. Somerville might be able to throw some light on that subject.

Mr. SOMERVILLE: We did consider that, and we were in doubt as to just what the committee desired from us. We purposely did not go into the details in regard to how the loans should be made. But in the study of it, we found that the age of the building, the amount already loaned against it, the value of the land in relation to the building, are all factors that have to be considered. If you desire it, we are quite prepared to send that information on in a definite form to this committee. I might say that actuarial discussion comes into the matter, and it is not easy. The same thing applies to all this.

The CHAIRMAN: I think if you could make that out and send it to us, it would be helpful. We want any and all the information on this that we can get.

Mr. SOMERVILLE: We should be very glad to do that.

The CHAIRMAN: Now, Mr. West, that is the full delegation. Would you like to say anything before you close your representations?

Mr. WEST: I do not think I have anything very much to add to it. I hope you have understood Mr. Craig's demonstration. We looked on it as a demonstration, a sort of mass demonstration, without paying too much atention to figures, on how the turnover of money would cut down unemployment and how the interest rate would affect long term actual costs over the amortization period. I am not sure whether Mr. Bradley here, who is the silent member of our delegation, but who has nevertheless been very active on our committee, would like to add anything or not.

Mr. BRADLEY: There is just one thought that may be of some import, Mr. Chairman, and that is with regard to the statement which has been made that the plan in effect in the States has not been successful. Some of us, in studying this plan, of course have given a considerable amount of study to the plan over there. Our opinion is that the plan over there—that is, the first stage of it, and which had to do primarily with rehabilitation—is gathering momentum, and is certainly working out very successfully, although possibly not to the extent that had been originally thought of. But from the figures and the facts which we have—some of us, privately—there is not any question that it is commencing to accomplish results over there. It might be well to bear in mind that they have worked that out, or are supposed to have done so, in three stages. The first had to do primarily with rehabilitation, the theory behind it being this, that property generally had depreciated because of the fact that over the last three or four years no money was available to take care of ordinary normal repairs and maintenance on buildings, and that had accumulated to vast figures.

There are figures available as to what that amounts to over there; comparable figures are available as to the condition here. Therefore, it seemed logical for us to start, and some of us have the same thought in regard to the same action here, that that is the proper place to start—with rehabilitation. That there is a fine market for labour and for materials of all kinds in that, and by starting the momentum there we will gradually or rapidly as the amount of effort is put into it increase employment; and as our good friend Mr. Craig says, in that way we can lay the foundation for the other and equally important part of the program; that is, new construction. Now, again I point out that this is really independent of slum clearance. Some of us hold the view that slum clearance is largely the social side of the problem; the other touches more particularly that phase of any of these activities which are supposed to be self-liquidating. From that point it is possible as we gather momentum for us to get into the other phase, the new construction work. I just wanted to correct that because I personally happen to have some knowledge of the plans that they have worked out in the States, and I have studied them in relation to the efforts here. It is true that with the other plan there, that is providing mortgage money for new construction, they have had a considerable amount of difficulty; their financial people have not been entirely behind them. But as far as rehabilitation work is concerned, there are figures and information to show that the thing is gathering momentum there, and some of us feel that that is the place at which to start this program here.

Mr. CAUCHON: Might I ask, Mr. Bradley, for the information of the committee; what security is there there for money advanced on account of rehabilitation of properties. What security is required say in the case of a house which is dilapidated and on which there is already a mortgage.

Mr. BRADLEY: The plan that they adopted there was this: The federal government there provided the credit to this extent, that they interested various banks and loaning companies to come in behind this plan, and they have undertaken to guarantee loans made by financial institutions—be they banks or what not—up to twenty per cent.

Mr. CAUCHON: Up to 20 per cent of the loan?

Mr. BRADLEY: Up to 20 per cent of the loan that they required. I believe the federal government is setting up some reserve to take care of any possible contingencies where they might in future be called upon to take them over.

Mr. MCINTOSH: Is that effective in all the states?

Mr. BRADLEY: There were some states I believe in which there was some difficulty in connection with the passing of enabling legislation. What they are doing beyond that is this: They fully realize that even if they can produce all the millions or billions—and they are talking money in such big terms that some of us do not know what it is all about—still there was something more needed than that because of the reticence and uncertainty of people generally; that it would not necessarily mean that the average private property owner, whether he was a home owner or whether he had industrial property, was going to make the plunge in to help himself no matter what the restrictions were. Therefore, they realized that another thing was necessary over there and that was that they had to create a public opinion behind this. Because after all while we talk in terms of the number of people unemployed in Canada and elsewhere it is a fact that there is still a large percentage of the population gainfully employed, and the property which they own is likewise in need of repair. Therefore, to get this mass opinion behind it to take advantage of this money on the deferred payment basis, even when it was only extended over a period of two years, financed through banks and loan companies and guaranteed up to 20 per cent by the government, they decided to take action. The first trouble they had with their operations there was that they did not get the immediate response they had anticipated on the part of the various financial institutions. Apparently some people had to be exhorted to get them in behind the scheme. But there was that one important factor, which I think any plan we have in Canada will have to face; that is, in so far as any rehabilitation plan is concerned, creating the means to secure these funds is not necessarily going to get the average citizen to come out and do these repairs to his property, which are absolutely necessary, because of fear and so on. A mass sentiment must be created behind such a move, probably not unlike some of the effort made in the days of the Victory loans and so on. It is necessary to develop mass opinion in favour of this unemployment project, so that the individual citizen even if he only has to spend a couple of hundred dollars on his small property, by doing that will help to solve the problem, the unemployment difficulty, through this plan by doing his bit. That was probably a side-issue, but nevertheless important, Mr. Chairman. That is all I have to say. I think that is important, however.

Mr. MCINTOSH: Is there not at the present time perhaps more confidence on the part of private loan institutions in the States with regard to this national housing scheme than there was a year or so ago?

Mr. BRADLEY: Quite true. And in the final analysis the whole scheme is based on nothing else than this so-called deferred payment plan which has been so successful in the automotive industry and everything else; and even throughout the darkest years of the depression the losses of the various finance companies increased by only a small amount; which indicated one very important truth and that was this, that after all the honesty of the individual citizen is of greater import than many securities that could be put up for loans. Indeed, the average citizen in regard to taking care of his obligations is something that is very substantial both in Canada and the United States. Therefore, what they are doing is capitalizing or making use of that basic common honesty; because, after all, so far as the individual borrower is concerned over there with regard to whatever he secures from whatever source—government or so on—the bank has only got his individual note; they have nothing further in the way of liens and securities on his property or what not.

Mr. HANBURY: That is for rehabilitation?

Mr. BRADLEY: Yes.

Mr. HANBURY: That is the point we want to get.

Mr. BRADLEY: Yes. To answer your question with regard to their being greater confidence with the government on the other side saying we will guarantee such loans as you make up to twenty per cent, and with the maximum loans on that class of business by these companies: All these companies have loaned a vost amount of money on this type of business, and as I recall the figures their losses were only 2·5 per cent, or something like that. They were playing very safe. But that in itself is a situation which creates confidence.

The CHAIRMAN: Now, Mr. West, we have obtained very valuable information from you people. I personally, and I think the members of the committee, have been very much pleased with the way in which you have presented it. We all have copies of your brief which we can read over and if it should develop later that we need additional evidence from you we would be glad to have you appear before us. If we need you we will send for you.

Mr. WEST: May I assure you, Mr. Chairman, that our organization are very anxious and willing to help you.

Mr. CHAIRMAN: We have another witness here, Mr. McCarter, of Vancouver. Mr. McCarter is a member of the firm of McCarter and Nairne, Architects and Constructural Engineers, of Vancouver, B.C. He is also past president of the Architectural Institute of British Columbia and Vice President of the Vancouver Board of Trade. I will ask Mr. McCarter to address you.

J. Y. MCCARTER, called:

The WITNESS: Mr. Chairman and gentlemen: For your information, I am a member of the regional committee of the National Construction Council, so that we have worked on the west coast in connection with the members whom you have heard. The memorandum which I have before me was prepared in a hurry this-morning, but I believe I possibly can present one or two points that may be of value to you.

I go back to 1927-28-29, the mortgage companies in Vancouver made loans for construction purposes on building and property of 100 to 110 per cent of the value of the two. In other words, in many cases, the mortgage company provided the money that purchased the property and built the home. This they did without knowledge, through lack of competent valuators. I do not know whether it is a fact in the rest of Canada, but we had it out there where many of the homes were owned entirely by the mortgage companies who thought they would make a 50 or 60 per cent loan. I have one client who build five apartment houses and who states that he never had a dollar of his own money in any of them, and had as much as $5,000 of the loan company's money over.

Mr. SULLIVAN: Apparently they built the same all over.

The WITNESS: The United States has had the same trouble.

Through the ease of money in this period, the speculative builder developed a condition in which, at the end of 1929, the community was over-built with reference to homes and apartments. This speculative builder, building only for sale, developed a large amount of second class space; that is space without proper light and ventilation in his building. By "second class space," I allude to space that is too narrow and in which you have not proper light or ventilation; space that in an apartment house or a flat costs as much per cubic foot as first class space; in space, that is, in which he possibly built with vacant property ajoining with the idea of selling it to a prospective client whom he considered possibly had a bigger piece of land than he was entitled to. Courts in Vancouver are only five feet in width to the lot line. Not only did the speculative builder build with reference to poor planning, but he also built

construction that was poor in type, and in which the equipment was of a low order; building of a type in which depreciation came high.

Now, it is found that this second-class space during the periods through which we have been passing reduces the rent of first-class space, whether in homes or apartments. This second-class space also tends to reduce the assessment. In many cases tenants of second-class space with rents reduced have moved to first-class space, without any increase in their monthly rental; they are still paying the same rent, but have moved from second-class space to first-class space. Therefore, your second-class space has been a drug on the market and has tended to lower the value of your investment; and I am looking at this absolutely from the standpoint of investment, of what you dollar will earn for you. A point that is worth bringing home is this; that a home or apartment building is not only an investment in an individual way, but it is also an investment by the community or city, as it is the city that expects to receive returns from the home or apartment in the shape of taxes. The city, therefore, should protect itself by having a sound city plan, with strict zoning and building regulations to protect the investment of its citizens and itself. I believe that the days of liberty, in which a man considered that he had a piece of property and could build anything he wished on it, have gone; and that the investor putting money into a home or a building who does not give himself and his community the very best possible in the shape of planning is not doing what he should; that if he makes a mistake and incorporates in his building poor space, and the like, we find generally that he appeals to the assessment board for a reduction in his assessment, and as a rule he gets it; so that the burden that his building should carry with reference to capital investment has to be passed on to other property holders in the community.

These building regulations which I have referred to should aim at establishing a class of citizen in a given area, and ensure that this area will support the class of citizen for which it is designed for a long period of years, with a minimum of depreciation.

We must, in my opinion, hold a district by zoning to the class of people that we put into it, to protect the investment of the individual home owner or any other type of construction program that is brought forward. This necessitates an exterior construction of home or apartment that will not deteriorate with the weather, and compels the use of brick, stone or concrete.

My life would be 30 years, and I want an exterior of brick or stone material that will stand any weather. We have in Vancouver, a frame constructed house, and we find that if the owner of one house fails to paint his house, the exterior appearance deteriorates and the block of homes depreciates and the whole district loses the value that it had a few years previous. This is the case with the district known as the west end in Vancouver, adjoining Stanley Park. The houses in this area to-day are largely poor class rooming houses, occupied by three to five families, which means over-crowding in very many cases. That district should be a first class residential district, which it was at one time.

Vancouver can be considered as not at the moment having slum conditions, but the situation is very close to it through this over-crowding in different sections of the city. The apartment house vacancy in Vancouver was given at the end of January at 2·5 to 3 per cent. There are very few vacant houses. In other words, the apartment blocks are practically filled. Considering house construction as of two classes, that for the office man and skilled artisan, and that for the poorly paid manual labourer, I believe something can be done immediately to stimulate construction for the office man-skilled artisan prospective home owner. Slum conditions, I believe, is a problem by itself. I believe the federal government could operate through the present mortgage companies, guaranteeing to absorb a percentage of their mortgage losses. The amount of the loan could possibly be 90 per cent of the value of the land and proposed home, on the basis of costs at the present time. As construction

developed, building costs would rise and the percentage of the loan should decline until it was approximately sixty per cent of the house and land. This moral support of the government behind the mortgage companies would, I believe, entail no loss, as the losses if any, would be calculated on the total of the loans made. In other words, it would not be a case of the government sustaining any individual losses, it would be a loss in the scheme as a whole. The percentage of loss as assumed by the government might start at say, 50 per cent for the first year, reducing to 25 per cent for the following two years; the whole scheme being considered as of three years' duration. I have put this together hurriedly, gentlemen. The thought there is that the government might underwrite 50 per cent of the losses of the first year, made by the mortgage companies, and 25 per cent for the following two years. These figures can be changed and they can be worked out possibly to a more equitable point. Restrictions on construction, such as moratoriums, could possibly be removed and a fixed assessment established with the city authorities. I do not think the mortgage companies will move in any big way unless some of the provincial moratoriums are cleared away. Another point here is that a fixed assessment must be established so that when a district is built up the assessment will remain reasonably fixed. We have had a case out there where a lot was bought from the Canadian Pacific Railway under their land scheme for $1,000; before a home was built on it it was assessed for $1,800, and in 1932 the assessment was again raised to $1,910. I was with the assessment commissioner just before I left to come here and we agreed on $73,000 as the value of the building. In 1929 the land was assessed for $60,000. In 1930 it jumped to $132,000. The building was assessed for $60,000 in 1929 and raised to $94,000. One of the prominent life insurance companies have a loan of $140,000 on the building, and the assessment to-day is $73,000. That gives you another example of some of the loans the mortgage departments of insurance companies made, and that is why they are so ultra conservative to-day. I believe something should be done to loosen them up a bit, so that they might get back into operation again.

I believe that the endeavour of all of us is to re-establish confidence, and the effect of the government standing behind the mortgage companies will assist in this respect. The interest rate should be held as low as possible to encourage the prospective home owner to commence operations. I am really dealing with the man who can move forward with the home service. With reference to accommodation for the low paid wage earner, this is a very difficult problem. To construct accommodation that will permit of low rent and take care of carrying charges, a city must consider this low wage earner as giving a service to the city for which he is paid a small salary, and is then given certain concessions, as hospital treatment, schooling for his children, and low cost housing. The low wage earner's relation to the city is much like that of a servant in a home, where accommodation is provided and has to be considered as part of a city's operating cost, such as installation of roads, sewers, water service. That is my feeling with reference to the low paid wage earners as we have them to-day, if we are not in a position to raise his wages.

By Mr. Sullivan:

Q. I was asking Mr. Hanbury if taxes are paid on that amount in the city of Vancouver?—A. You mean on that assessment?

Q. Yes.—A. They have been endeavouring to collect them.

By the Chairman:

Q. If we endeavoured to build those workmen's homes that you speak of, what effect would that have on the oriental population? In Vancouver, does the oriental population live in what we call slums, two or three families to a

house?—A. Yes; they are living in blocks, or what we would call rooming houses. Very, very few of them have their individual homes.

Q. I think it has been shown from the evidence that in Ottawa we could build a house for $2,800. How would the cost of building a house in Vancouver compare with Montreal and Ottawa; would it be considerably cheaper? —A. No, it would not, Mr. Chairman. The cost, I would say, would be about the same. Your lumber might be cheaper, but nevertheless your fittings, piping, etc., has to come from the east, and the freight naturally raises the cost.

By Mr. McIntosh:

Q. What percentage of taxes have been collected in Vancouver in the past year?—A. It is 70 per cent, I believe.

Q. That is a fairly high percentage, is it not?—A. I think 70 per cent.

Mr. HANBURY: That is not sufficient to carry the bonded indebtedness?

The WITNESS: There has been the case out there where the assessment has been raised out of line with values. When they reached their borrowing limit, they raised the assessment.

By the Chairman:

Q. Can property be sold for the assessed value there?—A. Not at the present time, though there was a sale, I believe, went through on Granville street, of a quarter million dollars for a piece of property.

The CHAIRMAN: Do any other members of the committee want to ask Mr. McCarter any questions?

By Hon. Mr. Elliott:

Q. Do you know for what purpose that property was sold?—A. I could not say. It is the old Vancouver Theatre property.

By Mr. White:

Q. What was the assessment?—A. I could not tell you off-hand.

Mr. CAUCHON: Might I ask Mr. McCarter, for the benefit of the committee what he considers the life of a house in years? In other words, what amortization? Do you believe you could amortize a house here for fifty or sixty years with the construction we have in this country, coupled with the climate we have to contend with? How many years would you think was reasonable?

The WITNESS: Amortization should be covered in thirty years; and with that, I would want brick, stone or concrete.

Mr. CAUCHON: That raises the cost, of course.

The WITNESS: Yes.

Mr. CAUCHON: Higher amortization.

The WITNESS: You can see, gentlemen, how it would really pay, with frame houses, for a man's neighbour to paint his own home to protect their values. That is a fact, it would pay them to paint their neighbour's home to protect their own values.

By Mr. McIntosh:

Q. How often would that have to be done in Vancouver, considering climatic conditions?—A. Five years would be the outside limit which it could go without paint.

Mr. CAUCHON: It does not stand five years.

The WITNESS: No, it won't do their either. But I would say that is the very limit.

The CHAIRMAN: Thank you, Mr. McCarter. We are very much pleased that we had someone from the west.

Just before we close, there is one other thing. Mr. Markus, as secretary you say that the council consists of representatives from thirteen national bodies. Would you write out those names so that we can put them on the record?

Mr. MARKUS: I have done that.

The CHAIRMAN: The clerk says he has that. Is there anything else that any of the members of the committee wish to speak about before we adjourn? We will meet again on Thursday, and Dr. Coates or someone from the Bureau of Statistics will be here. We also hope to have someone who was on the Bruce committee in Toronto, at the same time, but we are not sure of that yet. We will now adjourn unless someone has something to bring up.

Mr. SULLIVAN: Mr. Chairman, could you tell me when you are asking Mr. Dupuis to come from Montreal?

The CHAIRMAN: No. We have his letter to submit before the committee.

Mr. SULLIVAN: Yes.

The committee adjourned at 5.50 p.m. to meet again on Thursday, March 14, at 10.30 a.m.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

THURSDAY, MARCH 14, 1935

WITNESSES:

Professor E. J. Urwick, Professor of Social Science and Economics, University of Toronto, Toronto, Ontario.

Mr. S. A. Cudmore, Chief of Statistics Branch, Dominion Bureau of Statistics, Ottawa, Ontario.

OTTAWA
J. O. PATENAUDE
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1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM 429,

OTTAWA, March 14, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock a.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs: Beourgeois, Church, Dorion, Elliott, Ganong, Gray, Hanbury, Howden, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley and Sullivan—15.

Mr. Sullivan stated he had received a telegram from Mr. Rancourt, of Montreal, asking when Le Comité du Logement Salubre will be heard. The Chairman replied that it would be considered this afternoon.

Professor E. J. Urwick, Professor of Social Science and Economics, University of Toronto, was called and examined. He filed a copy of the Bruce Committee Report. Witness retired.

Mr. Church moved, seconded by Mr. Stanley, an expression of appreciation and thanks by the Committee to His Honour Lieutenant Governor Bruce, to his committee on housing, and to Professor Urwick, for making the Bruce Report available to this Committee. Motion carried.

Mr. S. A. Cudmore, Chief of Statistics Branch of the Dominion Bureau of Statistics, Ottawa, was called and examined. He filed two charts showing building construction values from 1929 to 1934, and index numbers of employment in building construction industry—1929 to 1934—also

Memorandum re value of construction permits, 1923 to 1934.

Index numbers of wholesale trade prices of construction materials, 1919 to 1934,—also

Tables showing the housing of the population of Canada.

Witness retired.

The Chairman stated that Mr. Alexander Officer, of Winnipeg, Manitoba, has been called, and asked Mr. Stanley to call a meeting of the sub-committee for 4 o'clock p.m., to consider the calling of other witnesses.

The Committee adjourned at 1 o'clock p.m., to meet again Tuesday, March 19, at 10.30 a.m.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

OTTAWA, March 14, 1935.

The Special Committee on Housing met in Room 429, Thursday, March 14, 1935, Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Order, please, gentlemen. We now have a quorum and can open our proceedings. We will dispense with the reading of the minutes, with your permission, as they will be printed in the report. We have with us this morning Professor E. J. Urwick, Professor of Economics, University of Toronto, and Director of the Department of Social Science. He was one of the committee that brought out the Bruce report. With your permission, we will now call on Professor Urwick.

Mr. SULLIVAN: Just before the professor is called, I want to say to the committee that I received a telegram from Mr. Rancourt of Montreal, representing this same organization which I spoke to you about. They want to know when Le Comité du Logement Salubre will be heard.

The CHAIRMAN: We will give them our decision this afternoon. We will now call on you, Professor Urwick.

Professor E. J. URWICK called. He said:

With your permission, Mr. Chairman, I will formally present the report of the Lieutenant Governor's committee on the housing conditions of Toronto, and, if I may, give a short summary of the findings and recommendations of the committee

The committee was formed just a year ago, appointed by the city council. They made an exhaustive survey of the conditions in not the whole of the city of Toronto, but a part of it. There were two distinct surveys. The first survey was of 1,300 houses mentioned to them by different agencies as needing investigation; and the second survey in detail was of two or three of the worst parts of the city where the largest number of unsatisfactory dwellings were found. As a result of the whole of the surveys, it was found that out of 1,340 odd houses first examined, 999 or about 74 per cent were definitely below the minimum standard of health conditions. After an intensive survey of certain areas was made, it was found that the number as a whole was greater, although not the percentage; that there were many houses not included in the first survey. As a result, the committee came to the definite conclusion that in the city there are at this moment at least 2,000 houses unfit for human habitation, and in all probability 3,000 or perhaps more.

By Mr. McIntosh:

Q. That is in the whole city of Toronto?—A. Yes, that is in the whole city of Toronto. The actual defects that we found were chiefly structural; that is, leaking roofs, falling walls or sagging walls, floors damp and uneven, absence of cellars, absence of foundations and so on, which conditions are inimical to health and impossible to make conducive to comfort. The other cases were largely connected with the situation in which these shacks or houses were found, and the impossibility of keeping them clean, keeping them free from vermin. The amount of vermin—rats and other vermin—was certainly appalling. A large

part of the cause was undoubtedly due to the fact that there had been no sort of planning in the areas which were worst, or in the city as a whole. The consequence was that shacks had been put up sometimes back to back, sometimes in yards and sometimes in alleys between streets—usually in yards only paved with mud or alleys only paved with mud. They are in such condition that it is almost impossible, on the site, of them to do anything with them except pull them down and not rebuild in the same place. The absence of planning in the whole city's arrangement hitherto, as far as building and the placing of houses goes, is perhaps the principal cause, in the opinion of the committee, of the condition of things that now exists. Another cause, of course, is the survival of shacks made of wood or stucco, which perhaps were built fifty or sixty years ago, and have been allowed to survive particularly during the last few years when there has been less condemnation of unfit dwellings than at any other time. I might say that in the latest figures issued by the Department of Health of the city, in 1933-34 only three houses were condemned on the score of being unfit for habitation, because of being dangerous to health.

The consequence is that these shacks continue to survive; and the landlords are, in many cases, too poor to put them even into proper repair. The poverty of the tenants, of course, is another obstacle. Most of them are inhabited by tenants who are either unemployed or only casually employed, and cannot pay the usual rent of $15 per month which is demanded. Therefore, owing to the poverty of landlords in many cases, and of tenants in nearly all cases, it has been considered inadvisable to press for demolition of these buildings or condemnation, and they still continue to be inhabited.

The remedies suggested by the committee are fairly simple. The committee came definitely to the conclusion—unanimously, I think—that the remedy could not be applied by private enterprise. The shortage of houses—which was found to be somewhere between 17,000 and 25,000 in the city—could undoubtedly, in the opinion of the committee, be largely met by private enterprise; but the demolition and rehabilitation of these two or three thousand shacks which ought not to be lived in at all, in the opinion of the committee cannot be dealt with except by governmental supervision at least; and we also believe governmental assistance in some form or another will be necessary. The prerequisite of any steps that are taken to improve the housing conditions, in our unanimous opinion, are: First, that a planning commission should be appointed, of independent members, not experts, not representing any particular interests, even architects or contractors; and that planning commission should be entrusted with the task of immediately surveying the whole city from the point of view of residential needs, not as has been done hitherto by planning commissions which were appointed, from the point of view of traffic needs, street widening or street extension. As a second recommendation, we are of the opinion that the city itself, or perhaps any city, ought to appoint a definite executive housing board which would carry out, if approved, the recommendations of the planning commission, or submit them to the government of the province or possibly the federal government for approval; and that that directing housing board should be responsible for both the demolition, the rebuilding and the clearing of the areas where the housing has become definitely such as give menace of slum conditions. We also recommend quite definitely that the law should be stiffened, specially to give the medical officer or the officer of health the power to close and condemn houses much more easily than can be done at the present time. At the present time he has to prove, or has to be prepared to prove in a court of law, that such and such a house is definitely dangerous to health. That, as you doubtless know, Mr. Chairman, is not always an easy thing to do. We also have come to the conclusion that, in order to get rid of these uninhabitable houses now existing in the city, putting the figure at somewhere like three or four thousand, in rebuilding on a planned system—which will mean altering the streets to some

extent, getting rid of the mud alleys and so on— it will mean a total expenditure during the next few years of $12,000,000; and that that money, in part at least, will have to be provided by government, either municipal, provincial or federal, or all three.

By Hon. Mr. Elliott:

Q. That $12,000,000 is for what area?—A. It is not for any particular area. But we did take one fairly large area where the housing conditions were worst; and working out all the necessary conditions in that area, to make it clean as we would call it, would need alone $12,000.

Q. $12,000,000, you mean?—A. $12,000,000, yes, assuming that we were going to rebuild between three thousand and four thousand houses.

Q. You are referring to Toronto?—A. I am referring to Toronto alone.

By Mr. McIntosh:

Q. What part of that $12,000,000 do you think the government should put up?—A. We have not gone into the question of either the amount that should be given, or the division—if there is to be a division—of so much from one government and so much from another. We have not gone into that question at all, because we felt it was not our function even to make a suggestion on the matter.

If I may give the actual figuring there, we estimated that if we took one quite small area of some seven or eight acres, and replanned and rebuilt it—and it will all need rebuilding, housing something like two hundred families living there—it would cost $340,000. On that, the estimated revenue would not be more than about $9,000. Therefore, something like two-thirds of the total expenditure would have to be guaranteed or given by the city, the provincial government or the federal government. That, I think, is a fair indication of the whole of the areas concerned; that in all probability two-thirds of the cost would require to be given or contributed by the government, in some form.

We have taken as our basis the present cost of putting up a perfectly simple form of house and the actual monthly cost, the possible monthly revenue which in no case canbe put above $5 per room per month; that would be $15 per month for the smallest type of house of three rooms, and rising, of course, to $25 for a five-roomed house. On that basis the revenue would only be sufficient to meet one-third of the necessary interest on the purchase of the land, the building, the construction, the taxes and the management. Therefore, the remaining two-thirds has to be made up from other sources. I do not know whether that answers your question or not.

Mr. McINTOSH: Yes, that is very good.

The WITNESS: It is as near as we can get to it.

By Mr. Stanley:

Q. Professor Urwick, are we to assume that two-thirds of the residents or occupants of the 3,000 houses would come under the classification of low wage earners—the very lowest wage earners?—A. Yes.

Q. As we had it here before, they set that rent at $10 or $12 a month. Are you estimating in your calculation that all these would pay $10 or $12 a month?—A. No, by no means. That is a further question. About half of the people who are now living in these shacks are on relief as it is, and are likely to be on relief and therefore unable to pay anything at all, for some time to come. Consequently, if they are to be re-housed, the city will either have to pay the rent or allow them to live in these new houses rent free, or else rent them to other sorts of tenants, tenants who can pay $12 to $15 a month.

Q. Your $12,000,000 takes into account that calculation?—A. Yes.

By the Chairman:

Q. Does the relief commission allow these people who are on relief so much for rent at the present time?—A. Not at the present time; not now. Until last year the relief commission paid a maximum of $15 a month, but only paid it for the first month, and thereafter alternating months. Now they have gone into a different system, paying to the landlord the whole of the tax bill plus 50 per cent; so that if he is paying in taxes $6 per month, he would get $9 per month as the equivalent of the rent of the family living there. That is the plan which is now being put in operation.

By Mr. Stanley:

Q. Am I to assume that the natural increase in the number of houses, which will be required by reason of the increase in population, will be cared for by private enterprise?—A We are assuming that, yes.

Q. But your scheme provides public money for all the present needs up to $12,000,000?—A. For the most urgent needs only; for the most urgent needs of these houses which, as I have said, in our opinion ought to be pulled down at once and not rebuilt, which ought not to be inhabited for another month.

By Hon. Mr. Elliott:

Q. Over what period of time would you suggest that the expenditure of that $12,000,000 should extend?—A. Well, there is no doubt that the whole of that scheme ought to be put into operation at once, because there is no doubt that none of these houses ought to go through another winter. But we are assuming that it will probably take some three or four years to materialize in anything like a complete form. We should be quite content if the city would take the very worst area and deal with that during the coming year, during the next twelve months; and then go on to the next worst, and so perhaps spread that amount of expenditure over three or four years.

By Hon. Mr. Morand:

Q. You are professor of Sociology at the University of Toronto?—A. Social Science and Economics.

Q. Have you given any thought to the idea of decentralization by bonusing industries for the building of homes for their men instead of continually crowding them on top of one another in the city of Toronto or Hamilton?—A. Yes, certainly.

Q. Would that not be a much better plan from the medical standpoint, to tear down these homes and not rebuild them, rather than continue to increase your crowding in one particular area? We have plenty of land.—A. I think many of us agree completely with you, that it might be a mistake to rebuild on the spots that are now inhabited, which are often packed in between junkyards, warehouses or factories. It would be better for the people themselves, provided that the factories at which they may obtain work are moved also.

Q. That is right.—A. But to put them on the outskirts of the city, and leave them to find their way into the centre of the city, even to get odd jobs, we think is not a feasible scheme.

Q. There have been plans developed whereby industries have been bonused for the building of homes for their own employees, bonused to the extent of low rates of interest and so forth. A few of them taken out of Toronto and put in some of the nice healthy spots north and west would be of greater value to the public generally than just refinancing and rebuilding the slums that you have got, would it not?—A. Yes, I quite agree it would. There are one or two things that ought to be considered, if I may mention them.

Q. Yes, go ahead?—A. A great many of these people who are in the worst condition of all—not only men but women too—are dependent on all sorts of odd jobs which they can only obtain when they are fairly near the neighbour-

hood in which they now live. To move them out, unless they are regular workers, would deprive them of their obvious means of livelihood. There is also an objection on their part, of course, which is very marked, that they became part and parcel of a particular neighbourhood and they do not want to leave it. Their friends and associates and so on are in the one place. That is particularly true of the foreign element which is, in one of the worst districts, largely predominant.

Q. This is my last question: Have you given any thought to the licensing of industry, demanding that they should, before establishing themselves, get a permit in order to see that they do not increase the crowding of our cities?—A. No, I have not given any thought to that, I am afraid.

By Hon. Mr. Rinfret:

Q. Professor, have you any data, as regards the conditions that you have just described, as to how Toronto compares with other cities in the matter? Perhaps you will come to that later on?—A. Well, I don't like to make comparisons, because I have only heard reports of one or two cities—Halifax, Winnipeg and Montreal to some extent. It is rather difficult to make a comparison at all. For one thing, the reports are not so thorough, in one sense, as ours. They give a more general picture of the conditions; and to make a comparison might be comparing one set of data with another, which is rather hard. But I should say from what I have been told, at any rate, in a city like Hamilton which is one of our near neighbours, that the same conditions—although, of course, on a much smaller scale—exist and are increasing there too; but they are not quite so bad, because the age of the city is less, and the congestion is less.

Q. Following the question just put, if there were a recommendation for the rebuilding of workmen's houses in the outskirts, that would involve compensation to the owners even of slums in the middle of cities, would it not; or would it be your opinion that something should be done in that way?—A. Well, our opinion is—and again I speak for the committee—that in a large number of cases the actual dwellings, the buildings that would have to be demolished, neither deserve nor should get anything except an almost nominal compensation. If they are in a state in which they ought to be condemned, compensation need not be paid; and on the British method, they will not pay compensation in those cases. We might either pay none or pay very little compensation. The loss of revenue on the land would be the serious thing. But assuming that this land is needed for other forms of development, and as it is close by the factory districts, then the question of compensation would not be a serious one. The people could be moved out to the outskirts without much additional expenditure in the way of compensation. Is that what you mean?

Hon. Mr. RINFRET: Yes, thank you.

By Mr. Stanley:

Q. Professor Urwick, I assume that you take it for granted that it is not practicable in some instances to move the industries?—A. In many cases quite clearly not. For instance, the nearest neighbour of one of the worst districts is the whole of the Eaton Company's buildings—factories and warehouses as well as stores. Those I do not think could be moved. In some cases I think there are certain odd factories which could be moved quite easily.

By Mr. McIntosh:

Q. Is not the policy of industrial decentralization practically an accepted fact to-day, considering the overhead in the larger centres?—A. I think, on the whole it is. Yes, I think I should agree that it is.

By Hon. Mr. Morand:

Q. Yet the city of Toronto has had more factories coming in than all of the other cities in the province of Ontario put together in the last four years?—A. Coming in?

Q. Yes.—A. Into the city?

Q. Into the city of Toronto.—A. I didn't know that was the case.

Q. Your board of trade is bragging about it.

Mr. STANLEY: That would be the city proper, would it?

Hon. Mr. MORAND: I don't know. It is whatever is covered by the board of trade. I cannot give the actual figures on it. I know there was a statement made not so long ago. For instance, we have been seeing a number of large factories go into Toronto constantly. I shall not name any of them.

Mr. STANLEY: Campbell's Soup—where did they go?

Hon. Mr. MORAND: Toronto.

The WITNESS: May I point out one thing in that connection As you know, the city of Toronto has reclaimed and prepared a large area of land between the city and the lake in the hope that it will be occupied chiefly by factories and warehouses; and a few have already built there.

By Hon. Mr. Morand:

Q. Thereby adding to the general congestion of the city?—A. Adding to the congestion of the city.

By Mr. Stanley:

Q. Where have those workers to live?—A. They have to live as near as they can, which means in the most over-crowded part of the southern part of the city as it is to-day.

By Hon. Mr. Morand:

Q. They have only one direction from which to come?—A. That is all.

The CHAIRMAN: Have you completed your presentation, Professor?

The WITNESS: I do not think there is anything else, unless you wish to ask about something.

The CHAIRMAN: I just wanted to make sure that you were through before questions were asked.

By Hon. Mr. Elliott:

Q. Professor, have you given consideration to the systems in vogue in other countries—I am not referring merely to cities, but other countries—situated similarly to Canada, and there are some countries somewhat similarly situated, I believe; can you give us any information as to what have been the most successful schemes that are in operation in any other countries where conditions are as nearly like those in Canada as you can find?—A. The latter part of the question makes it difficult to answer. I know something of what has been done in some of the European countries, but I cannot say that any of them is at all like Canada—general conditions.

Q. That is the difficulty?—A. That is the trouble.

Q. From your investigation and study in regard to this matter—which has been very extensive, I take it—would you care to suggest to the committee a general scheme which you think is the best scheme for Canada to undertake, or a scheme that would most nearly fill our requirements?—A. Well, if I do so, it would be entirely my own opinion.

Q. That is what we would like to have, because you have given consideration to this matter.—A. Merely in outline, I would say that I should like to see in this country a general central commission, under the federal government,

of course, which would supervise both the development and the housing of municipal areas—cities, townships and country districts everywhere—in the sense that, as has been done in England, all the different localities should be either encouraged, or in some cases ordered, to produce schemes for the improvement of their housing conditions; that these would be submitted to the central commission, and if they were approved the federal government would either by subsidy or in some other way promise help so far as the plan was carried out. I should like to see that applied, with the co-operation of the provincial governments, of course, which would have their planning commission or supervising commission, and would in the same way stimulate the different municipalities, localities, towns and counties, to do the same thing.

Q. That is, you think the plan should originate in the municipalities and be submitted to the federal government?—A. The plan ought, at any rate, to be formed with the detailed local knowledge which is available, with any help which may be given by the central commission or their experts. But the pressure, as it were, or the encouragement should come from the federal and provincial governments; for the simple reason that I cannot see—and I think it is the general experience—any likelihood of most municipalities or townships taking up this question and going to the expense of doing anything at all, unless they are in some way urged or pressed by the government.

By Mr. Stanley:

Q. Professor Urwick, your committee recommended that the commission be made up of voluntary members. The experience given by Mr. Gordon the other day, representing the city of Ottawa, was that that had worked out very unsatisfactorily as far as the 1920 housing scheme in Ottawa was concerned. What is your argument supporting your contention that the membership of the commission should be voluntary rather than composed of those giving their full time and attention to it and being paid for it?—A. Chiefly because we believe that there is too much difficulty connected with particular interests, with particular considerations of official prudence or whatever else it may be, in the case of the municipal experts; and that if only you can find them—and you should be able to find seven or eight disinterested and at the same time public spirited men, aldermen—they would make it their first interest, although you could not ask them to give their full time to it. They would do it with complete absence of any sort of claim of any kind—financial interest, local interest or anything of that sort. They would simply consider the problem of making the city a better place than it is; and we came to the conclusion, after considering what had happened in other places, that that was the only way you could be sure of getting a satisfactory planning commission. It might be ignorant; but if it had, as we suggested, a body of experts permanently attached to it as advisers and guides, it would not make mistakes in its recommendations, because those would be all supervised and corrected. But it would do the planning with the help of the experts, instead of leaving it to the experts to do the planning according to their own ideas.

By Mr. McIntosh:

Q. Once you had your independent national housing commission appointed or established, under what department of the crown would you think it should operate?—A. I am afraid that is hard for me to say; if it must be under a special department, I am not sure it need be. It must be answerable to some one.

Q. Parliament would want to investigate public monies put into such schemes, and to have an annual report of course on the commission's activities

during any year?—A. Yes. I hardly like to express an opinion as to what department it should be under. We have not considered that.

Q. You have not considered that?—A. No.

By Mr. Stanley:

Q. Professor Urwick, you emphasized the fact that these 3,000 buildings should be demolished in the city of Toronto and replaced by public funds, in contra-distinction to private funds?—A. Largely by public funds.

Q. To what extent did your committee consider the use of private corporations, subsidized or assisted by state funds?—A. Oh, a good deal, sir.

Q. Yes?—A. We have had one example of that working in Toronto under a plan which goes as far back as 1913—I think it was, about 20 years ago—under which a housing company was formed which received help from the government—and by government I mean the provincial government, I think it is; I am not sure of that without looking it up—which guarantees 85 per cent of the capital provided the company raised the remaining 15 per cent itself. That is the most successful method that has been tried yet.

Q. What is the experience in regard to it?—A. The experience has been that except for the first few years when there was no interest paid, that while limited to 5 or 6 per cent, since then it has operated quite successfully; but on a small scale, it has never been increased since the first years.

Q. I am referring to the city of Toronto?—A. Yes, I am speaking of the city of Toronto. This company built a small group of houses, they have not only been occupied but they have earned enough to pay interest on the money ever since, except for the first few years and one or two years during the depression.

Q. Is your committee now averse to following that out?—A. The trouble is this: In that case, and in the case of others that we examined, although they may be successful they did not meet the need of the poorest tenants. In other words, the rents charged ranged from $20 to $40 per month in these little houses that they put up. That is outside of the scope of the people we are considering. They are very willing to go on, and could to great advantage go on, to supply the shortage of houses; but we do not consider that a housing company such as that, could tackle this problem of the rehousing of these particularly bad areas.

Q. Your opinion is that the housing company would have to deal with a high grade tenant?—A. A rather high grade; which would be excellent, because it would relieve the pressure; but it would not meet this difficulty of the 3,000 or 4,000 of the lowest paid people, the worst off.

By Hon. Mr. Elliott:

Q. What you are referring to is the commission originally headed by Mr. Frank Beer?—A. That is the one known as the Toronto Housing Company.

Q. They had a guarantee of 85 per cent?—A. Yes.

Q. I see by the report that there was a 5 per cent dividend for the year 1923, and for the nine succeeding years?—A. Yes.

Mr. STANLEY: It was 6 per cent there for a while.

Hon. Mr. ELLIOTT: Yes, I see that 6 per cent dividend was declared in 1933.

By Hon. Mr. Elliott:

Q. What is the condition of that commission now; are they declaring a dividend, or are they still carrying on?—A. They are still carrying on.

Q. They are still carrying on?—A. Yes. I cannot tell you whether they have declared a dividend for the last year or not; I am afraid I do not know that.

Q. Well, do you know whether any portion of that 85 per cent was put up by either the province or the Dominion?—A. No, I believe not. It was guaranteed—I would like to make quite sure of that.

Q. It is at page 75 of your report?—A. I think it was the city, if I remember right.

Q. It looks as if it was the city. At the top of page 75 it says, "if the council were satisfied that there was need for additional housing accommodation it might guarantee the bonds of such a company to 85 per cent of the value of land, houses and improvements, provided that the company had already raised the remaining 15 per cent without borrowing"; and so on. There is no mention of either provincial or Dominion assistance, even by way of guarantee?—A. It is only the city council which guaranteed the 85 per cent. The provincial government I think did not come in at all.

Q. Yes. Do you know of any other scheme that was more successful than that scheme has been, so far as it went?—A. Do you mean, speaking of this country or of the city of Toronto?

Q. Yes.—A. No, I do not know of any that has been more successful.

Q. Was not its success due to a large extent to the character of the men who were looking after it, and the business ability with which it was conducted?—A. I think so, to a rather large extent, yes; and I think the present chairman is an able man too.

Q. Who is the chairman?—A. Mr. Ivy.

Q. Yes, that is Mr. Arnold Ivy?—A. Yes, he is the present chairman.

By Mr. Stanley:

Q. Its success depends upon their being people as tenants who are able to pay a sufficient rent to carry the dividends of the company?—A. Yes, but I think they have had no difficulty in doing that.

Q. And they are not the lowest paid class of tenants by any means?—A. No, they are tenants who can pay. I know personally of a stock broker who is living in one of the houses they built.

Q. Well, some of them are pretty hard up these days?—A. And so find it convenient to economize, you see. They are still able to pay a rent of something like $30 a month.

Mr. CAUCHON: Might I say, for the information of the committee, that there was a general act in Ontario providing for the municipalities to do that. It was passed some years ago, I do not remember just when.

Hon. Mr. ELLIOTT: It was passed in 1913.

Mr. CAUCHON: I know we had it here for a while, and it was cancelled subsequently. We could at that time in Ottawa have done the same thing that Mr. Beer did in Toronto, but nobody here stepped forward to do it. Then, due to the war, that act was cancelled because they did not want the funds diverted into that purpose, I presume, at the time. It is not operative now.

Mr. MORAND: When was that housing company started?

Hon. Mr. ELLIOTT: The act was passed in 1913.

The CHAIRMAN: Mr. Church has a question or two he wants to ask. All right, Mr. Church.

By Mr. Church:

Q. In your report I notice that you refer to Bright street, Moss Park and areas like that which are more or less slums. In your report you recommend the rebuilding of such slum areas, although many of them are being converted into factory districts. Would you recommend to this committee the clearing of these slums and rebuilding on the old sites, or would you recommend rebuilding on the outskirts?—A. We feel, in this particular area about which you are speak-

ing, that it would be necessary to replace the buildings on the same land in the interest of the people who are now located there. If they were moved to the outskirts, for various reasons, they would not go; or if they did go, to come in to work they would have to pay something like $5 to $6 a month for transportation which would be equivalent to an addition to their rent They would be better off where they are, provided the neighbourhood was put into a more habitable condition, with more open spaces, which could easily be done. We do not propose that they should be moved out to the outskirts at all.

Q. I notice that on page 119 of your report you say:—

> We recognize that a sudden general condemnation and demolition of 2,000 dwellings is impracticable; for it would lead to an intensification of the existing housing shortage and would increase the widespread hardships of overcrowding. The process would indeed be intolerably slow were it not accompanied by vigourous projects of rehousing.

I want to ask you a question based on that paragraph; with regard to these 3,000 dwellings referred to, if the health and building by-laws were enforced could not these houses be put into a proper sanitary condition, could they not be repaired and equipped with proper modern conveniences. In other words, what is the reason for these by-laws not being enforced in so far as they relate to these delapidated buildings? Is that due to the depression, to lack of houses, or what?—A. To both, I think; undoubtedly, to both. The medical officer of health explained to us that it was almost impossible to enforce the by-laws, even as they stand, to the full; as I understand it, because in many cases of the poverty of the tenants and of the poverty of the landlords; and to the inability of the tenants to find any other place to go to.

By Mr. Stanley:

Q. Did they say anything about the poverty of the city too?—A. I do not know whether that came in or not.

By Mr. Morand:

Q. Have they made any use of the fire hazard by-law; I should think they might be able to use that?—A. That may be so; and, of course, the department of building does insist on that. Sometimes the department of building has condemned the character of a number of houses on the ground of danger from fire, but not on the ground of health. In the case of health, the number of condemnations has steadily declined of late years. Last year only three houses were condemned, and the reason is simply that if you attempted to enforce improvements on some of these little landlords and the wretched tenants it would simply mean creating a burden quite impossible for the landlords to bear, and a burden on the tenants also because they could not find any other place to which to go.

By Mr. Stanley:

Q. Your committee recommends extension of authority to the provincial health officers, and also to the municipal health officers; however, as a matter of fact, the city health officers have not been able to use the authority they have already?—A. I think, sir, there is an implied contradiction there, which I think you will be. I think what is in our minds is that the law ought to be strengthened; because, the medical officers of health acting even with the best of intention find difficulty in getting results, because the landlord has merely to employ a clever lawyer to prove his case, and therefore it is often very difficult to proceed. We want to see it strengthened so that the medical officers of health can proceed confidently.

The CHAIRMAN: Mr. Church, did you have any other questions?

Mr. CHURCH: I have just two other questions, Mr. Chairman.

By Mr. Church:

Q. I have here the annual report of the assessment commissioner for the city of Toronto for the year 1934. It refers to a growing demand for housing, and it says:—

> Since pre-war days, that is nearly 20 years, Toronto has added only 166 acres (slightly over one-quarter of a square mile) to her area. There have, in that time, been eleven annexations, but all of them insignificant in acreage. The city is practically the same size as in 1914, although its population has increased from 470,000 to 630,000, or more than one-third.
>
> This explains why Toronto now has only a slow growth—a loss of population in 1934 if the city directory estimate is to be believed, but a few thousands gained according to the city assessor's record which is an actual count, not an estimate. The fact is that the city is now becoming built up, and that in many residential districts no suitable building sites remain. So, people who would otherwise locate within its borders go to points outside the city to establish themselves, and depend uopn their motor cars for rapid transit to the down-town district.

Where are these people to go when these slum areas are cleared out? Where these people do go is to the outskirts, very largely to the township of York, to the north, east and west; and they have gone there to such an extent that they have built up what is almost a new city?—A. But it is outside of the city, of course.

Q. But you say in your report here, at page 117, that when the depression is over you recommend the construction of 25,000 dwelling units. Now, where would you get land in the city on which to build them, in view of the figures I have read. Where would you go, when you have only 166 acres added in the past twenty years? Where would you get the land? Would it not be better for you to go to the outskirts with any such housing scheme which contemplates the building of 25,000 units of a value of $3,000 each? For transportation the workingmen would have access to motor cars, to trucks, to the T. T. C. and the buses, and in that way get quickly down to the city. I think it is a mistake to recommend rebuilding in areas such as Bright street, Moss Park, and other streets where slums now are. Would it not be better to go to the outskirts?—A. We do not see any objection at all to rebuilding in some of these central areas, if it is done with due attention to open spaces and so on when planning construction; that it is quite a healthy place, and health you know is of enormous advantage for the poorer tenants. Then, they are on the spot, without any extra expense, and they can get as I say the kind of odd jobs through which very often they eke out their living. It is perfectly true though that for the 25,000 units which may be required to meet the house shortage a large proportion must be on the outskirts, or outside of the city limits; at the same time there is a good deal of land available still within the city limits, especially in the north-western part which could still be built on.

Q. But, because of the fact that there is a lack of suitable building sites within the city would it not be better to have these people from the slum areas moved to the outskirts; otherwise, where would you get the land on which to build these 25,000 house units? It is not available in the city, to which in the past 20 years has only been added an area of 166 acres?—A. We believe there is still a good deal of land within the city, particularly in the northern part of Toronto; as I say, there are open fields and fairly wide places still that could be built upon. Of these people we are thinking of are not the kind of people who are moving out or who want to move out. This is what we have found again and again, that when they have to move they do not go to the outskirts.

By Mr. Hanbury:

Q. Do you not contemplate the construction of apartments for a number of these people?—A. Yes.

By Mr. Church:

Q. What percentage of these houses that you refer to as being in slum areas are being held contiguous to commercial areas for purposes of acceleration in value of assessment? These slums, referred to in your report, are largely in the vicinity of Bright Street, Moss Park and that district. Some of them are owned by the hospital trust, away down on Gerrard street—where Dr. Stanley was a medical student. Many of these have been cleaned out and the hospital trust have a number of these small new type houses there now. But down around Bright street, and also in Ward 2, east of St. Paul's church and in there west of the Don and south of Queen—all that area to-day is about two-thirds factory district. What percentage of that district is being held contiguous to these areas for the purpose of acceleration in value—by the synod maybe, and by other interests? Your report has nothing to say on that at all?—A. I think it is almost impossible to give any accurate estimate. Certainly the assessment on some of it, particularly in Moss Park, is high; the land is high in value and the assessment there is high as well. A good deal of it is being kept, no doubt, with that purpose in view.

Q. This is my last question: The assessment commissioner's report gives figures as to the number of vacant houses in the city of Toronto. The figures are as follows:

Year	Houses Vacant	Suites Vacant
1930	1,745	2,596
1931	2,205	3,605
1932	2,670	4,792
1933	3,407	4,995
1934	3,014	3,599

The assessors found nearly 16 per cent of suites vacant in 1933, and only a little more than eleven per cent vacant in 1934. Where did all these people go; they went into flats very largely didn't they?—A. Oh, a good many of these people doubled up.

Q. They are now in flats, are they not?—A. In some cases, possibly; but in a good many cases they are sharing a small house—two families sharing a small house in which only one would be living before the depression.

Q. I see from the report that there were nearly 1,300 more vacant houses in 1934 than there were in 1930, notwithstanding the fact that 7,500 people have gone into apartments, which shows the necessity for more land and more buildings right now. There is a scarcity of houses right now in the city of Toronto, of the small type?—A. Yes, of the small type, no doubt.

Q. But the working man cannot afford to pay the rent?—A. No. There are about 4 per cent of the houses in the city now vacant. The normal vacancy is shown as being between 4 and 4½ per cent.

Q. But, Professor Urwick, as to your general report, I do not think what you find with regard to bad housing conditions applies to the city proper, nor do the observations contained in your report apply to the city as a whole. There are slums, and near slums, but they are confined pretty much to districts. I believe, however, that the city of Toronto is trying to cope with the problem. You recommend in your report, sir, that the health department ought to be able to condemn, don't you?—A. Undoubtedly.

Q. They have that power now, but they are not able to use it apparently? —A. No.

The CHAIRMAN: Does anyone else want to ask Professor Urwick a question.

Mr. HANBURY: I would like to ask him a question or two.

By Mr. Hanbury:

Q. Do you contemplate that the federal housing commission which you recommend is to become possessed of and own houses in the various municipalities?—A. No.

Q. How then are you going to be able to work it?—A. You mean, how are we going to get hold of properties?

Q. As I understand it, you are recommending that certain property which is now owned by individuals is to be acquired by the state?—A. In certain areas, these bad areas; not by the state, but by the authority—we are not contemplating it being acquired by the state.

Q. Yes?—A. I contemplated it being acquired by the city, with the assistance of governments, provincial and federal.

Q. And then each authority is to construct in its own areas?—A. In our recommendation the board of directors on housing would be responsible, and directly responsible, to the city for the construction of houses for rehabiiltation and so on.

Q. It would really be a municipal undertaking?—A. It would be a municipal undertaking.

Q. You are suggesting that financial assistance come from the federal government?—A. Yes.

Q. And then you contemplate that there will be town planning, and control of that kind?—A. That is our hope. We think it would be folly to go ahead without proper town planning.

Q. Would you suggest that this federal housing commission would be justified in adopting the attitude that until there is proper provision for the future they will withhold any money; that, until there is proper planing they will withhold any advance of money?—A. Exactly.

By the Chairman:

Q. In connection with that, I see on page 117 and page 118 of your report that it would take about $12,000,000 to provide the 4,000 dwelling units at a cost of $3,000 apiece. The city, or the government, would have to put up the whole $12,000,000. They would not have any equity for the $12,000,000 they would put in, would they; it would have to be a donation outright?—A. Except that there would be in all probability a certain amount of income from it, to which the municipality would have the right of course—I think there would be. But this would be the cost which has to be put down by the city in order to get the whole thing done.

Q. Now, it says here: "On these considerations we may hazard a guess that the average cost of raising all dwellings to the standard might be about $3,000." That only raises them up to the standard. Well now, understanding that, in bringing these 4,000 dwellings up would the people who put up the $12,000,000 have any equity in that at all; or would they only belong to the people who already own them?—A. Oh, no, sir; I said, the city would have the equity in them altogether.

Mr. MORAND: It would be a matter of destruction and replacement, rather than rehabilitation.

The WITNESS: That item of $3,000 would include the cost of the purchase of the land and of rebuilding. The cost would be somewhere around $2,500 per dwelling for building, and the city would then own the house and the land, and would get at least some revenue out of it.

By Hon. Mr. Elliott:

Q. This is a question arising out of one of the questions asked by Mr. Church: Did I understand you, Professor Urwick, or is it your opinion, that

there are near the heart of Toronto some of these districts that are now occupied by bad dwellings and "shacks" which could be used for tenement houses in which to house low wage tenants; do you think that would be practicable?—A. Oh, yes, quite.

Q. Would the price of the land there be such that it could be done, do you think, as a business proposition?—A. No, if you mean as a business proposition; in the sense that it would be an economic and paying proposition, no. The land would be too expensive, and the cost of the buildings attached to it would be too expensive.

Q. Then, how would you make up the loss to the owners of that property?—A. We are contemplating in these particular areas the buying out of the owners altogether—land and buildings.

By Mr. Stanley:

Q. Would it not be economically cheaper for the municipality to move a lot of these occupants away from the congested areas, put them out further and provide transportation to their work?—A. I quite agree, sir, it would be cheaper; you could get your land much cheaper, a good deal cheaper, of course; and possibly the cost of the building might be a little cheaper, although not much.

Q. I presume you take it that the psychology which prompts so many people to come in from the farm to the city is also the psychology which prompts a lot of people to live away down town?—A. Undoubtedly; and also there are all kinds of ties and interests among these people; if you take a place like "The Ward", as it is known in Toronto, you have a great many foreigners who generally want to be beside their own people. They form groups, sometimes they have their little church, they have their little assemblies and that sort of thing, and they do not want to leave that neighbourhood. They would come back if you put them outside, if they could. In the case of Moss Park it is not quite so bad, because they are nearly all British or English speaking people, but even they have local ties and all sorts of interests in connection with the different factories, warehouses and plants, and it would be almost impossible to drag them away.

By Mr. Hanbury:

Q. Could you provide for most of the people in that area at the present time if you put up proper apartments?—A. You could, if you put them up in the way they did in some of the European cities; huge blocks of perhaps 7 to 8 stories and accommodating as many as 200 families in one block sometimes. The difficulty is that we have been met again and again by the objection that our people will not stand for that sort of thing in Canada. They want some privacy, they want a small back yard or its equivalent. There are, of course, plenty of blocks of flats, but I do not know of any blocks corresponding to the European type.

By Mr. Morand:

Q. Might I come back to my original question again, Professor Urwick; in your opinion should there be, along with any housing scheme, a licensing provision whereby no factories will be permitted to establish in any place other than one in which provision is made for the health of the district, and for the housing of the people who would be employed by such plants?—A. Personally I should be in favour of that.

Q. That would be better than permitting them to do the way they are doing at the present time?—A. Yes.

By Mr. Hanbury:

Q. Would not that situation be taken care of by your plan for zoning?—A. Yes. It would need something like that. Factories should only be allowed to become established in certain areas.

Mr. CAUCHON: I might explain, for your information, that town planning can control what a man will do with his property; but there would be no power such as Mr. Morand is asking for, to compel incoming factories to provide housing for their people. You see, the danger is that new factories contribute directly to the over-crowding of existing housing facilities.

Mr. HANBURY: But, town planning will provide that factories may only locate in certain areas.

The WITNESS: That is the point—factories should provide houses for people they bring into a small town.

The CHAIRMAN: Gentlemen, we have Mr. Cudmore here from the Dominion Bureau of Statistics; could we hear him now?

Professor Urwick we want to thank you for appearing before us.

By Mr. Church:

Q. Before the witness leaves I would like to ask him this question: Did your committee approach the synod, or the diocese, of Toronto, to ascertain what they are prepared to do in connection with this matter?—A. No, we did not.

Q. Don't you think you could instill a little Christian housing spirit into them if you tried?—A. We did not try, I am sorry to say.

Q. Isn't it the rule that charity should begin at home?—A. Possibly.

By Hon. Mr. Rinfret:

Q. Before the witness leaves, and going back to Mr. Morand's question about building in the outskirts rather than centralizing, I put the question myself a few minutes ago about compensation to the owner of a slum: Is there anything in your report suggesting that in certain blocks—or slums, if I may express myself in that way—that these could be transformed into public parks or playgrounds? There has been some suggestion made in the city of Montreal that we might in certain cases transform a block in such an area into parks, and by way of compensation to the owners of houses in such areas at the present time encouragement might be given, and some provision made for him to build in the suburbs. Have you had such a plan as that submitted to you in any way?—A. No, we have not, sir. We simply contemplated the possibility of turning some of these slum areas, as we call them, into residential districts and rearranging and limiting the number of houses and increasing the amount of open space; but not turning them into parks, which we thought would be too expensive at present at least.

Q. Well then, I suppose it would be inappropriate to ask your opinion about something that you have not propertly considered, or which does not form a part of your report and has not been brought to your attention?—A. It has not been brought to our attention, no.

Mr. CAUCHON: In England they insist in sub-divisions that a proportion of the area must be left for what they call open space.

Hon. Mr. RINFRET: I might say right here, notwithstanding any opinions to the contrary as to the value of slum property, you are going to find it difficult anytime you want to dispossess a present owner without compensation. That has been my experience in Montreal whenever anything of that kind has been submitted to us.

Mr. CHURCH, seconded by Mr. STANLEY, moved an expression of appreciation and thanks by the committee to His Honour Lieutenant-Governor Bruce, to his committee on housing, and to Professor Urwick, for making the Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto (1934), available to this committee.

Carried.

The CHAIRMAN: Professor Urwick, we want to extend the thanks of this committee to you and to His Honour.

The WITNESS: Thank you, Mr. Chairman.

The Witness retired.

The CHAIRMAN: Now, it is only a quarter to twelve and I think we should have Mr. Cudmore start his evidence. Would you come forward, please, Mr. Cudmore.

Mr. S. A. CUDMORE, called.

The CHAIRMAN: Mr. Cudmore is Chief of the General Statistics Branch, and editor of the Canada Year Book.

The WITNESS: Mr. Chairman and gentlemen, I have been asked by Dr. Coates to present to you a statement regarding the statistics relative to housing which are collected by, or in the possession of, the Dominion Bureau of Statistics. Generally speaking, those statistics are of an extensive character, rather than of the intensive character that the last witness has been referring to. Of course, the most elaborate of those statistics are those obtained from the Census of 1931, which are now available for the whole of Canada. At that Census we secured a description of each and every occupied dwelling in the country. The points covered included the general class of the dwelling house, detached, semi-detached, apartment and so forth, the material of which it was constructed, the number of rooms, certain conveniences in the case of rural residences, the family in occupation, showing the number of persons per room, etc. It was also ascertained whether the dwelling was owned or rented; if the former, the value was recorded, if the latter, the amount of rental paid. Then with regard to each family occupying these dwellings, very complete details were collected including sex, age, occupation, earnings, racial origin, birthplace, literacy, citizenship, unemployment, etc., of each member. These facts have been compiled for each city of over 30,000 as well as for the Dominion and for the province; also for groups of urban communities of over 1,000 population, and groups of towns and villages under 1,000. Analyses of the material from all important points of view have been begun, more particularly the earnings and general economic condition of the family in relation to the housing which the family occupies. Based on the above, there are in preparation two special studies to be brought out as census monographs, one a study of the Canadian family, its composition, size, economic conditions, etc.; studying the family both from the social standpoint, and from the economic standpoint; also there will be a second monograph dealing with housing and rentals; but these of course will deal more particularly with the subject in which the committee is interested It should be remembered that these census data on housing include the features which are susceptible of quantitative measurement. From our position here at Ottawa, we could not go into the qualitative analysis of housing conditions of which you have already heard. It is important to have information on such features as state of repair, age, sanitary conditions, food, storage facilities, features such as one gets in the report of the Ontario Committee on Housing Conditions in Toronto. We had contemplated in the final stages of those monographs, which we are preparing, obtaining certain qualitative data by personal visits and co-ordination of existing published materials.

All the questions relating to housing were asked upon the population schedule so as to facilitate the compilation of the information obtained with that relating to the persons contained in the family and the earnings and employment of its wage earners. It thus becomes possible to study in detail the housing facilities in any particular area as relating to the type of people which those facilities serve, provided that the area was clearly and definitely stated and corresponded with the enumeration districts of the census, of which there were

some 15,000 throughout the country. Intensive surveys of housing facilities in particular areas included within city limits can thus be made, provided adequate staff is made available.

A great deal of these statistics admit of more than one interpretation. Low rentals may indicate either poor accommodation or merely that the supply of housing is greater than the demand, as, for instance, towns of stationary or declining population. High average rentals, similarly, may indicate either quality of accommodation provided or that the demand for housing is out of proportion to the available supply. Thus the statistics for each community require interpretation by persons familiar with the trend of housing conditions in that community.

However, there is one general type of statistic that should be considered as a measure of the adequacy of housing facilities, prima facie evidence. If one community has, in the ordinary course of events, a much smaller number of rooms per head of its population than another community, there is a prima facie case for saying that the first community is overcrowded as compared to the second one, although this statement should hardly be made without reservation as between communities, one of which includes in its population, a much larger percentage of young children than the other.

Another statistical series regarded as an excellent guide to the adequacy of housing, are the number of persons per hundred dwellings. Where the number per dwelling is low, as in London, Ontario, it would appear to evidence that the city is not overcrowded and that the supply of housing is adequate to the population. Where the number of persons per dwelling or per room in the dwelling is high, as in Regina, it would appear that new building is required. We have two series of tables here dealing with that. The first series deals with the housing of the population of Canada and the provinces. I am going to leave these tables with you together with an explanatory statement, showing what we consider the most important conclusions to be drawn from these statements. Thus, for example, in the first series of tables dealing with Canada and the provinces, there might be especially noted the fact that in the rural points of Canada there were in 1921, 21,116 one-family households of owners and 7,261 one-family households of tenants consisting of two or more persons, and occupying one room only There were also in rural Canada in 1931, taking owners and tenants together, 753 households of two or more families occupying one room only.

By Hon. Mr. Elliott:

Q. The whole of Canada?—A. The whole of Canada. Again, in urban Canada, there were in 1931, taking owners and tenants together, 11,975 households of one family of two or more persons living in a single room and 94 households where two or more families live in a single room. These cases are of course most obvious cases of over-crowding.

Q. Have you these for the provinces?—A. Yes, for Canada and the provinces.

By the Chairman:

Q. Are you going to file any statement or report which shows these by provinces?—A. We will give you these tables, sir, and this statement regarding them.

By Mr. Stanley:

Q. Does it divide the urban from the rural?—A. Yes. Now, the second table of this Dominion and provincial series, shows for Canada and each of the provinces the structurally separate units, the households, and number of rooms, also the rooms per person, the rooms per structurally separate unit, and the rooms per household—that is, the average figure, of course,—by rural and urban areas and the total. In this table the most significant column would appear to be number of rooms per person in the total population. By provinces these vary

from 0·95 in Saskatchewan and 1·01 in Alberta, to 1·51 in Ontario and 1·62 in Prince Edward Island, the average for Canada as a whole being 1·26 rooms per person.

Mr. HANBURY: Will you give the other provinces at the same time?

The WITNESS: The other provinces are here.

Hon. Mr. RINFRET: What about Quebec?

The WITNESS: Quebec has 1·14 rooms per person of its total population in dwellings. Of course, Quebec has a larger percentage of young children in its population than most of the other provinces.

The CHAIRMAN: Can you give the other provinces? Mr. Hanbury would like British Columbia.

The WITNESS: British Columbia has 1·24 rooms per person for its total population, which is almost exactly the same as the Dominion average. The provinces which are worst housed on this basis are Saskatchewan, Alberta and Manitoba.

Mr. MCINTOSH: Is that largely urban or rural?

The WITNESS: Altogether. These are complete figures.

By Hon. Mr. Rinfret:

Q. These are very surprising figures. I should think the three prairie provinces would be largely rural, except Manitoba, perhaps?—A. One feature of the figures is that in each of those three provinces, the rooms per person in the rural area are lower than in the urban areas and then in the province as a whole. Now, in rural Saskatchewan, there are only ·84 rooms per person of the rural population.

Q. May I inquire right here as to how the statistics are built up. Do you take into account only the bedrooms or every room in the house?—A. Every room in the house, apart from bathrooms—

Q. Kitchen perhaps?—A. We take kitchens, yes. The kitchen is considered a room.

Mr. STANLEY: Most of the homesteads out west have just one room for everything.

Hon. Mr. RINFRET: I see.

The WITNESS: It is very natural, of course, in a new country, that people should start out with a shack and build on as they have the means to do so.

Hon. Mr. RINFRET: Here is an explanation. I am always a little bit worried about statistics. If you have a very large room comprising the living room, dining room, kitchen and everything, that is not so bad perhaps as having two small rooms crowded with people.

The WITNESS: I am afraid we cannot—

Hon. Mr. RINFRET: There will be an explanation of that.

The WITNESS: Oh, yes.

Hon. Mr. RINFRET: It is most surprising to hear there is more over-crowding in Saskatchewan than in the urban centres of the old provinces. There must be some reason for it, one reason being there is a large room for all purposes.

Mr. HOWDEN: I well remember rural communities out there where the farmer put up four walls and cannot afford to divide the room.

Hon. Mr. RINFRET: That would not be so unsanitary if they were placed in the midst of a field.

Mr. STANLEY: Mr. Chairman, the disposition there is not to have these rooms too big. They have a very rugged climate in the winter time, and the smaller the room the easier it is to heat. They have to bring coal a long distance.

Hon. Mr. RINFRET: I suppose no room at all would solve the heating problem, according to that. That shows that statistics are sometimes deceiving.

Hon. Mr. ELLIOTT: I do not suppose it would be very easy for you to acquire a statement showing the cubic feet space. Could you get us figures showing the number of cubic feet of space that you would have in a house? You never attempted that?

The WITNESS: No. I think it would be quite impossible to get our 15,000 enumerators, who are working on the census, to secure information of that detailed type. They have to take the information that the persons reporting regarding the house give to them, as they give it to them after explaining what the census means by a room.

By Hon. Mr. Morand:

Q. Have you information as to the number of bathroom equipment there is in the country?—A. We did ask at the census of the rural homes, how many of them had water piped into the kitchen, and how many had water piped into the bathroom, and we found it was a comparatively small percentage.

Q. A very small percentage?—A. We did not get that information with regard to urban homes.

Q. You did in regard to the rural?—A. Yes.

Q. A lot of people in the cities think all those houses have those appurtenances?—A. Yes.

Hon. Mr. ELLIOTT: They have not lived on the prairies.

The CHAIRMAN: Will you proceed, Mr. Cudmore?

The WITNESS: I shall proceed with those statements, Mr. Chairman. Table 3A in this series shows the households of one family in Canada and in each of the provinces classified as wage earner households and other households by the monthly rentals paid. Table 3B shows the same thing with households of two or more families. Table 4 shows in Canada and for each of the provinces, the value of urban homes occupied by their owners by value classes. Here it will be noted that about 2½ per cent of all urban homes were valued—that is according to the statement of all owned urban homes—by their owners in their statement to census enumerators at less than $500, and only 6½ per cent more at between $500 and $1,000, making over 9 per cent of all urban houses to be valued at under $1,000.

By Mr. Hanbury:

Q. Did that valuation include land?—A. Yes, it would naturally include land in the statement furnished. Tables 5A and 5B show for Canada and its provinces the kind of dwellings occupied by one family or two or more families respectively, whether such dwellings were single, semi-detached, apartments or flats, row or terrace, hotel or rooming house. Particularly notable is the overcrowding in the households consisting of two or more families as indicated by the fact that the rooms occupied by such families are only 1·03 per person, while in the household of one family the proportion is 1·29 rooms per person. Now, these are the figures of the first series, if anybody cares to look them over (exhibiting).

Hon. Mr. MORAND: Would it be too much trouble to have these printed in the evidence?

The CHAIRMAN: We should go over them and see what we need in the evidence and undertake to print that.

Hon. Mr. ELLIOTT: I would suggest as Mr. Cudmore knows so much more about these figures than any of us possibly can, while he is going over it, that he give us what appears to him to be the most important figures, so that we can get them into the record, because they are very important and very interesting.

Mr. CAUCHON: Mr. Cudmore mentions that these will be all printed by the Bureau of Statistics.

The CHAIRMAN: That won't be of any use to our committee.

Hon. Mr. RINFRET: You mean the census reports?

The WITNESS: As I understand it, Mr. Pelletier, they will appear in volume 5?

Hon. Mr. MORAND: How long before that will be out?

Mr. PELLETIER: It is very hard to answer that. I suppose it is due to the overwork at the Printing Bureau but it always takes us around a year to get a volume out, with the exception of volume 7, which is seven months, so it is hard to say when the volume will be out.

Hon. Mr. MORAND: You have not started on it yet?

Mr. PELLETIER: Yes, but not at the Bureau.

The CHAIRMAN: It would not be out in time to be of any use to the committee, anyway.

Mr. PELLETIER: No. We have a published bulletin that will be out in probably three or four weeks. I suppose that will be too late too?

Mr. HANBURY: Yes.

Mr. STANLEY: Mr. Cudmore and Mr. Pelletier might co-operate with the sub-committee and intimate to the sub-committee what would be of the greatest value to us.

The CHAIRMAN: Yes, and we will incorporate that into our report.

The WITNESS: Then we have also the second series of tables dealing with housing in the 20 leading cities of Canada, having each over 30,000 population. The first table in the series deals with the housing accommodation of owners and tenants in the 20 leading cities of Canada, these owners and tenants being divided as "one person households," "household of one family, of two or more persons," and "households of two or more families." Here we may note, for example, the great preponderance of tenants in Montreal, though this does not necessarily involve inadequacy of accommodation. It is significant also that the western cities had an appreciable percentage of their families of two or more persons living in one room only.

Table 2 shows for each of these 20 leading cities (exclusive of the institutions there located) the number of structurally separate units, of households, of rooms, also of rooms per person, per structurally separate units, and per household. In this table the number of rooms per persons varies from 1·05 in Three Rivers, 1·11 in Quebec, 1·13 in Regina, and Verdun, to 1·64 in London, which is thus apparently the most adequately housed city in Canada.

Hon. Mr. ELLIOTT: It is an ideal city.

Hon. Mr. MORAND: They are all bachelors there.

The WITNESS: However, Three Rivers and Quebec have a proportionately larger number of young children in their population than most of the others, and probably the better figure in this connection is rooms per household, which varies from 4·82 in Verdun to 6·57 in Ottawa. We have to mention that.

Hon. Mr. RINFRET: You have not got the figures for Callander, Ontario?

The WITNESS: No, I am afraid I have not.

Hon. Mr. ELLIOTT: They would have to be revised, anyway.

The WITNESS: Of course all these figures are for the census date, June 1, 1931—I wish to say that—before the quintuplets arrived. Tables 3A and 3B show for households of one family and two or more families respectively, the rentals paid by wage earner and non-wage earner households respectively in each of the 20 cities. Attention may be directed to the fact that in most of the cities the number of persons exceed the number of rooms in the groups paying the lower rentals, while in the groups paying the higher rentals, the reverse is the case. The overcrowding is naturally the greatest in the households of two or more families, and is greater among the wage earners than in the non-wage earning households.

Table 4 shows for each of the 20 cities the number of owned houses valued at under $500, between $500 and $1,000, and $2,000 etc., according to the occupational status of their heads. The cities differ considerably in the percentage of their owned houses valued at under $1,000. Edmonton showed up rather badly in this comparison. Edmonton had 14 per cent of her owned houses valued at under $1,000, but this may perhaps be considered as a temporary phenomenon in the experience of a rapidly growing western community.

Table 5A shows for each of the twenty leading cities the numbers of households on one private family, of one person, the total number of persons, the number of children, the number of lodgers, and the number of rooms occupied, according to the kind of dwelling. Here again the most significant comparisons are probably those of the inhabitants of single or semi-detached houses as compared with those of apartments or flats, rows or terraces, together with the relation between the number of persons and the number of occupied rooms.

Table 5B is similar to 5A, but deals with households of two or more families, giving the numbers of such households, number of private families included in them, the number of persons, the number of rooms, and the number of lodgers in each of the 20 cities. In nine of these cities the number of persons in such households exceeds the number of rooms.

By Hon. Mr. Morand:

Q. Conditions would be different to-day, Mr. Cudmore, from what they were in 1931, due to the fact that there has been very little building going on, and the population has increased?—A. Mr. Morand, I am afraid there is no doubt of that. Besides being the census takers of Canada, we are also the people who try to keep tab on the current situation. Here is a chart showing the value of construction contracts awarded, the upper line, and the lower line shows the value of building permits issued for residential buildings in Canada over recent years.

Q. You have not a graph showing the increased population since then? —A. Mr. MacLean, our chief census analyst, is recognized as an authority on that point, and from his figures we estimate that from 1931 until the present time, there have been added to the population of Canada, mainly by natural increase, about half a million persons, and I think I would be safe in saying that by the end of the present year we shall reach 11,000,000. I have a memorandum here dealing with construction contracts. I have another draft showing the index number of unemployment in the building construction industry. That was at its lowest point. The value of building permits and the value of construction contracts awarded was at its lowest point in 1933 for residential building; 1934 showed a substantial measure of recovery. You may have noticed in number 3 of your evidence the conclusions that were expressed in the bulletin of the Bank of Nova Scotia to the effect that there ought to be some $300,000,000 of new residential building this year in order to take care of the backlog arising out of the low figures of residential construction in 1932, 1933 and 1934—the assumption being that we need about $100,000,000 of new residential building in Canada.

By Mr. Hanbury:

Q. Could you tell from this draft the average number of men not engaged in the construction industry at the present time in comparison with 1926?—A. This is based upon a table, sir, but it does not include every building permit in the country. In our monthly reports we get figures only for the firms which employ fifteen or more people. The figures in that table, as I remember them, show that throughout 1934 there were only about one-third of the number of men employed in building that there had been in 1929 and even in 1930.

Here is a memorandum showing residential building in recent years as based on the reports of some 60 cities which send us in their building permits every month, and also indicating which of these building permits deal with residential construction and the value of residences constructed.

Q. I wondered if the Bureau of Statistics would have any information showing comparisons of the figures that they did have on record with other countries?—A. We have a great many statistics available for other countries but it would take some time to study them out and it would be a difficult matter to make an analysis of all the necessary reservations. As Professor Urwick was telling you it is hardly possible to find two countries in the world where conditions are quite similar. I have a number of copies of this memorandum on the recent trend of building over the last three or four years, and if anyone cares to have a coy I shall be pleased to supply them.

Hon. Mr. ELLIOTT: What does it show generally—the recent trend in that statement you now put in?

The WITNESS: Well, in the good years up to 1929 and even 1930 the value of residential building undertaken in the reporting cities ran around $50,000,000 or $60,000,000 per year, which would be fairly well in line with the Bank of Nova Scotia figures of $100,000,000 for all Canada because the increase in the population of those 60 cities is something like half or a bit more of the increase in the population of Canada as a whole. But in 1933 instead of $50,000,000 or $60,000,000 of new residential buildings in these reporting cities there was only about seven and a quarter millions of new residential buildings, and in 1934 that increased somewhat to $8,600,000.

Mr. MCINTOSH: What does it look like for this year?

The WITNESS: It is very early to say because really our building season has not started yet, but the MacLean Building Reports of construction contracts awarded which they have for two months, indicate that it is rather better than 1934—not very much, about 10 per cent.

Hon. Mr. ELLIOTT: Do they differentiate between residential construction and general construction?

The WITNESS: Yes.

By Hon. Mr. Morand:

Q. What is the approximate ratio of increase in population in the last four years as compared with your census period between, say, 1921 and 1931. I would not expect you to have that here, but could we secure that information? —A. On the basis of our vital statistics, I think you might say that our natural increase of population, our annual natural increase is about from $1\frac{1}{4}$ to $1\frac{1}{2}$ per cent per annum.

Q. Do you remember what your total increase was—your percentage of increase in your last census period?—A. About 18 per cent between 1921 and 1931.

Q. 1·8?—A. Yes, 1·8.

Q. And it runs about 1·4?—A. Yes, 1·3 to 1·4.

By Hon. Mr. Elliott:

Q. Have you tables of cost, construction costs, for the different years?—A. We have, sir.

Q. Are they comparative tables?—A. I was going to refer to that. There is one point which I think should be made, and it is this, that at the time the former housing scheme was launched by the Dominion with the cooperation of the provinces the building costs were practically at their maximum in our whole experience—1919 and 1920—and since that time the prices of building materials in 1920 were roughly double those in 1913, and wage rates in the building trades were about 80 per cent higher. Interest rates on mortgage money changed very little during the war years; indeed there has been little change in them between 1913 and the present time. After 1920 there was a rapid decline in building costs, in 1921 and 1922, and then a slow decline until 1930, and since 1930 there has been a decline of about 10 per cent in the price of building and construction materials, and a decline of rather more than that in wages in the building trades.

Q. Your statement gives it by years?—A. Wage rates declined by 24 per cent between 1930 and 1935.

Q. And you stated that construction material had declined 10 per cent?—A. That is from 1930 to 1934.

The CHAIRMAN: Now, you might proceed in the order you have it there?

The WITNESS: It is apparent from this data that the reaction to building costs is slow. Between 1929 and 1934 costs, rents, construction all declined, and the upturn in construction in 1934 actually was accompanied by higher material prices and lower rents. Of course, the most vital factor in promoting the growth of residential building, activity in residential building, is the demand—what the economists call the effective demand, the demand accompanying the price.

Mr. HANBURY: The ability to meet the demand.

Hon. Mr. MORAND: The ability to create the demand and being able to pay for it.

The WITNESS: I ought to say that we have available in the Bureau at least annual statistics of the production, imports, exports and apparent domestic consumption of commodities used as structural materials or as household furnishings. Thus as regards structural materials, we know the production of such commodities as cement, brick and tile, sand, stone and gravel in recent years, while for cement monthly figures of production, imports and exports are available. With respect to building equipment we have annual figures of the value of the production of electrical apparatus, lighting fixtures, radiators, plumbers' supplies, stoves, window shades and window screens, electric and other refrigerators, and sanitary ware and many other articles. Dr. Coats instructed me to say that, of course, we are very glad to serve your committee in any way we can in securing any figures in our possession—any other figures that you may consider you need.

The CHAIRMAN: Is that all you have to present to us?

The WITNESS: I think that is all.

Mr. CAUCHON: Would you give us the dividing line as to what is considered rural and urban? There has been a misunderstanding here as to exactly what is rural. That is to say, when you get at the line of the city you have a lot of citified conditions with respect to overcrowding; now, could you say where that line divides?

The WITNESS: As a Dominion government organization which aims also to serve the provinces and, as a matter of fact co-operates with the provinces in securing information along many lines of production and otherwise we have in the past drawn our line of rural and urban at exactly the point where it is drawn by the provinces. There is one trouble with that and that is that the

different provinces vary very much in their practice in this connection. In Saskatchewan there are many small incorporated villages, incorporated as urban municipalities, with not more than 100 or 200 population while in Ontario a village is supposed to have 750 people, and I think in Nova Scotia there are practically no incorporated urban municipalities with fewer than 1,000 people. We have felt the unsatisfactory nature of taking whatever the province took as our dividing line but we still keep it for general purposes. However, we have as you will see in the first series of these tables separated figures for urban communities classified as urban with fewer than 1,000 people. The general opinion of the Bureau is that an urban community should have normally 1,000 people.

Mr. CAUCHON: The point I wanted to make is well exemplified in the township of York; it is half town. In considering the factor of where help should be given for low wage earners and whether rural housing is involved the question comes up as to what is rural housing; I claimed that rural housing mainly meant farm dwellings, but we have these dividing lines which complicate the situation.

The WITNESS: It is quite true that there is a very considerable difficulty there. Now, at the last census we got for the first time in Canadian history the figures of the total population of areas such as called greater Montreal, greater Toronto and so on. Now, in greater Montreal there is included—

Mr. CAUCHON: The whole island?

The WITNESS: Mr. Pelletier knows that better than I do, but it included pretty well the island at any rate; I do not know whether it included anything on the south shore.

Mr. PELLETIER: It included all the cities of Montreal such as Westmount and Outremont and also the small villages like St. Michel de Laval and St. Laurent and the town of Longueuil and St. Lambert.

Hon. Mr. RINFRET: Do you include Lachine?

Mr. PELLETIER: Yes, also Lachine.

Hon. Mr. RINFRET: You can make it what you want, because there is nothing definite about it.

The WITNESS: Well, of course, you have the main criterion of whether a particular bit of a community like York township is a rural community according to the legal interpretation. The main criterion is the density of the population in that area immediately adjacent to an organized city. It will be difficult, of course, to get such information as we gave in these tables for those greater cities, for the total populations of those great cities in so far as they were also urban municipalities with definite areas. We might be able to add them up.

Mr. CAUCHON: I was trying to get for the committee what was the differentiation between the housing that is required for the city and for the farm. If the thing is divided into urban and rural, the urban is easily understood. We are seeking industrial housing for the low wage earner, but when you get into the rural community, part of that community is made up of wage earners living on the outskirts, and they want industrial housing whereas the farmer wants farm housing.

The WITNESS: Well, I think the best procedure in a case of that kind would be to take the city case and then for the people who are interested in working up the situation in that particular community see what information we could supply them with for an area outside of the municipal limits.

Mr. CAUCHON: Your statistics, as I take it, cover the ground so that when you examine a householder you designate him as a labourer, or a city worker, an industrial worker, or a farm labourer, and so forth; is that so?

The WITNESS: Yes.

By Mr. Hanbury:

Q. Based on 1926 as an average, could you procure for us the number of people at present unemployed in the construction industry?—A. It would be a very difficult matter, sir, because in good times you would get it to a certain extent, so far as skilled labour was concerned, from the reports of the trade unions to the Department of Labour, but so far as the building labourer is concerned—the man who is not skilled but who in good time secures work as a manual labourer in connection with the building trades—you cannot tell where he is now.

Q. No; but you did know in 1926 the number of men engaged in the construction industry?—A. In 1933. I beg your pardon.

Q. Have you not that information for 1926?—A. Well, the 1926 information is based on our reporting firms which does not profess to be obsolutely inclusive.

Q. You have the number that were engaged in the construction industry in 1931, have you not?—A. We have the number of people reported to us.

Mr. McINTOSH: But there was no report made where the number of people employed was under fifteen.

The WITNESS: There was no report from firms employing fewer than fifteen.

Mr. HANBURY: There is no definite information.

The CHAIRMAN: Do any members of the committee know of any statistics which they would like to have prepared?

The WITNESS: I think I can get Mr. Hanbury the figure.

Mr. HANBURY: I think it is important that we should have from the Bureau of Statistics all the information they can give us as to the number of people who are unemployed as the result of the fact that there is no building going on at the present time, because I think our problem is to try to get these people work.

Hon. Mr. RINFRET: It might mean that some of the skilled men are working at something else and whilst working at something else they may be displacing other men who would have that work if they were employed in their own occupations. I do not know to what extent the statistics may show that.

Mr. HANBURY: In as far as skilled men are concerned my information is that practically all the skilled men are from 45 to 50 years of age; that there are no younger men coming along.

The CHAIRMAN: Do you think you could obtain anything along that line for us?

The WITNESS: I can give you the table on which that draft I have shown you is based.

Mr. HANBURY: This information does not provide for the number of men employed or unemployed.

The WITNESS: No. I beg your pardon.

By Mr. McIntosh:

Q. Have you any facts or figures on the apprentice system in Canada, comparing the last year or two with previous years?—A. No, I am afraid I have not. I know there is an apprenticeship law in force in Ontario. One might obtain some information from the provincial government on that.

Q. I think we had evidence to that effect; but I got the impression that our apprenticeship system was at a low ebb and, if so, what bearing has that condition on skilled labour at the present time and what bearing will it have in the future?—A. I believe it is quite true, sir. I know it has always been my experience that most of our skilled workers, not only in the building trades but in other trades as well, have been old country men. If I might generalize for a moment I would say that generally in a new country the javk-of-all-trades

is apt to get on better than the master of one, whereas in the old country where there is more specialization you would have people confining their life activities to a very narrow field. Of course, life in our country is becoming more complicated all the time and more specialized as we realize when we are taking a decennnial census, because we have to include a larger number of additional occupations. Every time we take a decennial census we meet with occupations which were not known at the previous census.

Q. Do you think you can get some information on that from provincial sources?—A. If you like we will write to the Ontario government.

Mr. REILLY: I suggest the Inspector of Apprenticeship in Toronto and also the council in Vancouver—the two centres where the system has been tried.

Mr. CAUCHON: I think the point Mr. McIntosh was emphasizing is that due to the depression no young men are learning the trades.

Mr. MCINTOSH: That is one angle.

The WITNESS: Of course, we have had a great increase in technical education since the measure of 1919 or thereabouts was passed—since the Dominion government provided one million a year assistance. I think it is largely through technical education that we will get our young skilled workers in the future.

The CHAIRMAN: I wrote Dr. Coats a note asking for information on housing and for a good deal of information on health and crime to show what the health of the country costs and what crime costs; and also to let us have some figures in regard to the amount of money spent on relief by the Dominion, by the provinces and by the municipalities. I have a note from him giving me some figures which I did not bring with me because I was going to check them up with the departments of Labour and Health to ascertain their views. I do not know what bearing that will have, but I thought the general figures would be of interest to us.

Mr. MCINTOSH: Will the figures with regard to crime have a bearing on nationalities in their relation to crime, the main nationalities in Canada?

The CHAIRMAN: The only idea I had in mind when I asked for this information was whether the clearing up of these slums and affording good housing accommodation reduces crime; that is what these housing people report; and I thought it might be of interest to see how much crime costs and to see if we could get any idea as to how much good housing would reduce that cost.

Mr. STANLEY: The Toronto report gives some valuable information.

The CHAIRMAN: Yes; as far as Toronto is concerned.

We have only one more witness who has been called, and that is Mr. Alexander Officer, of Winnipeg. He is coming at Mr. Heaps' request. Mr. Heaps asked to have him as the Winnipeg report on housing was more favourable than those received from other cities. However, we have several other applications. I will suggest to Dr. Stanley that he call his committee together to decide what witnesses we shall call. We have to ascertain what has been done in England and what their viewpoint over there is.

Hon. Mr. RINFRET: I understood from Mr. Sullivan that you were to have Mr. Rancourt from Montreal.

The CHAIRMAN: Yes, there are four or five of these people who want to appear, and I was going to take that up with the committee. There are three different people from Montreal who would like to appear.

Hon. Mr. RINFRET: I am quite ready to leave it to the sub-committee.

Mr. STANLEY: I will ask the sub-committee to meet at 4 o'clock.

The committee adjourned to meet Tuesday, March 19, 1935.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

THURSDAY, MARCH 21, 1935

WITNESSES:

Mr. Alexander Officer, Chief Sanitary Inspector, Health Department of the City of Winnipeg, Manitoba.

Mr. A. M. Ivey, President and Manager of the Toronto Housing Company, Toronto, Ontario.

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1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

COMMITTEE ROOM 429,

March 21, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock, a.m., Mr. Ganong, the Chairman, presided.

The following members were present: Messieurs Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Hanbury, Heaps, Howden, McIntosh, Peck, Plunkett, Rinfret, Stanley and White (London)—15.

Mr. Alexander Officer, Chief Sanitary Inspector of the Health Department of the City of Winnipeg, Manitoba, was called, examined and retired.

Mr. A. M. Ivey, President and Manager of the Toronto Housing Company, Toronto, Ontario, was called, examined and retired.

Mr. G. D. Stanley, M.P., filed a copy of the report of A. S. Chapman, City Engineer of the City of Calgary. It was decided to have this printed.—(See Appendix B.)

The Committee adjourned at 12.45 o'clock, p.m. to meet again Friday, March 22nd at 10.30 a.m.

J. P. DOYLE,
Clerk of the Committee.

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MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

March 21st, 1935.

The Special Committee on Housing met in Room 429, Thursday, March 21, 1935, Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Now, gentlemen, we will come to order as we have a quorum present. We have two witnesses to appear before us this morning; one is Mr. Alexander Officer, who is chief inspector of the division of sanitation and housing of the city of Winnipeg. With the consent of the committee we will hear from him now.

ALEXANDER OFFICER, chief inspector, division of sanitation and housing, department of Health, city of Winnipeg, Manitoba; called.

The WITNESS: I want to say right at the outset how kind the various gentlemen have been whom I have seen this morning already. I am very anxious here to-day to do anything that I can to help with this question that we have before us. Might I take just one moment to explain the whys and wherefores; as, naturally, you will have discovered by this time that I was born over in Scotland. I was educated there, and am trained by profession as a plumber. Like most young fellows at that time I was sincerely interested in making the most of my work and in acquiring technical knowledge about building and construction. I got my certificates for these, and then studied sanitary science and finally got my certificate of the Royal Sanitary Association in 1900. I was very fortunate in receiving my first appointment a few months later, in February of 1901, becoming one of the assistant sanitary inspectors in the county of Dunbarton, a county that embraces a very large rural area, and some small towns and so on. In 1912, Mr. Chairman, and for some years before that there was a great migration from my own land to Canada, and I felt that surely there must be room for a good sanitary inspector in this land; so I decided to come to Canada and landed in Toronto in 1912. There I was very very kindly received by Dr. Hastings who was very anxious, and I think sincerely anxious, to have me in his department, largely I believe because of my training and qualifications. I placed my application before Dr. Hastings, and at the same time I also wrote to Dr. Douglas of Winnipeg, from whom I received a reply instantly to come on to Winnipeg, where I have been ever since. Shortly after my arrival in Winnipeg they turned me loose on housing work generally, and on sanitation in particular. So that leads me up to what I would like to read as my own notes, Mr. Chairman. I may have to take about twenty minutes of your time, but not much more. After that if there are any questions that you would like to ask, and that it is within my ability to answer, I would be very glad to do so.

Several years ago, a great deal was said from the public platform and in the press about the need for immigration. Now, while this probably was meant to apply to homesteading, it was too much to expect that all immigrants would settle on the land. Indeed, we found that many of these came to our towns and cities, and this is a condition that has continued. The question then arises, where are these people to live? Few of them are in a position to buy a house right away and our building and health laws do not permit of the erection of flimsy structures and the neglect of sanitary conveniences. Moreover, our climate demands that sufficient protection must be afforded from excessive heat in summer and extreme cold in winter. It is therefore evident that it is

expensive to build a satisfactory home even if the immigrant has the means, I think we all realize that for some years past the construction of dwellings for rent has been at a standstill. Many of the rented houses are like second-hand clothing, cast off and requiring constant repairs.

There is an intimate association between housing and the two great elements —the progress of society and the individual—which together constitute civilization. Interaction between these two elements is such that each reciprocally produces the other. Amelioration of social conditions, of which housing is a salient feature, is followed sooner or later, more or less completely, by the moral and intellectual advance of the individual. Conversely, every expansion of human intelligence improves and refines man's external circumstances and social state. It follows then, that the quality of the housing provided must materially affect the character and extent of the individual and social change secured. With increasing knowledge of sanitary principles and the ever-rising standards to the life and labour of man, this factor of quality presents a problem in which there can be no finality. Nevertheless, the knowledge already available not only emphasizes that need, but indicates the direction and the character of the improvements required. Thus the quality of the various forms of housing should insure that the housing is adequate for present and adaptable to future needs and conditions.

Personal and community hygiene depends in no small measure upon our housing conditions. There will always be a large number of people who cannot afford to purchase a home, and it becomes the business of somebody—civic, provincial or federal—to see to it that a sufficient number of suitable and sanitary dwellings are available. I have come to the conclusion long since that housing is just as important as any other branch of the work of a modern department of health. It seems to me that the time is sure to come when this matter will be forced upon our legislators.

Before the war, there was a shortage of houses in Winnipeg due mostly to the steady stream of immigration, but since the war the shortage is much greater. The speculative builder was busy erecting dwellings for several years preceding the war. Many of these were of questionable construction, but that is another matter. They were being bought about as fast as they could be built. At the close of the war, prices of material were so high that the construction of dwellings came to a standstill. During the past few years, the number of dwellings constructed has increased, but not in anything like sufficient numbers. Mostly, these are being built by people many of whom in turn rent out their old houses if they own them. This is about all the accommodation that can be obtained by the labouring man who cannot afford to purchase a home of his own. At the close of the war, the housing situation became very acute all over Great Britain and the United States as well as in this country. In Britain, the local authorities, city and county councils, became alive to their responsibility and commenced the construction of suitable dwellings for rent.

In a resolution on " housing " passed at the 1919 convention of the Sanitary Inspectors' Association of Canada reference was made to the size of building lots, and it was suggested that lots for building purposes should be not less than 33 feet wide. This is a desirable width of lot, for after all, houses of any size cannot be adequately lighted on the sides in the case of narrow lots. I am of opinion, that there is a demand for small houses built in terraces. It is quite possible to build houses of say 4 rooms in this way, and this is the size of dwelling most needed. In such cases, lots with 25 foot frontage could be used to advantage especially if there is sufficient depth of lot to permit of lawn and garden plots. In Winnipeg we are fortunate in having very few dwellings without sewer and water connections. In 1934 there were only 257 houses that were not connected with sewer and water mains. I understand, however, that this condition does not obtain in other towns and cities. It cannot be denied that the outside closet is a menace to health, both personal and public, and yet how

often do we find people, who for a small saving, will purchase small lots on the outskirts of the city and build dwellings thereon. It not infrequently happens that these same people a few years later begin to petition the city council for sewer and water mains. I might say there that it has been the policy of city council to extend sewer and water mains to little groups of houses of this type, and that policy has been maintained right along which accounts for the fact that we have only 257 houses in the city of Winnipeg without sewer and water connections. I would like to know if there is any other city in Canada which can offer as good a showing.

By Mr. White (London):

Q. Out of how many?—A. I forget the actual figures, I will have to look it up. That would be out of 46,820.

In the case of speculative building we have seen in the past how frequently dwellings have been constructed without due regard to comfort and sanitation. As already stated, in this country much hardship could be avoided, if only our dwellings were built in such a manner as to exclude cold in winter and heat in summer. Even when sufficient precautions have been taken to build a fairly sanitary structure, we are constantly coming across dwellings erected on flimsy foundations of wood, or rough stone, or what is worse, concrete of a doubtful character. In a year or two these so-called foundations get out of level and the buildings which rest on them get out of shape, with a consequent cracking of plaster and buckling of floors, walls, etc. If there is no cellar the plumbing and water pipes become subject to the action of frost. Even where a cellar is provided, unless a furnace is installed, freezing will take place. Then again what shall we say about the old make-shift cellar with board walls and floor, and without a window or other opening for ventilation and light? Fortunately, these insanitary "holes in the ground" are now very scarce in Winnipeg. Scores of these are being replaced each year by proper cellars having walls of brick, stone or concrete, and with cement floors.

As already stated, the houses most in demand are those of four or five rooms, and yet we find that by far the large majority of those that are built for speculation are much larger. In other words, the desire of the average working man to own a cottage is not met, except when arrangements can be made direct with the builder. It is a pity that no person, firm or corporation appears to be sufficiently interested to build for sale or rent, groups of small houses built say in terrace fashion. And yet, I am convinced that such houses would be eagerly sought after, if only they were given trial. With regard to the size of rooms, one cannot but be disappointed at the lack of sufficient given capacity, especially in the bed-rooms of many of our more recently constructed cottages, and this is also noticeable in many of our apartment blocks.

It is with some amusement that we look back to the time of the cave-men, but have we advanced so very far after all? Are not many of our apartment blocks just like so many bee hives. They may be satisfactory residences for newlyweds and old people, but surely they cannot be said to be homes suitable for family use. Natural light to the rooms along the sides of these buildings is seldom satisfactory on account of the close proximity to adjoining buildings, overhanging balconies, etc. I have seen apartment blocks in nearly all the large cities in Canada and I think those in Winnipeg will compare favourably with those in any city as we have obtained a fairly high standard. But after all, this class of building only affords the means of placing so many more people to the acre, with no proper allowance for adequate sunshine and fresh air. When we come to consider the basement suites of our apartment blocks, we are forced to admit that after all, very few are really suitable for occupation. They are frequently dark and damp, and when windows are opened they serve the purpose of permitting dust and dirt to enter the rooms.

Now, I suppose you gentlemen are all familiar with the rooming house (so-called)—the illegal, and in many cases, insanitary tenements. The conversion into tenements of simple family dwellings is a problem that we in Winnipeg have had to face for a number of years, and doubtless other cities have the same conditions. We have not yet found two families occupying one room, but a number of families are apparently content to live in single rooms. You may have read somewhere, as I did—I am not just sure where but I think it was in New York—that one large room had been rented to four families with a line painted down the middle of the walls from top to bottom and across the floor on both sides, dividing the room so that each of these four families had a corner. It is said that the arrangement worked very well until one of the families took in a boarder. We have not had anything approaching that condition, I do not think there is anything like that in Canada; certainly I hope not. Now, while many of these people are compelled by force of circumstances and the shortage of small houses to live in this way, there are a great many who do it through their own choice. It is surprising how many young married people there are who settle down in this way. They rent a small furnished room with a gas plate for cooking their meals upon. For such quarters they may pay from $10 to $35 per month, according to whether it is an attic room or a room say on the ground floor. The rent includes water, light and heat charges, but the gas cooker has a meter attached. We frequently find that the gas cooker is connected to the meter by means of rubber tubing—a very dangerous proceeding; but these conditions exist in Winnipeg right now. But I will not attempt to go into that. Attic rooms only suitable for storage purposes are often found occupied by families. Many of these rooms, having low sloping ceilings and only small gable windows, are scarcely suitable for bedroom use; but when gas stoves are in use they are a menace to health. There is also the danger that if fire should occur in such premises, families living in attic rooms would be trapped. In addition, they are in danger of asphyxiation from gas fumes, due to defective and improper connections for gas stoves. Many of these stoves are fitted by incompetent persons, and as already stated, often the connections are of rubber tubing. Few attic rooms are fit for family use at any time. In winter time storm sashes are usually screwed on tight, and the inner sashes frozen, so that little daylight and practically no sanitation is available. In summer, these rooms being so close to the roof, are almost insufferably hot.

The following instance serves to show the necessity for frequent inspection of such premises. In 1916 I inspected an old frame building, two storeys in height, with attic rooms. The premises consisted of 26 rooms, and these, not including four rooms formed of flimsy lumber in the cellar, were occupied by 13 families consisting of 39 occupants. Families were found in the attic rooms. The cellar was vacated and the families removed from the attic. We kept the premises under observation for a few years, but on inspection in 1925, we again found conditions as bad as on our first inspection. The cellar was again occupied by a family consisting of a man, wife and three young children. The cellar is only 6 feet 8 inches in height, and of this, 2 feet 3 inches is above the level of the ground surrounding the building. Two families, consisting of man, wife and two young children in each case, were found living in the attic and occupying one room each. Both rooms were very small, one measuring only 7 feet by 9 feet 3 inches floor space. The ceiling was only 7 feet in height, and this over only a small portion of its area; it sloped down to a wall 3 feet 6 inches high. There was no accommodation for a bedstead, and in consequence, the bed mattress was spread on the floor at night and rolled against the wall during the day. Cooking was done on a small electric plate. The inspection was made during the winter, and I found that there was no storm sash, the window heavily coated with ice and frozen to the frame, so that there was no means of ventilation. The cubic contents of the room was 444 cubic feet—just enough with efficient ventilation for one adult. The room occupied

by the other family was a little larger, 8 feet 6 inches by 9 feet, but otherwise conditions were similar. We secured closing notices and had the cellar and attic rooms vacated again. It is interesting to note that for the entire premises the rents collected were $227 per month, as against $134 per month paid in 1916. Most of the furniture was the property of the owner, and the lessee paid $100 per month rent for the premises. That is what we in the West call "House Farming." The crowding together of families in the manner described is undesirable from other points of view besides that of health. Individual family life cannot be obtained under such conditions; there is no opportunity for proper housekeeping; there is lack of privacy; morals are blunted, etc.

We took a survey last year, and I would like to put this in as part of my evidence. I sent several along, and I hope you gentlemen received one.

The above cases also serve to show how profitable house farming may be made. We are not, however, interested in this phase of the question. The crowding together of families in the manner described is a most reprehensible factor. Many cases have come to our knowledge where a man and wife rented a furnished room in the attic and both go to work. Any little clothes washing is done in the evening, the water being heated on the gas stove in the room. In such cases it is not poverty that is responsible for this mode of living; it is not need, but greed. Several of these occupants have admitted that they are in good financial circumstances. This class prefer to live in conditions such as the above in the centre of the city where they may get the maximum amount of pleasure with a minimum amount of trouble in housekeeping.

The instances referred to above which have come under our own notice in Winnipeg must be common to all large cities. It has been said that tuberculosis is essentially a disease of ignorance, poverty, bad housing and over-crowding. When once introduced, tuberculosis is bound to spread in a house where there is a constant coming and going between members of different families, when all have to use the same plumbing fixtures, when the rooms are overcrowded, where natural light and ventilation is available only by small windows which are too close to adjacent buildings and storm sashes fixed. It has also been said that bad housing is a great social problem, and this is true; but it is also a public health problem. We have been endeavouring to lower the mortality rate by child welfare and other agencies, at considerable expense to our cities, but bad housing threatens to nullify all our efforts. Veiller, in his splendid book on housing reform, states: "No housing evils are necessary; none need be tolerated; where they exist they are always a reflection upon the intelligence, right-mindedness and moral tone of a community.

That is my little brief for you; and I thank you, gentlemen, for your kind attention and patience. In conclusion may I say just this, that I was asked what part of the housing question I was likely to deal with in coming to Ottawa. I said the subject would be dealt with by me from the point of view of public health. That is my specialty. If I had to start my life over again as a young man, even if I were to get riches in any other direction or be successful in any other way, I would still want to do the work I have been doing, give my life work for the upbuilding of a good Canadian people. That can only be done under proper health conditions. I shall not be able, Mr. Chairman, to answer any questions with regard to finance; not seriously, at all events; nor with regard to the economic situation. My answers to questions must mostly be about public health.

By Mr. Heaps:

Q. Mr. Officer, before you sit down—or you may sit down and answer questions, if you like—can you give the committee any idea as to how many

small type homes could be built there in the city of Winnipeg, or what the requirements are there at the present time?—A. To advantage?

Q. Yes.

By Mr. Stanley:

Q. Can you give us, if Mr. Heaps does not mind, a summary of what was done there in 1920 and succeeding years in connection with housing?—A. Yes.

By Mr. McIntosh:

Q. In what year did this housing undertaking in Winnipeg begin?—A. We have a Housing Commission that commenced—I am not certain; Mr. Heaps could probably answer that—probably about 1920 or 1921. I am not certain.

Mr. HEAPS: The committee started its deliberations in 1919 or 1920, and then we took advantage of federal funds.

The WITNESS: Yes.

Mr. HEAPS: Which were made avaliable by the provincial governments.

The WITNESS: Yes. It was most successful.

By Mr. Stanley:

Q. Can you give us a summary of the type of owners there, for instance? —A. Yes. These houses were built for people who were to purchase the houses. May I be permitted to put it this way, they were built for white-collar men; I mean, men who had standing salaries, who could afford to say, "I will take this place and have a home built on it," and the city had it built there and he needs to pay monthly sufficient to amortize the thing within twenty-five or thirty years.

By Mr. McIntosh:

Q. About what would be the average cost of that ?—A. It would run about $4,000, I think.

Q. What would the total cost cover, over the whole period of years?—A. I could not answer that.

Mr. STANLEY: Average rentals?

The WITNESS: It has worked out very satisfactorily. Practically none of these have come back to the city, and they still have money in hand. It has been quite successful.

Q. It has been an entirely self-liquidating undertaking?—A. Yes.

Mr. HEAPS: It would show a little profit.

The WITNESS: Average rentals?

Mr. HEAPS: There were no rentals.

The WITNESS: No, they were buying them out; there were no rentals.

By Mr. Stanley:

Q. What amount of money do they require monthly to meet the cost?—A. One of my own staff was buying one of these, and he was paying $35 a month. He had a six-room house.

Q. They were the type of gentlemen you speak of, white-collar men?—A. Yes. Well, I mean fellows that have a steady income.

By Mr. McIntosh:

Q. It was a straight municipal undertaking, was it?—A. Absolutely.

Mr. HEAPS: And administered by the city council for the commission.

The WITNESS: It was through a commission; so it was taken right out of city politics. The commission still undertakes to help us.

Mr. STANLEY: Tell us about the constitution of the commission.

The CHAIRMAN: The committee has been told that these undertakings in many other cities turned out very badly, and cost the cities a great deal. We have been told that Winnipeg is one of the outstanding examples of where it has been a big success and has not cost the city anything. For that reason, I think the committee would like all the information they can get as to why it should be successful in Winnipeg when it was not in other cities.

By Hon. Mr. Elliott:

Q. Where did your money come from?—A. It came from the Dominion government.

Mr. GRAY: What I would like to know is how the commission is constituted.

Mr. HEAPS: I can perhaps tell you, because I had a little to do with it.

By Mr. McIntosh:

Q. Did your money come from the Dominion government?—A. I think so.

Hon. Mr. ELLIOTT: Why should it cost the city anything?

Mr. HEAPS: No. We have had examples here of where municipalities such as Ottawa, London and others have lost money; while in the city of Winnipeg it was administered by a commission that was appointed by the council, with members of the council on the commission and a few outside gentlemen interested in it.

Mr. GRAY: Did they change each year?

Mr. HEAPS: No, they were fairly permanent. Sometimes they changed.

By Mr. McIntosh:

Q. With regard to the commission about which Mr. Heaps is speaking, how many members were on it, and who had the whole say in their appointment? Did the government which put the money up have any say with regard to these appointments?—A. No. I think the government did a wise thing. They left it to the city of Winnipeg, the city council of Winnipeg, to act on their honour; and they have always acted on their honour, have been very honourable about it. Everything has worked out very, very satisfactorily.

By Mr. Stanley:

Q. Who is the chairman of that commission at the present time?—A. I think the city treasurer is chairman.

Q. How long has he been chairman?—A. To my knowledge he has been city treasurer for twenty-five years.

Q. And chairman of this commission during its whole period of existence? —A. Yes, during its whole period, I think.

By Mr. Howden:

Q. May I ask the witness what type of house would be the most practical to provide at this time, the time that we have under consideration, for the city of Winnipeg if you like, or for any city?—A. Yes; we need a large number, probably no less than 1,500, 2,000 or more homes for the low paid working man. Yes, we need 1,500 at least, probably quite as many again, of say four rooms.

By Mr. McIntosh:

Q. At the present time?—A. Yes, at the present time. Doubling up is so serious.

By Mr. White:

Q. Has anything been done in that direction by the city of Winnipeg up till now?—A. How do you mean?

Q. For the lower paid workers; has any housing scheme been in vogue?—A. No. The city of Winnipeg would be very glad to, if they had the means. We had a committee on housing. The city council last year and this year appointed a committee on housing, and this committee has sat every two weeks trying to devise ways and means, sincerely anxious to accomplish something. But they are at their wits' end, because they have no finances.

Q. You refer to this scheme you have been describing as for the white-collar man who had a steady salary?—A. Yes.

Q. But nothing has been done for the daily wage man?—A. No; and that is the class that is most in need right now.

By Mr. McIntosh:

Q. How many houses were built in all under this scheme you have told us about?—A. I could not tell you that. I would just be guessing, and I don't want to do that.

By Mr. Stanley:

Q. What is your survey, a survey of health conditions or a survey of housing conditions?—A. The year before last, in December, 1933, the housing committee asked me whether it would be possible to get a cross-section of the city to ascertain just what our housing conditions were. During January, February and March of 1934—they met in December of 1933 and discussed this —I turned out sanitary inspectors, men properly trained, everyone of whom possessed a certificate of the Royal Sanitary Institute in sanitary science, and they are trained men in building construction, plumbing and so on and so forth, so that we could get an accurate and consistent report from them. This I will also submit, if you will permit me, Mr. Chairman, as the field card, the card that was used for our field work. If the gentlemen would like to have some of these cards, I would be glad to pass them around. This is the card that we used in our field work.

Mr. STANLEY: It would be interesting to have some of these.

The CHAIRMAN: We had some and passed them around last meeting, I think.

The WITNESS: These cards?

The CHAIRMAN: No, the report on this housing.

The WITNESS: That is the card that we used, gentlemen; and each inspector went out to the district allotted to him and brought in this card which is marked off as you can see. You will see that in order to get speed, and to get the thing done accurately, everything was set forth there. In the first group, for example, you have the dwelling or tenament. It is alternative. He just puts a check mark over the item in question. Only where it is necessary to write in something is the space left for that. Mostly it is a matter of checking. Where it is a matter of the number of men, women and children and so on, these are filled in. When these cards were brought in, then the wohle matter was set out on sheets like these. If you would like to have these passed around to show how we did our tabulation, that can be done. We tabulated this blue book that you have on these sheets; and then we made out our report. One thing that we found in the four districts surveyed was that of the total of 1,890 houses surveyed in the four districts, we found 1,300 rooms used for both cooking and sleeping—families living in rooms that they had to both cook and sleep in to the number of 1,300 rooms.

The CHAIRMAN: Mr. Officer, I think what we are particularly interested in is this: We have pretty much an idea of what the conditions are, but we would like to have some idea as to what the remedy is.

Mr. HEAPS: Mr. Chairman, may I perhaps ask Mr. Officer a question in that regard. First of all, I was asked about the composition of the Winnipeg Housing Commission, and if it is interesting to the Committee I can give it to them.

Hon. Mr. ELLIOTT: If Mr. Heaps will permit me, I was going to suggest that we have some other witnesses waiting. The information that is especially within his knowledge perhaps could be given to the committee when the other witnesses from outside the city are not waiting. As I understood Mr. Officer, Mr. Heaps knows the financial set-up and the whole story with regard to that thoroughly.

The WITNESS: Mr. Chairman, Mr. Heaps was one of the prime movers and did know; but then he may not have the facts at his fingers ends at the moment. However, he did know.

Mr. HEAPS: I have it here.

The WITNESS: I am glad to hear that.

Mr. HEAPS: We have it in the annual reports as issued by the Winnipeg Council.

The WITNESS: Have you got the manual there?

Mr. HEAPS: Yes, I have it here.

By Mr. White:

Q. There is one other question I would like to ask. In this housing scheme that has been carried out, did the commission buy land and build houses with the prospect of selling them?—A. Yes. Suppose, for example, it was my wish to get the commission interested in building a home for me. I chose my own lot; they bought the lot and immediately started to build on it. The prospective owner of the house owned the land right from the beginning of his dealing with the city.

Q. But the prospective owner of the house owned the land first?—A. Not necessarily. They would buy it of him. He may have owned it.

Q. But the city did not lay out a subdivision and build houses with the idea of selling them?—A. No.

Q. That is where our city fell down.

By Mr. Heaps:

Q. Mr. Officer, if we can come down to another aspect of the Winnipeg housing situation, did you give to the committee the number of homes of a small type, of 3 or 4 rooms, that could be used to advantage at the present time in Winnipeg?—A. Yes. Anything from 1,500 to 3,000.

Q. You were good enough this morning to bring down to me from Winnipeg some plans which have been submitted to the municipal authorities and of which they have a set?—A. Yes.

Q. And I also understand some plans have been submitted to the federal government for the Winnipeg housing scheme. Could you, to some small extent, elaborate on these plans which are here, and give some idea of what is meant by them?—A. Yes, as briefly as I can. One set there deals with what might be termed a garden city proposition. I am creditably informed, I think, that the Premier, Mr. Bennett, saw that and was very favourably impressed by that scheme. The Department of Health was asked to look into the plans and specifications and so forth, which we did and we reported favourably on it. You also have there—I don't know what they sent you—but I think you have got a park subdivision at the other end of the city and a reclamation plan in one of our districts that has gone down, deteriorated.

The CHAIRMAN: What we are interested in is the cost, I think.

Mr. HEAPS: We are coming to that, Mr. Chairman.

By Mr. Heaps:

Q. The architects and those interested in this question have gone very carefully into it?—A. They have done that of their own volition, without any obligation on anybody's part.

Q. Yes; but they have come down to the question of what these places could be rented at?—A. Yes.

Q. Of both 4- and 5-room units?—A. Yes.

Q. What were the rentals which they suggested would meet all requirements?—A. In introducing that garden city proposition, they deemed it wise—the architects—to mix up the population so that there would not be too many living in a given number of rooms; and they put in two or three apartments, and a number of duplexes, and then single families, so that they would be all mixed up. Take a single family dwelling, for example, of 4 rooms. They worked out the rents approximately there, and they kept the rents high; they said that house could be rented at $23 a month. In that $23 a month you have to remember that they are providing central heating, adequate heat, and hot water, an ample and constant supply of hot water. So that if you deduct what we ordinarily pay for heating our homes and for our hot water, the rent of these buildings would work out at approximately $15 per month.

Q. Would that cover all costs?—A. Yes.

Q. Amortization?—A. It would, yes. Another aspect of the question that crops up, and that also was of considerable importance, is that in the laying out of parks and grounds and so forth, the public parks board have consented to take over the entire responsibility and cost for laying it out.

Q. But the important point is that on the basis of $23 per month, these homes could be rented and they would meet all obligations?—A. They would, yes.

The CHAIRMAN: Without any public assistance whatever, except for your parks.

Mr. STANLEY: Four per cent interest is what you are figuring?

Mr. HEAPS: He did not know.

By Mr. Heaps:

Q. You do not know what the interest rate involved?—A. I don't know anything about the finances

By Mr. Stanley:

Q. I am vitally interested in having some idea as to what steps were taken by the city of Winnipeg, through the commission, to protect the credit extended to the individuals, and what steps you propose to take to protect the credit that is being extended in this. It is a question of administration. We have had some rather sad tales in regard to that, and perhaps you can tell us something of the steps that were taken in Winnipeg to make the matter such a success?—A. I think it resolves itself into this, that the sinking fund trustees of the city of Winnipeg took an active interest and rendered their best services to the city of Winnipeg. All our city council for years and years past—pardon me for saying this, Mr. Chairman—have been above suspicion. We have done honest, honourable work to justify these efforts; and we feel that we could do the same if money was given to us cheap enough to enable us to go on with a project such as this.

By the Chairman:

Q. Is it the city that is going to do this or private capital?—A. No; the city would like to do it. Mr. Chairman, I don't know anything about finance or

economics or any of those things, but I think that my city council is above suspicion, and that if the money was given to them rather than to real estate men or anybody else they would do a good job, one that the Dominion could look back on and see how well they had accomplished what they had set out to do.

By Mr. Howden:

Q. I understood from some of your earlier remarks that the plan was self-liquidating?—A. Yes, it is.

Q. And that these moneys were coming back into the fund; you have since said that the city would like to go on with the building program if it had the funds?—A. Yes.

Q. If the most of these enterprises have liquidated themselves, and the funds have come back, why have you not got funds, the original funds, back in your hands with which to go ahead

Mr. HEAPS: It is sent back to the government.

Mr. STANLEY: They belong to the government. It is government money.

The WITNESS: Yes.

By Hon. Mr. Rinfret:

Q. I notice in this report that comes from your department that there is complaint made about some of the houses in Winnipeg; there is a complaint also made about occupancy. In many cases the house would be in fair condition but there are too many people inside the house?—A. Yes.

Q. We have had discussions about that matter before. Have you any definite information as to how this could be met? Would it be possible to do so by controlling the occupancy of the different houses Because even new houses properly built may become unsanitary if there are too many people inside. Have you any definite information as to how that situation can be met, whether by federal legislation or by municipal regulations or how?—A. Yes, I have. At least, I think I have, if I understand you aright. Let me put it this way. Just before I left that committee met. One member of the committee said, speaking about a certain district which was a district in which there were a lot of families housed in buildings that were originally intended for one family, "Mr. Officer, why don't you put these people out?" I said, Mr. Chairman, "I have not the soul or the conscience to throw those people out, because there is no place for them to go; but as soon as our expectations are fulfilled, and the Dominion government helps us out with cheap money and we can build places, we will apply pressure and get them out. But there is no use of applying pressure now. There is no place for the people to go." If you take a district like Mr. Heaps and some other gentlemen here that know Winnipeg are familiar with, between Broadway and Portage and from Main street to Vaughan street, not so very many years ago that was a fine residential district but business crept in there. Then with the advent of the automobile, these business men left these homes and went out to the outskirts, and they rent these homes with say fifteen and twenty rooms. What family is going to rent that kind of house and keep it warm in winter, for example? So the house farmer comes along and rents it from some real estate man at some nominal sum, gets second-hand plumbing and gas stoves of questionable value and puts them in the rooms, and puts in families.

Q. I understand that very well, but my question is this: When you have built new houses and they are in a proper state for one family to live in, do you suggest that there should be regulations to prevent two or three families crowding in that house which is newly built?—A. Yes.

Q. You favour regulation or legislation?—A. We can do that now. We can apply pressure in cases of that kind right now.

Q. But you say yourself that the families would not know where to go?—A. No, they would not.

Q. Suppose the plan is carried out; what I want to know is if you suggest that it should be coupled with a set of regulations controlling occupancy?—A. No, I do not think that is necessary, although we have all we need now in the Public Health Act and city by-laws to guard ourselves in that way. When the time is ripe to do so, and these people are moved out of these overcrowded places, then we can get next to the owner of the premises and we can say, "Mr. So-and-so, this place is occupied by eight or ten families to-day. Now, you had better try to arrange for transforming this place into a proper tenement, by the proper division or partitioning off of each family so that they can have access to their own rooms without passing through the rooms of another family, and have separate plumbing fixtures." That can be done.

Q. If I understood you properly, you have in Winnipeg already regulations that you could apply?—A. Yes.

Q. But you dare not apply them because these people could not go anywhere else?—A. No, they could not.

Mr. STANLEY: Mr. Chairman, I suggest we go on with the next witness.

The CHAIRMAN: All right.

Mr. HEAPS: If you do not mind, Mr. Chairman, I think it would be very useful if the committee had these plans at their disposal.

The CHAIRMAN: I would like to have one thing just a little clearer about this. If the city of Winnipeg is ready to go ahead if it had financing, under what conditions would it want financing?

Mr. HEAPS: I will be quite prepared, Mr. Chairman, to discuss that at the proper time, because I think I have the information.

By Mr. Howden:

Q. I would like to ask a question before Mr. Officer leaves. I do not propose to make a speech, but I am quite familiar with the location that he mentions in Winnipeg, between Portage and Broadway and between Main street and Vaughan. Some of the better Winnipeg citizens owned homes there, a great many of them at one time. They are big, fine houses, many of them such as we have here in Ottawa; and as he suggests, they have been crowded with many families. What is going to become of these homes? That is the point.—A. That is just what I was trying to explain to these gentlemen here.

Q. When Eaton went in there, these homes sold for fabulous prices.—A. But they need not be lost. Don't you see, while these buildings are overcrowded as they are just now, if we applied pressure which we can do, mark you, but we dare not if we are going to be human, the people would have no place to go. But when the time comes and we apply the pressure and get them out, we can get next to the owners of these places and say—as we have done, and as we have a concrete instance of—" Now, Mr. So-and-so, you can quite well rehabilitate this place by dividing it up."

Q. Can they rehabilitate?—A. Yes.

Q. When they have them out?—A. You said a moment ago that you knew that district.

Q. Well, I lived there as a boy.—A. You know that many of these are well and suitably built and they can be quite well rehabilitated, reconditioned.

By Mr. Stanley:

Q. It is a matter of finance?—A. Yes, it is a matter of finance.

Mr. STANLEY: Mr. Chairman, with your permission I would like to file a copy of the report of A. S. Chapman, the City Engineer of the City of Calgary, with respect to housing conditions in that city. I will not take the time to read it, I will just file it with the Committee. (See Appendix "B".)

The CHAIRMAN: Just file it with the Clerk, and a note will be made of it in the minutes.

By Hon. Mr. Elliott:

Q. Just following out the evidence of the last witness, and perhaps I should make a minute of it so the committee would have in mind more clearly than they have now what it is, the impression that I have gained with regard to the financing of this scheme in Winnipeg, if I understand from conversations with Mr. Heaps what has taken place there—he is very familiar with it all—it is that this money was advanced by the Dominion government on the guarantee to the Dominion government of the province, and with the province in turn guaranteed by the municipality and city of Winnipeg; that this committee that managed it was a local committee of citizens of Winnipeg; that they kept supervision over the expenditure of this money, and they have made ends meet at any rate.

The CHAIRMAN: Yes.

Hon. Mr. ELLIOTT: That is correct, isn't it?

Mr. HEAPS: Substantially correct, yes.

Hon. Mr. ELLIOTT: That is all.

Mr. CAUCHON: I would like to ask Mr. Officer, for the information of the committee, what does he consider the low wage earners; what does he consider the limit of his earnings, up to what point?

The WITNESS: With regard to housing amounts, I should not be called upon; I could not say more than, speaking of local conditions in Winnipeg, it would be something like $15 and $20.

Mr. CAUCHON: Might I also ask if you believe in ownership or lease hold for the low wage earners?

The WITNESS: Yes, certainly; if he is in a position to do something along that line he should be encouraged to do it.

Mr. CAUCHON: If he could only afford $15 a month rental for a house, is that man in a position to tackle ownership? We have not found so here.

The WITNESS: No. I doubt if he is.

Mr. STANLEY: We have plenty of evidence, along that line, Mr. Cauchon.

Mr. CAUCHON: I just wanted to get from him an expression of opinion along that line.

The CHAIRMAN: Thank you, Mr. Officer.

The witness retired.

The CHAIRMAN: We will now hear from Mr. Arnold M. Ivey, who is president and managing director of The Toronto Housing Company Limited, 74 Wellington street, Toronto.

ARNOLD M. IVEY, called:

The CHAIRMAN: You may stand or sit, just as you wish.

The WITNESS: I think I will stand at first; I will probably sit later, if I may.

The CHAIRMAN: Yes.

The WITNESS: If I may, I would like to give a little of the background of the conditions that brought about the formation of the Toronto Housing Company. In 1913, because of lack of housing for the lower wage earners,

several bodies met in Toronto and as a result housing legislation was enacted and the Toronto Housing Company formed. I would just like to read the foreword from our first report issued in 1913:

> Canada should do more than banish the slums. The old countries are doing that. Society is responsible for the slums and society must pay for their removal, which will require something in the nature of a surgical operation on the body politic.
>
> But better housing has a far wider application than the slum problem. It means better living conditions for the great masses of wage-earners, and will bring with it a toning up of our whole social and industrial system. Enabling legislation will be necessary in every province. We, in Ontario, have made a beginning, and the results set out in this pamphlet, obtained under an Act passed this year, would indicate that we are on the right track.
>
> I agree with the statement that every Canadian workman of steady habits should be able to own his home. The advantage is as much to the State as to the individual, for the home must always be the starting point for stregthening and elevating the social conscience and the national life.
>
> (Signed) W. J. HANNA,
> *The Provincial Secretary's Office.*
>
> Parliament Buildings, Toronto.

At that time—

By Hon. Mr. Elliott:

Q. What year was that?—A. That was in 1913. At that time we found there was a housing problem there and we endeavoured to solve it, but we were unable to do it; that is, we could not build for the lower wage earners.

By Mr. McIntosh:

Q. Is that the report of the provincial government from which you read? —A. No, that is a foreword from the provincial secretatry which appears in our report.

So we attacked the problem at a higher level; well below the level of ordinary commercial housing. I have a book here with some photographs showing you the type of house that we supplied. We were successful, and before the depression we had a waiting list. To-day we have three vacancies. Now then, we show pictures of our houses here (in a folder supplied by witness and made generally available to members of the committee) showing both exterior and interior views. We also have plans of certain buildings which it might be possible to build.

By Mr. Heaps:

Q. Might I interrupt: What do you mean by "three vacancies"?—A. We have 334 apartments of which three are vacant.

Q. Are these all apartments?—A. They are cottage apartments, doubles and singles.

By Mr. Stanley:

Q. What is the rental for these apartments?—A. They rent at from $23 to $40 a month. If you would like to look at some of them I might describe them as I go along; that is if you wish.

Q. Go ahead?—A. We show first a modern type of house, a duplex, which has an apartment on the first floor self contained, also on the second floor,

heated, with two bedrooms and bath, living room and kitchen, cellar, sundeck, and veranda. It has a frontage of 25 feet and the monthly rental is $35. That is a Toronto Housing Company plan. We next show a plan of a minimum standard of amenities, that is a building for the lower priced tenants. These duplex houses are not heated. They have three bedrooms, living room kitchen, cellar and veranda, with a frontage of 17 feet. Such a house would cost $2,900 and would rent at $24.16 a month. As you will notice they are built in rows. At either end of each row we have included some duplex houses; a self contained apartment on the first floor and a self contained apartment on the second floor. The duplex consists of two bedrooms and bath, a living room and kitchen, cellar and veranda. It has a frontage of 19 feet 9 inches and would cost $2,000, renting for $16.66 a month. The small bedrooms of these apartments are 80 square feet in area. The city of Toronto have a by-law which prohibits the building of any room of less than 100 square feet; so we have a plan here of the same operation built in accordance to a specific by-law with the larger rooms. Such houses would rent at $24.16, conforming to the requirements of the by-law; and the duplex apartments would rent for $19.16 —the houses would rent at the same rate under either plan.

Then, I have a map of Toronto showing where we can purchase land—and we have already purchased twenty thousand feet of vacant land in and adjoining Toronto,—at a maximum price of $25 a foot front.

Now, if I may, I will read the report, Mr. Chairman.

The CHAIRMAN: Yes.

The WITNESS: In the year 1912 the shortage of dwellings and the number of sub-standard houses in Toronto was such that a joint committee, representing the municipality, the board of trade, the manufacturers' association, the Civic Guild, and the city of Toronto, was formed for the purpose of finding ways and means of remedying conditions. The Toronto Housing Company Ltd. was incorporated and the housing legislation enacted.

Extracts from the Act of the Provincial Legislature passed in 1913 "To encourage Housing Accommodation in Cities and Towns."

Petition of Company to council for guarantee of bonds

2. A company incorporated under The Ontario Companies Act, with a share capital whose main purposes of incorporation are the acquisition of lands in or near a city or town in Ontario and the building and making thereon of dwelling houses of moderate size and improvements and conveniences to be rented at moderate rents, may petition the council of such city or town to guarantee its securities, to enable or assist it to raise money to carry out such main purposes.

By Hon. Mr. Elliott:

Q. Just there, Mr. Ivey: Some statement was made by somebody as to that act having been amended or repealed; is that provision in force in Ontario now do you know?—A. I really do not know; all I can say is that we are still operating under it.

Q. You are still operating under it—A. Yes, we are, but as to whether or not the act is operating generally, I do not know.

By-law for guarantee of bonds with assent of electors

3. (1) If the council is satisfied that additional housing is urgently needed, the council may, with the assent of the electors entitled to vote on money by-laws, pass a by-law authorizing and providing for the giving by the council of such guarantee to the amount and upon the terms and conditions hereinafter contained.

When assent of electors not required

(2) It shall not be necessary to obtain the assent of the electors to the by-law if it is approved of by the Provincial Board of Health.

Approval of location of lands

4. The council, or a committee thereof, shall, before the guarantee is given, approve of the location of the lands selected for the housing accommodation and of the general plans for the houses.

That also includes provision that the municipality or city may state the the scale of wages to be paid in any operation under this act.

Limit of Guarantee

8. The total amount of securities to be guaranteed shall not in the first instance exceed 85 per cent of an amount to be fixed in the deed of trust as representing the value of the lands and housing accommodation and improvements to be built and made thereon.

Limit of Dividends

11. (1) No dividend upon the capital stock of the Assisted Company or other distribution of profits among the shareholders shall be declared or paid exceeding six per cent per annum in any one year.

(2) Such dividend may be payable in instalments during the year.

(3) If the sums paid in any year do not amount to six per cent the deficiency, with interest, may be made up in any subsequent year or years.

Application of profits after payment of dividends

12. (1) Any net profits received by the Assisted Company in any year, and not required to pay said six per cent or to make up a deficiency therein or for reasonable contingent fund, shall be expended by the Company in acquiring lands, improving its housing accommodations by way of new buildings, additions, extensions, or other improvements.

The Toronto Housing Company Limited

The City having agreed to guarantee the Company's bonds as provided by the Act, the directors were, on October 5, 1913, authorized to issue bonds to the amount of $850,000. Dated October 1, 1913,—payable in Canadian, American, and English currencies. Annual Sinking Fund payments, together with interest, $54,012. Bonds redeemable at not more than 105 for Sinking Fund purposes. The Bonds were sold by the Company—

		Price
October 15, 1913	500,000	98 75
January 31, 1923	180,000	97 30
June 1, 1923	50,000	97 10
August 15, 1925	120,000	99 55
	850,000	

Interest and Sinking Fund payments have been met by the Company as and when due.

By Mr. Stanley:

Q. What kind of bonds do you issue?—A. Five per cent. I might say that in the meantime we are building up a very nice asset there which will be free of debt in 18 years. It now has a value of well over one million dollars, and it is improving all the time.

By Mr. Heaps:

Q. How many homes are involved there?—A. 334. Share capital: Capital stock authorized $1,000,000. Issued 2,039 shares at $50 each, $101,950. Under the act we were required to furnish 15 per cent of the value of the undertaking—of the value.

By Hon. Mr. Elliott:

Q. Just with reference to that 15 per cent, where does that money come from?—A. That money comes from the public.

Q. That is made up of contributions by the public, subscriptions and that sort of thing?—A. Yes.

By Mr. Gray:

Q. Do they get stock?—A. They get six per cent cumulative stock for their subscription; and we undertake to provide stock to the extent of 15 per cent of the value of the undertaking—of the value, stressing value—because when we first built our $500,000 unit we then had a value—we created a surplus and we were able to go on without issuing any more bonds.

By Mr. Heaps:

Q. What year was that in?—A. 1916.

By Mr. Hanbury:

Q. You had a big surplus then?—A. Yes.

By Hon. Mr. Elliott:

Q. Before you leave that, what were the years in which these houses were built?—A. In 1913 we built to the extent of $500,000. We were all ready to do business when the war broke out. Well, we had quite a problem then, so we waited for 10 years before building any more, and then we built to the extent of $180,000. I may say, we would not have built then, having regard for the high cost, had we not had low cost of building just before. The point there is that housing companies to be successful must average their costs, they can't go into business for a year or two, it must be extended over a long period. The trouble with most of your housing commissions has been that they have built at the peak and the people who bought could not pay the instalments fast enough to meet the depreciation.

By Mr. Heaps:

Q. The equity disappeared almost right away?—A. Almost before they started their instalment payments.

For the first ten years no dividends were paid. In 1923 a 5 per cent dividend was declared and the following nine years annual dividends of 6 per cent were paid. Dividends were discontinued in 1932, but as rentals this year, as indicated, will be more than $20,000 in excess of last year, and as vacancies have decreased from a maximum of 93 in 1932-33 to three at the present time, funds should again be available for dividends within a reasonably short time.

Properties.—Bain and Logan Avenues—Spruce and Sumach Sts. The company operates 334 cottage apartments centrally located, with city water, hot water all the year, and central heating, varying from two rooms with kitchenette, bathroom and store room in basement to six rooms with kitchenette, bathroom and store room in basement. Rentals range from $23 to $40 per month and are approximately 20 per cent less than commercial rates.

The Board serves without remuneration. Management charges are five per cent on rentals. Annual taxes $20,548.41. Water rates $2,775.

Present situation—

The Ontario Housing Act provides:

(1) Houses may be provided when urgently needed.

(2) The Assisted Company undertakes to protect the guarantor of its bonds against loss. A situation is developing which affects both these factors. The demand for housing is increasing. Rentals are advancing. There are fewer vacancies. Building costs are low. Cheap land is available and interest rates favourable. Plans are shown of the type of housing the company could provide on an economic basis at the present time and readily rent.

By Hon. Mr. Elliott:

Q. Just on that question of members serving without remuneration, Mr. Ivey: You have stated already how they were appointed by the various organizations?—A. No, the various organizations met, and as a result of their meeting a company was incorporated and the shareholders of the company appointed the directors.

Q. The shareholders appointed the directors?—A. With the exception of one, appointed by the city of Toronto.

Q. Yes?—A. The shareholders absolutely control this company. It is a private company operating under the Ontario Companies' Act.

Q. How many directors are there?—A. There are ten.

Q. And the shareholders appoint all, except one for the city itself?—A. Yes, sir.

Q. It looks like a business way of doing it.

By Mr. Stanley:

Q. Would you prefer to give me the details of management at this point or later? I am rather interested in following it from the inception of your company down to the present time. I would like to have details as to what steps were taken in connection with the management of the whole concern. Would you rather do that now or later?—A. I will do that now, if that is satisfactory. I meant to have said something when I began but I forgot to. It takes a strong body to lead public opinion, and in connection with housing there has got to be some force such as you have now. We had it in 1913, and they had it again in 1919. We have it to-day—leadership, bringing this matter to the attention of the public and of the authorities. Operating a housing company is quite another thing from having your first legislation passed and getting your money. It is purely and simply a business proposition as far as this company is concerned. As a company we are operating on precisely the same terms as Hydro in Toronto, or the Toronto Street Railway; with the exception that ours is a highly competitive business and they have a monopoly, aside from that housing is a business which demands good management.

Q. Involving the use of strictly trust funds?—A. Yes, sir; and if you are contemplating subsidizing housing I would suggest that you put your subsidy in up to the point that is necessary, but from there on it should be a business proposition.

Q. Just how do you mean that?—A. If you rent a man a house at $15 a month which on an economic or commercial basis is worth $20 a month, having rented that man such a house at $15 he must be a good tenant and pay his rent.

By Mr. Heaps:

Q. You charge 5 per cent of the carrying charge, do you?—A. 5 per cent, yes.

Q. Do you find that ample to take care of your needs?—A. I am just answering that question, sir. After having organized this company, we operated with a paid secretary for five years. We started with a scale of rentals which we thought would carry operations but we found each year we were operating at a deficit; operating costs were much higher than we had expected, largely due to the war when coal and other things went so high.

By Mr. Stanley:

Q. What do you mean by a paid secretary?—A. A man who was paid by us to act as secretary.

Q. Was he an experienced housing man?—A. No, he was a man who had helped organize the company, he addressed public meetings, he was a propagandist and so on.

Q. He conducted the business of the company?—A. Of the original company, and then he became our manager.

Q. I see?

By Mr. Heaps:

Q. If I may, there is one other point I would like to clear up in my mind; this money you say you got at 5 per cent?—A. Yes.

Q. And 5 per cent was the charge against the property?—A. Yes, sir; and when I mentioned dividends, that is in addition to the 5 per cent which was all we paid. Then, our operations for the first five years showed a loss. We also acquired during the first five years some land outside the city for the purpose of building the garden suburb.

By Mr. Stanley:

Q. That would be up until 1918?—A. Up to 1918. We got rid of all our outside lots, all our vacant land.

Q. Did you sell it?—A. We sold it. And in 1919 when I was appointed president we turned the management over to a trust company—we turned complete control of the properties over to a trust company and we paid them 5 per cent of rentals for management.

By Hon. Mr. Elliott:

Q. Did you still retain the manager, the propagandist, the secretary, that you had?—A. No, both he and his assistant, a woman, resigned.

Q. And a trust company took over the business?—A. Yes, a trust company.

By Mr. Stanley:

Q. The system of management was changed?—A. The system of management was changed. Well then, I personally became more interested in housing than I had been previously although I had been connected with the company from its inception and was one of the original directors. As I say, at the first of the year I took over the management myself and I have been manager since the 1st January.

Q. Who managed the property during the period from 1918 to 1934 or 1935?—A. It was under trust company management.

Q. What was your experience?—A. Our experience was that we made money.

By Mr. Heaps:

Q. What do you mean, by making money?—A. I mean, we paid all our fixed charges; each year we had a certain surplus which enabled us to keep the properties up to a certain standard, to maintain the properties; and we

had a little left over, two or three thousand dollars a year, over and above the dividend of six per cent.

Q. And also after that 5 per cent overhead charge for administration was taken care of?—A. After paying the 5 per cent we had a surplus.

Q. You had a surplus over and above the 5 per cent for administration purposes?—A. That is a charge against the business, 5 per cent for management. After paying our running expenses and all our fixed charges we had a sufficient surplus to declare our dividend and provide a small rest account.

Q. Can you give us an idea of the extent of your surplus each year?—A. I cannot give it to you for each year. It was much higher two years ago than it is now, because we have lost money during the last two years.

Q. That is what I wanted to know, did you have any losses?—A. Our surplus as at September 30, 1934, was $24,736.51.

By Mr. Stanley:

Q. That cleared up your deficit of 1918?—A. That cleared up all deficits.

Q. All deficits up to date, and gave you an operating surplus of $24,000?—A. Of $24,736.51; in addition to that we have a reserve in buildings of $219,100.53, heating plants valued at $55,415.90; or a reserve for depreciation of $274,516.43.

By Mr. Hanbury:

Q. In what form is that depreciation reserve?—A. That depreciation takes care of the sinking fund.

Q. Is that in the form of bonds?—A. We have reduced our bonds from $850,000 to $600,000.

By Mr. Stanley:

Q. What dividends have you paid?—A. Six per cent on the common stock.

By Mr. Heaps:

Q. You say, there has been a loss though in the last two years, Mr. Ivey?—A. Yes, sir.

Q. Now, that is an important point, because if we are to consider any housing scheme we must consider it in the light of present conditions?—A. You are starting at a good time, not two years ago.

Q. From the standpoint of—

Mr. STANLEY: Mr. Heaps, if you will, might I finish with this question of management? I would just like to get that and then you can go on as far as you like.

By Mr. Stanley:

Q. If I understand you right then, according to your last annual statement you are $260,000 or $280,000 in advance of what you were in 1918; and you have gained a surplus of $24,000?—A. $24,736.51. That is the profit and loss balance at the present time. At one time during our operations it was as high as almost $50,000. But in addition to these figures here we have maintained the property at a high level and we have put money back into the property that we should have charged to other accounts. We are not out to make profits, but we are not out to make a failure of the undertaking either; you have got to have some leeway. You can loose more money in two years such as we have had during the last two years than you can make in ten good years.

Q. Might I summarize, I want to get this right because I believe it is going to be an important consideration when we come to the point of making our report: There was a secretary who managed this property from 1913 until 1918?—A. I should have said a manager, a manager-secretary.

Q. And at that time a trust company was selected?—A. Yes, sir.

Q. And the trust company carried on the whole business, you made a change in the form of management?—A. Yes, sir.

Q. And now you have taken over the management?—A. Yes, sir.

Q. Are you still president of the company?—A. Yes.

Q. And you were appointed manager by the board of directors?—A. Yes.

Q. Well, I do not wish to make any aspersions to yourself, Mr. Ivey; but really to me unless you have some other explanation the situation appears to be a violation of one of the first principles of trusteeship; that a man should appoint himself through his board of directors as the manager of trust funds; because this is not just an ordinary company, these are trust funds, and not only trust funds but funds of the public?—A. That was taken up.

Q. Guaranteed by the government?—A. That was taken up by the company with our solicitors and they said it was perfectly in order, and it was the wish of the shareholders that it should be done.

Q. I just want to bring up this point because I have—other members of the committee will bear this out—I have been interested in just to what extent trust companies may carry on; but it is that sort of thing I think which would discourage governments extending credit on such a tremendous scale as was extended in this case and as it will have to be extended for anything that we undertake; and then have a private company change its management without—well, we have not had any reason yet—it is apparently possible for such a company to change its management at pleasure from a trust company to a private individual, and in this case that individual happens to be the president of his own company and he appoints himself as manager?—A. The reason for doing that, one of the prime reasons, was that we did not think that a housing company that was operated through a trust company was a proper set up; they should have their own management.

Q. Will the experience of the past ten years bear that out?—A. Our experience, I think, will bear that out.

By Mr. Heaps:

Q. Is the company in any way responsible to the municipal authorities?—A. Just to the extent indicated.

Mr. STANLEY: To the extent of 85 per cent.

Mr. HEAPS: I do not mean financially; I mean, in any other sense?—A. We submit to them an annual report on our operations, also our plans.

Q. And they do not take any interest, outside of your plans and your report to the municipal authorities?—A. They appoint a director and he attends our meetings; that is as far as they go.

By Mr. McIntosh:

Q. What do you really think of trust company management, after your experience?—A. I think it should be in private hands; there is more reason for that than just management.

By Mr. Stanley:

Q. Just explain then how it is you have wiped out your deficits and after these years have acquired a surplus of $24,000, and added to the assets in the neighbourhood of $260,000. You have stated that you started out with a property worth $850,000, a property which now exceeds $1,000,000 in value, and which has paid dividends to the extent of, I would say, $6,000 during those years?—A. Yes.

Q. That does not give us any particular evidence that they have made a tremendous failure of their management?—A. I am not suggesting that they had made a failure of management; I am suggesting that the housing company

should operate this themselves. I am not blaming, nor am I praising the trust company; neither am I blaming or praising the secretary or manager whom we had. But, we lost more money per annum during 1932 and 1933 than we ever lost prior to 1918.

Q. Just answer me one question: You consider that it is a proper procedure with trust funds for you to occupy the position as president of this company, and also to be its manager?—A. Yes, sir.

Q. I do not; I will be frank with you.

By Mr. McIntosh:

Q. Will you say that trust company management is more efficient than private management or otherwise?—A. I would say that private management is more efficient.

Q. That was the reason for the change?—A. Yes, sir.

By Mr. Hanbury:

Q. The trust company were not interested in the property, were they?—A. No, sir.

Q. That is the answer, isn't it?—A. My answer may not just be right there. You have asked me a question that is rather difficult to answer in a word. But I may refer, if I may, to our original report, housing propaganda. "This is not a company, it is a cause. This statement was recently made by the shareholders of the Toronto Housing Company and aptly explains the company's existence." It is both a company and a cause. If you have outside management you are not in as strong a position to further housing as you are if you manage for yourselves.

Mr. McINTOSH: That is the point I wanted to get information on.

By Mr. Heaps:

Q. As a matter of policy, do you not think where public funds are being administered the public authority should have some direct control?—A. You are limited here to certain profits.

Q. No, it is a question of capital.—A. I don't think the public should have control through a public body.

Q. Evidently in your case it has not?—A. No.

By the Chairman:

Q. Is not this a good deal more like a mortgage than a trust, the money being advanced under guarantee a good deal like a mortgage?—A. It is a mortgage. It is a mortgage on our property and based on the good faith of the men who are operating the company.

Mr. STANLEY: It is a mortgage, this 85 per cent? No mortgage company advances 85 per cent of the value of the property. It is a straight loan of trust funds.

Hon. Mr. ELLIOTT: Mr. Chairman, I must confess that I am rather surprised that there is any difference between the managing director of a trust company and a managing director of a mortgage company in the set-up as we find here. I have had some experience, and I find generally that the president is the managing director of concerns similar to this.

Mr. STANLEY: Can you name any company in Canada to-day, a trust company or one handling trust funds, of which the Board of Directors headed by the president—a board of directors who are unpaid, who are voluntary contributors of their services—appoint their own president to manage the affairs of a large company of this kind? I don't know of any.

Hon. Mr. ELLIOTT: Do you mean to suggest that if they are paid—

Mr. STANLEY: No, I don't mean to suggest anything like that. But I do mean to suggest that from the standpoint of this committee who are looking into the administration of public funds by private companies, this certainly throws a monkey-wrench into the machine.

Mr. GRAY: Some of our recent investment trusts have not been free from what you are suggesting.

Mr. STANLEY: All the more reason why it should not be continued.

The CHAIRMAN: I do not think you understand thoroughly the set-up of this. It is a little different from what Dr. Stanley thinks it is. The bonds are guaranteed, but it is a private corporation.

Hon. Mr. ELLIOTT: Quite so.

The CHAIRMAN: They want to get funds from the public.

Mr. STANLEY: I don't want to get a wrong impression.

The CHAIRMAN: No, just asking for information.

Hon. Mr. ELLIOTT: Perhaps I can ask a question now. I have been endeavouring to, but I did not want to interrupt the Doctor.

The CHAIRMAN: Go ahead.

By Hon. Mr. Elliott:

Q. When did you take it from the trust company?—A. The first of January of this year.

Q. Of this year?—A. Yes.

Q. The doctor asked you why it was changed from the trust company to the present scheme.—A. Well, it was changed because we wanted to take a more active part in housing as a company.

Q. What were the results during the last couple of years? As I understand it, they were not good.—A. We had heavy losses.

Q. Did the fact that you had heavy losses while the trust company was managing it have something to do with the fact that you made the change?—A. No, I won't say that.

Q. You won't say that. Will you say that it did not?—A. No, I won't.

Q. No, I would not think you would. Then, Mr. Ivey, you are starting in now with the president appointed by the directors, is that right?—A. Yes. We were in a situation where we had a man who was connected with the trust company, who was our manager.

Q. Yes?—A. And about to years ago he died, and he was the one man that we dealt with. After his death we did not find a successor. We found we were dealing with an office, with a large office. I am not saying that this arrangement that we have made, and which has been in operation for two months, is going to be permanent; but we say for the last two months we have done just as good or better than has ever been done by the company before.

By Mr. Gray:

Q. You get closer personal contact?—A. You get contact that you could not get otherwise. It is also impossible to get contact with the president or directors. Tenants won't approach you. You can't talk to them. If you are managing a company you can get direct contact with the tenants; and in my study of this problem, I thought it was a good thing to know just what the feeling of the tenants was, and the directors thought the same thing and the shareholders thought the same thing. I am not suggesting that this may go on forever, and I am not suggesting this plan in anything the government may do. I am simply reporting our scheme or plan.

The CHAIRMAN: Mr. Ivey has not quite finished. I think we will let him finish.

Hon. Mr. ELLIOTT: Yes. I do not propose to get into any argument as to whether it is right or wrong, and I had no suggestion that the Doctor has any desire of that kind.

Mr. STANLEY: No.

Hon. Mr. ELLIOTT: I hope that is not the desire of any of the committee, and I do not think he or I want to leave that impression.

The CHAIRMAN: Mr. Ivey understands we are just after information.

Hon. Mr. ELLIOTT: Quite so. What I am most interested in from all these witnesses is to find out the scheme that has worked out reasonably satisfactorily.

The WITNESS: The next item that I shall deal with, if I may, is *Housing satisfying the minimum standard for health.*

There has for years been a shortage of low rental houses in Toronto with the result that it has been difficult to prevent families from living in sub-standard houses, for "any house is better than no house at all."

Control is administered by Department of Public Health, Department of Buildings and Department of City Planning.

During the last five years some 1,466 dwellings have been demolished, of which approximately 50 per cent were demolished on order from the department. The remainder were voluntarily torn down by the owners, but in many cases as a result of a warning from the department. In addition, many dwellings were condemned and closed. Few, if any, new houses have been built to replace these. We have the officers and we have the by-law to take care of sub-standard houses, but we have not the houses to put these tenants in if they are vacated.

Subsidized housing satisfying minimum standard of amenities.—Plans are shown of a three-room duplex costing $2,000, and a four-room house costing $2,900 on land at $25 per foot and built by contract. That is, we could have these houses built by a contractor at the prices we have mentioned, but there would be no stipulation as to what wages he should pay. Having regard to the usage that such houses are subject to, it is estimated that annual carrying charges would be 10 per cent of cost, namely:

	Per cent	
Taxes	2·00	
Management	·50	
Fire insurance	·15	
Maintenance	2·00	
Amortization	1·05	40 years
Vacancies	·50	
Interest	3·80	
	10·00	

On an economic basis a duplex would rent for $16.66 per month, $5.55 per room; and a house for $24.16 or $6.04 per room.

Assuming that the class with low incomes cannot afford to pay more than $4 per room per month, to build such houses would require a subsidy of 56 per cent for the duplex and 67 per cent for the house.

By Mr. Hanbury:

Q. Is that on the land and the house?—A. That is on the land and the house. I am not suggesting that this should be done. I am merely pointing out what the effect is; and that subsidy is much higher than the subsidy you have actually got on rental. That is, if you want to reduce the rental by

25 per cent, it requires a subsidy of 50 per cent because you have, on a 10 per cent basis, a static charge of 10 per cent which is not affected. You must get that all from the capital. Which gives you a very high subsidy.

By Mr. Heaps:

Q. What does that include, that sum you have just mentioned? Does that include taxes?—A. It includes exerything except heat.

Q. It does not include heat?—A. No.

Q. How is it that there is such a difference between the figures you mention and the figures we had from Winnipeg a few minutes ago?—A. Maybe there is higher cost of building there.

Q. In Toronto?—A. In Winnipeg.

Q. No, Winnipeg is lower.—A. Winnipeg is lower?

Q. Yes.—A. I thought it was higher.

Q. No. How do you account for the difference?—A. The cost of the building, I presume. I don't know what your land is worth in Winnipeg.

Q. Take the land away. The land cannot be a very big factor. Mr. Officer gives evidence that houses could be built and heat supplied for about $23 a month.

Mr. CAUCHON: In apartments.

Mr. PLUNKETT: Central heating.

The CHAIRMAN: It is $16.60 per month in the duplex.

Mr. HEAPS: Yes, this four-room, self-contained one.

The WITNESS: We gave you a four-room house, self-contained, built by our company for $24.16, not heated; that would be $28 heated.

Mr. HEAPS: That is a little higher.

The CHAIRMAN: $23 is what was given before, I think.

Mr. HEAPS: Yes.

The WITNESS: Continuing this report: As against this, there is the plan of repairing and making habitable suitable houses now below standard which would probably cost less and partially meet the situation.

Experience has proven that operations under the Ontario Housing Act can be conducted on a sound basis. Subsidized housing, however, is a different matter, but there is a certain relationship. Both have the same problems in respect to management, rentals, selection of tenants and their ability to pay, control, building costs, city by-laws, location, competition with private capital and housing psychology.

The officers of the company are: Arnold M. Ivey, president and managing director; P. H. Mitchell, vice-president; Douglas G. Ross, vice-president; directors, Herbert Begg, Walter C. Laidlaw, Col. K. R. Marshall, D. J. McDougald, Alderman J. D. McNish, George R. Warwick, L. M. Wood, C. Coulson, secretary.

By Mr. Church:

Q. This is all away back in 1913 when the city guaranteed the bonds?—A. Yes.

Q. Then you built a certain type of apartment that would not be suitable to-day for workingmen. They could not pay the rent. Would you propose state aid in 1935, and on the same lines? The city of Toronto could not continue its policy. I opposed it as a member of the Board of Control in 1913. You would not propose that we should go into giving state aid, as a federal authority, to your private company to continue this scheme throughout the city and suburbs, would you? Would you ask that?—A. No, I am not asking that at all. I am merely giving the report of what we have done.

Q. A survey of what you have done?—A. A survey of what we have done.

By Mr. Plunkett:

Q. Suppose you were contemplating building some housing, carrying on some further operations. Which class of wage earner do you think we should cater to, the one with a $1,000 salary a year or the one with less or more? It would be most profitable from a housing standpoint and a safe financial basis to build houses for what class?—A. Above $1,000.

Q. Is it possible that a man getting over $100 a month would not want to take on a housing proposition?—A. He would rent. He would rather rent than buy at the present time.

Q. Yes, but could not a man with over $100 a month make other arrangements, and not go into a housing proposition at all? The question I am trying to put is this: If you were building a number of houses, would it pay to cater to the class of wage earners with less than $1,000 a year or would it pay to cater to the class of wage earners with over $1,000 a year?—A. Well, as far as paying is concerned, the higher the wage, of course the better your investment in houses. As far as the requirements of the municipality is concerned, these low wage earners have to be housed in a decent manner. Then you have got to take some risk.

By Mr. Howden:

Q. Where is the greatest need?—A. The greatest need is for the people living in houses below sub-standard.

Mr. Howden: That is what we want to take care of, the greatest need.

By the Chairman:

Q. According to this, we would have to subsidize or to give an outright gift of 56 per cent of the cost?—A. If you did it that way. But if the reduction were charged say against taxes, reduced taxes, if you could spread it, it would reduce your subsidy considerably.

Mr. White: And reduce interest.

The Witness: That would also reduce it.

By Mr. Heaps:

Q. Would you prefer a low interest charge or a direct subsidy?—A. That is a matter of detail.

Q. It is an important point?—A. I think if you subsidize by way of low taxation or low interest rates or long amortization, it is still subsidy.

Q. Low taxation would be a gift by the municipal authorities, would it not?—A. Yes.

Q. If the federal government, or this committee submitted recommendations to give a low interest rate of 2½ or 3 per cent, would you prefer that interest on this, or would you prefer the direct subsidy?—A. I prefer to have your cost reduced to 7½ per cent, your operation costs reduced by low cost money, long amortization and reduction of taxes, because you get your houses out of the class of subsidies, so far as the public is concerned.

Q. The moment you talk about low taxation, you immediately go into the municipalities and request from them certain privileges which put these houses in a privileged class as compared with the other types of homes. I am saying to you that we here cannot in any way, shape or form interfere with the municipal authorities as to what they shall do. We can only direct our own committee in our deliberations here. I am asking you the direct question as to whether you prefer a low interest charge,—that is, say, 3 per cent for the sake of argument or a direct subsidy of so many hundred dollars per home?—A. Personally I prefer a cash subsidy.

Q. Why do you prefer a cash subsidy?—A. It seems to me when you talk about a low rate on money, you are to some extent begging the question.

Q. No.—A. There is no such thing as lower rate money than the rate at which government bonds sell.

Q. Suppose the government were willing to give 3 per cent money and were willing to absorb the bonds, would you prefer that or would you prefer a direct subsidy?—A. I am afraid I cannot answer that question. I prefer whichever way they would do it.

By Hon. Mr. Elliott:

Q. At the present time, have you got any assistance?—A. No, sir.

Q. From either the province or the Dominion?—A. No, outside of the guarantee of bonds.

By Mr. Heaps:

Q. May I ask one other question. Assuming that under present day conditions the government were prepared to go ahead with a housing scheme, would your company be prepared, at this time, under present day conditions, to proceed on a rental basis to build homes?—A. I don't think our company can tie up with the scheme at all. We would not be within the act. We might be arrested.

Q. There is no act at the present time?—A. I am talking about the Ontario Housing Act under which we are operating.

Q. I am speaking of a new scheme being inaugurated by the federal authorities, and doing as they are doing in Great Britain, subsidizing the old private companies to come within the operation of the housing scheme. Would your company, under those conditions, be prepared at the present time to build homes on a rental basis?—A. I don't think we would. I think the people connected with the company would, but the company itself is not—I have no authority to say that they would tie up with any scheme. If I may answer your question, I would say that I think the greatest need, aside from money, is management in any housing scheme. I think that is essential, and I think you want paid management, because people may have the best intentions in the world, attend meetings regularly, and yet you get into some scheme that is absolutely not economic.

Q. You referred before, Mr. Ivey, to the failure of some of the other schemes inaugurated around 1919 and 1920; are you familiar with these schemes?—A. I did not mean to say they were failures. I meant to say that the so-called failures were largely due to the fact that they operated only for a very short period, they were not able to spread their operations over a number of years and thereby take advantage of the cost of building during different periods. Could they have done that they would probably have been more successful.

By Hon. Mr. Elliott:

Q. Have you any doubt at the present time about your ability to go on as you have been doing for the future?—A. With this company?

Q. Yes.—A. Not the slightest.

By Mr. Hanbury:

Q. What would be your position if the government subsidized competitive building; would you welcome that?—A. You mean, as far as the present company is concerned?

Q. Yes.—A. Yes, sir; it would not affect us at all.

Q. Why not?—A. Because I take it that if the government are going to subsidize building they will in the first instance subsidize houses in the lower brackets.

Q. Not necessarily, if they subsidize one they might subsidize all; that is what I am trying to bring out from you?—A. If they subsidize all I think we have an advantage because we are established.

Q. Let me make my point a little more clear; do you think the government should subsidize homes to compete with private capital?—A. No, sir.

By the Chairman:

Q. Not on these low priced ones?—A. Not to compete with private capital; but subsidize below what private capital can operate.

By Mr. Hanbury:

Q. You are referring only to the proposal to provide homes for the lower paid workers; that is the only subsidy you are suggesting the government should give?—A. There are the lower paid, and the lowest paid; I am not referring to the lowest paid class only, I am referring to the workingman in Toronto whose average wage is $16 a week—and I believe that is higher than the average wage for all the wage earners in Canada.

Mr. HOWDEN: I think about $90 would be the highest amount you could state for the low wage earner.

The WITNESS: There are certain points over which I do not think public funds should subsidize any undertaking. $16 or $18 a month might be the limit; but, of course, you run into another condition there, the workingman with a large family who has to have a larger house, and that means a much higher cost.

By Mr. Hanbury:

Q. Mr. Ivey, in order to be fair to private capital, if the result of government subsidy to housing is to provide premises equal to what you are to-day renting for $25, $30 or $35 a month and make such houses available at $15 a month, what is going to be the effect of that on private capital?—A. I do not think that the government in the first place would subsidize enough houses to take care of the tenants who could pay more than $15 or $16 a month; and I believe that the people who can pay a higher rental would prefer to pay it and live in a house where a higher rental is paid rather than to live in a house in which such a subsidy reduces the rental.

By Mr. Heaps:

Q. That has not been the case in England?—A. The English level is a little higher than what we have been talking about, is it not; they are building a good type of house.

Q. Yes, and at a very low rental?—A. But that takes in practically everybody in England; and at the same time I believe that about half of the money spent in England—half of the $3,000,000,000 or whatever the amount is—had been supplied by private capital.

Q. Plus government subsidies?—A. Where most of the people have caught the housing spirit and want to live in better houses I think it stimulates the investment of private capital.

Q. Is not private capital available for low priced houses now?—A. No, sir.

Q. It is not available; that is rather an important point, I think. When we are building low priced homes, Mr. Ivey, to accommodate the low wage conditions are we not to a certain extent subsidizing low wages; and that is a very pertinent point?—A. That is a little beyond housing; of course, there are many questions involved, but I am not discussing that phase of the question.

Q. If you do not care to answer, it is all right?—A. It should hardly be necessary—

Q. I am not pressing you for an answer.—A. The point I have reached in my own mind is this: Every city in Canada has certain standards for housing, and I think if these cities were to enforce the law, that if the law could only be enforced by building other houses then other houses should be built.

Mr. CHURCH: As the representative in parliament of this district I would like at this point to state what has been done. At that time, from 1910 to 1912, there was a scarcity of houses. This commission of which Mr. Ivey was head consisted of a large number of the young businessmen of the city, splendid citizens they were, and they gave this problem serious thought. In that locality over the Don there are a lot of hard working, thrifty people, they are a home-loving people and over 60 per cent of them own their own homes. Now, at the time when the city went into this I was a member of the board of control and Mr. Hocken was mayor. I was opposed to the granting of guarantees along the lines of this proposal because the type of house involved was too elaborate for the workingman. You have heard the report. It is a good report. The scheme provides the city with taxes only to the extent of some $20,000 a year. Some of the rooms are only $4 and formerly they were much more than that. This company has built up a sinking fund. We have had it stated in evidence that there was a lot of vacant land, but that has all been taken up. The trouble with this scheme is that their plans are altogether too elaborate. You must bear in mind that this was over 20 years ago, in 1913. That was about the time when Toronto started its harbour improvement and there was a scarcity of houses. It was at that time too that most of the annexations were made, it was then that East Toronto and East York were taken into the city and North Toronto had been annexed. There has been very little annexation since that time, only 160 odd acres altogether having been taken in. In my opinion what this commission has done has been very very good as far as it goes, but it is not the class of work which should be done.

The CHAIRMAN: Perhaps the members of the committee would not mind waiting another few minutes. I do not know of any better way in which we could spend the next 20 minutes than by getting more information from Mr. Ivey. I might say, I had a talk with Mr. Ivey before the committee met and he was talking to me about something which I think has an important bearing on the subject before us.

By the Chairman:

Q. I would like to ask, Mr. Ivey, how many years did you say it would take to retire your present bonds?—A. 18 years.

Q. What happens to the property after that; you will have a big assest, who will it belong to?—A. It will belong to the company; but, as I stated there is the provision by which, as a matter of fact, the city could take the company over at any time. If they are not satisfied with the operations of this company they can take it over at any time through the payment of a premium of 10 per cent.

By Mr. Heaps:

Q. That is, by paying 110 per cent of the existing value?—A. 110 per cent of the assessed worth; similar provision is made in case we fail properly to maintain the property.

By the Chairman:

Q. When you do your building do you conform to the wage scales set by the city?—A. Yes, they set our wage scale.

Q. With respect to the last building you did, was that the wage scale used, or was it lower?—A. I do not know what the wage scale was, we had a contractor who took the job.

Q. Did this contractor know the wage scale on which you built your other buildings?—A. It is under the city rates.

By Mr. White:

Q. It would be the prevailing wage rate in the community?—A. It would be the rate of wage prevailing in the community, as I understand it.

The CHAIRMAN: You are aware of the conditions said to have existed in Forest Hill village are you not; let me cite to you part of a letter which has come to my attention:—

> You are aware of the conditions existing in Forest Hill village without me reciting any incidents there, I will however state that I am told that carpenters have been paid as low as 15 cents per hour and labourers 9 cents per hour and brick being laid for $3 per thousand.
>
> I was told yesterday that a contractor on North Yonge street was getting 22 thousand bricks laid for $68 by recipients of relief who were taking time off to register and get their vouchers. This price is apparently $3 per thousand.

By Mr. Church:

Q. Anything like that would not be possible?—A. It was not as low as that.

Q. Do you know the man who wrote this letter; it looked as though he was formerly one of your workmen?—A. He was not employed by our company. We did not come directly in contact with any of the workmen. We build by contract. I asked the contractor how much lower in cost the houses referred to were, and he said at least 20 per cent. That shows that the prices he paid were much higher than those mentioned there.

By Mr. Heaps:

Q. What is the total labour cost in a house?—A. I do not know; they say it is about 85 per cent of the total cost—$1,700 for a $2,000 house. I do not mean that as labour on the spot, but I have seen that figure.

Q. It is the labour on the spot that I mean?—A. I really do not know what it is.

By the Chairman:

Q. Take a $2,000 house, how much does that house really cost when you take into consideration your land and other factors?—A. In that case the house would cost $1,700.

Q. Then, the labour on that would be 85 per cent of the $1,700?

Mr. HEAPS: I think we had better get that correct; 85 per cent would include all the labour from the point of origin of the materials.

The CHAIRMAN: Oh, yes.

Mr. HEAPS: If you mean the actual work of construction on a house it would be only 50 per cent.

The CHAIRMAN: 50 per cent, yes; but is that 50 per cent of the actual cost of constructing the building, or of the total property? That is what I am trying to get at. How much is the cost of the dwelling itself compared to the cost of the total property. If you are to pay $2,000 for your house how much of that goes into the cost of constructing the house?

Mr. HEAPS: I would say that $1,000 is a very fair amount.

The CHAIRMAN: Now, I want to ask Mr. Ivey something in regard to a report of General Motors about which he spoke to me. Would you give us a few words on that, Mr. Ivey.

The WITNESS: I might mention here that my attention was drawn to housing by an article which appeared in the Atlantic Monthly; I have it here.

Mr. HANBURY: Tell us about it.

The WITNESS: It was by Alfred Sloan, president of General Motors in the United States, and it relates to a conference attended by some 400 of the large manufacturers, including all the large railways and the large oil companies, such as the Union Pacific Railway and the Standard Oil Company, and so on. The question was whether or not large industry had reached the saturation point, and several reasons were given; one of these was in relation to pre-fabricated houses. It was found, well, that we do not know anything at all about pre-fabricated houses. We all know that our tenants want electric refrigeration, the electric ironer and mechanical equipment of all types in the house. There is a gentleman by the name of Charles F. Kettering, who was chairman, and who is Vice-President in charge of research of the General Motors Corporation. He has written an article here as well as Alfred P. Sloan, in a pamphlet I received from them covering several things. There is also an article in here written by Harvey Wiley Corbett, of Corbett, Harrison & MacMurray, architects. This is published by General Motors. It is not the architect's responsibility, but rather the research department of General Motors is responsible; and this is what he says:—

> First and foremost in the heart of every man and woman is the desire for a new, a better and a cheaper home.
>
> The oldest activity in the world is the making of human shelter, and the methods of doing it to-day are about as old-fashioned as in the days of the Pharaohs. Such new comforts as we enjoy now, bathrooms, ice-boxes, radiators, electric light, etc., are all industrially produced, and we could not afford a single one of these comforts if they were not so mass produced. Why stop with the mechanical comforts?
>
> Let industry take the last and final step and produce the shelter as well as the comforts. Let us make this oldest human activity industry's newest venture and see if industry can do for the habitation machine what we already know it has done for the transportation machine.
>
> Such a national and international authority as Mr. Kettering has publicly stated that to-day America needs twenty-five million new homes. It will take a hundred billion dollars to supply the new homes of the new era and take care of one-half of us. That means a hundred billion paid to ourselves for work and material.
>
> I maintain that industry can now step forward—produce these twenty-five million homes—re-employ idle labour on a vast scale, rehabilitate idle plants—reopen sources of raw materials and definitely establish recovery on a sound and permanent foundation.
>
> Industry alone can do this thing. Industry through quantity production can do for human shelter what it has already done for human comfort in a thousand other fields. Always giving more and more for less and less, always giving a better product for less money. The home of the immediate future will be to the home of the present what this year's latest model motor is to the horse and buggy of forty years ago. Industry can take the headache out of home building, co-ordinate all the factors from land to finance, deliver a house, more beautiful, more permanent, more varied in plan arrangement, erected and ready for occupancy within a week from the time the order is placed with no disturbance of the ground, no littering of the surroundings with debris, no noise of construction, no carting away of waste and all this at half the present cost.
>
> This is no idle, imaginative dream. Many capable, resourceful, inventive minds have been at work for years, evolving the technique that makes this thing industrially possible. No effort for broad social betterment could be so far-reaching, no incentive toward better citizenship more powerful, no contribution to the beautiful life more vitally important.

I think I may be permitted to say that there is something for this committee to consider.

By Mr. Stanley:

Q. What is the minimum rate set by law for the man with whom you deal? —A. You mean, the Toronto Housing Company?

Q. Yes?—A. The Toronto Housing Company has nothing to do with the setting of the wage scales.

Q. I do not mean that, I was talking about rentals?—A. Oh; $23 a month.

By Mr. Howden:

Q. How do you determine the amount of rental you charge? Do you take into consideration the wage a man gets; how do you determine that amount?— A. We rent on precisely the same terms as any other private company.

Mr. HANBURY: You get all the traffic will bear.

The WITNESS: We do get by; but our problem to-day is that we have got to get 15 per cent, more than we are now getting.

Mr. STANLEY: And if Mr. Heaps, here, were to come along with a $25,000 a year income he could rent any of your houses he likes.

The WITNESS: If you had a house that you were paying $40 a month for, and Mr. Heaps came along and wanted it, we would spend $100 fixing it up and we would then charge him $45 a month rent for it.

The CHAIRMAN: Mr. Ivey, you have given us a lot of valuable information this morning, for which we thank you.

Witness retired.

Mr. HEAPS: By the way, Mr. Chairman, are we meeting to-morrow morning?

The CHAIRMAN: We are to meet to-morrow morning, I understand we have two men from Montreal who are to come here and appear before us. We will adjourn until to-morrow morning at 10.30 o'clock.

The committee adjourned at 12.45 p.m., to meet again to-morrow, Friday morning, March 22, 1935, at 10.30 o'clock a.m.

APPENDIX B

Filed by Mr. G. D. Stanley, M.P.

Report of the City Engineer, Calgary, Alberta

Letter No. 25.

His Worship the Mayor and the City Commissioner.

Dear Sirs,—As instructed by you I beg to report on the matter of housing and slum conditions within the City of Calgary.

These questions have many sides and a thorough survey would be necessary to arrive at close figures; such a survey would take time and would need the services of several men, and, after all personal judgment would play a considerable part in their decisions.

One of the first results of the hard times was that people who had empty sheds or garages fixed them up for sleeping or even for living quarters, and many of the garages particularly, were made quite comfortable; the sanitary end however was very undesirable and the Health Dept. tell me that most have been closed and that the number remaining is negligible.

There are few buildings in Calgary that have not a fair amount of air space round them, with immediate access to open spaces, private or public, so that the feature of lack of air, so noticeable in some parts of the older cities, is not a serious matter here.

In considering buildings used as dwellings, any such places must be held as being undesirable and substandard if any portion of their inhabitants live in rooms which are not properly habitable. This ruling, if the classification of the National Construction Council be fully accepted, would throw into the substandard class many buildings which should and would normally be standard dwellings. This condition may be temporary and may change for the better if and when times improve.

According to the City Assessor's list there are some 16,188 houses and 1,233 blocks, (business and apartment) in the City. Assuming that the apartment blocks, that is buildings housing three or more families, numbered say 200, they, with the houses would total about 16,388 dwelling places. Almost any dwelling of any kind is served with electric light, and the Electric Light Dept. inform me that according to their list as at Dec. 31st last, there were less than 500 vacant, or about 3 per cent. I have enquired of some of the leading rental agents of the City and they consider that possibly as high as 8 per cent or even 10 per cent are vacant, but their opinion is based on the houses which are in the usually rented class, the large and rather old fashioned houses, which no one wants, except to sublet, and I therefore assume that the Electric Light Dept's. figure of 3 per cent is more nearly correct.

The figure of 15,888 dwellings (that is the total number less the vacant ones), and reckoning our present population at say 75,000, works out at between 4 and 5 people to a house, which is a most reasonable allowance for dwellings and apartment blocks combined. It would not therefore appear that there is any need for overcrowding and slum condition if the distribution were right; and that brings us to another phase of this tangled subject. Even in the good years we have a class of people who live in small suites all the year, and another class who ordinarily like to live in suites or light housekeeping rooms in winter and to go to small houses for the rest of the year. This they are not now so readily able to do, for the reason that many owners of large houses are themselves seeking the smaller dwellings We have also a large number of people from outside the City, many of whom have been here long enough to qualify for City relief.

Some of those people have families, but still want a suite in preference to a house, and small suites have multiplied greatly in the last few years. The great trouble is this doubling up in the apartment blocks and larger houses, rather than any overcrowding in ordinary houses. Most of these people are on relief and cannot afford to rent a house and therefore crowd into tenements and rack-rented property. As against that there are decent houses fetching no more rent than two roomed suites do, and yet the majority of the people prefer the light houskeeping rooms to a decent house, partly perhaps because they have little furniture or belongings, and partly because they prefer to wander from one tenement house to another, and to be free of responsibility and of the cost of winter heating. There are many cases where parents and their married children now live together, when formerly the younger members each had their own little homes. The Health regulations of the City and Province require separate accommodation for living, eating, cooking and sleeping, but this is broken right and left, apparently owing to the economic conditions. The owners or landlords on the other hand, who have decent houses to rent, can hardly get the price of the taxes out of their rentals, much less any reasonable dividend on the value of their investment. Under the overcrowded conditions consequent upon the multiplication of light housekeeping suites, etc., there is a general insufficiency of bathroom and toilet accommodation. There has been an influx of a certain type of people who, one would think, have lived in tents most of their lives, and are prone to do serious damage in any premises where they may find themselves. This tends to the deterioration of any premises they occupy. There are those, I am told, who would rather crowd into the area between the Bow and the Fair grounds, and from 1st St. W. to 6th St. E., and pay higher rents to live there, than to live further West or further East and get better accommodation at less rent. Generally speaking the larger families seem to congregate S. of the C.P.R. and from 1st St. W. to 6th St. E. I gather that the overcrowding is not by any means always the landlord's fault. He will let a small place, say one room to a married couple, and there will soon be 5 or 6 adults sleeping there, apparently pooling their rental allowances. There is dirt and damage, and then the group is scattered only to get into similar situations elsewhere. In many such cases the rent allowances have been stopped by the Health Dept. and if the owner is blamed or if it is only suggested that he is perhaps to blame, he sometimes has been known to threaten to close up the premises and to go on relief himself.

There are good landlords who offer better accommodation, with janitor service thrown in, at less rent than some others, but people will often leave the good places and go to the poor ones simply because *they want to* and they greatly resent, as interference with their personal liberty, any suggestion that they stay at the better places. As a result of overcrowding due to small suites, etc., there is a good deal of friction and complaint—not enough hot water, crowded sanitary conditions, insufficient facilities for washing clothes, etc., and so people move elsewhere and this constant moving tends to slum life.

Many of the houses are in poor condition, and the frequent changes of tenancy have made them worse. Some have had their rents stopped until put in better repair; some small properties are so bad that their owners would rather close them than spend any money on them; some have been so closed. Two or three houses have been pulled down and it is estimated by the Health Department that possibly a score or two more should be similarly dealt with. Some poor property has come to the city through tax sales but the officials of the Land Department are not prepared to say without a careful survey, how many of them should be regarded as undesirable habitations. The city owns 133 houses and stores, and ten blocks.

There are one or two blocks privately owned which are in very bad repair, and overfull and which present a fire hazard. And there is of course an undesirable and independent class of tenant who always have their rent ready.

A poor small place may be well kept, clean and homelike, and far superior quarters may be practically a slum. It is unfortunately largely the people themselves who make their surroundings. A standard house in good condition may be reduced by its tenants and their occupancy into a substandard place and a substandard house today, may shortly, if the times improve, be a standard house. It appears to me that all that we can do is to deal bit by bit with the worst conditions; but even with that done, it will be some considerable time before the city of Calgary has any real housing problem.

I am indebted to the Health Department for much of the foregoing information. To sum up from the brief survey that I have been able to make and the information provided to me, I consider that such slum conditions as may appear to exist are caused by the present economic conditions, rather than by any lack of housing accommodation.

Yours truly,

A. S. CHAPMAN,
City Engineer.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

FRIDAY, MARCH 22, 1935

WITNESSES:

Mr. Armand Dupuis, Montreal, Quebec.
Mr. J. C. Rancourt, Montreal, Quebec.
Mr. Séraphin Ouimet, Consulting Engineer, Montreal, Quebec.

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 429,

March 22, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock, a.m., Mr. Ganong, the Chairman, presided.

The following members were present: Messieurs Bourgeois, Elliott, Ganong, Gray, Hanbury, Heaps, Howden, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley, Sullivan and White (London)—15.

Mr. Sullivan filed a letter from Mr. Mignault, Sherbrooke, to Mr. Gobeil, M.P., *re* housing.

Mr. Armand Dupuis, of Montreal, Quebec, representing the Hygienic Housing Commission, was called, examined and retired.

Mr. J. C. Rancourt, of Montreal, Quebec, President of the Federation of Workers of Montreal, was called, examined and retired. It was decided to print his brief (in French) in the record, and it appears as Appendix C.

Mr. Seraphin Ouimet, Consulting Engineer, Montreal, Quebec, was called, examined and retired.

The Committee adjourned at 12.50 p.m. to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

March 22, 1935.

The Special Committee on Housing met in Room 429, Friday, March 22, at 10.35 a.m., Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen we have a quorum so we will open our meeting. We have two delegations here this morning from Montreal.

Mr. SULLIVAN: Mr. Chairman, Mr. Gobeil, M.P., for Compton has left with me a letter from Mr. Mignault, attorney of Sherbrooke, with some suggestions. They are all written in French. I would like to file this in the record.

The CHAIRMAN: Gentlemen, we have first to hear from the Hygienic Housing Commission, and we are going to hear first from Mr. Dupuis. Mr. Dupuis will tell you whom he represents and the ideas of this association.

ARMAND DUPUIS, called.

Mr. SULLIVAN: Mr. Dupuis, have you the report in English or French?

The WITNESS: I have the report in English. Mr. Chairman and members of the committee, the committee which I represent is composed of several citizens of Montreal who got together with the idea of helping the city and the province and the country in a project which would stop unemployment, stop the dole and provide work for everybody. The project is ambitious in its scope; but these gentlemen and myself believe that if it were applied most of our troubles would be ended. Do you desire to know the names of the members?

The CHAIRMAN: No, I do not think so.

The WITNESS: As far as I am concerned, I am a civil engineer and a merchant.

The CHAIRMAN: Mr. Sullivan is a member of this Committee; that should be a good recommendation.

The WITNESS: I belong to Mr. Rinfret's division.

Hon. Mr. RINFRET: Do you promise to vote for me? At any rate, Mr. Chairman, he is a very good friend of mine.

The WITNESS: Mr. Chairman, I propose to read from my brief first and if questions are asked I shall do my best to answer them.

CLEARING OF SLUMS AND BUILDING OF LOW-COST DWELLINGS AS A SOLUTION TO UNEMPLOYMENT

A SELF-LIQUIDATING PROJECT

1. *General Outline.*

It is realized that most of the unemployed have hitherto been engaged in the construction industry, being artisans and skilled workers who are only capable of working in their own particular trades and who have thus been out of work for nearly four years.

It is a fact that many of these workers cannot afford real homes and are forced to live in poor and, very often, insanitary dwellings. The small landlord also suffers because he cannot exist if he does not receive rent from his tenants and thereby runs the risk of losing his property.

Moreover, these workers would rather work at their trade than accept dole, but, as their resources vanish, they must apply for relief.

Their unhealthy dwellings, which are little better than hovels, should be at once demolished and replaced by modern hygienic homes.

This project was first made public on August 25th, 1933. It has been offered for the perusal of the Honourable Mr. Gordon. Since that time, it has been scrutinized by architects, engineers, bankers, lawyers, notaries, heads of labour unions and business men who have carefully studied the project, offered their suggestions and modified it where necessary.

The project is now offered in a practical form as a contribution, by a disinterested group of men, to the general welfare of the country.

Purpose of the Project

Primarily, it will employ 10,000 men working eight hours a day, 300 days a year, until the completion of the work, in a little over three years.

By Mr. Sullivan:

Q. You say that the project will employ 10,000 men, and you mention the country—do you mean in the city of Montreal?—A. The city of Montreal.

Q. You use the word " country," but you are taking into consideration only the city of Montreal?—A. Yes.

By Mr. McIntosh:

Q. You mention in your statement that the project would help the city, the province and the country; do you mean the country in its national sense?—A. Canada; because if Montreal is helped the chances are the province will be also.

By Hon. Mr. Rinfret:

Q. I understand that this is the project of your association or committee in Montreal which claims that by solving the problem in Montreal it will be working for the welfare of the country generally?—A. Exactly.

Q. But your scope does not go beyond Montreal?—A. It does not.

By Mr. McIntosh:

Q. It is largely an unemployment proposition for Montreal?—A. Yes. If it is good it will be copied elsewhere.

Mr. Howden: Your idea is that it could be applied to the country at large.

The Witness: Yes. It will employ 15,000 men for a shorter period in the manufacture of building materials, moving and transportation of such materials and others indirectly engaged.

It will employ professional men such as architects, engineers, draughtsmen, surveyors for the public health authorities, bankers, notaries and others engaged in the supervision of the project.

The adornment of the city of Montreal with bright, modern and healthy dwellings.

The solution for a large part of the traffic congestion by the widening of streets. The creation of adequate playgrounds. The health of our population and the uplifting of its morals.

Advantages and Benefits

The Worker

For the construction of a three storied house containing three six-roomed dwellings, the number of working hours would be seven, 276 divided as follows:—

Labourers, 2,200 hours.

This includes excavators, cement mixers, concrete workers laying foundations, cement floors and stairs, cleaners, carpenters' helpers, etc.

Skilled labourers:

Carpenters, 2,200 hours.
Bricklayers and Masons, 526 hours.
Plasterers, 400 hours.
Other trades, such as electrical, plumbing, roofing, tiling and finishing carpenters, 1,940 hours.

The construction of 20,000 dwellings will therefore be the means of using 75 million working hours, at an average cost of 50 cents per hour, or 10,000 men working 8 hours a day for three hundred days a year for three years and two months.

Statistics show that in this kind of construction, over 80 per cent of the money is spent in wages.

To the above should be added the work of the day labourers employed in the demolition of the houses.

THE SMALL LANDLORD

This project will benefit the small landlords who are on the point of losing their properties which have been acquired through hard work and many years of thrift. The project does not apply to the central wards of the city where land has a large assessed value nor to streets and sections suitable for stores or factories.

THE TAXPAYER

It is imperative that the contribution of the city to direct relief fund be considerably curtailed.

The putting of the plan in execution would provide revenue to tenants and enable them to pay proper rent to the landlord who, in turn, would be able to pay their present and arreared taxes and have their property from sale by the sheriff.

THE CITY OF MONTREAL

The city would at once benefit by an increase in the municipal valuation of the re-constructed wards and consequent increase in tax receipts. It is estimated that an increase in municipal valuation of $25,000,000 would bring in, at the present rates $350,000 more annual revenue to the city and $160,000 to the school commissions.

The city could take advantage of the execution of the project to widen its streets, where necessary and create playgrounds on low cost vacant land, without having recourse to the expensive process of expropriation.

Further, and this is possibly the greatest single advantage to the city as a whole, the elimination of insanitary housing would immeasurably improve the general health condition of the citizens; lower the appalling rate of infantile mortality and, by making for healthier citizens, would make for a better city.

GENERALLY

As men resume their normal occupations and return to work, their morale will be raised and they will again rely on their own efforts to provide for themselves and their families and not on the state. The salaries earned will be put back in circulation; they will pay rent, purchase commodities, pay taxes. Industry and commerce in turn will increase and provide still more employment. In short, the wheel will again have started to turn after having been stopped for so long.

PRACTICAL SURVEY OF THE PROJECT

In order to arrive at practical conclusions, a quadrilateral was selected bounded by Papineau, Lafontaine and Champlain streets and Ontario Lane. (Properties on Ontario street are not considered as it is a commercial artery.)

This block contains 86 old dwellings which would be replaced by 56 new ones. Imagining that the buildings had been demolished and the land cleared, a notary and an engineer re-subdivided the property, an architect submitted plans and specifications for new houses and three contractors tendered for the reconstruction of this quadrilateral. It is upon these reports that we have taken our figures for the entire project.

EXECUTION OF THE PROJECT

Twenty-five thousand dwellings are classed by the Board of Health of the City of Montreal as insanitary. They are not called slums; a slum dwelling in Montreal is a dwelling which is infested with microbes, where the floors are bursting from dampness and where there is no fresh air. I do not believe there are more than two or three hundred such houses in Montreal—houses which could be clasesd as slums—but that does not change the fact that there are 25,000 dwellings in Montreal which are not sanitary. To rebuild 20,000 of them would entail an expenditure of $50,000,000.

Almost all of Bourget, Ville-Marie, Ste. Marie, St. Eusebe, Papineau, and St. James wards would be rebuilt and also part of St. Henri, St. Cunegonde and Point St. Charles.

As approximately 20 per cent less dwellings, would be rebuilt than at present exist, no unfair competition would be made to the remaining owners.

Mr. McINTOSH: Why do you not give the figure for 25,000 dwellings?

The WITNESS: Because if we take down 25,000 dwellings we will replace them by only 20,000. in order to allow for better air space between the houses.

Mr. McINTOSH: Is that 20 per cent approximately what would take place in regard to the slum condition in Montreal?

The WITNESS: Yes. It is approximately that, if you want to leave space between the houses. At the present time all those houses are built up against one another, but if you give a breathing space between the houses you will lose 20 per cent of your building space.

Hon. Mr. RINFRET: You say "no unfair competition would be made to the remaining owners"; perhaps you will explain that later on?

The WITNESS: I can explain it now. The proprietors in Montreal say, "if you build other houses you take away our tenants." With this scheme, when we take down 25 houses we put up only 20 new ones; therefore, we are not creating trouble for the present landlords; on the contrary, we are providing customers for the other landlords.

Mr. SULLIVAN: For the vacant houses?

The WITNESS: Yes.

By Mr. Rinfret:

Q. With regard to these 25,000 houses, you could give compensation to their owners because you are only rebuilding 20,000 new dwellings?—A. Yes.

Q. You are not creating more dwellings than there originally were, but you are creating fewer, and there is less competition to their owners, and the buildings that are demolished are being compensated for by the new ones?—A. Yes.

Mr. HOWDEN: New lamps for old ones.

By Mr. Stanley:

Q. Do you propose to rehouse the same population in 20 per cent fewer buildings?—A. Those who cannot be accommodated in new houses that will be

built will create a demand for housing which will start the individual building again as he did in former years. There has been no construction in the past three or four years in Montreal, whereas in the twenty years which preceded them construction was the main industry in Montreal.

Q. Those who are at present without houses are the ones who cannot pay rent?—A. We maintain that if this scheme is put into operation everybody will be able to pay rent.

Mr. SULLIVAN: You mean that there will be no unemployment?

The WITNESS: There will be no unemployment.

By Hon. Mr. Rinfret:

Q. This is not only a self-liquidating but a self-contained project; you are not expecting any help from the state; you think you can carry that on by your own financing—is that the situation?—A. Not exactly. As we go along you will see.

Q. I will not press that question.

Hon. Mr. ELLIOTT: Did I understand you to say that you would build approximately the same number of houses in the same area as before.

The WITNESS: No, less; 20 houses where there used to be 25.

Mr. MCINTOSH: You will take the same area?

The WITNESS: Yes, in the same area—the same number of square feet, but we will build twenty houses where twenty-five used to stand.

By Hon. Mr. Elliott:

Q. That would be the same area in houses, would it not?—A. No, it would be less; there would be less floor space.

Q. 80 per cent— —A. —of the actual floor space.

Mr. MCINTOSH: What about the land previously occupied—would that be recompensed for and included in the new building program?

The WITNESS: As we go further you will see the working of that.

By Hon. Mr. Rinfret:

Q. I understood you to say that you wanted more air and more space around the houses. Is that where the additional lands goes?—A. Yes. We have plans which we can show you, giving an idea of the project as we go along. With the return of normal conditions, a further need of housing will be felt which can be supplied by private initiative and it can thus be visualized that the building industry, upon which all progress rests, would be definitely revived.

METHOD OF PROCEDURE

1. The necessary legislation on the part of the three governments. Now at this stage I should like to state this: our committee has supplied an idea, and it has tried to perfect it as much as it could, but it has not had the means or the time, or possibly the capacity, to present here a draft of a bill of legislation that is necessary. The sort of legislation that is necessary should be enacted, gentlemen, by the people who know more about it than we do. All we offer here is an idea. Now, the development of that idea to its ultimate end rests with people other than our committee.

Mr. SULLIVAN: Before you go any further, tell me this: you mentioned three governments. You are speaking of one government just now. You mean the three governments, federal, provincial, and municipal should contribute and work together?

The WITNESS: We believe when we have the federal that we have the whole, and the whole contains the parts, but it might be flattering to the others to have them included.

Mr. STANLEY: Mr. Taschereau does not believe that.

By Mr. McIntosh:

Q. You want them all?—A. Yes.

Q. Has this scheme been presented to the provincial government in Quebec? —A. Yes.

Q. What is their idea?—A. I do not know.

By Hon. Mr. Elliott:

Q. Is $3,000,000 what you consider the contribution from the three jurisdictions?—A. Yes.

Q. Do you make a suggestion as to how that shall be contributed, in what proportions?—A. No.

2. A mortgage loan of $50,000,000 on the land and buildings guaranteed by three governments, redeemable by annuities at the rate of 7 per cent, 4 per cent would be applied to interest, and 3 per cent to the sinking fund.

3. A free contribution by the three governments of a sum of $3,000,000.

Hon. Mr. RINFRET: That means $1,000,000 each; you do not mean $3,000,000 each?

The WITNESS: No.

Mr. SULLIVAN: $1,000,000 each?

The WITNESS: No. We estimate about six per cent would be necessary to do the side jobs.

Mr. SULLIVAN: Administration.

The WITNESS: But it is only an estimate. We hope it will be less.

By Mr. McIntosh:

Q. Would that $3,000,000 be the total you would require from the three governments?—A. Yes. I believe if 6 per cent is spent on the actual rebuilding, it would suffice to pay the expenses of the committee in the moving of the tenants and so on.

By Hon. Mr. Elliott:

Q. Before you pass the $50,000,000 mortgage loan, can you give us an estimate as to how much of that would be applied to compensate the owners of the land, and how much for the buildings? Can you give us the proportions?

Mr. SULLIVAN: It is in the report a little later on.

The WITNESS: If you will allow me to go on you will find it is all there.

Hon. Mr. ELLIOTT: I think perhaps we had better hear it all, then.

The WITNESS:

4. A financial corporation to control the use of these funds.

5. The giving to the Department of Public Health the necessary powers to decide on the demolition of dwellings which have been found unhealthy by this department. That would mean a slight revision of the Health Code in Montreal.

By Mr. Heaps:

Q. Have they not got the power now to condemn insanitary houses?—A. Yes, but to condemn a house, as I said previously, the floor must be lifted with humidity, the walls must be cracked, and the house so infested with microbes that it is not fit for habitation.

Q. The municipal authorities have the power to condemn houses that are unfit for human habitation?—A. If they go according to the Code as it stands to-day, they can close very few houses.

Q. That is a matter entirely for the local authorities themselves.

By Mr. McIntosh:

Q. That kind of insanitary condemnation is not condemnation at all?—A. At present?

Q. No.—A. They can padlock if they want to, but they do not do it.

Hon. Mr. ELLIOTT: They do not do it?

The WITNESS: They can.

Mr. HEAPS: Perhaps Mr. Rinfret can tell us if the laws of Montreal are sufficiently strict in that respect.

Hon. Mr. RINFRET: I can reply to that. We had a witness at the last sitting who took the stand that it would not do to increase the severity of the regulations before a project of this kind was entered into because there would not be accommodation for the people, who lived in those dwellings. The question of occupancy struck me as being important. We heard that in Winnipeg some houses were not so bad, but they were over-crowded, and the witness, Mr. Officer, took the stand that there was no place for the occupants to go. So that it would not do to bring on stricter regulations before we enter into a scheme of building.

Mr. HEAPS: All municipalities of importance have fairly good sanitary laws, whether or not they are observed. As a rule it is a question of observance of them.

Hon. Mr. RINFRET: I would not say that in regard to Montreal. As Mr. Dupuis says, very frequently a house to be condemned must be in a very bad state indeed. I suppose, when we have new accommodation, workmen's houses, we might make the regulations stricter both as to the condition of the house and occupancy. The last part is very important, because the house may be alright, but if you crowd it with too many people it becomes all wrong.

The CHAIRMAN: Gentlemen, we want Mr. Dupuis to go along with his brief; we do not mind questions here and there, but we want to know what it all means. We do not want to get into a discussion until he gets through.

The WITNESS:

6. The compensation of landlords affected by this project according to a pre-determined scale.

7. The rebuilding of these houses by advancing the sums necessary to the owners.

8. The drafting of architects' plans and specifications to assure that the new construction shall be carried out according to established sanitary and esthetic standards.

9. These houses to be built for the account of the present owners. This is a very important point.

Mr. HOWDEN: What is that again?

The WITNESS: These houses to be built for the account of the present owners.

10. Appointment of a commission with which would rest the realization of the project.

The appointed commission makes a detailed survey by quadrilaterals and wards of the houses that are to be demolished and rebult

The Commission obtains from the proprietors their signed agreement to the project.

The Commission pays, for the account of each agreeing proprietor, the mortgage loan and arreared interests and taxes, if any, in order to clear the property of all debts.

Where a property in good order stands in a quardilateral that should be demolished, the Commission will arrange either to buy it at its municipal

valuation plus 20 per cent or move it, at its expense, on a new lot to conform with the general plan of the quadrilateral.

The Commission arranges with the city for the sale of land required for widening of streets and for playgrounds.

FINANCING THE PROJECT

The means at the disposal of the Commission to induce the proprietors to agree to the plan are:

a. The Health Department regulations which could force the padlocking of some of the unsanitary dwellings.

b. The financial advantages to be gained in replacing an old house by a new one with the facilities offered under the plan.

These financial advantages to be provided by the governments are the following:

a. A free contribution of $3,000,000 to pay for the Commission's expenses, the demolition of buildings, the cost of moving good houses and incidentals.

b. The loan to the proprietors of the necessary sums of money at 4 per cent per annum, or less. These loans would be secured by a mortgage on each property upon which the proprietor would pay as follows.

Mr. SULLIVAN: You say "less."

The WITNESS: If the rate of interest has changed since. This plan is about two years old. The chances are you can charge less than 5 per cent.

Four per cent per annum during 28 years as interest on the loan.

Two per cent per annum during 28 years to completely amortize the cost of his new property.

One per cent per annum during 40 years to amortize the premiums he will have received which are charged back to him.

Thus, with the exception of $3,000,000 (which is a very small percentage of the moneys expended in 3 years for direct relief) the entire outlay is self-liquidating, the government's contribution being their guarantee of the mortgage-bonds at 4 per cent or less, the sale of which will provide the necessary funds.

THE PROPRIETOR'S ANGLE

The following example shows, step by step, the working of the project as it affects the proprietor:

The Commission buys his property at its municipal valuation, 3,000 square feet, $3,000. It adds 20 per cent as a premium, $600 (m).

Now, we must bear in mind that we are speaking of a low class dwelling; we are not speaking of fine houses or fine streets. We are speaking of wards or streets where the houses are 50, 60 and 70 years old, and which are in a very poor state to-day, but still inhabited with human beings. When we say $1 a foot without anything added to it, we feel the proprietors should be able to dispose of their property at the municipal valuation.

By Hon. Mr. Elliott:

Q. What would be the frontage and depth of an ordinary house as you propose?—A. I can show you a tentative plan. Of course, the quadrilaterals vary; some run 110 feet, others only 85.

Q. What frontage have you in mind?—A. I believe it is 30 feet.

By Mr. Heaps:

Q. Thirty by 100 would give you 3,000 square feet. Speaking of the land, may I put this question to you: you give the valuation as shown on the books of the civic authorities?—A. Yes.

Q. How do they value the land in the city of Montreal for taxation purposes?—A. They value it pretty high.

Q. What do you mean?—A. Pretty close to its real value.

Q. You mean to say if on the books of the city a lot is assessed or valued at $1,000, or $1 per square foot, that would be its market value to-day?—A. Not to-day, but in normal times it would be quite correct.

Q. Under present day conditions would you estimate $3,000 would be a high figure?—A. Well, it might be.

Q. $3,000 would be a high figure for land assessed by the city at $3,000?

By Mr. McIntosh:

Q. How do you estimate the value of any frontage, by the square foot?—A. The square foot.

Mr. DOUCET: The municipal valuation of the land, if it is at a dollar a foot, then the man's property is valued at about $200 or $300.

Mr. SULLIVAN: The house?

Mr. DOUCET: Yes.

Mr. HEAPS: Would you say if a property is valued at $2,000 by the city of Montreal to-day, that that figure would be the market value?

Mr. DOUCET: Yes.

Hon. Mr. RINFRET: I may say this: in former years it was understood that the municipal valuation in the city of Montreal was under the market or commercial value of the land or house; but in later years the impression has been the valuation was just a little bit too high. I will confess that as far as I know, speaking for the time I was there, we maintained a high valuation rather than increase the rate of taxes. That was one of the reasons why we did not want to revalue the property. We maintained a high valuation in preference to undertaking an increase in the tax rate percentage that would apply to property in Montreal. It has also been contended that some of the large buildings were undervalued; so it is pretty hard to venture an opinion. We will have to deal with concrete cases.

Mr. HEAPS: I can give you a few concrete cases particularly in what you may call slum areas where the rentals to-day are very low. If you are going to compensate, as is proposed here, on what I think a high valuation, plus 20 per cent, you are going to burden any scheme.

Mr. STANLEY: Not our valuations.

Mr. HEAPS: I have not seen your valuations. At the very outset you are going to burden the scheme with an overhead which makes it almost a financial impossibility to become a success.

The CHAIRMAN: I think we had better let Mr. Dupuis proceed.

Hon. Mr. ELLIOTT: I just want to point out that if it is 100 feet deep and 30 feet to the front, that would be 3,000 feet. If I have figured correctly, that would be $3,000, which at 7 per cent for interest and amortization would be $210 or $17.50 per month for one of these houses, adding 20 per cent and assuming you had only 100 feet instead of 110.

By Mr. McIntosh:

Q. I am not clear as to why this 20 per cent should be added. If $3,000 is the real value, why add another 20 per cent?—A. This premium of 20 per cent is repaid by the proprietor.

The CHAIRMAN: Let us proceed, and we will get more information later.

The WITNESS: It adds $500 indemnity for each dwelling in the property.

Mr. SULLIVAN: These are not rented. These are sold properties.

The WITNESS: Sold.

Mr. SULLIVAN: They are not rented.

The WITNESS: For a 3-flat house, $1,500; that makes $5,100. This sum is not paid in cash to the proprietor but deposited to his credit with the financial corporation or trust company.

By Mr. Sullivan:

Q. Will you explain that part, that very important part, "the sum is not paid in cash"?—A. That is, it is not paid to the proprietor. The proprietor who agrees to go into this project does not receive $5,100. He is given credit for it, but to his credit in the books of the trust company.

Then, the commission obliges the proprietor to buy a new lot of land of say 3,500 square feet at $1, $3,500.

The commission pays for the construction "en serie" of a new 3-dwelling house, say $5,500. The commission also repays existing mortgage, tax arrears, etc., say $1,000.

By Mr. Howden:

Q. There is one point I do not understand. You are talking about a $3,500 enterprise, and then you talk about a 3-house apartment.—A. What we are talking about is a 3-flat house all the time. They are 3-flat houses such as you see in Montreal, but we try to remove the exterior stairs.

Hon. Mr. RINFRET: I might perhaps make a remark here, that it is not so very material if the land has been valued at $1 per foot, because the proprietor is charged the same price when he rebuys the land.

The WITNESS: That is true.

By Mr. Sullivan:

Q. I think, Mr. Dupuis, before you go along, it is well to mention that we have always been working here on properties to be rented to tenants. This is a different proposition entirely. It is demolishing a building owned by a proprietor and to be resold to him.—A. That is it, rebuilding for the proprietor again.

Hon. Mr. ELLIOTT: Three dwellings?

Mr. SULLIVAN: Yes.

By Mr. Howden:

Q. I am quite puzzled. I understand that three dwellings are built in one block on the 30 foot frontage?—A. Yes.

Q. And they are built for sale?—A. No.

Q. That is a different point. They are built to rent?—A. Yes, that is so.

Mr. SULLIVAN: They are sold.

The WITNESS: By the proprietor, by the original proprietor.

Hon. Mr. ELLIOTT: Sold to the proprietor. He rents them.

Mr. SULLIVAN: Later.

Mr. CAUCHON: There are three living units in a complete house.

Mr. HOWDEN: I understand now. I wondered if they were sold.

The WITNESS: The proprietor therefore owes the commission $10,000. The commission adds to this debt the indemnity which has been granted (m and n) $2,100. We give it to the man and then charge it back. We did that so as to make the thing clear. So that the proprietor is indebted for $12,100. But he already has with the trust company a credit of $5,100. This leaves $7,000. Credit him for the sale of old materials, $300, leaving $6,700.

Credit him further with the proceeds of the sale of land to the city for playgrounds and street widening, say $700. So that his net debt on a new, modern and desirable property is $6,000.

By Hon. Mr. Rinfret:

Q. Just at this point I would like to say that I hope you will excuse us for asking so many questions, but we take a great interest in this. I notice when we stop putting questions we are not listening. You say you are charging to the proprietor the indemnity that has been given to him previously?—A. Yes.

Q. I do not see the point, then.—A. The point is that you are extending them credit. What do people want to-day? They want credit. They want to have something and time to pay for it. We have shown $1,000 in order to show the proprietor that we were giving him a 20 per cent premium on his rent, $500 per dwelling on his old property. We say, "We will give it to you and then we will take it back."

Q. That is the point I am having difficulty with. It is just a matter of credit?—A. Absolutely. It is a book-keeping entry. So that his net debt on a new, modern and desirable property is $6,000.

Comparative Income and Equity: Taking an unsalubrious house of two flats of five rooms each such as you have existing in Montreal, occupying 3,000 square feet of land valued by the city at $3,000, the present income is approximately $288 a year.

The expenses are:—

Municipal taxes	$70 00
Interest on $1,000 mortgage	65 00
Upkeep, insurance, etc.	75 00
	$210 00

leaving a net profit of $78.

From a new salubrious house of three flats of six rooms each valued by the city of $6,250 ($3,500 for the land and half of the cost of the new building) because we asked the city to appraise the houses that way, the full value of the land and half the value of the building—

By Mr. Heaps:

Q. Is that the usual way of appraising buildings in Montreal?—A. No.

Q. What is the usual method, the full value?—A. Approximately the full value.

Q. 100 per cent of the value of the land and 100 per cent of the value of the building?—A. Approximately.

Mr. SULLIVAN: Sometimes a little more, depending if you are friendly with the alderman.

The WITNESS: The income would be approximately $1,000 ($4.50 per room per month).

The expenses would be:—

Municipal taxes	$145 80
7 per cent on $6,000	420 00
Upkeep, insurance, etc.	90 00
	$655 80

So that the proprietor would make a net gain of $344.20 even after paying $180 yearly on his capital debt (3 per cent on $6,000). A similar calculation would show that his equity is also increased.

Protection of the Proprietors: In the majority of cases, the houses we contemplate to demolish belong to small individual proprietors who need all the protection that can be afforded to the most interesting and deserving class of citizens.

If, for any reason, he became unable to meet his 7 per cent yearly payments, the project should forsee that the commission could buy back his property for resale, according to a predetermined schedule, as in a life insurance policy, which would take into account the depreciation, the amounts paid into the sinking fund and all other factors.

The proprietors should also be guaranteed against too large an increase in taxes by the city which should agree, for a certain number of years, to assess the property at not more than the present value of the land plus one half of the cost of the new building.

Mr. CAUCHON: A fixed assessment?

The WITNESS: Yes.

Conclusions:—The project commends itself primarily because it would end unemployment and consequently the dole upon whose dire effects we don't have to insist.

The project is self-liquidating, and as such, is one that our governments should encourage and put into effect.

The contribution of $3,000,000, distributed over three years is very small if compared with direct relief.

True it is not the function of the government to lend its guarantee to the financing of private enterprises but in times like these, extraordinary measures become necessary.

By the execution of this project, the small proprietor would be saved from ruin, he would continue to be a proprietor and pay his share of all taxes. He would merely borrow long-term and cheap money and keep on.

No unfair competition would be offered to other proprietors who would not take advantage of this cheap money since the fixed charge of 7 per cent would enter into the computation of the rent to be charged for the new dwellings.

The health of the citizens would be improved, their morale would be raised, the city beautiful and improved from all standpoints.

No unfair competition would be offered to other landlords as fewer houses would be rebuilt than destroyed.

With the upturn in business, families would no more join to live in one flat and, with increased demand, other new houses would be built with consequent circulation of money.

The labour unions would establish in advance a scale of wages for the duration of the work and would be in a position of assuring jobs to their members.

Large contracts for lumber, cement, bricks and other supplies would be placed in advance to prevent speculation. These materials to be sold back at cost to the contractors.

The committee feels that the project, while not pretending to be definite, is practical and able, if put into execution, to end unemployment and direct relief in Montreal and in all other cities of the Dominion that would adopt it with the help of governments as outlined.

The repercussion would immediately be felt in the farming territories; demand for produce would increase and better prices would prevail. The lumbering industries, called upon to supply millions of feet of lumber, would receive a strong impetus.

Materials and produce would have to be moved, providing railroad freight.

The federal government would collect larger revenues in the form of income tax, sales tax, etc.

Professional men, educated in universities maintained at great expense by governments, would find employment in their chosen lines of endeavour.

A large portion of the 200,000 young men who have not yet started to work since leaving school and to whom H. E. Cardinal Villeneuve refers as "The great social problem of the future" would at last start to earn and to learn.

Le Comite du Logement Salubre, which has undertaken to foster the Doucet plan, has nothing to gain personally save the advantages that would accrue to its members if the depression was ended. It stands ready to pursue its studies further on the subject and give the city and the country the benefit of disinterested work and research.

By Hon. Mr. Rinfret:

Q. In that last paragraph I understood you to say that there is no benefit accruing to the members of the Comite at all. It is merely a social enterprise for the welfare of the people?—A. That is all. As an illustration, I would state that if I were offered something on that, I would not take it.

Q. I have no doubt about that. I just want to put it generally, that it is not a commercial enterprise?—A. No.

Q. But is rather a strictly social one?—A. Yes. Now, this project was submitted to the city of Montreal. A municipal committee was formed, consisting of eleven aldermen and seven or eight laymen like myself. The project was studied, and it was found—on the authority of some of the heads of departments—that it could not work. So another one was drawn up, which we feel is not as good as the first one. I do not suppose, Mr. Chairman, that I should read all this. The conclusions will be sufficient?

The CHAIRMAN: I should think so.

The WITNESS: Instead of deciding that one block, one quadrilateral, will be demolished and rebuilt, which would imply new legislation and which the city is possibly not prepared to pass, we say, "Let us offer to these proprietors in Montreal who would want to take advantage of that seven per cent—as a matter of fact, that is four per cent plus three per cent amortization—the advantage of tearing down their present houses and rebuilding new houses in their place."

By Mr. Cauchon:

Q. By themselves?—A. By themselves. And let this commission advance to these proprietors the moneys necessary to pay their arrears of taxes, mortgages, etc., in order to have a clear title on the land; tear the building down, build a new one from plans that the commission will supply. Let the commission advance the amount of money necessary for that. There is a great number of small proprietors in Montreal who are on the edge of ruin. They have not paid their taxes. Of course, there is a moratorium, but in order to enjoy the benefits of the moratorium you must pay your taxes. When anybody cannot meet their payments on a house that house will be sacrificed, sold and acquired by large companies who eventually will make money out of them. I know for a fact that a great number of proprietors in Montreal would welcome the opportunity of borrowing cheap money for a period of 22 years for repayment, and with that money to transform their old building into a new one. That was the essence of the new project as offered, and in conclusion we asked the city of Montreal this, to ask the municipal council to recommend to the executive committee to give a legal form to this project so that it could be incorporated into the charter of the city of Montreal in the form of an amendment, and it was to be submitted at the next session of the provincial parliament but for reasons which I cannot understand and which at the moment I will not elaborate this proposal has been left in the pigeon-hole and nothing has been heard of it. The Committee de Logement Salubre, with which I am associated, recognized the value of this

proposal as a means for starting business recovery in the city of Montreal. It would be the means of putting into circulation 80 per cent of the cost of the work in the form of wages. That 80 per cent is not a fancy figure, it has been given to us by a number of reliable contractors as being the amount of money in connection with the construction of small houses, and incidentally it is the form of expenditure through which money gets back into circulation the fastest.

We have a project that will not cost anything because it is self-liquidating. What will government aid do? It will give the small proprietor the advantage of getting a 4 per cent money. We all know to-day that the small proprietor who wants to repair his houses cannot get any money because those who have money are afraid of the moratorium; and if he should be able to get money what is his position, he will get one-half or maybe less of the municipal assessment, and if he does succeed in getting any money he will have to pay a 2 per cent commission and also 7 per cent per annum. Under conditions such as that he cannot afford to do what he knows he should. If the government steps in and gives him 4 per cent money he will surely be able to go ahead and do something. He will be able to give work to the unemployed, and with the unemployed man busy trade and commerce generally, and all industry, will benefit. That is our claim. We have been talking it over and over and over for two and a half years, and we have shown it to everybody. Some may feel possibly that we are idealists, because we seem to be the only people thinking in this way.

By Mr. Heaps:

Q. Might I ask if you have considered the question of rentals in this connection, and what do you think would be an economic rent on one of these six roomed dwellings?—A. $4.50 per month.

Q. Per room?—A. Per room.

Q. And on a six-room dwelling that would amount to $27 per month?—A. Yes, sir.

Q. Are these houses heated?—A. These houses are not heated.

Q. Then, heating would be over and above that?—A. Yes, sir.

Q. Then, the rental would be $27 plus heating?—A. Yes, sir.

Q. What is the present rental in the city of Montreal for a similar type of dwelling?—A. In times of prosperity—

Q. Talk about the present?—A. In times of prosperity they were paying that amount of money, $20, $24 or $26 for a four roomed unsanitary house; but to-day the city of Montreal pays $10 per month for the unemployed.

Q. Take the case of a man who is not unemployed, what does he pay for a five or six roomed dwelling?—A. I believe the city pays $10.

Mr. SULLIVAN: He pays nothing.

The WITNESS: You mean, the tenant.

Mr. SULLIVAN: Yes.

By Mr. Heaps:

Q. But, take a person who is not on relief, what would he have to pay for a five or six roomed dwelling to-day; a dwelling such as you outline in your plan here?—A. From $16 to $18, possibly less.

Mr. MCINTOSH: That is for an unskilled worker.

By Mr. Heaps:

Q. That is for anybody who wants to rent it, for such a house he pays $16 or $18?—A. Now, yes.

Q. Your minimum rent would be $27 a month?—A. That is for a six roomed house. It might be lower than that if we get the interest cheaper.

Q. But $27 per month is an economic rent on a 4 per cent basis?—A. Yes. We show here that it would pay him, it would give him a net surplus of $288 a year, plus $180 that he has for sinking fund.

Q. Provided he got the $27 a month?—A. And he will, he did in previous years; with construction going on they were getting that amount of money for very very cheap houses.

By Mr. Stanley:

Q. According to the evidence given us, the man who rents a six roomed flat of this type would require a wage of $125 to $130 a month?—A. That is not exactly the case in the wards we have under contemplation.

Q. They stated generally that a family should not expend more than 20 per cent of its income on rent?—A. It varies according to provinces.

Q. That was the proportion stated here?—A. But, in the province of Quebec where the family is a large one a man has to pay more for his rental than is usually the case in Ontario where the family is smaller.

Q. Well, say 25 per cent; or four times $27.

By Mr. White (London):

Q. Do you propose to exercise any control over the rental charge?—A. No, that belongs to the proprietor and he can charge what he wants to. He will try getting what he can. We are simply replacing the house. In the old country last year at this time I saw something of the London project in one of the Boroughs which is spending £5,000,000. They proceed by appropriation, they get the money from the government at 2 per cent, they buy the old properties and tear them down and then they build new large apartment houses containing apartments of two, three, four and five rooms.

Q. They allow nothing for the building in that case?—A. They are old buildings, condemned.

By Mr. Sullivan:

Q. Are they leased?—A. They belong to the Borough.

Q. And they are rented by the Borough?—A. Yes.

By Mr. Heaps:

Q. Would you favour that system for Montreal?—A. No, sir; I believe the existence of the small proprietor is essential.

Mr. Heaps: For the safety of the community.

Hon. Mr. Rinfret: I would agree with that.

By Mr. Stanley:

Q. I am trying to impress upon you the fact that has been brought out before this committee that in order to be able to carry on the minimum wage which a tenant of a dwelling such as you propose must secure would be from $110 to $125 a month. Could he get it in the city of Montreal to the large extent that you are speaking of in this plan. If he does not get it, it may last for a short time but I am afraid that in time the scheme will fall down and the small proprietor will find himself forced to take very much lower rents, and perhaps he would then come up against something on which you have not calculated, and that is his possible failure to meet the payments?—A. What would happen, sir, in a case like that is, it being a new house it will attract the better sort of tenant and the less desirable sort of tenant will go to these unimproved houses which are always there—there will always be slums in the city, and there will always be a need for unsanitary dwellings which people of a sort want to use.

Mr. Sullivan: Not exactly unsanitary, rather not so sanitary.

By Mr. McIntosh:

Q. I suppose the man with the larger family would require a larger proportionate wage in order to meet the rent?—A. Yes, sir; but this was met in the past, it is not an experiment. We know that over the past several hundred years that French Canadian families which were large have been taken care of by the head of the house.

Q. You might just clear up about that $3,000,000; you said it was gift money, did you?—A. Yes.

Q. Free money, in other words?—A. Yes.

Q. And a million dollars of that you are expecting to come from the Dominion government, are you?—A. Yes.

Q. And a million will be supplied by the province of Quebec and another million by the city of Montreal?—A. Yes, it all comes practically out of the same pocket book.

Mr. SULLIVAN: From the taxpayer.

The WITNESS: It is all the same, whether we pay it in sales tax in Montreal, gasoline tax to Quebec, or income tax to Ottawa; it is all the same thing.

Hon. Mr. RINFRET: Not quite the same.

By Mr. McIntosh:

Q. In any event, the source of your money is threefold; but I want to make clear that it is money which you do not expect to pay back. Is that right?—A. Not expected to be paid back.

Q. Supplied by the taxpayers of Montreal, of the province, or of the Dominion?—A. Yes, sir.

Mr. CAUCHON: I would like to bring out from Mr. Dupuis if he can give you gentlemen an indication as to the average wage people should receive so as to be able to live in a $27.50 house; what class of labour.

The WITNESS: I would imagine foremen and up; skilled labourers, such as bricklayers and the like.

Mr. CAUCHON: As I understand it, this project is not intended for the benefit of the low wage earners.

The WITNESS: No, sir.

By Mr. Sullivan:.

Q. That is, Mr. Dupuis, your system is not a general housing scheme but rather makes provision for an organization, or a corporation, which will demolish a certain part of a ward; and you would have to pass some legislation at Quebec to authorize expropriation proceedings in any case where a proprietor did not want to allow you to demolish his premises?—A. Yes.

Q. You will build these houses in certain areas and you will sell them back to these people?—A. They are sold before they are built.

Q. Wait a minute; you cannot force a man, you cannot take a man's property away from him and then force him to buy it back?—A. Yes.

Q. That is another proposition?

The CHAIRMAN: You don't buy it unless he does; you just give him credit.

By Mr. Stanley:

Q. Here is another thing you do: You go to a certain quadrangle in the city of Montreal which at the present time is very densely populated, and those people are in these flats owned by the small proprietors. You start in on your scheme in a large way. Each proprietor makes a loan and constructs a building. He then goes out to find his tenants. He cannot take the tenants he had, because they are of too low a grade, they have not got incomes of

$110 to $125 a month. They must get out. Where are they going? You see my point, you are raising a problem immediately?—A. They go into the lower class houses.

Q. That is not the solution?—A. They go into the lower class houses.

Q. Are there lower class houses to be had?—A. Yes, there will always be some. We are talking about a six roomed house—make a five roomed house if you wish—large families live in a five roomed house.

By Mr. Heaps:

Q. That would be over-crowding?—A. No, not over-crowding.

Q. What do you call a large family?—A. Oh, the father, mother and five children.

Q. That would be seven people and two bedrooms?—A. It is usually three bedrooms, a kitchen and dining room—which serves as a living room at the same time.

By Mr. Sullivan:

Q. That is an average family in the city?—A. In these wards.

By Mr. Stanley:

Q. Yours is obviously a construction project but not a housing project? —A. We are not trying to house the low class; that low class will find its own lodging.

By Mr. Sullivan:

Q. At the same time you are trying to help the government to meet the unemployment problem?—A. That is it, by starting construction.

By Hon. Mr. Rinfret:

Q. And in order to be able to construct 20,000 dwellings you require a public contribution of $3,000,000?—A. That is it.

The CHAIRMAN: Now, we have Mr. Rancourt here from the same asssociation and I think we will hear him.

Mr. HANBURY: Before you do that, Mr. Chairman, I would like to ask one or two questions.

By Mr. Hanbury:

Q. Mr. Dupuis, if private capital was available to loan for the construction of these houses you would be just as well pleased as to get government assistance, would you not?—A. As a matter of fact, the $50,000,000 that we proposed would be secured through the sale of debentures, of bonds; and the reason why we want the government to back these bonds is to have a low rate of interest.

Q. That is the point; it is not that you want the government to give you money, but rather that you want to have the money available?—A. That is it.

Q. Under present conditions money is not available in the city of Montreal?—A. It is not.

Q. But that is the condition, and the reason for that condition is more or less the moratorium now in existence in the province of Quebec?—A. Yes, sir.

Q. So, really what you require is not so much assistance from the federal government as assistance from your provincial government in the form of having that moratorium withdrawn?—A. Not so much that, that is one of the reasons why we can't get more money on mortgages. The other reason is that capital is nervous, it would probably rather have commodities than houses, because the trend on houses has been down.

Q. But if there were no moratorium capital would be invested in mortgages?—A. Even then you could not get money at 4 per cent.

Q. That is the point; but after all the fact is that you cannot get money in Quebec at the present time because of the moratorium?—A. You can't get it at that rate, and you can't get the amount you need. For instance, if a man has a property valued at $5,000 he will not be able to get more than $2,500 or $2,800 on a first mortgage and he would have to pay a high rate of interest. What we propose is that the government would lend that man three-quarters or seven-eighths of the value of the property, and give him that money at 4 per cent. That is the service that would be performed by the government.

Q. Then, under this scheme, you would expect the federal government to loan money in the province of Quebec, where a moratorium exists, and where because of that moratorium it would have no security?—A. Yes; but this government can take care of a thing like that.

Q. I know, this government can do lots of things. I don't see why we don't just give you that money instead of lending it.

The CHAIRMAN: We would like to call Mr. Rancourt.

Mr. SULLIVAN: Is Mr. Dupuis through? Has anybody any more questions to ask, or has Mr. Dupuis any more explanations to make?

Hon. Mr. RINFRET: Mr. Dupuis has been travelling in Europe studying this problem, would it be possible to hear him for a few moments on his travels. He could tell us something of conditions in London—what he has observed—and what is being done in other countries. Would that be too comprehensive?

The WITNESS: No, sir, I can give you that in a few words.

Hon. Mr. ELLIOTT: We are very vitally interested in hearing what is being done elsewhere.

The WITNESS: I can speak from personal observation in Paris. The city has thrown down the old fortifications, and they have built some very fine—

Hon. Mr. RINFRET: In what city is that?

The WITNESS: Paris. This land has been sold to individuals and they have erected, with the help of the city of Paris which guaranteed part of their loans, buildings and apartment houses. Some of them have been very successful. In a low class district if they have erected cheap houses they have rented easily. The result has been that in some instances they have put up too nice buildings in the wrong part of the city, and the entire district around the city of Paris is now being covered with very fine buildings. That is being done with the help of the city of Paris.

Mr. HEAPS: Who owns the buildings?

The WITNESS: The individual proprietors, the holding societies, and the city of Paris instead of exacting the full amount of cash has given a long time to pay for the land.

Hon. Mr. ELLIOTT: What is the rate?

The WITNESS: I could not say.

Mr. STANLEY: Have they given a subsidy as well?

The WITNESS: I do not know. No, no subsidies; but if a man buys $100,000 worth of property, instead of paying cash for it he would be allowed twenty years to pay for it. They have also given a guarantee as to the valuation for taxation purposes.

In Bermondsey, which is a part of London containing a population of 1,000,000—about the same size city as Montreal—located on the Thames, they have had five million pounds appropriated on which they pay 2 per cent per annum. There they take a block of houses which is selected in advance and they buy it from the proprietors at an agreed price. If a proprietor does not want to accept the price he goes to a court where the matter is decided; and if

the proprietor is right he gets his money; if he is wrong he does not get it and he pays the costs. To these lands they remove the tenants of the old buildings and houses them in new buildings which have been previously put up. They throw the old buildings down and they build huge houses which are made in all sorts of shapes and designs—a circle or a square—and in the centre is the playground. I have seen a block in which 800 people are housed, and there was a huge playground in the centre.

Mr. SULLIVAN: The same as in Vienna?

The WITNESS: I have not seen Vienna; but these houses belong to the burrough of Bermondsey. They do not belong to small proprietors. It is a civic undertaking.

By Mr. Heaps:

Q. It is a rental undertaking pure and simple?—A. Yes.

Q. You do not want that in Montreal?—A. No. The effect has been that in the borough of Bermondsey there has been no unemployment in the past three years. When the docks are open everybody works on the docks, and when the docks close they work on the buildings. If you want a house in Bermondsey you must prove that you have lived there before. The houses in Bermondsey are for the residents of Bermondsey, and there is no unemployment there.

Q. In other parts of London, I think, similar schemes of slum clearance have been adopted, and huge dwellings are going up all the time, are they not?—A. Garden cities. If you build a garden city—suppose you built a garden city in Montreal and you put up one thousand houses, do you see the harm you would cause to the present proprietors who are the tax payers of the city of Montreal.

Q. Look at the good you would do to the thousand people who would occupy the houses?—A. Yes, but that leaves the city—

Q. Suppose you put up a thousand houses in Montreal as they did in Bermondsey, don't you think that a thousand small homes in Montreal would do good to a thousand families?—A. Homes or flats?

Q. I have in mind the small proprietor. I have lots of sympathy for him. I am one myself. But what I have in mind is that we should consider the one thousand families above the proprietors?—A. I cannot understand that.

Q. Suppose you take the English scheme; it is successful, is it not?—A. Yes.

Q. And you think it is a good thing for the people of Bermondsey.

Mr. STANLEY: That particular scheme might not work here.

Mr. HEAPS: Yes, it would, in a slum district. Winnipeg had this in contemplation for many years.

Mr. STANLEY: Do you mean to put 800 people in one block?

Mr. HEAPS: No. I am referring to a certain area the small proprietor in which is suffering from economic conditions over which he has no control and who is, as a matter of fact, giving a home to the low paid tenant, and that city dweller is living to-day in a slum area. Now, don't you think it would be a good thing if the workers in those areas were given a chance either to rent or to own their homes, in an individual capacity?

The WITNESS: Yes.

Mr. HEAPS: Would you be prepared to a certain extent to follow the Bermondsey plan if you could get money at the same rate of interest as they got it in Bermondsey?

The WITNESS: I would not do it in the way they do it in Bermondsey. I do not believe 800 people should be living in a square.

Hon. Mr. ELLIOTT: Is there one large playground?

The WITNESS: Yes. They take, for example, two squares, two blocks, and they obliterate the streets and they build in all sorts of shapes and forms, and in

the centre is this playground; but you have 800 people living there. These houses are not the right sort of houses for our people; our people want more individuality.

By Mr. Heaps:

Q. Do you think they would lose their individuality in those Bermondsey houses? You said they were built in all kinds of shapes like squares and circles which give to the district, if I understand you, an individuality?—A. It gave individuality to the block, but not much privacy to the tenants.

Q. If they had their own individual homes they would have privacy?—A. They would have more.

Q. Do you figure they would have more privacy in a three story apartment? —A. Yes, because in these houses they all go into the same corridor and on the same landing places.

Hon. Mr. RINFRET: It is just like a large congregation.

The WITNESS: Yes.

Mr. SULLIVAN: Like a school.

The WITNESS: Yes.

Hon. Mr. ELLIOTT: From an architectural standpoint you thought it looked all right?

The WITNESS: Yes.

Hon. Mr. ELLIOTT: But you do not think it is a very good arrangement for the children of the families who are living in those houses?

The WITNESS: Well, not for us.

Mr. STANLEY: They are a different people, and we are a different people. I can see Mr. Dupuis' point.

The WITNESS: Yes, I think so. The main point is this that the borough of Bermondsey has removed possibly 75 proprietors who are no more interested in the welfare of the borough; it is the town of Bermondsey that owns the houses. Well, I believe that the number of proprietors in any city is of value to that city.

Mr. SULLIVAN: You mean to say that these new occupants have no interest in the city because they all live and congregate together.

The WITNESS: They have no more proprietors there. They have done away with 75 proprietors who were paying taxes before, and now those proprietors have become tenants themselves; they do not give a hoot.

By Mr. Heaps:

Q. Did you observe any of the other housing schemes in England?—A. No.

Q. Did you examine the schemes in Sheffield, Leeds or Birmingham?—A. No.

By Mr. Stanley:

Q. I understand that there are large undertakings where they provide individual homes? —A. Garden cities.

Q. In the suburbs?—A. Yes.

Q. Is that to provide for the low wage earner?—A. Yes. It can be done there because the winters are less severe; you can live in a wooden house over there, but not in this country.

By Mr. Heaps:

Q. They do not put up wooden houses over there?—A. Wooden frames—composition and stucco.

Q. What rents were they charging for those houses that you saw?—A. If I remember correctly the rent was $4 per room per month.

Mr. SULLIVAN: In Bermondsey?

The WITNESS: Yes, 15 shillings.

By Mr. Heaps:

Q. $20 for a five room house?—A. Yes.

Q. I have seen some of those housing schemes—not necessarily the one you refer to, but outside of London—where they rent them for from 10 shillings to 15 shillings a week—for a five room house. That is about $10 a month or $12 a month. Mr. Cauchon might have some figures on this.

Mr. CAUCHON: They rent them for about that. I have seen small houses renting from $5 a month, in our money, up to $15 and $20 a month.

Mr. HEAPS: I saw some very beautiful homes that were rented for $10 and $12 a month.

Mr. CAUCHON: Very good houses rent at 7 and 8 shillings a week.

The CHAIRMAN: Now, gentlemen, I think we had better hear Mr. Rancourt.

Hon. Mr. RINFRET: May I express to Mr. Dupuis the appreciation of the committee for his very fine presentation. His remarks were very interesting.

Mr. J. C. RANCOURT, called.

The CHAIRMAN: Mr. Rancourt would you tell the committee whom you represent?

The WITNESS: I am president of the Federation of Workers in Montreal.

Mr. HANBURY: Is that a trade union organization in Montreal?

The WITNESS: No, it takes care of all the workers in Montreal and in the province.

Mr. MCINTOSH: All over Canada?

The WITNESS: That is the purpose; but it has developed in Quebec mostly up to the present time.

Mr. HEAPS: It is a sort of super union.

The WITNESS: It is a social affair. I must thank you for this honour of addressing you at this meeting. I have prepared my data in French because the English language is hard for me to use fluently, but I will do my best to give you all the details I have in my brief in order to express the ideas and the attitude of the workers in Montreal at the present time.

Hon. Mr. ELLIOTT: A number of my colleagues here understand English a good deal better than French. I apologize for them, but it is a fact.

Hon. Mr. RINFRET: May I inquire whether this French brief will appear in the record?

The CHAIRMAN: Yes. (See Appendix C.)

The WITNESS: I know that your time is valuable, and I will give a few details of the situation as we see it at the present time from the standpoint of unemployment of the workers of Montreal. Many of our labourers are out of work in the province of Quebec, and in Montreal in particular there are many workers in the different trades in the construction line, helpers and tradesmen. After four years of this direct relief regime the misery suffered by the workers is at present considerable. A great number of them have been obliged to sell their furniture and to dispose of their insurance policies and to live under deplorable conditions. In many cases two and three families are living in the same small flat, and very often some families live in one room. The morale of the people is gradually disappearing. The inspectors of social service have found very serious cases which demonstrate that our morale is decreasing gradually among our working classes.

Mr. SULLIVAN: With reference to promiscuity?

The WITNESS: Yes. The conclusion is that this regime of direct relief is impossible. The people cannot lodge themselves comfortably and to their taste. They live in many cases under unhygienic conditions, living in flats which are not in a condition to receive human beings and cannot be repaired owing to lack of finances and lack of revenue on the part of the proprietors. The annual increase of the population of Montreal is somewhere around 35,000 people, and if we divide that in families of six members it means that 6,000 dwellings should be built yearly to accommodate the increase. It is admitted at the present time that the construction in dwellings in Montreal for the last five years has been very little. It will be necessary if we are to keep up with the increase in population to have somewhere around 25,000 or 35,000 flats built.

Mr. SULLIVAN: For the working man?

The WITNESS: For the workingmen and people of the better class, the higher wage earners, because of the increase of population at the present moment.

Mr. STANLEY: You are speaking of the city generally?

The WITNESS: Generally. We have found lately that in many cases people who are out of work get together and three or four live in one room. Newspapers in the last two or three days have given a lot of publicity to that, and called it a racket. This has been done on a great scale. These things can be proved any time. I do not think it is necessary to add any more to that aspect of the case, because the committee knows the situation of the workers in the construction trades. You know also that the small proprietors are in dire difficulties at the present time. It has been said quite often that lack of revenue, charges and taxes and interest have forced many proprietors to lose their homes. Every day many more people are going on direct relief. Many of those proprietors would undertake repairs to their property, but they cannot do it because of lack of funds, as I said before. We should undertake construction in order to give the people work and help them over the situation, and it would also assist our cities by more taxes being paid and increasing the power of taxation. It is pretty hard at the present time to explain it. Mr. Dupuis explained a moment ago the difficulty in obtaining mortgage funds. It has been discouraged for different reasons, and that is the reason why construction is not carried forward. You must also remember that in a city like Montreal, one-eighth of the population of workers is employed in the construction trades, and at the present time with no construction going on, we have about 46,000 heads of families on direct relief. These 46,000 heads of families represent about 200,000 people who are being supported in Montreal at the present time. In the beginning we should enforce the hygenic law, establish a standard of occupancy per room, establish the cubic foot space necessary per person per room, to avoid the situation of overcrowding forced on the people by the present depression; but in the meantime the law should be enforced to protect the health of our citizens. I shall not talk about town planning or anything like that. That is not our purpose. I believe something will go through; but the only thing we are looking for is work; work that will employ our citizens, and in the meantime we will pay the rent necessary to satisfy the proprietor. If we base our situation at the present time on the facts as we know them, the rent should be limited to $10 or $15 a month; but I believe if those people were working, a rent of $20 or $25 monthly would easily be paid in Montreal.

By Mr. Sullivan:

Q. Are you in favour of a vast project of construction where tenements would be rented for $10, $12, $15 a month?—A. This will come in a little later. In referring to this I may say we are in favour of a project which provides for construction of labourers' dwellings, which is outside of the reconstruction of the

slum, and that is why the flats in the new district would be rented at such a rate, because construction would not be so expensive and the land would be practically of no value, cheap land. Then, these workers would themselves have the opportunity to secure money to build their own houses. They will have a chance to go ahead and build the houses themselves, and they will be able to rent one of the flats and live in the other themselves. The Canadian government should be—

Mr. STANLEY: May I interrupt you now? In your opinion do you think there is a desire on the part of the low paid worker actually to own his own home and undertake an obligation for the next 20 years to pay for a home?

The WITNESS: Yes, providing he has a chance to pay it over a long period of time on a salary. That is what the tradesman wants.

By Mr. Sullivan:

Q. Everyone wants to be a property owner?—A. We have found that the family spirit is disappearing by this situation of moving almost every month. People would like to stay in a place where they have their own home in order to keep that family spirit and get back the morale of years ago.

By Mr. McIntosh:

Q. I imagine the fundamentals of home building are perhaps as strong, if not stronger, in Quebec than in any other part of Canada?—A. Well, I do not know the situation in other provinces or other cities, but I know in Quebec the family spirit is strong and a desire to own their home.

By Mr. Heaps:

Q. What do you mean by "your own home" in Montreal?—A. Owning a property.

Q. You mean a property?—A. Property that may lodge one or two families —it does not matter.

Q. He wants to be a small proprietor?—A. A small proprietor.

Q. Probably a three storey dwelling where he can rent two apartments above him?—A. Maybe one only?

Q. One or two?—A. It does not matter.

Q. That means every proprietor may have one or two other families who are paying him rent?—A. Not exactly.

Q. Why not?—A. Because in many quarters and in many districts in Montreal people are building just one family houses.

Hon. Mr. ELLIOTT: If he could accomplish it the wish would be much greater for him to have a home of his own, without dividing it up with anybody else.

Mr. STANLEY: The second generation starts on the top flat.

The WITNESS: I believe in Montreal why you see so many two or three family houses, is that many of the families would like to stay there and get some of their own kind in there to help them out until they can become proprietors themselves.

Mr. MCINTOSH: In other words, they want to own their own home.

The WITNESS: That is right.

Hon. Mr. RINFRET: I stressed a point a moment ago, and I want to mention it again. You say we should start out by enforcing our hygienic laws and you are in favour of a project of construction. I think it would not be proper to do the one without the other. I do not think you should enforce a stricter interpretation of the hygienic laws unless you at the same time provide new lodgings for the people who are abandoning the old ones.

The WITNESS: That is our point of view. We want those laws to be enforced, and we want slum clearance in Montreal, but in the meantime we want the

surplus population to have dwellings, and we think the time is ripe for that, if we take into consideration so many families are living in flats at the present time. I believe in Montreal there is a shortage of tenements.

Hon. Mr. RINFRET: That is the point I am making. It would not do to enforce the law more strictly unless you are building new houses.

The WITNESS: The two should go together.

Mr. SULLIVAN: You would put the people on the street.

The WITNESS: We would not do that.

Mr. HOWDEN: The witness intimated it would require 6,000 new buildings every year to accommodate the increase in the population.

Hon. Mr. MORAND: May I suggest the word "tenement" in Quebec means an entirely different building from what it does in other parts of Canada—at least in the United States and Ontario—a tenement is a ramshackle low down hovel.

The WITNESS: I do not mean that.

Hon. Mr. MORAND: I know you do not, that is why I am bringing it up. It is not the same thing.

The WITNESS: We have some tenements that are very smart.

Hon. Mr. MORAND: A tenement means what we could consider an apartment house of a smaller character, but not the tenement house that you would think of in London, or I would think of in Windsor. That is a flat.

The WITNESS: For this reason we would ask the government to have money available at a low rate of interest and placed at the disposal of those proprietors who want to rebuild their houses or build new houses. I would suggest that the money be loaned for 25 years and retired by sinking fund—

Hon. Mr. ELLIOTT: What would you consider a low rate of interest?

The WITNESS: Three to 4 per cent.

Hon. Mr. RINFRET: 25 years?

The WITNESS: Payment extended over 25 years. In order to avoid past error, these mortgages should be given to the proprietor himself.

Mr. SULLIVAN: Directly?

The WITNESS: The proprietor of the land, so he can build himself, look after his own building and his own interest, to avoid any graft or to avoid any surplus commission or indirect cost to the construction.

Hon. Mr. ELLIOTT: He wants to be the boss.

The WITNESS: Of his own affair, providing the plan is satisfactory to the community where he is living and to handle it himself.

By Mr. Heaps:

Q. What about supervision of the building?—A. This will be done by one of the members of the commission, whoever it is.

Q. You would be in favour of putting up a substantial type of house under strict supervision?—A. Certainly. You have your plans and specifications, and they will be submitted to the commission, prepared for that purpose, and they will select a proper house that should go up, according to specifications.

Q. Are the Montreal by-laws sufficiently rigid to protect both the person who loans the money and the person who lives in the home?—A. I believe so, and the construction of the home, if they live up to them.

By Hon. Mr. Rinfret:

Q. There is a department in the city looking after that?—A. Yes; and it is left to the supervision of the different wards, because different wards have different bylaws.

Mr. SULLIVAN: The bylaws are pretty strict and pretty well enforced.

By Mr. Stanley:

Q. On what basis are you suggesting repairs be made?—A. We would be in favour also of allowing an amount of money to the proprietors to use where there are repairs and alterations to be made, and in this case the loan should be made at the same rate of interest and should be repayable in five years, and have priority over all mortgages presently existing.

By Mr. Stanley:

Q. Over an existing mortgage?—A. It is amelioration of the property, the same thing as taxes. Lend the money repayable in five years, with priority over all mortgages, because it is helping the mortgagee the same as the proprietor.

Mr. HEAPS: We could not do it here. It is purely provincial, a local matter.

Mr. SULLIVAN: You have submitted it to us. It is under provincial law.

Mr. HEAPS: They have a lot of sympathy, but it is purely a matter for the provinces themselves to consider.

The WITNESS: This is a country affair all over.

Mr. HEAPS: As far as the province is concerned.

The WITNESS: It is only provincial.

Mr. HEAPS: They have got the legal powers there.

By Hon. Mr. Rinfret:

Q. So you are in favour of allowing a loan of twenty-five years when it is for rebuilding?—A. For rebuilding.

Q. But only five years when it is for repairs?—A. Yes.

Mr. STANLEY: You do not care to loan it.

The WITNESS: We would like to have it at a low rate of interest, and we do not see anybody else but an organization authorized by the government, for debentures.

By Hon. Mr. Elliott:

Q. Mr. Rancourt, you were here and heard the question asked by my friends, Mr. Rinfret and Mr. Sullivan, of the last witness with regard to what he knew of schemes that were in operation in other parts of the world, and which might apply to Canada. Have you made any study of that?

Hon. Mr. RINFRET: Might I intervene, Mr. Elliott. You are not following the French report, I suppose. Perhaps Mr. Rancourt could complete this report. He has only a couple of pages left. Then he could deal with your question. Would you mind that?

Hon. Mr. ELLIOTT: No, not at all. I was not following the report.

Hon. Mr. RINFRET: I was quite aware of that.

The WITNESS: We have explained to you with regard to repairing. For the administration of these public funds our submission would be to create a commission composed of a representative of the Bank of Canada, a business man of the locality, a working man, a labourer and a technician—an architect or engineer,—to form the commission especially to administer this.

Mr. SULLIVAN: A Bank of Canada representative, a business man, a labour man and a technician.

By Hon. Mr. Rinfret:

Q. You have duplicated your terms, but your report calls for a commission of four, namely a Bank of Canada representative, a business man, a

labour man and a technician.—A. Yes. Under these conditions it would be very easy to undertake in Montreal alone by virtue of this project, a construction scheme and repairing scheme of about $2,000,000 a month. At the same time confidence will come back to all proprietors and builders. There is no doubt that millions of dollars that are now laid up in the banks, in savings accounts, would start to roll again into the building industry and other allied industries.

Mr. SULLIVAN: That is a very nice expression you used, "Des millions de dollars qui sommeillent dans les banques," millions of dollars sleeping in the banks.

The WITNESS: I do not know if these suggestions meet with your approval, but I suggest workmen's credit. It would be like the rural credit you have at the present time. Workmen's credit, to the proprietors and the tenants at the present moment would help immensely to relieve this direct relief and out of work situation in our city and many other cities in the province of Quebec. At the present time our workers or labourers are deprived of everything. As I said previously, they have sold part of their furniture. They have disposed of their insurance policies. They have even disposed of something else, loans from friends or relatives. They have borrowed, because many of them have gone on direct relief only as a last resort. They have kept away from it until it was impossible to go any farther.

By Mr. Heaps:

Q. Did you say there were 46,000 families on relief in Montreal?—A. I believe at the present moment it is cut down a little. It was up to 46,000 in the beginning of February, according to some estimates.

By Mr. White:

Q. That is, heads of families?—A. Heads of families; but I believe there would probably be some others in that.

By Mr. Sullivan:

Q. Absolutely legitimate?—A. Well, that is a question to find out.

By Mr. McIntosh:

Q. That would be about one-third of the population of Montreal on relief? —A. About 200,000 people are living on direct relief at the present moment.

Mr. STANLEY: Many families have come into Montreal.

Mr. SULLIVAN: They are coming from everywhere.

By Mr. Heaps:

Q. May I ask if you have any knowledge as to the actual needs, so far as housing is concerned, in the city of Montreal—A. As I said before, with the natural increase of the city of Montreal, if everybody was taking his own residence to-day, there is a big shortage of houses.

Q. Have you got any approximate idea of how many homes would be required to properly house the people of Montreal?

Mr. MCINTOSH: 20,000, or 25,000.

The WITNESS: I believe at the present time it would require at least 15,000 new buildings.

By Mr. Sullivan:

Q. Every year?—A. No, 6,000 a year, but 15,000 to cope with the situation.

By Mr. Heaps:

Q. Do you know how many empty houses there are at the present time in Montreal?—A. Very few.

Q. They are pretty well taken up?—A. Yes. You see many cards "To let" because proprietors have decided not to rent to people who are out of work and on direct relief, because they are not getting the rent to the amount expected.

By Mr. Sullivan:

Q. You talked about the increase of the population of Montreal. What is the annual increase, 30,000?—A. Between 25,000 and 30,000.

Q. How many by birth, natural increase?—A. Well, I would say 75 per cent.

Q. How many people are there that come in to Montreal to live on relief?

Hon. Mr. RINFRET: I don't think anybody knows really.

The WITNESS: It is very hard to say.

Mr. SULLIVAN: Many thousands every year.

The WITNESS: They come and go.

Mr. STANLEY: Mostly come.

The WITNESS: Mostly come.

Hon. Mr. ELLIOTT: Are they registered?

Mr. SULLIVAN: We have no registration at all.

By Mr. Sullivan:

Q. There is no registration in Montreal, is there?—A. No.

By Mr. Hanbury:

Q. Do you know the total cost of maintaining families on relief?—A. $1,500,000 for February.

Q. No, what is the total cost per family?—A. Well, I could not say the exact figures.

Q. Per year?—A. About $500.

Q. That includes everything?—A. Well, everything they pay, yes.

Hon. Mr. RINFRET: I think that figure is quite correct. We had someone giving evidence last week who mentioned $260, and we thought that was too low.

The WITNESS: That is too low.

Hon. Mr. RINFRET: Mr. Elliott, that practically disposes of this report. You might renew your questions.

By Hon. Mr. Elliott:

Q. I am very greatly interested in finding out if Mr. Rancourt is familiar with the housing schemes that are in vogue in other countries, and if he would give us any experience he has had or observations he has made?—A. I am sorry to say that I never travelled any farther than the boundaries of Canada, so I don't know much about the other countries. I am looking at this from a Canadian standpoint. What the other countries are doing does not interest me at all, or interest the labourers.

By Mr. Heaps:

Q. Have you submitted your proposals to the provincial government and municipal authorities?—A. Yes.

Q. What is their reaction?—A. No answer yet.

By Mr. McIntosh:

Q. Do you expect an answer?—A. It is doubtful.

By Mr. Sullivan:

Q. You are not international, but purely national?—A. Purely national.

The CHAIRMAN: I think we are their last hope.

The WITNESS: I believe there is another suggestion which is not in the report, but if you will permit me, I would like to mention it. It is the identification card. If direct relief is expensive and is not controlled, and for different other reasons, I believe that the government is paying for all that all over the country, and there should be identification for everybody.

By Mr. Sullivan:

Q. You are in favour of an identification card for everybody?—A. For everybody. I have heard of some who were afraid to go and get their picture taken for that purpose. I believe there should be a law to enforce it.

Q. If I understand you rightly, you recommend an identification card for Montreal and all other parts of Canada?—A. Yes.

Mr. SULLIVAN: I am in favour of that myself.

Hon. Mr. RINFRET: That really does not come within the scope of our reference.

The CHAIRMAN: No. We have another witness here this morning. We have already taken up considerable of our time.

Mr. STANLEY: I wonder if I might submit a little difficulty that is in my mind, to both Mr. Rancourt and Mr. Dupuis. The plan which Mr. Dupuis submitted leaves me with the impression that it is the idea in a large way to demolish all of the property over a certain quadrangle of which you speak, and replace it with new construction work entirely. Does that mean that the quadrangle you select contains all undesirable buildings?

Mr. DUPUIS: May I answer that?

The CHAIRMAN: Yes.

Mr. DUPUIS: In a block, sir, of eighty-six houses, let us imagine that five or six houses would still be good. These would not be destroyed. When we speak of a quadrangle, it does not mean an entire ward. In a ward you might select a quandrangle bounded by four streets here and another one some place else. You do not need to replace the entire ward.

Mr. HEAPS: That is what I had in mind. Suppose you had a quadrangle, and in that area there were houses which were a poor type of dwelling and houses of the poorest type; if you took the poorest type of dwelling out and put into that quadrangle a good type of dwelling, would it have the effect of bringing the good type of dwelling ultimately down to the poor one?

Mr. DUPUIS: I don't think so. I believe the second class would be replaced by private initiative.

Mr. HEAPS: Don't you think it would be better to get an area which could be cleaned entirely, create a new area?

Mr. DUPUIS: Yes. We would prefer a quadrangle bounded by four streets.

Mr. STANLEY: You do not speak of repair or reconstruction.

Mr. DUPUIS: No, sir, because I believe in this question of loaning money, the lender must be in a position to have a full mortgage on the entire amount.

Mr. STANLEY: In the area to which you refer there would be properties of fairly substantial construction, which if given proper sewerage, proper water supply and proper sanitary accommodation, would be up to the standard of living.

Mr. DUPUIS: Quite so. It so happens in certain quadrangles with buildings of a law type, a doctor has built himself a house which is a nice house. We would not destroy that. You must be familiar with the conditions of certain

wards which are very old. The houses there are seventy-five, eighty and ninety years old, and these wards do not give the picture that we have in Montreal.

Mr. STANLEY: I was just wanting to ask another question and I will not delay the committee any longer. I can understand the situation of a certain small proprietor who has property, has lived there for years and years and his family has lived there before him, and he has made an effort to keep it in fairly good repair, but in these last few years it has run down. Is he going to accept with equanimity the proposal to take away that property?

Mr. DUPUIS: Yes; because there is one human motive which is universal, and that is the desire that you pay a long time in the future.

The CHAIRMAN: Now, gentlemen, we have another witness.

Mr. RANCOURT: I thank you, Mr. Chairman and gentlemen.

The witness retired.

The CHAIRMAN: Gentlemen, if you will come to order we will hear Mr. Ouimet.

SERAPHIN OUIMET, Consulting Engineer, Montreal, called.

The CHAIRMAN: Perhaps, Mr. Ouimet, would you be good enough to give to the Committee an outline of the background of your experiences. I may say, gentlemen, that in a talk with me, Mr. Ouimet mentioned some experiences of his which were to me very interesting.

The WITNESS: Mr. Chairman, for over thirty-five years I have resided in Montreal and the surrounding district, and I am very familiar with its problems. As to my experience, you may be interested in knowing that I was the only Canadian represented in the international competition in relation to the planning of the new Australian capital, Canberra; a competition which was held in 1910. I entered that competition at the personal solicitation of the late Sir Wilfrid Laurier, who extended an appeal to all the engineers in Canada, and so far as I know I was the only one to respond, at least to make an entry. I might say, also, that the principle of my plan was adopted by the government of Australia; and in carrying out that plan to date they have made expenditures totalling $60,000,000. Incidental to the preparation of my entry in that competition I made a special study of the lay-out of both the cities of Paris and Washington —as a matter of fact, the Australian government asked competitors to follow the plan of Washington as a model. The bulk of the streets in that plan at Canberra follow the system more generally known as the Garden City plan; you know what I mean by that, it has been referred to by some of the people who have appeared before you here; the principle involved is the construction of blocks with gardens inside. That is a basic plan, I think, which we should choose for this country.

Before presenting my plan in detail might I state generally that what I contemplate is the cleaning up of slum areas, and the construction of garden city blocks in the suburbs. There is more than just the question of housing involved in this. I think the place to begin at is with a general plan for the city of Montreal. I think it is logical for us to consider that Montreal has one-tenth of the population of Canada and it pays at least one-tenth of all the taxes. We have a great many problems, and not the least of these is our unemployed. We may take it that we have at least 40,000 unemployed workmen who if employed at $3 per day for an average of 300 days in the year would provide a wage income of $36,000,000. I want to call your attention particularly to that amount, $36,000,000; because it would go a long ways toward abolishing the need for direct relief. Another fact that is to be considered is that our average employment income is only $500 to $750 a year; and under present conditions that means another $20,000,000 of income. Therefore, one of our problems is to get these unemployed people at work.

Another very interesting problem is our railway situation. I might say that I have had a considerable experience in matters of this kind, having been in charge of the Georgian Bay canal survey, in charge of the Montreal Sanitary Railway, in charge of deepening the channel in the St. Lawrence, and other important projects of similar magnitude. I was also for some years consulting engineer for the Canadian National Railways, and associated with engineers prominent in railway and construction work. I think, therefore, I may claim some knowledge of matters of this kind.

The CHAIRMAN: I think possibly, Mr. Ouimet, if you would follow the brief you have prepared it would be easier for us to follow you.

The WITNESS: That is what I was coming to right now.

My proposed housing plan is derived from a general plan of the island of Montreal—this is the way I think the island of Montreal should be built up—through establishing zoning districts, large boulevards of circulation based on the "star method," passing through the business, commercial, industrial and residential districts. You can see what I mean by the plan I have brought with me which is over there on the table. The heart of the general plan—and the simile is very apt, because all plans must have a soul, a heart, arteries and veins, a nervous system if you like; this is absolutely the heart of my plan—is an economical underground railway terminal connecting and on the same level with the Montreal Harbour tracks, being six miles long and 200 to 1,000 feet wide, crossing the lower part of the city where the so-called slums or old buildings are located. I am not of the opinion that we should rebuild in that district, but rather that the district would be turned into a railway zone something along the lines employed in England.

That district will be turned into a commercial zone by the "cut and cover method". The roof of the trent in which twelve main tracks will be laid west to east, will be paved and used as a broadway to relieve the congestion of the town district. The underground will also offer a rapid transit to tramways. On both sides of said boulevard, sidings, lines or spurs will serve in their basements the new grain elevators, a central market, warehouses, refrigerators and many industrial buildings, giving a big revenue to the railways. A union station will be located in such a way as to clear the Mount Royal slope, leaving a space for the northern part of the city to establish another artery according to the general plan.

Mr. HEAPS: May I just interject here, Mr. Chairman; we are not a town planning body here. This is purely of Montreal interest, while we are interested in housing.

The WITNESS: That is only my preliminary, I merely sought to establish the use to which we intended to put the slum districts.

Mr. HEAPS: I was looking at some of these plans. They are very ambitious.

The WITNESS: I appreciate your point, I wish to remain within the limits of your reference.

The union station will be used by all the railways, the tramways, the auto-bus and trucks, and aeroplanes from the roof. The works made in 1929 based on elevated lines will serve in the new terminal as curved connection and auto-strade (as in Italy), to reach the new and better location of the union station. This projected plan has been studied and approved by many expert engineers in railway terminals of this country, the United States and England.

Hon. Mr. RINFRET: Mr. Chairman, I share very much the views of Mr. Heaps, that this is too extensive a plan for this committee to consider. If it is in order, I would move that this report be printed in the evidence as it is not very long.

Mr. HEAPS: Oh, no; this project does not concern us.

Hon. Mr. RINFRET: We are interested in hearing you, Mr. Ouimet; but I wanted to make it clear that I share the view of Mr. Heaps that the material you are now presenting is rather outside the scope of our reference.

Mr. HEAPS: Yes, he is dealing with railway terminals and all sorts of things which are not housing.

The CHAIRMAN: Of course, we are only interested in housing.

The WITNESS: Your reference relates to housing, and I am only presenting this material because it leads up to what I have to say on that.

Hon. Mr. ELLIOTT: Mr. Chairman, I must say I am greatly interested in what the witness is saying, and I know from his experience that if he has made studies of outside plans, as to how they work and how they are financed, that it would be interesting to this committee to hear from him. I assumed from his experience that he would be able to answer a question which I think was indicated before, or prominent in the minds of the committee at least. First of all, what is the scheme that you are familiar with, Mr. Ouimet, that is in operation somewhere else that you think would be, first of all the best to finance and afterwards to carry into execution as a housing scheme for Canada; more particularly, the part which the federal government might take in that.

The WITNESS: I might say that this plan has been approved by many bodies in Montreal. I have here a number of resolutions, one from the Chamber of Commerce, one from the proprietors—they are a big body in Montreal. It is approved by the technical department at the city hall, it was approved unanimously by the executive committee of the city of Montreal—

Hon. Mr. ELLIOTT: Mr. Chairman, I have not made myself clear, and perhaps I should not attempt to do so. But I would be interested in hearing from Mr. Ouimet a statement as to the results of the studies he has made of schemes in other countries. If the committee is with me in that I would like to hear him in respect to that, as briefly as he can present it. Unfortunately for myself I have an appointment to which I will have to attend very shortly, but I would like to hear from him for a few minutes on that, if the committee are willing. I think he mentioned some other place in which conditions are similar.

The WITNESS: The city of Cleveland has about the same population as the city of Montreal, and it has undertaken a project which is essentially similar. But perhaps I had better proceed by reading this. I have here the reports that have been put before the Duff Royal Commission. They have applied the three remedies, and the fourth is this one.

Mr. HEAPS: I do not want to interrupt the witness, but we are now getting to the Duff Commission.

The WITNESS: I have to clean the slums first.

Mr. HEAPS: We are in agreement about the slums being cleared.

The WITNESS: The financing is arranged to be supplied through the Federation of British Industries of London to our federal government at a very low rate of interest. The cost of construction would be less than one hundred million dollars, representing less than three millions per year of interest, whereas the share of direct relief in Montreal is six millions per year. I may say that in Montreal and the surrounding districts the direct relief is stabilized at eighteen millions a year, and I claim that my proposition is the only permanent enterprise to stop such a burden on the Dominion. I also claim that it will end the other direct relief to the railways of fifty millions per year, that is the railway deficit.

Sirs, to remain within the limits of power of this committee we must first abolish the slum district if there be one, and secondly build new houses elsewhere, as it would be a great error to build new houses on land worth two to three dollars a square foot in the lower part of the city, which is not the proper place

to raise families with an income of five to seven hundred dollars a year. We must choose residental zones for these new houses on land worth from one to ten cents per foot—

That is where I contend we should put the garden city plan.

—according to the general plan which is based on the same principle as the one I made for the Australian government, the capital Canberra.

The CHAIRMAN: Now, I am afraid that we are getting into town planning in which we are not interested. I will not say we are not interested—

Hon. Mr. RINFRET: As a committee.

The CHAIRMAN: Yes. It has nothing to do with the work of the committee.

The WITNESS: Now, I am not speaking of town planning now.

Hon. Mr. RINFRET: May I interject that the example of Canberra is not a good one to my mind because Canberra is a new place. There was no city there; it was created anew. The land was practically worthless until the city was built. You could not possibly apply that situation to the city of Montreal.

Mr. HEAPS: The land in Canberra is still owned by the government.

The CHAIRMAN: This may be a construction issue, but it is not a housing or dwelling issue.

Hon. Mr. ELLIOTT: I quite agree. I evidently did not make myself clear. I was anxious to get the history of some scheme that was in operation in some other country which might apply here and with which Mr. Ouimet was familiar. I find I have not been successful.

Mr. HEAPS: Has the witness any plan with regard to housing in the city of Montreal?

The WITNESS: Yes, I have that.

Mr. HEAPS: We would like that.

The WITNESS: We will come to that.

Hon. Mr. RINFRET: We might consider Mr. Ouimet's brief as read and print it in the record so that we will have it in any event.

The CHAIRMAN: We can incorporate it in the record as a general statement, and then we can ask the witness questions.

Mr. HEAPS: The witness said he had something in connection with plans for a housing scheme for the city of Montreal.

The WITNESS: Yes, I will come to that. I want to clear the slums first.

We abolish the slums district, turning it into a commercial zone, passing through it a railway terminal and a large boulevard forming a new civic centre. That zone represents the demolition of at least 20,000 buildings, with good materials ready to be sold and used in the new houses. The expropriation at four dollars a foot means thirty millions paid by your railway department and executed by the Canadian National Railways under the power of Article 180 of the Railway Act and authorized by an order in council from the Relief Act. Therefore, we can put 50,000 men at work inside of sixty days. The government in 1929 already voted fifty millions for Montreal, out of which forty-two millions remains to be expended. We ought to expend that money in a projected plan which will give an increased revenue of at least fifty million dollars per year to our government as an economical question but not as an only passengers question.

As the slum district will disappear, I would suggest to you that the thirty millions of expropriation be paid in government bonds instead of money.

That expropriation will cost $30,000,000. Those people will not put that money into the bank at 2 per cent, they will put that money out in mortgages; therefore, in case that money is all absorbed in mortgages I propose that those people will be paid in government bonds.

The government rather should subscribe $30,000,000 in money in a housing scheme at the outskirts of the city on land valued at one to ten cents a square foot if it is practicable in a country so exposed to heavy weather as ours.

To be logical, we must provide permanent work to our workers to enable them to pay their rent—

To-day we have forty thousand families not paying their rent.

—otherwise they will turn the new houses into slums in a short time again.

One of my strongest reasons for giving work is to help those people pay their rent.

The problem is more complicated than appears at first sight. In the southern part of the United States, where it is hot, all our technical reviews say it has been a burden to the country and the objective has not been reached. I agree with you that in our country, so cold, and with such low salaries, it is difficult for a man receiving from $500 per year to $1,000 with a family, to meet the rent. In Montreal the case is different, if we apply an economic general plan such as the one I propose.

The demolition of the buildings along the terminal will supply enough materials, good brick and stone, for at least 10,000 new buildings at the desired low rent, below $16 per month. All will depend afterwards on the low rate of interest if the government come to the conclusion to subscribe the above amount of thirty millions, after having paid in bonds the expropriation for the slum district to build the economical terminal as revenue. The Montreal Municipal Service Bureau has a scheme which appears to be practicable if we can reduce to twenty years instead of thirty years the sinking fund as rent and have a lower interest.

I should modify that: instead of thirty years it should be reduced to twenty years. The proprietor should have a lower rate of interest than 4 per cent. The rent should be from $10 to $12—that is the point—because on an earning power of $500 or $700 a year those people cannot pay $16.

My plan, contrary to any proposed schemes in other towns of the Dominion, will give an annual revenue to the government of at least $50,000,000, if we believe the findings of the Senate of 1932 on account of a twelve months' operating terminal storing the westbound and eastbound traffic of all Atlantic seaports answering quickly to the offer and the demand. Such a terminal will put the Canadian routes in competition during twelve months of the year with the American routes instead of four months as to-day.

Montreal is the only city that can save the railways.

The CHAIRMAN: Now, the balance of your statement has to do with the railways almost entirely, and I think we can put that into the record without taking the time to read it.

The WITNESS: I am ready to discuss the railway question before some other committee.

Hon. Mr. ELLIOTT: I hope the witness will not think me impolite, but I have an appointment and must leave; but I suggest that the railway portion might be taken up before the railway committee or some other committee. We cannot hear it here.

The CHAIRMAN: Most of this statement refers to town planinng rather than home building.

Mr. HEAPS: We appreciate Mr. Ouimet's remarks just the same.

The CHAIRMAN: Oh, yes.

Hon. Mr. ELLIOTT: I am sure we appreciate the statement very much, but I am sure Mr. Ouimet will understand me when I tell him that the arrangement made by the committee at its inception was that our meetings would finish not later than half past twelve. I have been most interested in this statement, but unfortunately I have to leave.

The CHAIRMAN: The remainder of Mr. Ouimet's statement will be printed.

Statement continues: Montreal by its geographical and natural situation is the only centre of distribution in eastern Canada conected, from an economical point of view, to all Atlantic seaports during the entire year, and able to create a line of least resistance to all local and western production, using the Atlantic seaports, but on the condition we have there the proper equipment of a storing terminal for railways and steamships, winter and summer, such as Buffalo, to name one competitor. The execution of such a plan will save our railways and wipe out their annual deficits. I am ready to prove this before any special committee, as this is not the proper time or place to go into the details of such an important national problem.

I do claim that you should suggest to the government to immediately put into execution this enterprise as being the best and most logical form of abolishing the slum district in Montreal and erecting new houses, building according to the requirements of the population.

Sirs, I am also ready to discuss the railway problem in Canada with another committee. I have studied twenty-five years as a consulting engineer, and I guarantee you and the government it is the only way to save the railways in Canada, assuming the small production power of our present population.

The CHAIRMAN: We are trying to prepare an outline of our report with the help of two volunteers. We are regrouping all our evidence, and we will try to get a preliminary report ready. It will only be a foundation, not a recommendation.

Mr. HEAPS: Are you calling any further witnesses?

The CHAIRMAN: There are two others we would like to call. We would like to hear someone thoroughly acquainted with the English scheme and with the American scheme.

Mr. HEAPS: Where are you trying to get that information from?

The CHAIRMAN: One of the men is a Mr. Smith who is a Dominion fire commissioner and is thoroughly versed on the English situation.

Mr. HEAPS: Why not go to Washington?

The CHAIRMAN: I did think of getting a man from Washington.

Mr. HEAPS: Get in touch with the Public Works administration of the United States and ask them to send up an expert who is familiar with their project.

The CHAIRMAN: I have invited the mortgage corporation, who have an association. I have a letter from Mr. Appleton, who is the secretary, and I have issued an invitation to them to appear before the committee. I did not ask them to come, but I gave them the opportunity to appear here as I understand they are appearing before the Banking and Commerce committee next Thursday on the 4 per cent resolution of Mr. Coote. I took advantage of that and invited them to appear here on Thursday.

Mr. HEAPS: Could you not make it on Friday?

The CHAIRMAN: We may not be able to have them appear on Thursday, but at the same time I think we should try to get them on that day.

Mr. STANLEY: Why cannot they come on Tuesday?

Mr. HEAPS: Or Wednesday or Friday.

Mr. STANLEY: Wednesday is Liberal caucus day.

Mr. HEAPS: Friday.

The CHAIRMAN: I have a letter from Mr. Appleton who said he was calling the officers of the association together to consult with them and he would let me know at once.

Hon. Mr. RINFRET: Let us adjourn to the call of the chair.

The Committee adjourned at 12.45 to meet again at the call of the Chair.

APPENDICE C

LE COMITÉ DU LOGEMENT SALUBRE

(Formé pour diriger une campagne de propagande)

CHAMBRE 701 — ÉDIFICE MÉTROPOLE

HArbour 3245-46

Montréal, 22 mars 1935.

Monsieur A.-D. GANONG, président,
Commission parlementaire du logement,
Chambre des Communes,
Ottawa.

MONSIEUR,—En m'invitant à présenter un mémoire devant votre commission, vous rendez justice à un groupe d'ouvriers qui préconisent depuis bientôt deux ans la construction de logements comme remède à la crise. Je vous remercie de cet honneur que vous nous faites.

Le temps de votre comité est précieux. Je laisserai à d'autres le soin de présenter des considérations générales, d'exposer l'aspect technique du problème pour justifier en aussi peu de mots que possible le remède que nous préconisons.

Beaucoup d'ouvriers en chômage dans la province de Québec et à Montréal, en particulier, sont des ouvriers de tous les métiers de la construction et des manœuvres. Après quatre années du régime de secours, ils sont dans la misère noire.

La plupart ont vendu leur mobilier, racheté leurs polices d'assurance et vivent dans des conditions déplorables. Dans bien des cas deux et parfois trois familles s'entassent dans le même petit logement. Ce qui arrive très souvent, toute une famille vit dans une seule chambre. Le moral de ces chefs de famille est disparu. Les enquêteurs et enquêteuses du service social font de pénibles découvertes qui démontrent que la morale est en baisse dans ces milieux d'une déplorable promiscuité.

La conclusion, c'est que sous le régime des secours directs l'ouvrier ne peut pas se loger à son goût; qu'il vit dans des conditions anti-hygiéniques et si l'on y ajoute le délabrement des logis, on est en face du problème du taudis et de tous les maux qu'il engendre.

L'accroissement annuel de la population de la ville de Montréal est évalué à 35,000 âmes. S'il est réparti en raison de six personnes par famille, cela représente 6,000 foyers nouveaux chaque année.

Or, il est admis que la construction logementaire a cessé depuis bientôt cinq ans. Ce serait reconnaître du même coup qu'il manque 30,000 logements pour les ouvriers et la petite bourgeoisie.

Sait-on que les chômeurs en sont rendus à habiter 3 et parfois 4 dans la même chambre? Ce commerce établi sur une grande échelle indique clairement la gravité de la situation du logement à Montréal. Ces faits sont strictement contrôlés.

Je ne crois pas qu'il soit nécessaire d'ajouter d'autres faits. Votre comité connaît déjà la situation des ouvriers des métiers de la construction dans tout le pays. Vous n'êtes pas sans ignorer non plus que les propriétaires sont surchargés de taxes.

La condition des propriétaires fonciers qui tient de très près à celle des ouvriers et des petits salariés n'est pas moins précaire. Beaucoup devraient faire des améliorations à leurs propriétés. D'autres comprennent qu'il est temps de reconstruire, mais, comme la propriété foncière a perdu de son attrait comme placement, il est très difficile de se procurer les fonds nécessaires, si ce n'est à grands renforts de commissions.

LE REMÈDE

Il faudrait commencer par mettre en vigueur les lois d'hygiène qui exigent un certain nombre de pieds cubes d'air par personnes habitant un logis; fermer les logis reconnus insalubres et qui constituent un danger perpétuel pour la population.

Je n'insiste pas pour le moment sur les lois de l'urbanisme exposées longuement par des autorités en cette matière. Votre comité sait à quoi s'en tenir si nous voulons garder chez nous une race forte et industrieuse.

Nous sommes en faveur de l'élaboration d'un vaste projet de construction de logements ouvriers,—logements qui pourraient être loués à $10, $12 et $15 par mois.

Le gouvernement du Canada ne pourrait-il pas faire une émission spéciale d'obligations pour financer une telle entreprise? Nous suggérons que le taux d'intérêt soit aussi bas que possible, disons 3½ ou 4 pour cent à 25 ans?

Afin d'éviter les erreurs du passé, ces prêts hypothécaires devraient être consentis directement au propriétaire d'un lot qui désire se reconstruire—dans les vieux quartiers, ou encore au propriétaire d'un lot qui pourrait offrir les garanties ordinaires de solvabilité.

Il nous semble que des prêts devraient également être consentis aux propriétanres de maisons encore en bon état et qu'il est encore temps de réparer et de remettre à neuf. Ces prêts spéciaux pour fins de réparations pourraient être faits à 5 ans, disons, et par une législation spéciale il aurait priorité sur les autres créances,—comme cela se pratique dans le cas des comptes de taxe à la municipalité.

Pour l'administration de ces fonds publics, nous suggérons la création d'une commission composée d'un représentant de la Banque du Canada, d'un homme d'affaire, d'un ouvrier et d'un technicien.

Dans ces conditions il serait facile d'entreprendre, à Montréal seulement, en vertu d'un tel projet, pour $2,000,000 de construction par mois.

Du même coup, la confiance renaîtrait chez les propriétaires et les constructeurs. Il n'y a pas le moindre doute que des millions de dollars qui sommeillent dans les banques reprendraient la route des chantiers de la construction de logement.

Je ne sais pas si cette formule vous conviendrait, mais je vous suggère de faire ces prêts hypothécaires,—en *guise de prêts ouvriers.*

Ce serait en quelque sorte le pendant du prêt agricole qui rend déjà des services appréciables aux populations rurales.

Un prêt ouvrier, ou aux petits propriétaires, aiderait sensiblement à diminuer le chômage dans la ville de Montréal et quelques autres grandes villes de notre province.

A l'heure actuelle, l'ouvrier est dépourvu de tout. Il n'a presque plus de vêtements pour lui et les siens.

Toutes les manufactures trouveraient un regain d'activité parce que les millions payés en matériaux et en gages passeraient immédiatement dans le commerce et l'industrie. Le pouvoir d'achat de l'ouvrier remontrait en raison même de la répartition équitable des gages et le Canada serait en peu de temps en pleine voie de prospérité.

L'ouvrier est fatigué des secours directs.

Il veut gagner le pain qu'il mange.

J.-C. RANCOURT, *président,*
Fédération des ouvriers du Canada.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

FRIDAY, MARCH 28, 1935

WITNESS:

Mr. Ernst Kahn, National Housing Expert, New York, N. Y.

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 429,

March 28th, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.35, a.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs,—Bourgeois, Dorion, Elliott, Ganong, Hanbury, Heaps, Howard, Howden, McIntosh, Plunkett, Rinfret, Stanley, Sullivan, and White *(London)*.—14.

Mr. Ernest Kahn, National Housing Expert, New York, N.Y., was called, examined and retired.

The Committee adjourned at 12.45 p.m. to meet again at 3.30 p.m. this day.

AFTERNOON SESSION

The Committee met at 3.30 o'clock p.m., Mr. Ganong, the Chairman, presided.

The following members were present:—Messieurs,—Bourgeois, Dorion, Ganong, Gray, Hanbury, Howden, McIntosh, Plunkett, Rinfret, Stanley, Sullivan, and White *(London)*.—12.

Mr. Ernest Kahn was recalled, further examined and retired.

Mr. Stanley moved, seconded by Mr. Hanbury, that the Chairman be authorized to arrange the amount of remuneration to be given Mr. Kahn. Motion carried unanimously.

The hearing of further witnesses was discussed, and it was decided that Mr. John Appleton, secretary of the Dominion Mortage and Investment Association, and Mr. Leonard should be summoned for Tuesday next.

The Committee adjourned at 5.40 p.m., to meet again on Tuesday, April 2nd, at 10.30 a.m.

J. P. DOYLE
Clerk of the Committee.

96207—1½

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

March 28th, 1935.

The Special Committee on Housing met in Room 429, Thursday, March 28th, at 10.30 a.m., Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, we have a quorum now and we will commence our proceedings. We have present this morning Mr. Ernest Kahn, who was formerly financial editor of the Frankfurter Zeitung and former mayor of Frankfurt, Germany and was in charge of its great housing scheme. Mr. Kahn is one of the three Europeans selected by the National Housing Association of Housing Officials in the United States to confer and advise on a national housing program.

This covers in a very small way what Mr. Kahn has done, and I would ask him when he commences to speak to us to give us an account of himself. Our records are printed and a great many people read them who are not present, and who would like to know just who our authorities are when they read the evidence.

Mr. ERNEST KAHN, called.

Hon. Mr. RINFRET: I should like to know where Mr. Kahn resides.

The WITNESS: At present?

Hon. Mr. RINFRET: Yes.

The WITNESS: New York city. Mr. Chairman, I am rather reluctant to speak of myself, because I hate it, but seeing that you want it, I shall endeavour to give you some data. As the Chairman told you I was, for many years, economic editor of the Frankfurter Zeitung, which is considered the leading German paper, and later on I joined the banking firm of Speyer as economic adviser and later on as partner. During that time I was connected with the city administration and was especially interested in housing, at first as chairman of housing development, and later on as general manager. At the same time I started an institute of housing at the University in Frankfurt to find the best and cheapest and most efficient way to deal with the problem. When the new government came in in Germany I left the country to devote all my time to the refugee problem in London, during that time I was asked by the National Housing Committee of the United States to act as one of their three European experts. The leader of this group was Sir Raymond Unwin, outstanding English housing expert. The other members of the group were Alice Samuel and myself.

Hon. Mr. RINFRET: You mean the great town planning expert?

The WITNESS: Yes.

Hon. Mr. RINFRET: He was in Montreal too?

The WITNESS: Yes. He was in Canada, too. We also travelled the United States to look into housing conditions there, had long conferences with the government in Washington, and brought out a report on housing in the United States, entitled A National Housing Programme for the United States. As this booklet does not go into the details of the financial and economic problem, I am preparing a second report on those aspects of the problem, and I feel that in this respect I may be of some use to this committee. Mr. Chairman, do you think I should start now and give a few facts about your housing problem?

The CHAIRMAN: Yes; I think the committee would like to hear some facts about housing problems, particularly the financial end in England and the United States.

Mr. HANBURY: We should like to hear something about the financial aspect insofar as government assistance is concerned.

The WITNESS: Yes.

Mr. WHITE: We are interested in housing for the lower paid workers.

The WITNESS: Exactly. Now, may I just start this way: all the governments in Europe did not take a very active part in housing until after the war. After the war the situation in Europe was this: During those four of five years there was no building going on and the actual requirements were very limited. After the war we had to face all over Europe the tremendous need of housing, as a consequence of those four or five years during which we did not build. And, furthermore we had a sudden jump in the marriage rate; all those people coming back from the field wanted to marry and the shortage was amazing. The consequence was this: we had so much doubling in housing that the situation became dangerous in a social and political way. On the other hand, private enterprise did not dare to touch the problem for two reasons, first, because the cost of building at that time was very high, material was scarce, and the second and most essential point, which is very interesting and most important in this country too, was the fact that the rate of interest was too high. Let me say a few words on this problem, which I think is very important insofar as Canada is concerned. We went through that Toronto report, and I certainly agree with one point and that is this, in housing, and more especially in low cost housing, the most essential point is cheap money. You positively cannot house the lower income groups at a high rate of interest. If you go through the calculation on housing you will find that the rate of interest takes at least sixty—in some cases up to seventy per cent—of the total cost. This shows you how important the problem is. This is a problem where all the governments realize they have to do something. It goes without saying that in all the different countries the problem was approached in a different way, and I feel that Canada and the United States are, to a certain extent, in a very happy position. When you approach the problem you can learn from our shortcomings. I feel very strongly that if Europe, England, Germany, Holland, had to do it over again they could save billions and billions of dollars because we find that we can do it so differently today. I think that is the most important problem for you. Before coming to the very essential aspect, the financial problem, I should like to say a few words on the other problems, whether you are expecting a shortage or not. I think you are familiar enough with the problem to know that in this country and all countries building construction has been very slow and there has been too much doubling up, but I do not know whether everybody realizes the fact that we are now approaching, both in Canada and the United States, a time when the annual need for new houses will be far above normal. The reason for this is this: in consequence of the depression we have had all over the world, but especially in the United States and Canada, very much doubling up of families and a very large number of deferred marriages. I could not find the Canadian figures, but I can give you the figures on some European countries, and I think you can come to some comparison with Canada. For instance, the number of deferred marriages in Germany caused by the depression amounted to approximately 300,000; in the United States there are 1,000,000 deferred marriages, and I would not be a bit astonished if the number of deferred marriages in Canada was somewhere between 70,000 and 90,000. That is one reason. The other reason is this: the need for houses is always based on the increase in the number of families. Again the increase in the number of families is based on the number of marriages. There is little doubt that besides those deferred marriages which I mentioned there must be a constant increase in the number of marriages in Canada. The

number of marriages principally is based on the number of births rate, say 25 years ago. If you look at the movement of your vital statistics, say from 1900 to 1915, you will see a constant increase in the number of births, year by year. Take the decade which we are about to pass, 1935 to 1945. During that time people will be marrying who were born between 1910 and 1920. There is no doubt about that. I think the number of people born between 1910 and 1920 was considerably higher than those who were born between 1900 and 1910. You can easily verify it by looking through your vital statistics. I just mention that to show you how enormous the actual need is going to be. I have figured it out for the United States, and I have come to the conclusion that the yearly need for that country is not below 1,000,000 new homes. If I compare Canada with that, I would think it would be something like 80,000, offhand; but that is not the point which you expect me to deal with. What you expect from me is the question of financing.

Now, although I have always been devoted to the housing problem and more especially the housing of the poor—that has always been my aim and ideal—I am a realist, and I feel there are some danger points in housing, and one point is that people are very often too Utopian and not realistic enough. What I had in mind was this; it is all very well to house people as nice and comfortable as is possible, but I think to a certain extent there is a limit. If you are going out with too high ideals you are bound to fail, and it costs you too much money. If you build houses there are rents, and the rents have to be collected. The rents have to be collected either from the tenant or in some way or another by the public, by the state, or by the government. There is a limit in both directions. You know nobody can go above a certain percentage in expenditure on rent; and again, all kinds of subsidies to be put into housing have to be paid by the taxpayer, and there is undoubtedly a limit to what the taxpayer is willing to do. Furthermore one always has to keep in mind—no matter how radical a housing reformer you are—that there are well established real estate interests. Let me be quite clear. I am absolutely against speculation; but one has to find a compromise where you do not ruin real estate interests, because if you do that, you are going to establish a new type of people who are against any government, against the state, against the country. One has to try to make both ends meet. What I have in mind is this: You asked me what the different European states had done up to now; and I think the Chairman expects that I am going to give some details of what they are doing in the United States. Let me say this, that I feel that a subsidy is always an evil; but I feel too that there are times when some kind of subsidy is necessary. One has to find a way—and I shall try to give you that way—where the subsidies are limited both as far as the amount and as far as the times when they are to be given are concerned. If you go through the European experience, you will find two different methods of assisting housing—and by the way, there was no government in Europe, no matter whether the government was conservative, liberal, socialistic, bolshevistic or fascistic which did not in some way or other go into housing. There are two principal ways; the first one is the capital subsidy, and the second one is what you might call a kind of annual subsidy or rather what I would call annual aid. The capital subsidy was especially popular in the United Kingdom right after the war for this reason: At that time the cost of building was obviously above normal. At that time especially the cost of material was so high that the construction of one of those typical English cottages required sometimes up to fifty, sixty or seventy per cent more than they used to cost before the war. They realized that, and after a certain period they certainly did succeed in cutting down the prices. For this reason, the English government gave a capital subsidy during the very first part of their housing program.

May I just start with that problem, whether a capital subsidy is to be recommended. Right now in the United States, under certain conditions, the American government is willing to give up to a 30 per cent capital subsidy. I

feel very strongly that this method is dangerous, and should be avoided for different reasons which I am going to explain. The reasons why I am against the system are these: First, it is very, very costly. Then there is the problem as to who is going to get that subsidy. In England I think they gave it to everybody who did not go above a certain standard. But it goes without saying that that cost a lot of money. That is one reason I am against it, and I think that is just the point on which you want to hear from me; but that is not the only one. I consider it to a certain extent dangerous to give a capital subsidy, because if you give a capital subsidy you lose, or you might lose the control over those parties who are going into housing. If they have a capital subsidy, it is very hard to press them and to tell them that they have to follow the established rules and regulations. If, however, there should be a subsidy at all, if you give an annual subsidy, then you always have those parties in hand, because then you can always stop this subsidy, saying, "Well, you did not fulfil the conditions which we expected as far as management is concerned, as far as social conditions are concerned." You can easily force them. It is within my experience and in my own competence that I found that the government very easily found a way to force the fulfilment of sound and social housing, by telling those parties concerned, "If you don't do it, we are going to stop your annual subsidy."

Then there is a third reason that I think is a most important one. I do hope that if one finds a proper way of organizing long term credits—

By Mr. Heaps:

Q. Before you leave annual subsidies, may I ask whether you are referring now to home ownership or rentals?—A. Both.

Q. In the case of rentals, the subsidy would be to keep the rental down to a low basis?—A. Yes.

Q. In that case, of course construction would not enter into the matter to the same extent?—A. Exactly, but I refer to both. I will tell you why. For instance, it is obvious that those who rent—I think you have in mind home ownership. I am going to speak of home ownership later.

Q. If I may interrupt—in England, which you have been referring to a good deal of the time, it is mostly on a rental basis?—A. Not exactly; it is both.

Q. But to a large extent?—A. Yes, but it is both. If it comes to home ownership, there again the government has a much bigger power if they only give an annual subsidy. For instance, usually a good many European countries only give the home-owning people cheap money or annual aid under the condition that they do not sell their houses on a speculative basis. I do not know whether that is clear or not; but for example, if a man sold his house on a speculative basis, then of course the new man did not get the annual aid, as it were. Is that quite clear?

Q. Yes. But there is one point that I perhaps did not make myself clear on. There is a big distinction between the houses that are built for sale—to certain specifications—and houses which may be put up by a private company or a municipality for rental purposes, to supply a certain need or demand?—A. Yes.

Q. In the case of a subsidy then, it would have to be on a completely different basis, than for the rentals, as well as for those being purchased?—A. Exactly. Would you kindly keep it in mind. I feel we should discuss that problem later on, because it is very important, but I do not think I should speak now on this problem. I think I should give now what I think would be the cheapest way to assist low cost housing. This again leads back to the remark which is in the Toronto report, which you find in discussing the problem with anybody. The most essential point is the problem of the rate of interest. Again we find, for instance, that in those countries with which I am familiar, up to now—anyhow, in a good many countries—the open market is not willing and is not pre-

pared to give money as cheap as it is necessary for low cost housing. For instance, I see in the Toronto report that the usual rate is somewhere around six per cent for the first mortgage. We find in nearly all countries with low cost housing, especially if it goes to the pooorest class, you cannot base it on a higher basis than three or three and a half per cent, and for some classes even lower.

By Mr. Stanley:

Q. Do they not base their calculations on four per cent?—A. The Toronto report gives two examples, six per cent, and besides that they propose four per cent.

Mr. CAUCHON: Six per cent and four per cent.

The WITNESS: Yes, six and four. It just proposes four per cent, and it shows the difference. It is very interesting. It is quite characteristic. This is on page 61, I think. It bases it on six per cent. They show an annual rent of $292. If based on six per cent, the rental would be $293, where there is $162 required for interest. Then it proposes a second rate of four per cent, which brings the rent down to $239, where $108 is required for interest. Coming back to this problem, I think it is essential, and it might be really the only one on which I could give you some facts, which, if adopted—and this is what I hope—might be of some use to Canada. The organization of the long term credit is the essential point in housing; and here it is just as much to the interest of low cost housing as to anybody going into housing, no matter whether he is doing it on a speculative basis or private basis to have cheap mortgages; that is the essential point. Let me tell you this: Continental Europe tried for more than one hundred years to find a way of getting cheap money for housing, for long term credit, and I dare say they succeeded. They succeeded, and may I say that they are trying now to imitate the system in the United States. I am going to give you details. You know how mortgages usually come from three sources, insurance companies, savings banks—I don't know how it is in Canada—and private sources, and in continental Europe from mortgage banks. Now, these mortgage banks turn out to be the most efficient way to establish low cost housing. These mortgage banks are based on this—and may I say that these mortgage banks which I am going to describe I strongly feel should be established in Canada.

By Mr. Sullivan:

Q. Mortgage banks, did you say?—A. Yes, mortgage banks, European mortgage banks, which I strongly feel should be established in this country, and which I think would be a way of going into low cost housing with very little public help. They have been established, as I mentioned, in France, Germany, Switzerland and Holland, practically in all continental European countries, as far back as one hundred years. It might interest you to know that those countries are so conservatively managed that they never stopped paying dividends on their bonds and debentures. I don't think that they ever stopped paying a dividend.

By Mr. Heaps:

Q. Can you tell us how the dividend is obtained?—A. Yes. I feel that is the essential point.

By Mr. Sullivan:

Q. Will you explain the organization?—A. I think I should explain the organization, and I am quite willing to give you the names of some short booklets which deal with the problem. I saw one which I think is very good, a very short one written by a professor at Chicago university by the name of Palyi. He is a

Hungarian who was long connected with that problem in Germany and who is now at Chicago university. This booklet is about forty pages in length, I think, and touches on the essential points, but I think I could give them to you.

To show you how popular and how important these mortgage banks are I may add that it is my experience, and this professor mentions it too, that in a good many European countries the bonds and debentures of these mortgage companies (so called "Hypotheken Banks") are even more popular with the public than are government securities.

Mr. SULLIVAN: Better than Vancouver?

The WITNESS: I beg your pardon?

Now, you want me to describe how these mortgage companies are managed. Most of them have an equity, along the lines of the system they are just organizing in the United States, where under their housing act of 1934 it is not supposed to be below $5,000,000. I think that would be too high for this country. We have a similar regulation in Europe.

By Mr. Heaps:

Q. Who possesses that equity?—A. Anybody; either private capital or in some of these banks the government. That of course is not essential. In most cases the equitization of these mortgage banks is in the hands of the public; in other cases the capital is in the hands of, or provided by the federal government, provinces and so on.

By Mr. Sullivan:

Q. Would you explain to me what you mean by, putting up the equity?—A. They have subscribed for capital—I hope you will not mind if I am not speaking classical English.

Mr. SULLIVAN: Not at all.

The WITNESS: I will do my best but I may make mistakes. I hope you won't mind. Someone must supply the capital and whether it is public or private makes no difference.

By Mr. Heaps:

Q. How has it been done in these countries to which you have been referring, has it been done largely by private capital or more by state capital?—A. It is rather more private than public; but, that is not essential in presenting to you my opinion.

Q. It might be essential to a government that wants to start doing something?—A. Yes. If I were to make a suggestion it would be that I would try both of these systems; I would try to develop competition. You will find, for instance in the United States, they are trying both systems. But it is not essential for the purposes of my explanation to consider whether it comes from private or governmental subscription. One thing is essential, though, and that is that each of these mortgage companies must be under strict supervision by the government. To my mind, that is more important than the source from which the money comes. However, that is a matter of opinion and if you don't mind I will leave that point open.

We have tried both systems and they are competing with each other. That is not essential, that is a matter of opinion. The essential point is this, the establishing of a low rate of interest for a long term credit. You see, that is the point, and it does not matter whether the funds come from a governmental or private source. When a mortgage company establishes for, by way of illustration, say $1,000,000 then they are entitled to issue a certain amount of bonds or debentures—whatever you wish to call it—which in most cases should not be higher than 10 or 15 times the capital. For instance, based on a capital of

$1,000,000 the individual mortgage company would be entitled to issue up to $10,000,000 or $15,000,000. Of course, they would not start right away with that limit, they usually do not go as far as that. These bonds are issued on a strictly first mortgage basis and for a long period of time; and they are usually connected with an amortization scheme. It is, of course, essential to low cost housing that the money should be redeemed during a certain period.

By Mr. Stanley:

Q. What should that period be, 40 years?—A. That depends; if you do not mind I am going to discuss the question of depreciation later on and probably I should deal with your question at that time. I think, however, I should answer this question: I think we have to discriminate amortization and depreciation. That means this: I strongly feel that the Toronto report is very wise—I think it is in the Montreal report also—to propose a long period of depreciation. The principle reason why rents, for instance, are so terribly high in the United States at the present time is that they have a depreciation period of only 20 to 25 years; whereas in England and Germany they have a depreciation period ranging from 50 to 60 or 70 years.

By Mr. Heaps:

Q. What percentage of the value of the property do European mortgage companies give to a person going to build a home?—A. I will come to that, I think first I should explain the system. I have explained what they have to put up in regard to capital. No one should be allowed to establish a mortgage bank except by special permission of parliament. For instance, in Germany—and I think it is the same all over Europe—a mortgage bank has to have a special authorization. If it were not for this you would see mortgage banks all over the country and you have no control over them and would encounter all sorts of difficulties. In a country of 65,000,000 inhabitants, like Germany, we do not allow more than say 40 mortgage banks. France has only one.

By Mr. Howden:

Q. What is the difference between a mortgage bank and an ordinary loan company?—A. I am going to explain it. The difference is this: I think the danger in long term credit is this, that in ordinary loan companies—I am not familiar with your Canadian system—they base their credit on deposits as a rule; that being so, it is dangerous; whereas with the essentially mortgage bank the people who put up the money are not free to withdraw it because it is subscribed on a long term basis. In the other case the depositor has the right to ask for his money, and what happens then illustrates the difference between the English and continental systems. I do not know whether you know it or not, but in England they have what they call their building societies—that is just what you have in mind. Now the building society base their credits largely on their deposits. If the deposits are withdrawn then, of course, there are dangerous consequences. That is the reason why in conservative England a building society always has to hold a very high percentage of the assets in cash. This again means that the mortgage cost is much higher in England than it is on the continent. For argument's sake, take the Mortgage Bank in France, they issue mortgage bonds on a 3 per cent basis; then, of course, they can give mortgages at 3½ per cent—that half of one per cent is for their overhead expenses; for that reason too they are not facing the same risk of withdrawals.

I think, to answer the question you ask, the usual limit of advance is 60 per cent, based on a conservative assessment; but in times of speculation and high cost of building they do not go as far as that. For instance, right after the war the German mortgage banks did not give more than 40 per cent, because they figured values were too high and they were not prepared to run any risks.

In normal times 60 per cent is the limit, based on a conservative estimate. Now, there is usually a gap that is very important between that 60 per cent and 100 per cent, or the equity. In low cost housing I think we have to discuss the different ways by which we can meet this difference. Who is going to put up the equity? It usually is pretty hard to put up more than 20 per cent. Experience all over the world shows, with a few exceptions, that one is very happy who can put up a 20 per cent equity, do you see. That makes it sometimes difficult when it comes to the matter of low cost housing.

Q. Has any way been found by which the gap between that 20 per cent equity and the 60 per cent advance can be filled?—A. Yes; and if you keep that in mind I will make a statement with regard to it later on. If you will ask me that question a little later on I think it may be possible for me to explain it successfully. I can give you the figures, for instance, that apply in Germany. Germany has put up 3,000,000 homes on this basis.

By Mr. Heaps:

Q. Who is putting up the equity?—A. May I suggest that you make a note of that. That is essential, but I think I should stay with the question. Even if somebody puts up the equity of 20 per cent you still have a gap of 20 per cent. I am going to discuss that problem.

Q. With regard to these 3,000,000 homes in Germany, to which you have just referred; were they built for rental?—A. Largely for rental—in that respect the Toronto report is not exact.

By Mr. McIntosh:

Q. Approximately, what would each home be worth?—A. Oh, without giving any detailed estimate, I would say about $2,500; but the cost of the average home is cheaper at the present time. But if you wish me to I think I should explain that financing. Even if they put up that equity—and you may have some doubt of that—they will still have a gap of 20 per cent. That has always, as you know, been the problem in housing; all over the world that is the problem of the second mortgage, which all over the world makes housing so terribly expensive. Now, there are different ways in which this can be done, and I feel that in this respect the United States seem to be in a very happy way. They have found an excellent solution to the problem; in fact, I think it is a marvelous solution to the housing problem in the United States, much better than in Europe. The United States has had the poorest mortgage system of the world up to now, but in this respect they have now what I think is a very fine idea. The new housing act of 1934 suggests the new mortgage at cost, based on the system which I have just described to you with this difference, they are entitled to give up to 80 per cent. The way they do it is this; 60 per cent is considered a safe and sound mortgage and the last 20 per cent is supposed to be insured by specially established insurance companies which are guaranteed by the government. That I think is a splendid idea. It works this way; for instance, you have some housing scheme or you are building your own house; you can go to that mortgage company—that house we will say is to cost $3,000; all you have to put up by way of equity is 20 per cent, or $600, and the mortgage bank is willing to give you $2,400. The way they do that is this: They run the risk on 60 per cent, or $1,800; and the other 20 per cent, or $600 while advanced by them is insured by this special insurance company established by the federal government. Of course, it costs a premium, that makes it a little more expensive; but on the whole it is a splendid idea. That is one way in which you can start to overcome the problem of that gap. Then, of course, those bonds must be regulated as to price. Banks must always find a way to buy bonds if someone orders them. I think they should entitle a man who took the mortgage to repay his mortgage allowing for some profit in case the bond is below par and

which, of course, is the way to make it possible to have some natural demand for the mortgages. The distribution of those bonds was very limited and that made them very popular. I do not think I should go more into detail, but I feel that this continental mortgage fund which is now imitated by the United States, and I think it is imitated in a very good way, should provide a marvellous means of financing low cost housing for all those reasons. I fully realize that at the beginning the public have to become accustomed to this new kind of investment. I am, however, absolutely sure that as soon as the public realizes it to be a good investment those bonds are bound to rise in price, and that, of course, gives the mortgage banks the possibility to convert them in due time to a lower standard. In that case the government is to a certain extent out of obligation because, let us say for argument sake, that the mortgage is 5 per cent; that is too high for low cost housing. Now, if we are able to convert those bonds to a 3 or 3½ per cent basis then they are in the position to charge a lower rate of interest to the house owner, and this again gives the government an opportunity to withdraw the subsidy. I think I should explain that. Take, for instance, for the sake of argument, that Canada is willing to build in one or two or three or four years, say, 100,000 homes to meet the lower class income and that each house requires, to follow your figures, say, a $2,000 mortgage. That figures out at $200,000,000. Now, this $200,000,000 requires, for some reason or another, an annual aid of 2 per cent, being the difference between 5 per cent and 3 per cent which, though, is not the limit which can be paid for all low cost houses. In some cases an aid of 1 per cent would be sufficient. But, for the sake of argument, take 2 per cent on $200,000,000; we would require $4,000,000. A mortgage bond sells on a 5 per cent basis. If, after say four years, which I expect, they can convert that bond to 3 per cent then, of course, the government is, to a certain extent, out of obligation, and that is very important. I do not know whether that is clear. It is so important that I feel I should just wait—

The CHAIRMAN: I think this matter of the mortage banks is of exceptional importance, and I believe that many of the members could get it clear in their heads by asking questions. Probably it might be a pretty good plan to talk over the subject of mortgage banks.

The WITNESS: Just a moment, Mr. Chairman please. I fully agree with you, and I feel it is one of the points where I really can be of some use, but if you do not mind I would like to give a few minor points on housing.

The CHAIRMAN: I think we ought to clear up the subject of the mortgage bank first.

Mr. MCINTOSH: Before you touch on the mortgage bank, can you tell us the different kind of banks that have functioned in the United States, proceeding from the whole to the part?

The WITNESS: I am quite willing to give any details on what they do in the United States, but I rather feel that I should not do it, because one can learn very little indeed what they accomplished in the past in the United States. There is a very excellent book on mortgage banks written by Mr. Joseph L. Cohen, an Englishman, who describes mortgage banks all over the world. The mortgage bank system in the United States, he explains, can just be described as chaotic. I think it is so terrible that one really should not waste any time in describing the system as it exists at present.

Mr. MCINTOSH: I did not ask you to describe the system; just give us an idea of the different types of banks in existence across the border.

The WITNESS: In the United States mortgages are given by six institutions: first, as in Canada, by the insurance companies; second, the commercial banks in the United States—the national banks and state banks are entitled to give mortgages too which I think is one reason why so many banks failed in the United States and which I think is one reason why banks in Canada did not—we can always say "look what Canada did." In the United States the

commercial banks gave several billion dollars in mortgages, which I think is rotten. Third, they have building and loan associations which compare with the English building societies and are very important. I have not the figure at hand, but I think the amount runs up to seven billions. You find it more especially out west in California and also in Philadelphia and it is very expensive. There were the so-called mortgage banks like the Strause bank in New York and the Greenbaum bank in Chicago which just show what you should not do. The savings banks give a very high percentage of mortgages. So there are insurance companies, savings banks, building and loan associations, commercial banks, and private sources. I think that the mortgage business in the United States is more expensive than it is in Canada.

By Mr. Hanbury:

Q. Would you give us some idea of the rate of interest paid by governments in Europe for money, and also the rates of interest paid by these mortgage companies to investors, and the rates of interest that they charge?—A. Yes. The governments of Europe—the credit of governments, of course, is different all over Europe, being highest in the United Kingdom where I think it is 3 per cent at present. The credit of the local authorities, of the cities, is at present somewhere between 3 per cent and 3½ per cent. That, of course, is most favourable. Take, for instance, Germany; it has a poor credit system. I think the government scarcely could get money below 5 or 6 per cent at the present time. Again in those smaller countries like Switzerland and Holland, which have an excellent credit system, they could do it on a similar basis to England.

Your second question is as to mortgage bonds. Usually in normal times those European mortgage banks were able to sell their bonds at between 3½ per cent and 4½ per cent, according to the situation in the money market; but again the condition is different in rich countries like Switzerland and Holland and in poor countries like Austria and Hungary, where the basis is much higher; but as a rule Europe issued their bonds between 3½ per cent and 4 per cent before the war.

Q. Is that the mortgage bank?—A. Yes. Your last question is as to how they give it to the householder. Usually the way was to make a margin of ·5 per cent for the overhead expenses, which I think is necessary if you are going into small mortgages; and besides that they made a profit when they issued the mortgage. For instance, if they could sell their bond at, say, 98 they would give you 96, and that was their profit out of which they paid their dividends.

Q. They operate on a basis of ·5 per cent, do they?—A. Yes.

Q. In servicing their mortgages?—A. That is the usual way.

Q. And do they attempt to make any profit out of the ·5 per cent?—A. I think they have to be as efficient as possible.

Q. In your opinion would ·5 per cent serve for that purpose in Canada or the United States?—A. That depends upon the type of business it is. For instance, if you were going into low cost housing and building on a big scale.

Mr. SULLIVAN: That would be for large sums of money?

The WITNESS: The overhead expenses are high with small mortgages. Again the granting of those small ones might be in the interest of the country, but it is pretty hard to cover it with ·5 per cent. I know that from my own experience. I was chairman and member of the board of some of those mortgage banks, and I found that in some cases they lost money on small mortgages, but they were prepared to do it realizing the necessity for the country; they made it good with big mortgages which did not require those high overhead charges.

Mr. HANBURY: It averaged out at ·5 per cent as economical?

The WITNESS: That seems to be economical. Those mortgage bonds are so popular in Europe that the insurance companies and savings banks invest part of their money in those bonds, as they are a quick asset; they can loan on them; the central bank is prepared to advance some money on them; they are a good collateral.

By Mr. Heaps:

Q. I was going to ask you a question in reference to the 3 per cent that they gave in Great Britain for housing. Besides the 3 per cent, are there not some other subsidies and grants given to housing?—A. Certainly. It is undoubtedly necessary for slum clearing. If I might mention that, that is one reason why I am rather reluctant to start low cost housing for slum clearing—it is so expensive. I think that is the experience in England especially. I would not start low cost housing for slum clearance because it is so expensive. You have to pay for the site and for the buildings, and a hundred other things.

Q. You would prefer to establish a completely new housing area?—A. To put it quite clearly, I think we should go back to the mortgage bank—to make it quite clear, low cost housing is at its best a problem of many many years. Take England for example. England really was very active, as you know, in the housing field, starting in 1920, fifteen years ago. They have only started now with systematic slum clearance. Now, I do not see why we should start with this most difficult problem; I do not know whether it is wise to start it unless you have very strong legislation, as they have in England, to condemn slum property. It is a very difficult matter and it requires public opinion behind it. If this need is so critical, then I would not turn down too many houses.

The CHAIRMAN: Just a moment now, please. Let us keep to this mortgage plan; we are getting away from it. I do not think Mr. McIntosh's question was answered. You gave the number of banks, but you did not say whether there was a straight mortgage bank in the United States or not.

Mr. SULLIVAN: What is a mortgage bank?

The WITNESS: My answer is this: up to now we had felt very strongly that this was one of the shortcomings in the situation in the United States, and that is why the Housing Act of 1934 was enacted, which suggests or empowers the government to establish those mortgage banks. As I said before, those mortgage banks are based on the experience in Europe, but from my personal knowledge they promise to be even better than European methods because they cover that gap of twenty per cent. A few weeks ago they started to establish one of those mortgage banks in the United States, which, by the way, is going to be a government bank, but there are negotiations going on between all sorts of people in regard to the establishment of those new banks. Up to now one bank has been established, but of course it is not working yet, not organized yet. It is being established under the Reconstruction Finance Corporation and $5,000,000 is being used in its establishment.

Mr. MCINTOSH: Where is it located, New York?

The WITNESS: Washington.

Mr. HEAPS: In this country we have large numbers of mortgage companies; what would be the difference between a mortgage company and a mortgage bank?

The WITNESS: If I am wrong, please correct me. As far as I know, those mortgage companies do not issue those bonds.

Mr. HANBURY: No; they accept deposits.

The WITNESS: That is the difference.

Mr. HOWARD: They do both.

The WITNESS: The German mortgage banks, or the continental mortgage banks are not entitled to accept deposits.

Mr. HANBURY: Where you have those mortgage banks in existence for a long period of years, are there any private mortgage or loan companies operating in competition with them?

The WITNESS: There is competition, and I think the competition is very sound in that field. They compete with insurance companies and with saving banks and they compete—which is very important—with social insurance, because in those countries where social insurance is established they feel very strongly that they should loan their money to low cost housing, chiefly because they feel if they have the money to use in the lower class—

Mr. HANBURY: Would not the establishment of those mortgage banks have the effect of, you might say, putting the loan companies in Canada out of existence?

The WITNESS: No, certainly not, if they are sound. In this respect the German experience seems to be very interesting. For instance, after the war, we established a system of building societies—what do you call building societies in Canada?

Mr. HACKETT: That is right.

The WITNESS: We established English building societies after the war and there was fierce competition—

By Mr. Stanley:

Q. In the European mortgage bank, of which you have been speaking to us, are they limited to a certain standard of houses?—A. Yes. For instance, they are only entitled to give money on houses that are supposed to have a permanent value. That means that they are not entitled to loan money on factories and mills.

Q. I mean the higher class house. Do they interfere with private loans above a certain grade of house? Suppose you said $2,500 is the limit—A. No; theoretically they are entitled to loan on any house. What they have to do is this: They are subject to very, very strict supervision. They must go into the details of publicity. What is going to happen is this. If, for instance, one bank gives too much money on speculative buildings, on skyscrapers, it comes out in the report—

Q. What I am getting at is this: Suppose Mr. White comes along and wants a loan of $10,000 on a $50,000 house?—A. Yes.

Q. He is building a nice mansion—do they go into that?—A. Yes.

Q. But at a higher rate of interest?—A. No; but what they do is this: If they find that man is just a speculator, they would not do it. They always look at him. They would give $10,000 on a $50,000 house because there is practically no risk. But in a time of boom, if a man is a speculator and he is building those enormous houses for speculation and is not an established man, they would not give him the money.

Mr. HANBURY: It is based on security?

The WITNESS: Yes. They look at the type of building, look at the people to find out the reason for the loan; and again, one knows if the manager of the bank is too much inclined to loan money on that type of house or not; he might be, and that, of course, is a very important point.

Mr. SULLIVAN: What control is there over that? Is there any government control?

The WITNESS: Yes, there must be. It is essential that there be very strict control, and out of the experience we have had, we found that we had no strict control until 1899, and since that time we have had two-fold supervision. First

of all, no bank is supposed to issue any bond unless the trustee—I am going to tell you who the trustee really is—unless the trustee has a bond of at least the same amount in first class mortgages. It is very interesting to know that these trustees are mostly high judges.

By Mr. Heaps:

Q. Your suggestion is that this country in some ways follow the European plan and establish mortgage banks?—A. Yes.

Q. Now in your experience as an expert in housing, have you gone into the question of fluctuation on this continent as compared with Europe?—A. Well, I think fluctuation in this country would not be greater than in Europe. You must remember this, that we were faced with a much more difficult problem than you were. We had to build on top prices. When they started building all over Europe, as I explained, our building index was between 160 and 200 per cent, and that is why the banks gave only 40 per cent at that time. I would not be afraid of this as long as you kept your margin safe.

Q. You think 40 per cent in a time of inflated value is safe?—A. Now, for instance, take Canada. If you would start with a 60 per cent mortgage, and if there was a 20 per cent additional mortgage guaranteed by those insurance companies, I would not see much risk in it, especially as I feel that there is bound to be an enormous shortage of housing, especially in a country like Canada, where you still have an abnormally high young population and the number of families are increasing, and consequently there is a shortage in the number of houses.

By Mr. Stanley:

Q. You would not have the government come into the picture at all in connection with a flotation of those bonds?—A. No, I strongly feel that it is not necessary. I think it is a splendid investment and I feel that the government should not interfere unless it is willing to guarantee 20 per cent, which again I would not do. I think it would be a much better system if they would have this 20 per cent guarantee—maybe the insurance company is in some way floated by the government.

Mr. SULLIVAN: We are talking about those mortgage banks. Mr. Heaps asked you whether you would be in favour of the establishment of mortgage banks, and you say there are two kinds, government and private mortgage banks.

The WITNESS: Yes.

Mr. SULLIVAN: Which would you favour?

The WITNESS: Well, I think I am not dogmatic on that point; it depends. My point is this: if the public does not realize that this really is a marvellous way of sound investing, then of course I would do it as a government measure; but as long as I could find people who are willing to subscribe the capital and are willing to go under my strict regulations, which are essential in this mortgage bank, then I would leave it to them. But it might happen that for some reason or other they do not understand it, and want to boycott it, then I would go on with my own scheme.

By Mr. Stanley:

Q. May I follow that question through? You say, giving an illustration, that a mortgage bank undertakes $200,000,000 in this country?—A. Yes.

Q. You assume that in order to sell the bonds it would be necessary to offer them at 5 per cent?—A. For argument's sake.

Q. I think you are quite right. Certainly you would not sell them for much less. At the same time you would insist that no government guarantee in any form would be attached to it?—A. No. If that were the case, then of course I am quite sure you can sell them cheaper.

Q. Your idea was that there should be a converting privilege attached to the bonds?—A. Yes and to the house owner.

Q. Now, if I understood you rightly, in the meantime when they start out they have to carry the full 5 per cent charge which is reflected back to the low wage earner?—A. In fact it would mean 5½ per cent.

Q. For the actual cost?—A. Exactly, yes.

Q. We are right now at the point where probably that would put him out of the picture altogether?—A. Because you feel 5½ per cent is too high—?—Exactly.

Q. You just told us a little while ago that probably 2 to 3 per cent was about as high as he could carry it?—A. That is the point, exactly. May I try to explain it? I feel that I did not get my explanation over quite right. Take for instance a public utility, a limited dividend company or incorporated company. Their rent would be too high on a 5½ per cent basis for a certain type of tenant. Then, one has to find out what they actually can pay. Let us take, for argument's sake,—it is a minor question—that the owner can base his rent on an interest rate of 3½ per cent. Then the government has to pay the 2 per cent. The way I feel the government could do it with very little money is this, because this 2 per cent has to be paid only as long as the house owner has to pay 5½ per cent to the mortgage bank; but if after three years, five years or six years, the market conditions permit the conversion of those mortgage bonds from 5 per cent to 3 per cent, then of course, the government can stop it. Again, what is more likely is this: after three or four years, those mortgage banks could convert them over on a 4 per cent basis—that is more likely—well, of course, the government says, "Now, I have paid you two per cent and I am now going to pay you one per cent." That means, on my example of $200.000—

Mr. SULLIVAN: $200,000,000.

The WITNESS: Yes, $200,000,000; that after three years the common government has not got to pay $4,000,000 but only $2,000,000; and after another three or four years I am pretty sure they can convert it to three per cent, because they feel it is a safe investment. Take these insurance companies who go into investment on a broad, safe basis at three per cent and which is a so-called quick asset. Then they may come out with a second conversion, with the result that on these broad lines they have not to pay anything. Of course, I put it very simply. There are all kinds of complications. For instance, I am quite sure that on this loan of $200,000,000, there are certain types of houses which could not even pay three per cent. However, it would not amount to very much. It might require an expense of $200,000 or $400,000. For instance, you find if you go into any one of the low cost housing schemes—I think you see it in Europe—these asocial elements or families with many children. There is little doubt that if you want to place these people in decent buildings, they cannot pay three per cent. The result is that there always will be, in the housing policy of any nation, a certain type—although a very limited type—of people who must get very, very cheap rents. This cannot be done on a private basis. But of course that does not cost very much. The cost to a country like Canada would be very low.

By Mr. Stanley:

Q. Coming to the banking proposal, your conclusion definitely is that government assistance, if such is given, should be given in the way of a subsidy by rent or other credit rather than by guarantee of the original bonds?—A. Yes, I agree.

Q. You think it is better to allow the bonds to decrease their carrying interest as time goes on by reason of their own merits?—A. Yes.

Q. Rather than give them that merit, to start with, by government guarantee?—A. Yes.

By Hon. Mr. Elliott:

Q. There is one question that I want to ask arising out of the statement that I understood the Doctor to make some time ago, that, in the European countries, the index of the cost of construction was very high.—A. Right after the war.

Q. One hundred and sixty to two hundred per cent?—A. Yes.

Q. What year would that be when it was 160 to 200 per cent—shortly after the war?—A. Shortly after the war, and partly in consequence of building too quickly. That is one of the questions we have to consider. We have to spread that over as many years as possible, because otherwise you will start a dangerous boom. I tell you candidly I feel that this boom is coming. It would be for some time very nice, but after that time we will have a crisis. I feel if one does not start very quickly, and one does not find a way of spreading it over as many years as possible, you will have very high charges, very high cost of material; and that, of course, is dangerous. What happened in Europe is this, the building index went up to nearly 200 per cent, and in some countries like Switzerland, I think, over 200 per cent; and then it collapsed.

Q. What is it to-day there?—A. Of course, off-hand I am pretty sure it went up higher than 100-120 per cent in Germany. Anyway, it went down as far as that. It is now going up again. Of course it is different in different countries. I have in mind Germany. It is different in England. I think I can give you the English figures.

Q. Does not that enter somewhat into the question of the rentals, the interest rate and everything?—A. There is no doubt about that. Of course, again what we have in mind, as I mentioned before, is that in building it is very nice and good to build idealistic homes, but if it costs too much—take the case of what happened in Europe. I think I should give you straight where Europe lost. They did different things which have cost too much. It is too nice. It cost so much that rents are too high; the result is this, that we have found in Germany, and in a good many other countries, where the houses at the beginning were just for that class we had in mind, because everything was made perfect, everybody has a single family house, everybody has his garden, central heating and I don't know what, that it was much too expensive. There is especially one point which one has to keep in mind even in Canada, where the birth rate still is very high. One has to keep in mind that the number of children is going down very rapidly. It is very interesting that one of the leading English economists, Sir Josiah Stamp, mentioned some months ago that England lost huge capitals because they did not realize that the number of children was going down, and they were building too big units. That is going to be very important, even in Canada, especially in some parts of Canada.

By Mr. McIntosh:

Q. What year was your basis of reasoning when you took 100— —A. That is pre-war.

Q. —as your index figure?—A. It was the cost of building in 1913, pre-war basis.

Q. 1913?—A. Yes, 1913. It went up to 200 per cent in Germany and in Switzerland still higher.

Q. Is that still your basis of reasoning now for your present index of construction?—A. Yes.

Q. The same year?—A. Yes.

By Mr. Dubuc:

Q. Referring back to the bank, there is another question I would like to put to the doctor. When you favour a public loan for your bonds, expecting and hoping eventually it will come to your three or three and a half per cent basis, no doubt until it comes to that by what you now propose to this committee

there would be a loss—at least, a national loss instead of a personal one. Would it not be just as well, or perhaps better, if those bonds would go in competition to the public, and until the debt is paid? The government then would buy them out instead of giving the bonus. It would be much better for the government. What would you say socially? You can only have social knowledge of that, and that is what I want to hear.—A. It is more my banking experience.

By Mr. Stanley:

Q. It is more what?—A. Banking experience with the public. I feel that I am supposed to be quite frank—

By Mr. Dubuc:

Q. That is what we want.—A. I feel that cannot guarantee anywhere in the world whether government credit is going to last for ever. I think that a country with such an enormous debt as Canada should be very reluctant to give too many more guarantees. I was very long in public business, and I always was very reluctant to give guarantees. I felt that in some way or another the public feels it. Furthermore, too many guarantees are a danger for a country's credit. It is unnecessary to guarantee mortgage bonds—they are such a marvelous investment.

Q. I want to get that question straightened out. Your contention is that because of the mentality of the public and the time that it would take to realize the value of the security of that loan, which I think is the best there is—they have experienced it in France and Germany.—A. Yes.

Q. The premium that the government would have to pay annually, which would be a loss to the government would be a comparatively small amount?—A. Yes.

Q. And a gradual loss, which would be better than to have to endorse $200,000,000?—A. Exactly. I am very sorry, and it was very stupid of me that I did not bring my figures along. But I have figured it out, and I think off-hand that the system costs scarcely 10 per cent of any other system.

By Mr. Hanbury:

Q. As I understand it, you are not advocating two per cent, three per cent or four per cent. All you are suggesting is that money will find its interest level? —A. Exactly.

By Mr. Dubuc:

Q. And it has to be no more than three and a half per cent to give a rent possible for a poor man to pay?—A. Yes.

Q. And until it gets there, we need the government's help?—A. Yes. And again, what is going to happen? If it comes to details, it is up to the government to say, "Well, I will give you for such a type a subsidy of two per cent instead of one and a half per cent." I understand what we did was this, if one company, one of these limited companies, was willing to take in so many families with many children, or as social elements, or whatever it was, then in those particular houses we give you a subsidy of say one per cent more as long as those people are with you; and it is to be controlled in the way which I am going to describe.

Q. Would you recommend for a country like Canada of 10,000,000 people and only the short distance of three thousand miles from one end to the other one mortgage bank?—A. No.

Q. Or one per province?—A. No, certainly not. If it comes to this point, there must be a certain amount of decentralization.

Q. Decentralization?—A. There must be a certain amount. If it comes to this point, I think I can give you the German experience, because we had, like Canada, federal and state governments; there must be some amount of decentralization. This is no doubt about that. On the one side there must be

decentralization, and on the other side they must spread their risks in the mortgage banks. For instance, to put it quite clearly, the authorization of a mortgage bank was up to the states, the provinces, in Germany; notwithstanding the mortgage banks in the state of Bavaria were entitled to give mortgages in the state of Prussia, and they found it wise because it spreads the risk. That again is one point which I forgot to mention. Most of these local mortgage banks, or whatever you call them over here, are local institutions; and that is dangerous. Because if in one way or another there is a local crisis, these local banks always suffer. I am in favour very much of decentralization. However, there is no doubt about that, that they should be entitled to loan in neighboring places. They should do it to a certain extent.

Hon. Mr. RINFRET: There has been a question in my mind ever since this discussion began, and it has a direct connection with the very interesting evidence we have just heard. The witness has just told us of a scheme of rehousing, and also of the banking facilities that they have in the States to carry it out. Would you consider that it is within the scope of our reference, if we recommend a certain plan of housing for Canada, national housing, to at the same time recommend certain changes in our banking system? If I put the question to the witness, I would say: Are the two things closely linked together, that is to say unless you have certain facilities you cannot carry out the plan?

The WITNESS: That is right.

Mr. RINFRET: That is one question. The other question, of course, was to the Chairman, as to whether we should recommend new banking facilities in connection with the national housing scheme. Now, whoever speakes first—

The CHAIRMAN: I think we are supposed to consider a national housing scheme; and I think that we should recommend anything that will contribute to that. I think it would be within our reference.

The WITNESS: May I give my reaction on this problem, Mr. Chairman? Of course I don't know too much about your banking system. I studied it in former years; but I feel that it would just be—and this is my suggestion—a kind of addition to the present system. In fact, I found that these mortgage banks—I myself was chairman of one, a co-operative one—I felt that the commercial banks were of some use, if I may tell you, because they sold my bonds. I mean to say, I would not recommend a hostile attitude towards existing institutions. What I would do is to encourage these people, induce them to help. For instance, according to my experience—and we found the same thing in Switzerland and France—the commercial banks sell these bonds. I would not consider it a wise policy to have them as my opponents. In fact, I want their co-operation to a certain extent. It might be that it turned out at the beginning they may help me pay the equity in case I put it on a private basis. It is a kind of an additional system for credit. Anyhow, as far as I understand it, the Canadian commercial banks did not fail. That compares very favourably with most other countries outside of England. They could be of some help.

By Mr. Stanley:

Q. I might point out that, under our Bank Act, banks and banking are very definitely defined.—A. Yes.

Q. Their functions are set out in the act, which definitely prevents them from entering into any kind of permanent loan?—A. Do not your banks sell securities?

Mr. HANBURY: Very little.

The WITNESS: Who sells them in this country?

Mr. HANBURY: We have companies especially organized for that purpose.

The WITNESS: And they would not be entitled to do this?

Mr. HANBURY: They could be, but they do not make it a practice at any rate.

The WITNESS: Of course, that is different.

By Mr. Hackett:

Q. Mr. Chairman, might I ask the witness a question: You have said, in answer to Mr. Dubuc I think, that many of the renters, labourers, could not pay the rentals if the loans were more than 3 per cent or 3·5 per cent?—A. Yes.

Q. Would not that depend largely on the rate of taxation?—A. Well, I think if you take the Toronto report it gives you the answer; taxes are very important in housing, but they cannot be compared with the rate of interest.

Q. It cannot be compared with the rate of interest but last night we were told that the rate of taxation in Toronto was 4.—something; in a lot of the rural municipalities it is less than 1 per cent; that would make a big difference, would it not?—A. Well, you see, low cost housing is so difficult that when you really come down to it, to the practical point of building, you find that any item is important, do you see; and certainly taxation. You have to find how to keep down maintenance, depreciation, vacancies and so on; and so, certainly taxation is a very important consideration. I have studied the Toronto figures, and may I just give you an answer: In Toronto the taxes amount to $55 on that new house costing $2,700; and on this point I think you are right, out of the rent it takes nearly 20 per cent in one case; this, of course, is very high; but, how can you avoid it. I do not know whether you saw the Toronto report; it touches that point, but I do not quite agree with that report if it comes to tax exemption. The suggestion there is, at least I think their idea is, that low cost housing schemes should be granted certain tax exemption; that, of course, I think is impossible. What you really can do is this—might I just give you the English figures—what you really could do is, if there are some minor taxes, which I will touch on—the principle taxes you have to raise, because otherwise you will be broke. What they did in New York city, for instance, was to make such schemes tax exempt for a certain period of years.

Q. The point I want to make is, your main interest figure is 3·5 per cent—A. Let us compare the figures—I will tell you what it is, one per cent. I think I can explain it very easily, Mr. Hackett; might I just explain it? One per cent in this individual case in Toronto means in terms of the yearly rent $29; if you succeed in lowering the rate of interest by one per cent you have a charge of $29 less. Now, the taxes are $55—equal to nearly 2 per cent interest. I think you are right, do you see—this $55 is nearer 2 per cent interest.

Q. Thank you very much?—A. By the way, you find that all over the world. In the United Kingdom the taxes are very high, even these municipal housing developments pay the very high local taxes.

By Mr. Stanley:

Q. Now, Mr. Kahn, earlier in your evidence you made some comments with regard to housing in England. We understand that some of the large municipalities there have gone in for construction of large blocks of housing for the benefit of the low wage earners on a very extensive scale on a rental basis?—A. Yes.

Q. You have not given us anything yet, I suppose you will, as to what success they are meeting, and what difficulties these municipalities are having.

The CHAIRMAN: Let us clear up this mortgage bank proposition first, if anybody has any questions to ask on it. I have one.

By Mr. Stanley:

Q. Yes, I suppose that would be better as that is more directly related to the question of the securing of money and the basis on which it should be secured?—A. I am not sure whether I followed your question or not, would you mind repeating it.

Q. It relates to these municipalities in England which I understand do the building themselves?—A. Yes.

Q. I understand that they are built out of public money, and that they are rented and carried on as a public undertaking?—A. Exactly, in a good many cases.

Q. Are they turning out unsuccessfully?—A. No, they are up to now successful.

Q. Where did the money come from?—A. In some places there was no one prepared to undertake the housing of the poorer classes with the result that most of the local authorities, especially in some of the big industrial provincial places like Birmingham, Manchester and Liverpool, went into low cost housing by themselves. For instance the most marvelous development is in Birmingham, a city as large as Toronto, where they were putting up 40,000 homes. The necessary means they secured by issuing city bonds.

By Mr. Sullivan:

Q. Is the city doing that?—A. Yes, the city; owned by the city, financed by the city on the basis of the excellent credit of these English cities—this high credit, you have to keep in mind as it is different from conditions over here. I think we should discuss this question of who is going to do it later on. I am personally absolutely against the system of managing low cost housing direct from city hall.

Some Hon. Members: Hear, hear.

The WITNESS: I am very much against the system, and I think most of my English friends are.

Mr. SULLIVAN: I am opposed to that too.

The WITNESS: They are against it too. I am going to explain it, but I do not feel that I should do it at this point.

Mr. STANLEY: That is all right.

The WITNESS: I am sure if the central government in England had to do it again they would do it differently.

Mr. SULLIVAN: I think, Mr. Chairman, you might clear up the mortgage bank question.

The CHAIRMAN: Yes. I have one question I want to ask.

By the Chairman:

Q. You say that where these mortgage banks have been in operation for some years— —A. For over one hundred years.

Q.—their securities sell at a better price than those of the government itself?—A. In a good many countries, yes.

Q. Then, in this country we could sell these securities, if we had a mortgage bank, on a basis equal to government bonds; are not the insurance companies and the mortgage companies going to protest; will they be able to compete against that?—A. What is that?

Q. Are the insurance companies and the mortgage companies going to be able to compete against sales on that basis by mortgage banks?—A. Compete against whom?

Q. Will they be able to compete against the mortgage banks; that is, if a mortgage bank can borrow as cheaply as the government can they could borrow money for, say 3½ per cent?—A. Yes.

Q. Then you could put up mortgage money for one half of one per cent over that, or 4 per cent through the mortgage banks, which is cheaper than what the mortgage companies or insurance companies could do. Why are we going to interfere with the mortgage companies and the insurance companies and perhaps put the mortgage companies out of business and certainly curtail the earnings of the insurance companies, if we have mortgage banks?—A. My answer is this: Theoretically speaking, I would not mind to hurt other institutions if they are unable or unwilling to serve low cost housing, the real problem being, is how to serve the public; how to house the poorer classes; how to avoid crime—and a lot of other things associated with that. This however is purely theoretical in practice, I positively cannot see any danger for old established institutions.

By Mr. Howden:

Q. It is a social question?—A. It is a social question, it is a political question, it is everything; but I am not afraid. Take, for instance, the insurance companies, the insurance companies have always been established in a very good position because they could invest their money cheaper than they do it now in some cases. In some cases these insurance companies nowadays do not know how to invest their money.

By Mr. Stanley:

Q. They could use it to buy these bonds.

The CHAIRMAN: They could buy government bonds just as cheap.

The WITNESS: When it comes to investment, every investor is inclined to spread his risk; anyone who has money to invest is always unhappy if he has always to buy the same thing, he welcomes a new kind of investment—as long as it is safe—as a means by which he may spread his risk. That applies to insurance companies and to savings banks. However, that is a purely theoretical answer. In our practice you find all these systems, and it has turned out even in countries where these mortgage banks are so marvelously managed there are always times where insurance companies have money cheaper. The result of that is competition, and it is a healthy competition; but for one reason or another the insurance companies very often can offer money cheaper than the mortgage banks. However, this question is really theoretical, and not of great importance at the moment; it is a question of values, of the need for service.

By the Chairman:

Q. Well then, if they could get money at 4 per cent and the mortgage companies can't, providing the government does not assist the mortgage companies in the same way, what it amounts to is that the mortgage bank would be a more efficient piece of machinery for the purpose than the mortgage company?—A. Yes.

Q. And could take the place of it, if it could do the work?—A. I am not in a position to pass judgment on Canadian conditions, as I have been here too short a time. To be quite frank I think it is amazing that the building and loan associations in the United States should be allowed to charge as high as 9 per cent interest on building loans. That is what really has brought the construction trade at a standstill, nobody can afford to build a house. Until they have found a new system of dealing with it over there they are going to be faced with a very serious social problem.

By Mr. Hanbury:

Q. Just to meet the doubt in the Chairman's mind with reference to the competition mortgage banks would give to mortgage and insurance companies, have you considered any basis whereby the government could subsidize the

interest rates of existing loan and mortgage companies in the same way as would be the case if mortgage banks were established. Have you any suggestions to offer on that?—A. I am absolutely positive that there should be no descrimination with respect to benefits; because that subsidy is really assistance given to the tenant individually, not to the insurance company or to the mortgage bank.

Q. That is it?—A. It is not a question of who gives the money; the point is to give the tenant the benefit.

Q. I think that answers the problem in the Chairman's mind; I may say, it has been in my mind too. I think he and I are thinking somewhat alike on this particular problem?—A. That would be most unfair to existing companies. Your ideas are excellent.

By Mr. Stanley:

Q. As far as the earnings of insurance companies are concerned, I am sure that the dividends which are going to be paid to policy holders at least for some time to come are not going to be as large as they have been in the past, when interest rates were much higher than they are now?—A. I understand that insurance companies are being very conservative, that they are basing their calculations on a somewhat different rate of interest, and they are putting more into reserves.

By Mr. Hanbury:

Q. Could you give us some indication of the term of years over which this money is loaned in Europe?—A. Yes. As a rule—again, we have to descriminate between depreciation and amortization—but as a rule the mortgage bank would not lend it for more than say 28 or 30 years. In the meantime, it has to be amortized; but that does not mean that the calculation of depreciation is based on that short period; because, you only borrow part of your money; so, there is the difference.

Q. There is a difference between the depreciation and amortization?—A. Yes.

Q. And for what term of years would the amortization be based on, generally speaking?—A. Amortization with the mortgage company?

Q. Yes?—A. Say twenty-eight years.

Q. And what would be the period of years for the depreciation?—A. I think you could do it on a fifty year basis. Anyway, we went further than that, to be on the safe side—fifty years. It is very important to have a sufficient long period to avoid high rents.

By the Chairman:

Q. Now, for what length of time do they put out their security? What term of security?—A. Of course, they have to meet each other. As a rule you have to issue a very long term bond.

Q. What do you mean by a long term bond?—A. Thirty or forty years, something like that. The bank should be entitled to redeem the bonds after five years for conversion.

By Mr. Hanbury:

Q. Have you been able to make any estimate whether the program that is now proceeding in the United States is going to immediately increase construction in houses?—A. I am afraid I do not think they have any program at all. The situation in America is that they are still fighting. There are two departments in the Washington government—one under the Secretary of the Interior which wants to go into public housing on a broad basis, and another department, the Federal Housing Division, which proceeds more on the mortgage line.

Mr. STANLEY: They have not reached the armistice yet.

Mr. HANBURY: There is no reason to believe that there will be any increase in house construction during this year?

The WITNESS: I hope they will realize their difficulties, but they are still fighting.

Mr. SULLIVAN: Did you say, Mr. Kahn, that you were not interested in slum clearance, but rather in favour of house construction?

The WITNESS: Yes.

Mr. SULLIVAN: Did you take into consideration the transportation question?

The WITNESS: Yes, I think that is a most important thing. If you do not mind I would like to discuss that problem at length.

The CHAIRMAN: We want to have a meeting this afternoon. While we have Mr. Kahn with us we want to discuss a good many problems. Personally, I think we should have a pretty thorough report on the financial situation in England. We have a very serious problem to deal with here if we want to go into housing because, according to Professor Nobbs, our houses cost over a thousand dollars apiece more than they do in Europe. As far as I can see, it is almost impossible to see how it is going to be financed.

Mr. SULLIVAN: You mean on account of weather conditions?

Mr. STANLEY: And the question of repairs. We will have to deal with that too.

Mr. HOWARD: I may not be here this afternoon, so I would like to say a few words now. From the observations made this morning, you have established the fact that the first move in connection with this matter should be a home building proposition rather than slum clearing, as that has been the experience of other countries. Now, let me say while I am on this point that the principle trouble with past mortgages has been because they were practically individual mortgages, and that due to conditions both trust companies and insurance companies have entirely stopped taking any new mortgages whatsoever. If you could issue a bond security covering a blanket number of mortgages—just what a mortgage bank does—then you create a liquid security which is saleable and can be purchased by the insurance companies and held without having the individual stamp upon it. That is an ideal condition. Take our own local trust company, for instance: they have certain mortgages upon which they cannot collect their money; the security is absolutely a frozen asset and will be for some length of time. Now, those mortgages were put on a 7 per cent interest basis. I had the experience only last week of accompanying fifty house owners who had built houses on a 7 per cent intetest basis, and we asked the trust company to lower the interest rate to 5 per cent, which is even too high to-day. Their immediate answer was: "No, we are representing our shareholders." That is their interest. They have not any interest in the mortgaged fellow. They say: "We are representing the shareholders of this company. Now, if that mortgage had been covered by a blanket bond it becomes a saleable security, and the interest rate can vary according to money conditions in the country. That, to my mind, is an ideal way to handle your mortgage situation.

The CHAIRMAN: You are a bit over my head.

Mr. HOWARD: In other words, let us take the position of a trust company which has a mortgage to Jim Jones or John Black. Take it that the total of the individual mortgages amount to $200,000, then by a legitimate means the trust or mortgage company can issue a bond covering all those mortgages. They deposit the mortgages against the bonds, which is 100 per cent covered provided your inspection is correct, and then the bond becomes a saleable asset and varies in price according to the money market of the time.

The CHAIRMAN: And with lower money you have a lower mortgage interest rate.

Mr. HOWARD: Right. You have lower interest on your bonds. Your mortgage rate goes down or up. That is for the refinancing or liquifying of the present mortgage system. Personally I am entirely in accord with the idea that our first move, if we make a move; is to provide means to finance the very low cost houses—in other words, home building.

Mr. SULLIVAN: For the future.

Mr. HOWARD: Yes, for the future. The present situation is that we have trust companies who in their charters had the right to issue what they call mortgage certificates. Now, they have sold those certificates to the public on a fixed rate, and therefore they cannot reduce the mortgage interest to the fellow who owns the mortgage because they have to pay on their certificates in the hands of the public. We therefore have another complication. That whole situation could be covered through some arrangement whereby bonds could be issued to cover existing mortgages, and then the bond becomes a saleable security that the insurance companies, the banks or anybody else will buy.

The WITNESS: Anybody will be happy to do that. The result is this: if I have a few thousand dollars I should be reluctant to give it out on a mortgage for two reasons: first of all, I do not want a man to come and say, "I pay too high a rate"; secondly, I never can ask to get it back. But if I have occasion to buy those bonds I can sell them any day. Of course, it must be a broad market.

Mr. HOWARD: That is exactly it; and the fellow who wants his money cannot get it, whereas if the mortgage was covered by a bond he can get out his bond and sell it. That is one of the things we are running into at the present time. Even our present institutions can handle that situation, provided the legislation is drafted properly to cover those conditions.

The WITNESS: That is possible.

Mr. HOWARD: You can go ahead with a new organization, but my proposition gives you your distribution. Nearly every centre has a local trust company operating. I am just one of those fellows who am tough enough to think that the interest rate is out of line with conditions and if something is not done voluntarily to reduce the interest rate something is going to happen. I am not saying that politically. I am saying that as one who finds people coming in voluntarily willing to take lower interest rates; but because you get into the hands of a certain trust company they will not reduce their interest rate because, as they say, they cannot. That much could be easily done and would make a real start toward making liquid securities rather than fixed securities and force the trust companies to reduce the interest rate.

Mr. STANLEY: Of course, one of the mortgage companies, the Holland company, borrowed $29,000,000 at 5½ per cent and the interest they must meet is fixed on the bond at 5½ per cent; another company borrowed $28,000,000 from Scotland at 5½ per cent. They are long term bonds, and they are fixed. Those are situations which exist and those bonds will have to be met by those companies. I just want to point that out.

Mr. HOWARD: As to the matter of subsidy in preference to guaranteeing the securities, I agree with that. I am entirely opposed to the government going ahead with any more guarantees. This situation is getting tough enough and it has to stop somewhere. At the present time on the farm loan legislation this government here charges a rate of 5 per cent, Quebec pays 1½ per cent of that interest so that it is reduced to the farmer in Quebec to 3½ per cent; and if the Federal government fixes its rate at 4 per cent to the Farm Loan Board the Quebec government would still pay 1½ per cent, which will bring it down to 2½ per cent. The subsidy principle has been accepted by the provinces.

The CHAIRMAN: Of course, that really means that sometime the government might find itself in the real estate business.

Mr. HOWARD: Yes, but if guaranteeing were done I think it would be much better to cover only a proportion of it enough to make your bonds saleable. In my own scheme the guarantee was 20 per cent and the balance was not guaranteed.

The Committee adjourned to meet at 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m.

The CHAIRMAN: I have asked Mr. Kahn if he would start in this afternoon with a little report on the English housing scheme, and give us some idea what the cost is and also what their policy is.

The WITNESS: Yes.

Mr. SULLIVAN: In comparison with what the cost of houses might be in Canada.

The CHAIRMAN: Give us something so that we may ask questions.

The WITNESS: Mr. Chairman and gentlemen, I do not think I am in a position to give exact figures on the housing cost in England. I have not the exact figures at hand, but I can give you an idea. As I explained this morning, they started at first with capital subsidies. In fact, that was practically the only capital expenditure that England had. They changed that system pretty soon because they found capital subsidies were not working right. They gave capital subsidies at that time because the building index in England was very very high. As a matter of fact England changed its housing schemes rather often, according to the political parties in power. The principal burden is very very high by that kind of annual system. This again is divided between the central government and the local authorities. Roughly speaking the central government pays two-thirds, and the local government one-third. It worked that way, but up to now the central government has been paying a certain yearly subsidy to each house, and the local authority gives an additional help according to the size of the family, etc. The size of the family, the number of the children, is a most difficult problem in housing.

Hon. Mr. RINFRET: May I ask this question: in regard to the proportionate contribution by the state, there is nothing of course in England which would correspond to our provinces?

The WITNESS: No, because they have not got it. In other European countries and America you have a similar system.

By Hon. Mr. Rinfret:

Q. So that two-thirds by the central government is practically the same as has been proposed here?—A. Yes.

Q. One-third by the province and one-third by the state?—A. Yes.

Q. By the central government?—A. In other countries like United States and Germany we have your system of federal government, state government or provincial government and city. In England there is now a most important bill under discussion, which is called the housing bill, which for the first time endeavours to solve the slum problem. This is very interesting because England, as other European countries, started their housing right after the war, 15 years ago. It is interesting to note that they did not solve the problem, and did not try for the first 15 years. I think that is very important and it should be kept in mind in those countries like Canada which are now intending to go into housing. If you discuss the housing problem with people who are not familiar

with it, and if you start with low cost housing you will be told that slum clearing is most urgent. Most of those people do not realize that slum clearing and low cost housing are certainly not the same problem, and as I just explained to you, they are only starting it now in England. Well, I do not doubt that slums have to be cleared; but I am rather doubtful whether this very important but very difficult problem should be the beginning, for the following reasons: if the statisticians are right—I discussed it this morning—we will face a very sharp shortage of housing before long. I wonder whether it is wise to turn out and demolish houses as long as this actual need is going to be present; whether it would not be better to do it later on. Again, slum clearing is very expensive. For instance, if you go through the Toronto report you will see how expensive this slum clearing is. It goes without saying you have to buy very expensive sites; you have to buy old houses at high cost and the consequence is the new rents are very high or you have to build in a very enduring way. You have medium units or very small units or you have to pay very very high subsidies. That is somewhat easier in England where they have based on very strong public opinion model legislation to condemn slum districts. I do not think that it is possible in some other countries without agitation, without proper conduct for many years. Now the third reason why I would not start slum clearing unless there are very urgent cases—there might be cases—is this: housing has many difficulties, and one of the most difficult problems is that of management. Then, the choice of tenants for a new housing development is not easy. In fact it requires quite some experience. In the United States, for instance, they are just trying to start low cost housing; they are trying to start new schools for management. They fully realize it is a most difficult problem. That being the case one must realize that if one starts right away with this most difficult problem of slum clearing, of course one is bound to re-house those elements which are not always the easiest elements. You have to re-house them and you start with the most difficult element right at the beginning. I think that is dangerous. I am rather inclined to start in a housing scheme with housing that class of people who belong to the low income group. But even that is a very difficult problem and the owners must realize that somebody has to pay the rent. If you start with those most difficult elements you are bound to fail right at the beginning; whereas if you start the houses somewhere by the outskirts, say, without demolishing buildings, you can pick out certain elements of tenants who offer a certain guarantee that they will pay their rent. So I would not start with clum clearing. Of course, one of the gentlemen asked me this morning, and I think rightly so, whether I realized that it is very difficult in some cases to put houses on the outskirts because of the so-called indirect costs. And I think he is right.

Mr. HANBURY: Transportation?

The WITNESS: Transportation just covers one part of it. There are indirect costs. I fully realize that a certain percentage of the population has to be re-housed on the spot. Some of them do not want to move and some of them cannot move. Take, for instance, some railway stations. There are always any number of people who are bound to live there.

By Hon. Mr. Rinfret:

Q. There is another factor that you have not mentioned yet, which is the competition that you create with the present landlords by building new houses instead of replacing the old ones?—A. I mentioned it this morning, but I am quite willing to discuss it now.

Q. If you mentioned it this morning, I will look it up; I wish you would not stop now.—A. If we have time I think I should discuss it, just to summarize it. There must be some kind of compromise. I mentioned this morn-

ing there must be some compromise between the old established real estate—I do not mean the speculator—and the new ones. If you do not meet that compromise you have all kinds of unrest. That is a very important part of the problem, and there is some compromise possible.

Q. If you mentioned that I will look it up in the evidence—A. I have it in mind, but I think there are more urgent questions, and I think I should come back to indirect costs. There is established in England and elsewhere one school of thought—and we had it in Germany—who wanted to house everybody in garden suburbs, things like that. There is a limit to that—I fully realize it—for this reason: there are indirect costs; there are both costs to the tenant and to the house owner, which very often is the city. Because if you house them too far away from the centre then the house owner or city has to pay for the water or electricity and for new roads and so on. In some cases that is very expensive.

Mr. CAUCHON: What we call local improvements.

The WITNESS: Local improvements. That, of course, is different. Then again the tenant has to pay for transportation. There is one rule in housing which one should follow, and that is never be dogmatic. If you follow literature you always find that everybody has a hobby. One is in favour of one thing and another in favour of something else. One is in favour of garden suburbs in the outskirts; another is in favour of single family houses; another is in favour of apartments and so on.

Mr. HANBURY: We have had many of those witnesses here.

The WITNESS: From my experience in the practical field there is no common rule you can follow. The population in Toronto is different from other parts of Canada and Germany. It is different in Toronto from other places, and it will be different in 1936 from what it is now and different in 1938 from what it is in 1936; there is no doubt about it. As a rule I would not start with the slum clearing; it is too expensive; there again I won't be dogmatic; in some cases it might be necessary. For instance, in Atlanta (Georgia) they are rightly starting slum clearing because it is necessary and very cheap. I think that is all I wanted to say about England, but I am not sure that I covered all your questions.

The CHAIRMAN: What is the present policy in England? They have a new act, the 1934 act, have they not?

The WITNESS: The 1934 act is not through yet. It is a new act and it is going to be put through.

Mr. CAUCHON: It has had two readings.

The WITNESS: The point in this 1934-1935 act is this, That, I think, is one of the greatest events in the history of housing; that is the essential point. For the first time there is a legal definition of overcrowding, and anybody who is guilty of overcrowding is liable to punishment. That, it seems to me, is the most essential point in housing. If you read that report through, I think there are two points which are very interesting. For the first time they realize that it is not possible, as they used to think, to solve the problem in big cities with single family houses. They realized that for the first time.

By Mr. Cauchon:

Q. You mean single family detached houses?—A. Yes. You know that in England nearly everybody believes in his so-called cottage. They realized for the first time that it is impossible to do it, especially if it comes to slum clearance, especially if it comes to big cities where the land is so expensive. Then again, they realized for the first time, I think, that they should not be too dogmatic on that point. There was a very difficult fight going on between

the different schools of thought. Then again I find some most interesting points which might be interesting for Canada. As one of the gentlemen mentioned this morning, a good deal of the low cost housing in England is done by the cities. We mentioned, for instance, Birmingham, where 40,000 houses are managed from the city hall. I always felt that this system is not the right one.

By Mr. Hanbury:

Q. It leads to radicalism, does it not?—A. Leave radicalism aside for the moment; it leads to other problems which I think are very dangerous, though less in England than in any other country in the world. I think there is always local interference if houses are owned by the city directly. There is always the danger that people do not pay the rents, and that the aldermen interfere, to put it lightly. That is why we in Germany, and in most countries outside of England, tried to find other systems, which I think I should explain; because I was asked who was going to put up the equity.

Mr. GRAY: Before you go to Germany, are we going to have available copies of that English act, Mr. Chairman?

The WITNESS: May I suggest that you should get one. It gives you a national housing policy. It is mentioned in the Toronto report. It is very short, and it is excellent, I can assure you.

By Mr. Hanbury:

Q. Would you just read the title into the record?—A. I think you have it. It is, A National Housing Policy, Report of the National Housing Committee. May I just give it to you?

By Mr. Cauchon:

Q. It is issued in 1934?—A. Yes. It is the work of some of the leading English experts. It is an excellent report, I think.

By Mr. Hanbury:

Q. Does that report cover Germany?—A. England.

Q. Just England?—A. Yes, England. There is a very short report which I think you can get, if you have not got it, "A National housing program in the United States." You can have that. It is by the National Association of Housing Officials. They will gladly send it to you. Coming back to the question of England, I am just discussing the new housing bill. I always realized that direct management through cities is dangerous. In England they have such a system; but if you read this report thoroughly, you will find that those English experts are not very happy about it, and they tried to change it and to put those municipal houses into separate companies, for a very good reason.

Q. They have done that since?—A. No, they tried it. They proposed it in the report. But these cities, I think, are rather reluctant to give up some privilege. If you read the new housing Act thoroughly, you will find that the government proposed that they should do it. They cannot force it. Now, I think this leads us to the question of who should go into housing, who is willing to put up the equity. This question came up this morning, as to who is going to put up the equity. You remember that, in giving you the idea of how housing should be financed I mentioned that somebody puts up an equity of say 20 per cent and that some mortgage bank puts up 80 per cent, the 20 per cent guaranteed by an insurance company; the question is not answered yet of who is going to put up the equity. This question is very important, and is a very difficult one. You have asked this question because it is very difficult. I think here again we have any amount of possibilities. In watching the position in Europe we found that there were several possibiilties. First of all, it might be that some city, some county or province finds that the need of housing is so urgent that

they are willing to put up the 20 per cent, or anyhow a part of the 20 per cent. In some cases local manufacturers, who realize that they positively cannot find workmen, are willing to put up part of the equity, sometimes in co-operation with cities, sometimes in co-operation with some other group. There is quite a possibility that some real estate people are willing to offer their land as equity. Of course, in this case one has to be very careful that their price for the land is reasonable. This, for instance, might turn out to be very important in Canada where cities like Montreal and Toronto, as I understand, have very much land on hand. They, for instance, could find a way to put this land in as equity; and as according to your law, as I understand it, they are not entitled to put it in below cost or below appraisal, they might be willing to do it on a one per cent basis.

In our country, in Germany—and not only Germany, but also in a good many of the Scandinavian and other European countries—we find, in some cases where the need of dwellings was very urgent, the tenant put up part of the equity or the whole of the equity. This again can be arranged. We find that in times of need the trade unions, sometimes together with the organization of the employers, put up the equity. Then we developed the system which I do not think is very popular in Canada. We found that the co-operative system turned out to be a marvellous success in German low cost housing. In those co-operatives they had as many as one million members in a country like Germany; and you find at least those figures in Switzerland and Holland which, by the way, has the most excellent system of all, I think, and Scandinavia. The co-operative system is where people join in a co-operative company and put up say $50 or $100 and become members; and after a while they have the right to live there as tenants. They are not owners. They are not individual house owners. May I just give you some instances of who might put up the equity. There is no doubt that this is a rather difficult problem, but take the case where the city or province puts up the equity. I always look upon the management of these houses by a department at the city hall as being very dangerous. Put up a special company and make it as independent of political and local interference as is possible. This again leads to one of the most important points in housing, and that is the question of supervision, the question of inspection. The whole system will not work unless there is some agency or some institution which supervises the whole system. That is necessary from a federal government point of view, because the federal government puts money in in some way or another. Take for instance, as we discussed this morning, that they are willing to give some subsidy. Then this independent agency should supervise it. Right from the beginning one has to find out whether the scheme is a solid one, whether the calculation is correct and so forth. This should, right from the beginning, be subject to some agency. Whether it is centralized or decentralized, I will not discuss for the moment. I rather think it should be decentralized. We have this system in Germany, and I think they have a similar and still better system in Holland. Our system was this, that all those corporations, limited companies, co-operatives, had to be members of one of these accounting associations, building accounting associations. Those associations acted not only as police but also as advisers. They usually were men who had grown up in the movement and who were always open to ideas. At the same time they came in every year once or twice, went over the books, went over the management, advised you, discussed things with you and pointed out objections. If you could explain it to them they were satisfied. On those points on which they were not satisfied they reported not only to your own board but also to the government. Of course, if there were some point where they thought it was against the regulation as far as sound planning, sound social management was concerned, they reported to the government that the government should not give such subsidy any more. That, of course, gives the government a very strong hold, and gives the power to really enforce the regulations; whereas if you are giving subsidies, you realize it is very hard to interfere.

By Mr. Stanley:

Q. They were state officials?—A. No—it happened that they were not. I think you will have to do it through state officials in Canada. We did it through a form of semi-official agencies. It was a kind of co-operative association, you see. I think you can't do it otherwise than by state agencies in this country.

By Mr. Howden:

Q. This morning you made a very definite recommendation as to how this work might be financed; would you be disposed to make any definite recommendation as to a scheme carried out through co-operative companies, or something of that kind?—A. It would not be so very difficult with us. I understand that it is rather difficult in Canada to start that system because it seems to be—I spoke to a gentleman who seemed to be very well posted on Canada and he warned me, he said co-operatives are not very popular with us.

Q. They are not popular, you say?—A. Yes.

Q. They are not popular?—A. Yes; also, I fear this, they were not popular in our country either, they started out of the situation, you see. So, I do not know whether you can bring them over and attempt it with that system, or whether you should try the other system, what we call the limited dividend companies. I do not know what you call them here, but what we know as limited dividend companies are know in England as utility companies; that might be the better system for this country. Now, I want to make it quite clear, I do not want to be misunderstood on that point; but I fully admit that it is quite possible, but it is not absolutely necessary to do that low cost housing by corporations, it might be that in some cases you could do it through individuals, through private ownership. In some cases that might be possible, you could give the individual the same facilities which would extend to one of these co-operatives.

Q. You mean, individuals would build on a large scale?—A. No.

Q. Or, they would build their own houses?—A. We did it, and that is what they did in England; gave it to the individual who promised to follow the regulations in building a one family house.

Q. I see?—A. I do not want to say that is absolutely wrong, although I am rather doubtful that it suggests the solution, for this reason; I have found that in England it was much cheaper, especially as to cost of management. It is very interesting, there is what you might call a romantic idea all over the world, especially in the United States, that everybody should have his own house; and I have found that this is a rather dangerous idea; because, especially when it comes to urban population, when it comes to the big cities, these people frequently have to move and then they lose their equity. That is the way, of course, they started with housing in Britain. Again, as you go through the United States you are amazed that they have that system in a good many places; particularly in Philadelphia—you are amazed at the number of the single-family, privately-owned houses—they are in the most terrible condition that one could imagine, where the houses are not owned by one of these companies.

Q. Sure?—A. For this reason; first of all, they do not do it on a business basis, they did not put any money in year after year and it is very poor business. Further than that they are not subject to inspection, as by the accounting associations I mentioned. For instance, in my particular case, I naturally always tried, because I thought it was much cheaper, to keep up the maintenance. But, for one reason or other one of my developments was not in very good shape, and when the inspector came to see it the inspector said immediately you must do something about it; he forced me to do it, you see. So, as a rule I am not very much in favour of the development of individual housing, family houses;

in fact, there was a government committee in England which reported to the English government with proposals as to how they could buy these houses back.

Q. A very great many of these houses in England are owned by individuals, aren't they?—A. Yes.

Q. About half, or more?—A. Yes.

By Mr. Stanley:

Q. Mr. Kahn, do you think there is much of virtue in the psychological effect, or any other merit in having a large group of citizens belonging to a co-operative?—A. Yes, there is no doubt about it; I will tell you why, because there is a kind of community life.

Q. That is the point?—A. There, of course, I do not want to cover all these points, I do not want to take too much of your time; but it goes without saying that a co-operative as a rule develops more community life than individual houses managed by a city. Take, for instance, 200 or 300 people get together and start one of these co-operatives. They usually manage it very very efficiently, and if you succeed in getting the right spirit you have practically no overhead expense because they all take care of that. We have had hundreds of them do that.

Q. What would be your argument against the whole community doing that; take, for instance, Birmingham, and turn the management over to what you suggested—a commission, or some organization apart from city hall?—A. Well, if I understand you correctly you mean you would do it, for instance, in Birmingham; put it under a special corporation. There would be no objection at all. In fact, I did it with a company I was responsible for which was as I mentioned a corporation of some 15,000 homes in one city. The shares belonged to the city but it was independently operated. We were absolutely independent from city hall. They had their people on the board, but the management was independent.

By the Chairman:

Q. But, the money was city money?—A. To the extent of 90 per cent of the stock capital. These companies originally were a kind of foundation. Later on the foundation companies handed most of their shares over so that 90 per cent of the shares belonged to the city.

By Mr. Gray:

Q. But these managers would be paid a salary?—A. Exactly.

By Mr. Stanley:

Q. You would also emphasize that administration should be quite apart from the city administration?—A. Yes; but here again I believe—I do not want to be dogmatic—for instance in my city of Frankfurt outside of these limited dividend companies we had quite a number of co-operatives. What I noticed was this, I formed a kind of local committee of all these corporations—we had 15,000 houses, other groups had say 50 to 2,000 each, being altogether 25,000 in the hands of co-operatives or limited dividend companies. We always came together and discussed the problems of management as so forth and so on, do you see. There are different ways of doing it, but these limited dividend companies I think are very good.

By Mr. Hanbury:

Q. You have referred several times to limited dividend companies; what is a limited dividend company?—A. A limited dividend company—how do you call it in Canada?

Mr. CAUCHON: That is what it is.

The WITNESS: A limited dividend company is a company which is not supposed to make a profit but is entitled to a limited return; that means to say, first of all, such a company is not entitled to pay more than four or five per cent in dividends.

Mr. CAUCHON: It is five per cent in England, I think.

The WITNESS: Six per cent I think is too much. Then, they are not supposed to sell their houses on speculation; that is, they have to follow certain lines which guarantee a kind of co-operative spirit.

By Mr. Hanbury:

Q. Supposing they put their houses up for rent and got a greater return than the amount of their limited dividend, what would they do with the surplus?—A. They would put it into the reserve.

Q. What would they eventually do with the reserve?—A. Now, I am coming to a very interesting point. It happened that these companies for which I was responsible made very high profits, not because the rents were too high but they were not able to redeem certificates very long—they were able to reduce the rents and also to build up a high reserve. Now, come to your question: First of all, it is always wise to write down as much on your property as possible; and if your profit is a real profit then you eventually have a high actual cash reserve with which to redeem your debt. Now, I am coming to the most important point: I claim that a good managed housing scheme is able to refinance the whole business after a certain while. In other words, we have been operating only a comparatively short time we are already in a position to build new houses out of our reserves, do you see.

Q. Yes?—A. In other words, I claim that if it is a good scheme, carried out in a conservative way, you are able to rebuild houses out of your own reserve; and in the same way to cut down your rents.

Q. That is the answer then as to what you would do with your reserves. It does result in reduced rents?—A. In reduced rents and new houses.

Q. That is the ultimate end, isn't it?—A. Yes; of course, we must keep both ends meeting.

By Mr. McIntosh:

Q. Do you say that a real housing scheme would finance and could finance itself indefinitely?—A. Yes, most distinctly; because, I will tell you why; you calculate a lifetime of 50 years—if you like, if the management is good and if maintenance is kept up—and many of those houses last much longer because of that; even in America you find houses that are older than that.

Q. Will you include in that housing scheme rural as well as urban sections?—A. Of course I would. Of course, the rural problem is different from the urban problem; but I do not think I would have too much rural. We have that rural problem in our regulations, but we handle it through a special companies for each county.

Q. It is different, but it is just as important?—A. Oh, yes; specially for a country like Canada.

By Mr. Stanley:

Q. Mr. Kahn, let me put the case where you form a cooperative association?—A. Yes.

Q. Or a small limited dividend company, however you wish to call it?—A. Yes.

Q. The subscribers to the stock raised will be public spirited citizens who make contributions from a community spirit?—A. Partly, yes.

Q. Yes; but the large subscriptions will be made by such people. They form a volunteer board of directors, or administration; they get together with a great deal of enthusiasm on the start of the scheme and are apparently greatly interested in it; as time goes by that naturally wears off and where it is a small scheme it is left entirely to one or two executive officers; then the experience we have had in the success is not as great from then on. What has been your experience, and how have you overcome that difficulty?—A. My answer is this: I purposely did not mention public-spirited citizens; I mentioned real estate people, I mentioned cities, I mentioned trade unions, I mentioned employees, and I mentioned tenants; but I did not mention public-spirited citizens.

Mr. HOWDEN: It is much safer that way.

The WITNESS: I did not mention public-spirited citizens, because I did not want to impress you as being too much out of the world; but, to be serious, it is most interesting that some of the most marvelous schemes of the world were carried out by public spirited citizens, and a good many of them turned out to the utmost surprise as a very great success. I know of some cases that are very interesting. Now, if you speak to anybody in the United States about housing schemes, you will find that they know very little about them. I have found in the United States, to my surprise, some excellent schemes which were started by public spirited citizens who at the time did not expect any return, and they turned out to be a tremendous success.

Mr. MCINTOSH: Would those contributions be gifts?

The WITNESS: Usually they start this way: one of my seniors started out about forty years. He went around and saw wealthy people and said to them, "Listen, the housing scheme is so terrible that I think we should start a demonstration, put up a few thousand marks, but I cannot give you more than 4 or 5 per cent"; and it turned out to be quite a success. What happened in America was this—I do not want to go into the details—but I found that some of those developments in Washington, Cincinnati and Pittsburgh, were such a success that they are refinancing out of reserves. There is one in Washington for negroes which I refer to especially; they are building their houses out of their reserves. But of course, it is different in some cases: at times people get tired of it and at other times they are very enthusiastic about it. In fact, I have always found that in housing there is the danger that you get too enthusiastic. The Roman emperor Nero and people of his type always became too enthusiastic about their schemes with the result that they cost too much money. Housing makes people a little bit crazy. I might give you one instance which you might find quite interesting; I refer to a foundation in Pittsburgh called the Puhl foundation. They have something like a million dollars and they have a very intelligent manager of the foundation, and he felt that he would like to go into housing. He did not expect more than 6 or 7 per cent. He considered it a safe investment, and at the same time he wanted it to appear as a demonstration. I am pretty sure that he makes too much money. He is feeling the depression now and I think his wealth is going down. This particular foundation is called Chatham Village, he told me that he is going to put another million dollars in it because it has turned out to be quite a success.

By Mr. Hanbury:

Q. You referred to limited dividend companies. Now, do you advocate limited or unlimited dividends?—A. Limited dividends. I will tell you why I am in favour of them: I do not think that any government has the right to assist an enterprise which is unlimited in its profits. The people would never understand it.

Q. Have you enough knowledge of Canada to suggest what limitation should be placed on dividends in Canada?—A. I am rather reluctant about it, but I should say somewhere around 5 per cent.

Q. There are one or two other points I would like to have cleared up here. With regard to these general housing schemes, what provision is made to require the property to be properly maintained?—A. You mean what percentage?

Q. No. I do not refer to percentage. I refer to the requirements. Does the tenant have to maintain his property or does the housing company do that? —A. I am going to give you the answer. I forgot one important point, and it is this: one has to realize that low cost housing is no field for strictly private enterprise. It is a field for something in between. But it never paid, and it cannot pay. The reason is that it is always difficult to house poor people. It is so difficult to know thirty or forty years beforehand what is going to happen in the future. I spoke to some economists who are ardent admirers of the capitalist system, and they have said that low cost housing is a special field. There is one point of compromise between real estate and low cost housing, and low cost housing should be left to those in some semi-official capacity, or limited dividend companies, because it is not a field for private enterprise. That is an old experience of many years standing.

Now, I will come back to your question with respect to repairs. That again is a question of calculations. There are two different systems. It is a question of tabulation. As a rule you do the repairing, but in some cases you leave some minor repairs up to a certain amount to the tenant. Again this is a question of management, and I should say that I would come to some system where I would induce the tenant to do as much as possible because, to a certain extent, he does the work more cheaply, and gives him lower rent; but, of course, we must not go too far in that direction, otherwise he might spoil your whole building.

Q. There is one other point that is concerning me, and that is the basis for loaning money on account of the fluctuation and the cost of construction. You must have some stable basis for loaning money for houses because prices do vary ——A. Exactly.

Q. Could you give us any explanation of that?—A. I think the best one is this, that one should avoid building in times of a boom. If you study the business cycles you will find that as soon as a boom gets started housing stops. I think it is wise, because in time of booms money is high, wages are high and materials are high; and the most efficient way of handling the situation in a business cycle is this, that housing should start right in a depression and should continue to the end of the depression. That is a natural course of events. One reason why the United States collapsed in 1929 was the fact that they were going on with building throughout those times. That certainly was one reason.

Q. Do you suggest that through government assistance or by withdrawing government assistance to housing that you would handle the situation of money being invested in high values during boom periods?—A. If possible the government should regulate the market. And I am afraid that that need is so pressing that you cannot follow this through. That was the problem with us. We fully realized that we were acting against that rule, especially on the continent; we fuly realized that we were building in times of the boom, but looking backward I think that if we had been a little wiser our depression would not have been so bad. It is difficult to build in high markets.

Q. With regard to housing construction programs, is the work usually done by building construction contractors?—A. Yes. As a rule there are two ways. Of course, if the company is a big one they can do it. As regards contractors, I have always looked at the matter in this way that if they can do the work it has turned out to be very good—I asked for a guarantee of three years.

Q. Stable prices for three years?—A. No. I asked for a guarantee that they should be liable for any repairs during the first three years. Of course, I do not know how the standard of building is in this country. It is rather good in most of the continental countries; it is not so good in America. Of course, that turned out to be an enormous success, because they are building in the proper way, and because repairs are one of the principal items in the calculation.

Q. The point I had in mind had to do with the regulation of profits to the contractor during the construction. Is there any attempt made to regulate the amount of profit that the contractor makes?—A. I will tell you how we did it. When we were building much depended upon whether there was competition, and we opened competition to all contractors. If we found that a ring existed in any of the cities we opened up the contracts to contractors outside of the city also. It might turn out that there is a great danger if there is a building boom and there are rings. In some places we went further—we took an interest in some brickyards—we had our own brickyards to control the supplies, because we found that the ring was too dangerous.

Q. All you tried to do was to see that you had real competition?—A. Yes. On the other hand, I do not remember whether you were present when your Prime Minister spoke in Montreal, but I was present, and he thought that the contractors should make a certain profit. We found that out also, and if we decided that the contractor positively could not make money—if we thought he would lose money—he did not get the contract because we saw it was dangerous for the contractor and for us also. We had our own calculations, and unless the contractor was a big one we did not give him the contract because we felt he could not handle it.

Q. Could you suggest an economical number of houses which could be built most cheaply in large numbers?

Mr. CAUCHON: To get the benefit of mass production.

The WITNESS: Yes, to get the benefit of mass production. The rule is that if you have the advantage of all the new machinery you would not build less than two hundred. By the way, the management is better too. You can manage a bigger development easier than a small one. Your overhead expenses with the big administration are much smaller than with a small one.

By Mr. Hanbury:

Q. What would be the smallest number of houses that a company could economically manage and look after?—A. Again it depends upon whether you have the co-operative system or one of those limited dividend companies. I should say a limited dividend company should not have less than five hundred nor more; but, of course, at the beginning, as with a factory, you might start with less because you have the problem of choosing your tenants. As a rule I found out that there was an advantage in spreading the risks. Housing various types of people is always very useful. We always thought it would not be good to have all the development in one place. Take, for instance, Ottawa. You would have north, south, east and west to the outskirts and have different types. In some places one type of people cannot afford to pay. Then again I feel strongly—I think I mentioned it before but I will repeat it—one should realize that nowadays the size of a family is decreasing very rapidly. I think I mentioned this morning that neglect to realize this fact cost England billions—they did not realize that the size of the families is so small. That is very important, because when you come to practical housing you will always find this question which has to be answered: how can these people pay the rent? If your units are small those people need only a small unit and it costs less money. Then again you have more money for those with children, and you might give them a cheap mortgage. It is very interesting, but it is very dangerous to speak about average families, because there is nothing in the world like an

average. Average is a theory. If you have ten families, nine with one child and one with ten children, you have altogether 19 children and the average is 1·9, which is nonsense. You have to build nine units for one child and one for ten. I mean to say that is very important, and one must realize and understand that. Your Canadian statistics are very good in that respect. One must realize we have to build more than the average there.

By Mr. Stanley:

Q. I am a little interested in those co-operatives.—A. I am very glad of that.

Q. Suppose we have a small co-operative group in the community?—A. Yes.

Q. That starts construction work. Now, Mr. Hanbury was speaking about real competition, and you take in a board of directors of publicly spirited men and real estate men and some of those others, are you sure you are not going to get too much of, "You scratch my back, and I will scratch yours"?—A. No, I am not. That is the point. You have to discriminate between those co-operative companies and limited dividend companies. I told you the members of the co-operative are future tenants, small people, you see. They are not business men. Now, for instance we never would have given a penny to a co-operative unless that co-operative was a member of one of those associations, an accounting association, and they know more about it—they can't be fooled.

Q. Apply it to a limited dividend company.—A. If you have somebody in as a contractor—first of all, according to our law I do not think that any contractor could be a member of that board. That has to be kept in mind; anyhow there are all kinds of possibilities and I think unless you have a very strong system of supervision you are bound to have any amount of monkey business; there is no doubt about it.

Q. I presume your recommendation is that the incorporation of such limited dividend companies would have to incorporate in its charter such restrictions that would overcome those possibilities?—A. You have to try; there is no doubt about that. Take those countries who really have a fine record in housing, like Germany. There is no doubt about it that there will be in any of those countries all kinds of funny work. You must realize we are all human beings. What you have to do is to try to minimize it; keep it down as much as possible; be realistic. You cannot expect, if you are really going to put up 80,000 new homes in Canada that you won't be fooled in one way or another. There is no doubt about it. I can give you one story where for some time we gave a second mortgage—the mortgage was given by the government, and I asked a certain man, "How is it in your city; how much did you give to that man, what per cent of your assessment?" His answer was, "Up to 120 per cent if he is a cousin of the mayor." Of course there is no doubt about the fact that you have to watch it; you have to keep it down, that is all.

Q. May I ask you this question: speaking of your co-operatives in Germany, I inferred that they are composed of a very large group of small tenants? —A. Yes.

Q. The co-operative as a whole owns all the buildings?—A. Yes, exactly.

Q. And rents them?—A. Yes.

Q. Does a tenant necessarily have to be a member of the co-operative? —A. Yes.

Q. Before he can rent?—A. Yes; but as a rule those co-operatives turn out to be very successful. They are really run on a marvellous spirit.

Mr. HOWDEN: It works pretty well. The Medical Arts building in Winnipeg is a co-operative building.

Mr. STANLEY: Yes they do.

By Mr. Stanley:

Q. I should like to ask you one other thing, if I am not taking too much time?—A. I have time.

Q. Mr. Kahn, in regard to the question of repairing good buildings— —A. Yes?

Q. Buildings that are constructed to-day but which are rapidly depreciating, deteriorating in value?—A. Yes.

Q. There should be something done to assist in putting them in better repair and overcoming a great deal of the difficulties which we have?—A. Yes.

Q. You have not dealt with that question?—A. No, I did not, but I have found that all over the world. A system has been found now of giving them cheap money. They do it now in America. I think you have a report here in your papers of how the federal housing administration does it.

The CHAIRMAN: It has not been filed.

The WITNESS: You will find it in this report. That is the way they do it, for instance, in Germany, because they realize they are losing national wealth if they allow those houses to run down, and in some countries—I do not know how it is in Canada—it is quite a danger, because all those houses have run down in consequence of the depression, and people cannot afford to pay for those repairs. The United States government is very efficient in this way. They encourage the people to take cheap mortgages, and in Germany they do it too, and it was quite a success.

The CHAIRMAN: The subject of repairs is quite important; it comes within our reference.

The WITNESS: Yes. I do not feel that I am an expert on the subject, but of course I have followed it. I think you have to deal with that subject.

By Mr. Stanley:

Q. In your co-operative organizations in Germany— —A. Yes?

Q. Or elsewhere, do they deal with that in any way?—A. Well, I will tell you this: in so far as the co-operative system is concerned, you have to discriminate. Those repairs apply more to the old real estate, the private enterprise. This has to be dealt with separately; but if it comes to repairs on our low cost houses, which I might call the post-war housing, the low cost housing which I mentioned this morning, then those co-operatives, those limited dividend companies, whoever wants to have cheap money, is bound to do it. He is controlled by those inspectors; unless he spends so much on his repairs he won't enjoy the privileges of the government, you see. I mean to say, the inspector goes through their property and through their books and through their management. He looks at their houses, and says, "How can you pay dividend of 5 per cent and your house in such a bad condition as this? If you do not get your house in good repair, then the government won't give you any more subsidy."

Q. We have a large problem in the city of Montreal, with which I think you may be familiar. Mr. Rinfret can tell you better than I can about the small proprietors?—A. Yes.

Q. As far as I can see from the evidence that has been given, there is a real problem in what should be done to assist in bringing those houses back to standard. Their proprietors are not in a position financially to bring them up to standard?—A. Well, I think you should study the American Housing Act of 1934. I think they offer more cheap money to those individual house owners as you have in Montreal—by the way, I do hope that these people are going to be in a better position in a short time. If I should be right that there is an actual need of housing then they will be able to collect their rents and be in a better financial position.

Hon. Mr. RINFRET: I may say that was the question that I was rather interested in. We always have to consider in any recommendation that we make, if it is followed by practical action, the reaction on the public. In Montreal all these building schemes have been opposed by groups of small proprietors who are afraid that it would create competition for their property, and I think we have to take that into consideration. You have been rather advocating the building of houses in the outskirts, but we cannot overlook the fact that a strong opposition to any proposition might defeat it, even though it is a good one.

The WITNESS: May I give you an answer? You are undoubtedly right, and you are going to have lots of opposition from those services, and I think it is up to the responsible parties to see—the real estate people—that there is no actual danger, and I am quite sure about it on this basis, if I am right and I am sure I am right, I repeat what I said before, there is going to be such a need of housing that there won't be any problem in so far as vacancies are concerned, the problem will be how to house hundreds of thousands of young couples. You can figure it out. I had a discussion with your statistician on it, and the number of families is going to increase so rapidly, in my opinion, that you are going to be faced in Montreal and in other places with such a shortage of houses that the problem is going to be where to put them. And these proprietaires, as you call them in Montreal, are going to rent their houses for many many years to come. But of course, a certain amount of competition is sound. They might be forced to put their houses in a proper condition. Those conditions are going to change the number of vacancies very soon. I have given the statistics on Montreal and, little as I know about it, if you compare the conditions in 1935 with 1934 you will find that the number of vacancies is very small, compared with last year.

Mr. CAUCHON: About half.

Hon. Mr. RINFRET: That is due to overcrowding.

The WITNESS: That is due to overcrowding.

Hon. Mr. RINFRET: I say it has been due to overcrowding.

The WITNESS: Yes; but this overcrowding is going to be critical, because the number of families is increasing very quickly. This is a very interesting point. Very few people realize that the number of families increases at a much greater rate than the population, because each family is getting smaller. That is very evident in countries where the population is stationary. The number of families is increasing very rapidly, consequently the need of houses is very great. In a country like Canada where the population is increasing the number of families is increasing in a very very rapid way. You can follow that with the figures you have here. It is very interesting.

By Mr. Stanley:

Q. As you pointed out this morning, if normal times begin to come back, the marriages will increase?—A. In fact they increase before that. I will tell you why. The figures are not out yet for 1934. But in 1934, especially in the last months of 1934, the number of marriages increased very rapidly, because they don't want to wait any longer, after a certain time, even if conditions are not so good.

The CHAIRMAN: Does anyone wish to ask Mr. Kahn any questions?

By Mr. Hanbury:

Q. There is one question which is quite apart from our reference but upon which Mr. Kahn might perhaps give a little information. We are going to build homes for these people; at least, that is our purpose. Is there any place

in Europe where the people are assisted in acquiring furniture after they have a home?—A. Now that, of course, is a most interesting and most dangerous problem. We, having been very radical on that point, started our own furniture department. We financed it through the city, to encourage the people to buy it and buy it cheap. First of all, that raises the opposition of the trade. It is very interesting. If you are coming out with the most modern and most efficient new homes, and still stick to the old fashioned large furniture, that of course spoils the whole business. In fact, what we did was this: In our rent department where were rent—what do you call it, rent department?

Mr. CAUCHON: Yes.

The WITNESS: In our rent department, everybody who asks for a home or unit had to pass our advisory architect. But as a rule, people either buy too much or too little furniture. I think they would be much happier if they did not have as much.

Hon. Mr. RINFRET: Perhaps I did not understand the question properly. I do not think it is a question of where to put the furniture that these people have, but rather how to assist them to buy furniture.

Mr. HANBURY: That is it.

The WITNESS: Well, I will tell you, and I will give you an anecdote too. I had a young workman, a most intelligent young man come to me. He had been out of work for many years. I took him in to our housing committee and he got a very nice little apartment. He said, "Now, Mr. Kahn, could you not lend me some money to buy furniture with?" I said first of all, "Well, I do not think it is a very good thing to borrow money; but I am quite willing to give you some of my own furniture." What happened was this, he got it from some friends. His apartment looked much better than any of the other ones, because he had very little furniture in it. I think that is much sounder.

By the Chairman:

Q. I would like to ask some questions. Can you tell me how many countries have a housing policy?—A. Well, practically speaking, at least all European countries, starting with England and Germany, and going down to Jugo-Slavia and all those countries; practically all of them. In fact, to repeat it, the situation was so difficult that every country, whether it was bolshevistic or conservative, had to start a housing policy. There is practically no country in Europe, without any exception, which has no housing policy.

By Mr. McIntosh:

Q. You would say that the sweep in housing policy is practically universal?—A. It certainly is.

By the Chairman:

Q. Mexico certainly has one.—A. Mexico has. Mexico has very funny ideas on it. As I understand it, they have the very funny idea of advancing money without interest, which I think is going to turn out to be a failure.

Q. Have any of the South American countries a housing policy?—A. I am not quite sure, but I think so. I think Argentina has, but I am not quite sure.

Q. I have another problem here. We have been working on this Bruce report, and on page 61 of this Bruce report, he figures the minimum house you can build for a family is $2,700.—A. Yes.

Q. He also figures, at page 56, that the rent they could poy is $10 to $12, for a good many thousand families.—A. Yes.

Q. If we take for granted that $27 is the cheapest price for which you can build a house in Toronto—

Mr. CAUCHON: $2,700.

The CHAIRMAN: Yes, $2,700, I meant.

By the Chairman:

Q. They figure that $2,700 is the cheapest price for which you can build a house in Toronto. That is more than a great many thousand families can afford to pay. On this, even with four per cent interest, they have to pay $238 rent instead of $240?—A. Yes.

Q. And in fact, if you wipe out the total interest charge, it only gets down to about what they can pay. How can we finance, or how can houses of that kind be financed?—A. I am prepared for that question. He claimed that the limit is how much on page 56? What is the limit?

Q. $10 to $12.—A. If it is $10 to $12, that means $120 to $144?

Q. Yes.—A. Now if you will just look it up, there is $108; that will come to $130; and that of course would leave practically nothing for interest.

Q. Nothing for interest, no?—A. My answer is this: First of all, I think in housing it is very wise to doubt any figure; that is, to start with. Would there not be a possiblity of building that house somewhat cheaper? That I do not know.

Q. In Professor Knobbs' report he makes this statement, that it would cost $1,000 more to build a house in Canada, with equal facilities, than it does in England. In England it is about $1,700?—A. I am afraid he is right.

By Mr. Stanley:

Q. He emphasized the fact that houses in Canada must be of a different type?—A. They certainly must be. Even if you live in that mild English climate, it is no pleasure, to spend the winter in those cottages. It is horrid if you are not accustomed to it; and the structure is not always first-class. I am afraid that Mr. Knobbs is right. But of course I do not know, for instance, what he put in for land. I do not know the details. For instance, if they could, in a place like Montreal, put up that land at one per cent, that of course makes the problem different.

By Mr. Hanbury:

Q. You mean to amortize it on a one per cent basis?—A. I beg your pardon.

Q. Why did you say at one per cent?—A. Well, my idea is this: I wonder whether it would not be possible for a city like Montreal or Toronto, having in mind the land which they cannot use at all, to offer to these limited dividend companies the land, whatever it is, at cost price, and just ask for one per cent interest on it. That might be an idea, because they cannot, according to the law, put it in below cost.

By Mr. Stanley:

Q. But Mr. Kahn, this calculation here is on the basis of constructing down town?—A. Yes.

Q. So that people may live down there, rather than its being done as you speak of.

The CHAIRMAN: He puts his price at $30 per foot; the size of his dwelling is 13·6 feet wide but he does not say how wide his land is.

Mr. CAUCHON: I think he gives the figure of $175 for land.

Mr. WHITE: He says that the land was 13·6 by 27 feet.

The WITNESS: I am not through yet. I wonder whether it would not be possible to bring some of the other items down somewhat.

By the Chairman:

Q. Take it that we cannot bring them down?—A. All right.

Q. Take those figures for granted; how could we finance it?—A. Well, I certainly will follow the Chairman's advice, but as a matter of principle I would not accept anything. The second answer is this, that I find that if people get one of these nice new houses, they are willing to pay a higher percentage of their income than they would for old houses. This again is to a certain extent an answer to your question. I found—and I think you should bring it home to the real estate people, the proprietors and so on—that we practically have little competition between old houses and new ones; because in new ones they had to charge somewhat higher rents and the public was willing to pay them. That is to a certain extent an answer to your question. The public—the individual tenant, the individual workman, had to make up his mind whether he would prefer a nice, modern shelter and spend less money for other items, or spend less money for his shelter and live in one of those old houses; and practically speaking, where people have some choice, you always find both classes.

Q. I think he says in his report also that these houses that at present rent for $12 are not fit to live in—just quoting from memory. If they are not fit to live in, what are you going to do? You can't let them go into those?—A. Well, here again I do not want to doubt the Toronto report, because I had not the privilege of seeing Toronto; but here again I do not accept everything that is in a report.

Q. But suppose that it is right?—A. Well, here again, that would be absolutely new for me, to find that everything people tell you about housing is true. As a rule, about 50 per cent is not. Of course, I am afraid that they have to go on with those houses for some time, anyhow. If I am right, and the need is so great as I expect, we have to wait for ten or twelve years before clearing those old houses. But anyhow, I am afraid that people are going to live in some places—if we really are going to face that amazing shortage of housing which I expect, I am afraid that people are going to live in some other quarters. In fact, what has always happened in a time of that amazing need is that they just build their own little shacks without any amenities, sanitary accommodation or anything like that.

Q. Under the new law in England, they will not allow them to live in places of that kind?—A. Who is not going to allow them? In Canada people can't live in the open air.

Q. In the report, the state is responsible for the housing of its people.—A. Exactly. But it would not be a practical policy. For instance, I think England is entitled to come out with this legislation which I think is going to be legislation which all of us will aim at; but only in England did they do it after fifteen years of most active building. I do not think that any country which just starts with housing, as the United States or Canada, could come out with legislation saying that it is impossible to allow such and such houses. That is certainly the aim of everybody who wants to house the people in a proper way, but you cannot do it in Canada in 1935. You may do it in Canada in 1945. In the English legislation you will find one or two paragraphs saying that in some cases they have to wait for a few years.

Q. But we cannot even get our start. How are we even going to start?—A. My answer is this—I am not through yet—that it might be impossible that you have to house at the beginning, a somewhat different class of your population; that means to say the skilled labourer or the white collar man and so on—people who really can pay. Of course, going to page 61 and accepting those figures—first of all, I think one can bring those figures down by reducing, for instance, the rate of interest from six per cent to four per cent or three per cent. That would be a difference of how much—$29. That would bring the rent to

$209. I do not doubt that in times of depression there is any amount of people of the lower-income class who can pay as much as that. Take for instance an allowance of 20 per cent. I think a good many people in Canada would be prepared to pay up to 20 per cent of their income for rent, That would not be too much.

Mr. HANBURY: That is a figure we have had given to us on more than one occasion.

The WITNESS: I am quite sure it would be possible. In some cases people would go as high as 25 per cent; but take 20 per cent, which is not outrageous; that means an income of $1,000. Now, if you start with these people that would be a beginning, you see. And then again, now mind this, that of course would mean that some of these people are leaving their own homes, leaving their cheaper homes, leaving them for another class. So, I do not think it is wise to start with the lower classes. You can't collect the rents and you put these people in a difficult position. So, if you would start, take the building of the house of the $2,000 type mentioned in the Toronto report. It would be cheaper in other places I imagine.

By the Chairman:

Q. Mr. Kahn, they could collect the rents from those who were on relief, because the government pays from $12 to $15 a month in most of the cities. Actually you have so many people on relief that you could collect rents, unless they change their whole system of relief?—A. My answer is this: First of all, I would not house any of these unemployed. I would not do it; and I feel very strongly on that, and I am not alone in that position. However, Miss Samuel who was my colleague and who had very great experience in England wants the Americans to start with the housing of the unemployed. I would not do it. But, you never can guarantee that your tenant will not be unemployed by to-morrow. Now, this again touches a point which I did not mention at all, and that is this; we all felt very strongly, both the English experts and myself, that it is very dangerous to go into low cost housing without having the social insurance problem settled; because, we found that it is essential in avoiding heavy losses to come to some understanding between these limited dividend companies and the social insurance authority—in paying the dole very often they pay the rent direct to the company. In fact, what I want to say is that I am rather doubtful of its being possible to solve low cost housing without social insurance.

Q. The point I want to press is this: Mr. Nobbs in his report for the island of Montreal states that it was revealed that just one-third of the total population of the area under consideration in his report were wage earners whose annual incomes ranged from $1,250 to $550 in normal times—and that is not the present time. And of these a substantial majority earn below $750 a year. How can we house these people?—A. My answer is this: I would start with those people between $1,250 and $1,000. If you take care of all earning from $1,000 up you may well be proud. As I put it before, you can't house these people. Take, for instance, an income of $1,000; most of these people have $1,000 or more in normal times, and if they paid 20 per cent of their income—and they are willing to pay that much at least—they would be paying $200 in rent. Now, I do not think it is a very difficult question to bring that $238 about which we were speaking down to $200. You see, we have to realize that we have a problem to solve. You want to house these people with incomes of $700, $800, and $900. I would not do it right away; because, you can't do it—you can't build so many houses within a year or two; if you were to try to you would have a most amazing rise in prices to start with. You might begin with the classes earning between $1,000 and $1,200 or $1,400; and later on you would come to the $700 a year group, who

virtually don't make anything, then you have to come to a special arrangement under which the government would give money perhaps without interest. In any case it is not very great, the percentage of the population involved is very small. In other words, I repeat what I said this morning, that after a certain amount of experience in housing if you develop an efficient mortgage bank system the bulk of the population can be housed without any government subsidy. There is always a certain percentage outside of that.

By Mr. McIntosh:

Q. What percentage would you say?—A. I should have to think it over, it would be very small.

Q. That would be the submerged part of the population, financially speaking?—A. Yes. I think you have to house them some way or other; otherwise, there is great danger in it; you would save also in not having to spend so much for police protection and so on, do you see. We have to house them somewhere; but that is not a problem for 1935, that is a problem for 1942.

Q. Meanwhile, until we solve that problem, what about these people; they will have to live in hovels?—A. That reminds me of a little village near my home city. They came to one of these mortgage banks, or rather it was a co-operative mortgage bank, and asked for money because they wanted to build a water system, they were without one. The mortgage bank people asked them, how old is your village. The reply was, well it was built under Charles the Great in 800, about 1,100 years ago. They said, well don't you think you could wait another two or three years?

Q. Time was an important element in the contract there?—A. Apparently. But don't forget this, you can't build any amount of homes in Canada in a year; that would be too dangerous, because it would create a very dangerous boom—it would mean 400,000 houses in 5 years—that is just a part of your housing and re-housing problem. I think, as is indicated in one of these reports, that housing is a problem of many many years. You can't do it all at once; while you can't say because you can't handle the whole problem you can't touch it at all. Rather, let us start with the most difficult part of the problem.

By the Chairman:

Q. I do not think we can ignore this: It says here (at page 33 of the evidence—Mr. Nobbs)—

> 4. The four sections that follow contain much information derived from statistical and expert sources and constitute what may be called a social survey of the problem. It is revealed that just one-third of the total population of the area under consideration are wage earners whose annual incomes range from $1,250 to $550 in normal times. Of this a substantial majority earn below $750 a year.

—A. How much?

Q. $750 a year. At least one-fifth of the people of Montreal are wage-earners with incomes of less than $750 a year. This is a very pressing problem in the city of Montreal—is it not, Mr. Rinfret?

Hon. Mr. RINFRET: That is right.

By the Chairman:

Q. It is a thing that almost must be faced; how can we face it?—A. I think we should discuss it in a few years.

Q. What are they going to do in the meantime?—A. Realizing that there is no way of providing free housing, let us adopt these figures—it is out of the

question to house one-third of the population, even if you got the money for nothing. You positively can't do it; you haven't got the material, you haven't got the bricklayers, and so on. You have to do it slowly.

Q. Excuse me for interrupting you; what we want is a policy; we have got to make a start, how are we going to make that start?—A. My answer is this: that there are too many people who belong to the poorer classes who are willing and able to pay $200 a year rent. Start housing these people. Start in housing these people, and come to the other problem later on. Besides that I doubt—I always wondered why so few people in the world died of starvation; I find out that the reason is because statistics are wrong. I doubt most of the statistics, so far as these things are concerned. For instance, suppose Toronto starts in with one of these average $2,700 houses of four rooms; I imagine that a good percentage of the population in Montreal or Toronto would be happy to be housed in one or two rooms. One has to be very elastic about it. We have to learn from the European mistakes. We started like that, with an average sized family, which we found does not exist at all. I am quite sure we can house a very high percentage; there are any amount of widows, and young people without children, and people who have no children yet, or people who will have no more children or none at all; but, they have to be housed. They can be housed in very small units that don't cost very much money. Then you can do something extra for these others. At the same time I know you have over here a comparatively high percentage of families with many children, you can do something extra for them.

By Mr. Stanley:

Q. Mr. Kahn, supposing we take a realistic view; here is a working man who earns $60 a month and he can pay $12 a month for rent?—A. Yes.

Q. He is not unemployed, but that is all he is earning or is likely to earn?—A. Yes.

Q. He has a family which will require a house of four rooms?—A. Yes.

Q. And under one of the schemes such a house is provided at a cost or rental of $15 a month; is that difference of $3 to be absorbed by the state in any way? This morning you spoke as being in favour of contributing that to him, for the time being, until the enterprise could finance itself?—A. Yes.

Q. Well, would it be too great a burden on the community to take up that spread as an obligation?—A. My answer is this: I think your case is so characteristic, I am afraid it is too favourable; because, as the Chairman put it, this particular house or apartment would cost him more than $15, do you see. Take the example given in this report, it would cost him $18. That would be a difference of $6; somebody has to bridge the gap. My answer is this: After a certain while you must find a way that this man can be housed; but I think it is better to do that later on. If I had to write the report I would mention it; I would say that that problem is coming up, do you see. But that should not be the most pressing problem we have; we will have to deal with it later on. I think you are right, but you can not start in with that man now. I do not think all your cities are going to agree to any length of time. There is going to be a time when your cities can contribute. There is going to be a time when the local authorities will be willing and able to contribute to this problem; but to start now is impossible.

Q. I see your argument. Your argument is that the problem is so big that only a portion of it can be undertaken; that the state in its assistance of the capital required will have all it can undertake?—A. Yes.

Q. Without doing these other things?—A. I am afraid that if you are too ambitious and if you want to carry through all the problems now you will not accomplish anything. I fully agree with your chairman that you have to mention that problem, but you should leave it to a later stage, otherwise you will not get the money for anything.

Mr. McINTOSH: Just a policy of wait or procrastination until the proper time comes.

The WITNESS: Yes.

By Mr. Hanbury:

Q. The interpretation I place upon your remarks is this: that we can only build economically and soundly a certain number of houses in a certain given period and that if in building those houses in that period you are going to create competition with our houses now occupied it is not impossible that the rents will be reduced to a point where these people can afford to pay them?—A. As I said, it is very important. If you develop an efficient system the advantage will accrue not only to new housing but also to the old houses, because there is no reason why those mortgage companies which I have in mind—which we have all over Europe—should not give cheap mortgages to the old real estate people.

Q. As long as the security is settled?—A. In fact, it is a matter of taste. We find that our mortgage banks always prefer old cases to a certain extent, and that was the reason why we established governmental mortgage banks; we found that the ordinary mortgage banks preferred to give money to those old properties. You bring home to your real estate people that if the government is developing an efficient mortgage bank system it will be to the advantage of the old house owners indirectly because they will be able to compete with the new ones.

Q. If they loan to the existing homes at a lower rate of interest than they are at present obtaining they can in turn reduce their rent to the man who is able to pay the higher rent?—A. Yes, that is shown here.

The CHAIRMAN: Mr. Cauchon would like to make a statement.

Mr. CAUCHON: I would like to submit to the committee that I prepared a tentative statement last night of the carrying charges on a house such as we have been considering. The estimates ran from my own estimate of $2,500 for living in Ottawa, $2,700 in Toronto Report, to that of Mr. Nobbs of $3,500 for Montreal. I will take $3,000 as the mythical average. The carrying charges on that amount would be:—

Taxes, 75 per cent of valuation at 2½ per cent (i.e. $2,250 at 2½ per cent)		$ 56 25
Insurance, 15 cents per 100 x 24		3 60
Administration, 5 per cent of rental, $15 x 12 $180 x 5 per cent	(± low)	9 00
Repairs, 10 per cent	(± low)	18 00
Vacancies, 5 per cent	(± low)	9 00
Amortization, 50 years		60 00
		$155 85

Rental	$180 00
Less	155 85
	$24 15 for interest

Now, we have been considering a maximum rental for the poor man, for the two lowest classes in Mr. Nobbs' report, 188,000 people—$180.

Mr. HANBURY: What is the rate of interest?

Mr. CAUCHON: I have not come to that yet. If I take these carrying charges of $155.85 it may be less. I took it on a $3,000 house.

The WITNESS: A $2,700 house.

Mr. CAUCHON: My own estimate was $2,500: for living in Toronto $2,700, and for living unit in Montreal, according to the report of Mr. Nobbs, $3,500. I took between $2,500 and $3,500 and arrived at $3,000. You can reduce it more or less. If you take $155.85 from $180, the $15 a month rental, that leaves you $24.15 to meet interest. That would seem to bring us to the conclusion that the money itself has to be donated by the government for the low priced houses.

The WITNESS: That would be below 1 per cent interest. This low cost housing is difficult; you have to study each item. Take the items of rents and taxes, it may be that for two or three years some privilege might be given in regard to taxes. They did that in Europe for some time. Of course, a calculation in housing is a most difficult thing to make.

Mr. CAUCHON: It would not be met even by government money at 2½ per cent.

The WITNESS: No, less than 1 per cent.

Mr. CAUCHON: That is a difficulty we have to face—a subsidy from the government in the shape of a very low interest rate for these two classes. In the Montreal report we are below $12.50.

The CHAIRMAN: Mr. Kahn's answer is to build the higher priced ones first.

The WITNESS: Yes.

By Mr. Howden:

Q. I think I gathered from the remarks of Mr. Hanbury and the witness that the erection of these houses would reduce present rents, and I think it is pretty well known that rents to-day are only about 50 per cent of what they were five years ago, and they are not paying the interest and taxes on the properties, so that it is hardly to be desired that we should reduce rents any further than they are to-day?—A. You could do it if you were giving the house owner cheaper money. If that individual householder could get a mortgage 3 per cent cheaper it would pay.

Q. Yes, but these houses are built and renting now for very much less than what it cost to build them and to pay the taxes and repairs on them—hundreds and thousands of them.

Mr. STANLEY: That cannot go on.

By Mr. Howden:

Q. That is the situation in every city in Canada?—A. You must calculate in this way, that if it is an old house and it is partly amortized already the owner cannot base his calculation on the old price. If I have a house and it is old I must realize that I cannot expect to have the value returned.

Q. A lot of these houses are not very old. The depression has forced the owner to take what he can get, and this not only applies to houses but it applies to residential blocks all over?—A. Yes, I see it all over.

Q. Suites that used to demand $75 and $100 are now renting for $40, so it is quite a problem.

Mr. GRAY: I agree with Dr. Howden. I do not see how you can hope for lower rents; our only hope is that the taxes, which are the main burden, will come down.

The CHAIRMAN: There is not much prospect of that.

Mr. GRAY: No, there is not.

Hon. Mr. RINFRET: You do not provide for failure to collect.

Mr. CAUCHON: Vacancies, 5 per cent.

Hon. Mr. RINFRET: That would comprise both. I thought you meant by vacancies that some of the houses would be vacant.

Mr. CAUCHON: The tenant who does not pay his rent is pretty vacant. I was covering both.

Hon. Mr. RINFRET: I might say that the paying of rents by municipal authorities has made the collection of rents in the lower class houses very difficult. I think you were very cautious in providing for that.

Mr. CAUCHON: I was. I considered that case in a very favourable light as to cost, because I put maintenance low, and I put the collection of rents low, and the other matter was repairs.

The WITNESS: The idea was to show that you put everything favourable.

Mr. CAUCHON: I put my administration low, my repairs low and my vacancies low, which covered unrented houses, unpaying houses at 5 per cent.

Hon. Mr. RINFRET: I am afraid you put it too low if you include the matter of rents.

By Mr. Hanbury:

Q. There is one question I would like to ask the witness before we conclude. We have considered only government assistance for the purpose of housing. We have recognized the necessity of new construction in Canada. We recognize that. Is it not possible in your mind to meet the situation through the existing channels of private capital?—A. No. I am afraid it will not be. Experience all over the world shows that low cost housing requires such a narrow calculation that there is no interest for private capital to go into low cost housing. The consequence was that nowhere in the world did private capital go into low cost housing. What happened is this, that the poorer classes always had to live in old houses which was very impracticable and inefficient. You cannot show anywhere in the world that private capital has gone into low cost housing, and I think private capital was right. You have to include in that what I might call a kind of managed housing scheme. Then it might give a return. But it never pays. Look at any place in the world—where are the low class houses? That class of people in London is placed in houses which are absolutely inefficient for them. If you really want to house people in an economical way you must have some kind of government interference. Personally, I believe that this government interference should be as slight as possible.

Q. Would you suggest it should be restricted only to the homes of the lower paid workers?—A. Yes. I am not quite sure that I understand your question.

Q. Whether government assistance should be restricted for the provision of homes only to the lower paid people?—A. My answer is this, that the government is not entitled to pay subsidies to people above a certain income. That, of course, means that if one starts housing based on a proper mortgage bank system the government is entitled to give a subsidy to a certain percentage of the newly erected buildings. For instance, we gave a mortgage out of a special tax on a 1 per cent basis to the lower class, but if we were housing other classes it was 5 per cent. In other words, I do not think you are entitled to pay a subsidy out of the pockets of the taxpayer to people who are just heavy enough to go into new houses when those people who are paying the taxes still have their own houses.

By Mr. Stanley:

Q. I would like to ask a question—I think I know the answer. When the state is going to subsidize there is always some danger naturally. I think there is more danger in giving that subsidy in weekly or monthly allowances in connection with rentals than there is in giving a subsidy to the initial construction—capital?—A. You mean to ask whether I prefer—

Q. —a subsidy to capital for construction?—A. I am strongly against a capital subsidy because I think that is one of the greatest dangers. It costs too

much money, because I do hope that this subsidy which I have in mind will not be necessary after a certain time.

Q. This morning you stated that it was necessary in low cost houses for the government to absorb the loss temporarily, at least?—A. Yes. Did I understand you correctly to ask whether I preferred capital subsidy?

Q. That is what I would call capital subsidizing.—A. Yes, capital subsidy. For instance, if a building cost $2,700 the government should give 30 per cent.

Q. I do not mean that. Go back to your evidence to this morning?—A. Yes.

Q. The proposition is taken on and the tenant is not able to take up the whole thing because the company has to borrow at 5 per cent and you say later it may come down to 3½ per cent.—A. Yes.

Q. In the meantime you are going to subsidize the company?—A. Yes.

Q. To absorb— —A. Yes, 2 per cent.

Q. Is that much safer than putting the subsidy the other way, subsidizing the tenant by way of a monthly contribution?—A. Well, it is. First of all it is much more complicated; it costs much more. You need much more clerical work because you have to deal with thousands and thousands; whereas if you work through a company you have to give only one cheque, you see. There is the difference. Then of course you are dealing with a company. The company is comparatively strong; you can control the company but you cannot control the tenant. I certainly would deal with the company. You must have the company in your hand. They should manage everything correctly; they should not misuse the money and should not misuse the tenants. You have to deal with the company.

The CHAIRMAN: There are two things I should like to take up before we adjourn. They will take only a moment or two.. The first one is in regard to witnesses.

Mr. HANBURY: Mr. Chairman, I wish to compliment you and Mr. Kahn on his evidence to-day. He has given us a great deal of light on the subject in the evidence he has presented to us to-day and I hope when you are dealing with the question of fees you will be very generous.

The CHAIRMAN: I think we have reached the point where we shall not require very many more witnesses. The only one that I have a definite suggestion on coming before the committee and the one with whom I have had some correspondence is Mr. John Appleton, secretary of the Dominion Mortgage and Investment Association. They can give us quite a lot of information. I had Mr. Leonard call on me yesterday and he is going to let me know to-morrow if his company would like to appear before us. Do you think it necessary for us to have any more witnesses?

Mr. HANBURY: Mr. Chairman, I suggest we should hear from the mortgage and loan companies before we conclude.

Hon. Mr. RINFRET: That will cover the point.

Mr. GRAY: I was speaking to Mr. Leonard some time ago and I understand they have some very valuable information that will be of great assistance to us.

The CHAIRMAN: I have asked them to come if they can give us anything.

Mr. MCINTOSH: When have you asked them to come?

The CHAIRMAN: I said next Tuesday.

Mr. MCINTOSH: Tuesday will be all right.

The CHAIRMAN: While I have a lot of applications, I don't know anyone who can add anything to what we have had, except possibly Mr. Howard, who has had some experience in housing. I think he knows as much about housing as anyone present.

Mr. STANLEY: I think Mr. Heaps wants to say something on the Winnipeg proposition that was so successful.

The CHAIRMAN: I have a letter in regard to the cost of health in Canada and I have looked up our present expense as near as I can get it on relief in Canada. I also should like to get the cost of crime, if I can, because it is tied up with the reference. This will be filed in the form of a letter. I do not think I shall call any other witnesses except the mortgage and loan associations, if they will come, and then we shall hear Mr. Howard and Mr. Heaps. I think following the evidence on Tuesday we will make a preliminary report, not our conclusions, but try to write out the results of what the witnesses have given us, the preliminary part of our report, which will be submitted to the committee.

Mr. STANLEY: Before these witnesses are heard?

The CHAIRMAN: I am not going to attempt to draw up any conclusions until we have had a talk and set out in a condensed form what the witnesses have given us as far as we can,—a sort of preliminary report.

Mr. MCINTOSH: The essence of what has been given us.

The CHAIRMAN: Yes.

The committee adjourned, Thursday, March 28th, until Tuesday, April 2nd, 1935.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

TUESDAY, APRIL 2, 1935

Mr. Gordon M. West, Acting President, National Construction Council, Toronto.

Mr. James Henry Craig, Chairman of Finance Committee on National Construction Council, Toronto.

Mr. W. L. Somerville, Chairman of Housing Committee, National Construction Council, Toronto.

Mr. I. Markus, Secretary, National Construction Council, Toronto.

OTTAWA
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1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 429,

April 2, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 10.30 o'clock, a.m. Mr. Ganong, the Chairman, presided.

The following members were present: Messieurs:—Bourgeois, Dorion, Elliott, Ganong, Gray, Hanbury, Heaps, Howard, Howden, Morand, McIntosh, Peck, Plunkett, Rinfret, Stanley, Sullivan and White (*London*)—17.

The Chairman announced that he had been in communication with representatives of the mortgage companies and who wish to appear before the Committee. It was decided to hear them Thursday afternoon or Friday morning.

Mr. Gordon M. West, Acting President of the National Construction Council, Toronto, was recalled, examined and retired.

Mr. James Henry Craig, Chairman of the Finance Committee on Housing of the National Construction Council, Toronto, was recalled, examined and retired.

Mr. W. L. Somerville, Chairman of the Housing Committee of the National Construction Council, Toronto, was recalled, examined and retired.

Mr. I. Markus, Secretary of the National Construction Council, Toronto, briefly addressed the Committee.

Mr. Gray moved, seconded by Mr. Stanley, that the above named representatives of the National Construction Council be tendered a vote of thanks for the splendid evidence submitted by them. Motion adopted unanimously.

At the request of the Committee, Mr. Craig agreed to submit a memorandum on the rehabilitation of houses in the United States.

The Chairman stated that the Legislature of New Brunswick had passed a Housing Act, and that he would have a synopsis of it prepared for incorporation in the minutes of evidence.

On account of their personal experience and knowledge the following members of the Committee were asked to address the Committee at a subsequent meeting:—Mr. Howard, M.P., Mr. White, M.P. and Mr. Heaps, M.P.

The Committee adjourned at 12.40 p.m. to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429,

April 2, 1935.

The Special Committee on Housing met in Room 429, Tuesday, April 2, 1935, Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, we will come to order. Mr. Markus of the National Construction Council called me up by long distance telephone and told me that, since they were here before, they had been working hard getting out a new report and that they had a good deal of information which would be of value to us. He asked me if they could appear here again, so I told him they could come down on Tuesday. I also have had a telegram from the mortgage association. They want to appear before us on Thursday. They are coming down here to appear before the Banking and Commerce Committee and asked us to make arrangements so that we could hear them on Thursday. I rather think that we shall have to have them on Thursday afternoon, as I do not think the Banking and Commerce Committee have permission to sit in the afternoon or while the House is sitting.

Mr. HEAPS: Could we not make it Friday, Mr. Chairman?

Mr. STANLEY: Yes, and let them stay over.

The CHAIRMAN: We will see what we can do.

Mr. STANLEY: You will never get a very satisfactory attendance at a committee in the afternoon.

Mr. HEAPS: There may be a division in the House on Thursday.

The CHAIRMAN: Mr. Chaplin was not in the House last night, and I have not seen him.

Hon. Mr. RINFRET: They might prefer to be heard on the same day.

The CHAIRMAN: They would prefer to be heard in the afternoon, so as not to be kept over. I will see Mr. Chaplin and find out what arrangements can be made.

Mr. STANLEY: Mr. Chairman, would it not be better if we asked them to stay over till Friday morning, and call a meeting on that day?

The CHAIRMAN: I will see Mr. Chaplin, and find out what arrangements they have made, what time they are going to meet.

Mr. West is leading the delegation and will speak first. The gentlemen were introduced before, so it is not necessary to introduce them again.

GORDON M. WEST recalled.

The CHAIRMAN: You need not bother to stand, Mr. West. Just sit down, if you like.

The WITNESS: Before I read the summary with which I introduce the remarks of our principal delegates, Mr. Craig and Mr. Sommerville, I would just say that this is all submitted subject to the same arrangement as that upon which we submitted our last brief. We have not been able, owing to lack of time, to get it confirmed by constituent bodies; but we have sent the last report out and have had no reactions other than favourable ones.

By Hon. Mr. Rinfret:

Q. May I make this point quite clear before we get started: It is not intended to correct anything.—A. No.

Q. But merely to add to what has already been submitted.—A. Yes, that is so.

This is addenda to the brief submitted by the National Construction Council of Canada on March 12, 1935.

Following the suggestion so kindly made by your Chairman, this Council now presents for your consideration—

Mr. HEAPS: Are we going to go through this this morning? I do not think we should go through it. I think it should be condensed.

The CHAIRMAN: We should have time to finish it this morning.

The WITNESS: I think so.

Mr. HEAPS: The whole thing?

The CHAIRMAN: Yes. We will see as we go along.

The WITNESS: —certain further proposals incidental to the establishment of a federal housing policy, which we believe should be initiated for a five-year term.

These proposals are addressed to two distinct phases of the subject:—

(*a*) Rehabilitation of improved properties and new housing for other than the lowest bracket of wage earner. (Referred to under Subject No. 1 and No. 2 later.)

(*b*) Slum clearance and lowest cost housing schemes. (Referred to under Subject No. 3 later.)

Works to be assisted under (*a*) are regarded as being the field of private enterprise, and we propose assistance for this field through mortgage insurance in two groups mentioned below (more fully described under Subjects No. 1 and No. 2 later), and which will be presented by Mr. Craig.

(1) For rehabilitation of improved property; by the insurance of commercial banks, trust and loan companies, mortgage companies, etc., against losses which they may sustain as the result of loans made for the purpose of financing alterations, repairs, and improvements up to a loan aggregate of $20,000,000.

By Mr. Heaps:

Q. I would like to have you explain that a little more, if you would.—A. That is explained in detail later. I am endeavouring at the moment to give you the picture, so that when you get the detail you will know where to fit it in. Mr. Craig will give the details of that scheme.

Q. Is that $20,000,000 to be private funds or government funds?—A. Private funds.

(2) For the assistance of new housing units for home owners—that is against alterations and repairs; this is for new housing units—we propose assistance in the form of mortgage insurance involving the guarantee of suitable mortgages up to a mortgage total of $100,000,000.

Both of these mortgage insurance schemes are submitted as methods which could be initiated without delay and are therefore, in our opinion, best suited to meet the immediate emergency. We have felt the lack of co-operation from mortgage lending institutions in the preparation of our proposals, and suggest that for the purpose of a permanent policy relative to new mortgages covered by Subject No. 2, a scheme similar to the British Building Society methods might be worked out in consultation with loan interests as previously suggested in

Appendix II of our brief presented to your committee on March 12, 1935, but we wish, however, to emphasize that any such scheme should be discussed with the National Construction Council of Canada before being adopted.

Works to be assisted under (b) are regarded as the field which is non-profitable for private enterprise and the one in which the state is justified in taking some financial responsibility if it is desired to have proper housing of this type provided.

This Council accepts a figure of 40,000 housing units as the number which should be aimed at over five years and believes that for budgetting purposes these should be assumed as costing $3,000 each. This involves an amount over a period of five years of $120,000,000.

We propose that the housing bureau should be empowered to extend mortgage loans (or to make the raising of such loans possible by guarantee), up to this amount for units to be erected upon a rental basis through public utility housing corporations, etc., as per our previous presentation. This is further elaborated under Subject No. 3 later.

As all the amounts above mentioned are for a five year program, the yearly appropriations should be directed as thought fit.

In addition to the above we herewith submit further detailed suggestions as to housing regulations and minimum standards which might well be followed. These require the detailed consideration of any housing authority which may be set up, and should be forwarded to it.

It should be quite obvious that conditions, climatic, structural, financial and social, vary so much that it is inadvisable to include these regulations in federal legislation.

The workable alternative to detailed legislation is to set up the housing bureau under a strong direction, with wide discretionary powers, and this council respectfully suggests:—

> That the Dominion government create a national housing bureau to function under the Minister of Health, which should direct, regulate, control and promote the assisted financing of housing; also that there be retained for the direction of such a bureau, an outstanding individual, thoroughly conversant and experienced with the assisted financing of housing who shall organize and direct the national housing bureau and its regional officers, with authority to select such staff personnel as may be required, commensurate with the encouragement of private enterprise rather than competition with it.

It is the feeling of this council that quicker and more successful operation of assisted housing schemes would be achieved by this method than by any other.

It has been my purpose, gentlemen, simply to summarize and head up the brief, referring to the details of these proposals which will be presented by Mr. Craig and Mr. Sommerville. I would be happy to answer any questions, but I think, perhaps, most of them may be answered by other members, as they have done most of the work and are more familiar with it. While I am perfectly willing to answer any questions, I would suggest that it might be quicker to let them do it.

The WITNESS retired.

The CHAIRMAN: Then we will call on the next member of the delegation. Who is he?

The WITNESS: Mr. Craig.

JAMES HENRY CRAIG, re-called. He said:

Mr. Chairman and gentlemen, I think I will stand, if I may. You will notice that the document commencing on page 3 is headed Recommendations for the Financing of

1. Rehabilitation, Rural and Urban;
2. Construction of New Housing;
3. Slum Clearance and Housing for Low Income Groups.

The following is an outline of the necessary legislation for promoting the above program together with recommendations relating to the method of financing. We gathered, Mr. Chairman, when we were here over two weeks ago, that you would like from this organization some specific recommendations; one member of the committee laid particular stress on the need for recommendations relating to rehabilitation, as up to that time no very definite or specific recommendations had been made. I may say that the committees have been working almost constantly since that time to try to gather together what information we had available, in order to make a more specific recommendation to your committee, in view of the feeling that we sensed. The recommendations are divided into three parts; the first deals with the subject of rehabilitation; the second with mutual mortgage insurance to make funds available for the construction of new houses by private enterprise, and the third with slum clearance and housing.

By Mr. Heaps:

Q. Are you opposed to the government themselves or the municipalities themselves undertaking a scheme of housing?—A. No.

Q. You here refer specifically to private enterprise only.—A. Well, we also refer, as we come to it, to public utility corporations. In fact, we make some specific recommendations relating to the government or the municipality taking responsibility.

SUBJECT 1—REHABILITATION

Section 1—Preamble: Following the recent appearance of members of this council before your committee, at which time the need for rehabilitation of existing properties was stressed, we have arrived at the conclusion that rehabilitation of existing properties presents the most urgent phase of the housing problem. It is a recognized fact that all classes of real property, residential, commercial and industrial, have over the past several years been steadily depreciating. Due to the rigidity of fixed carrying charges, as against falling income from rents, etc., owners generally have been unable to finance ordinary and normal repairs upkeep. It is further recognized that there is in consequence a vast amount of such work now requiring immediate attention in order to preserve not only the physical condition of the property but also the equity of the mortgage.

Of greater importance, the people who normally would have been employed in making the repairs and replacements, through no fault of their own, have been out of work, are losing their morale and many have become indigents and a charge upon the taxpayer. It is now imperative that the work be proceeded with on an adequate scale in order that a greater number of those people may find profitable employment.

It is recognized that even the provision of money at a relatively low interest rate will not prove a sufficient inducement to many owners of property to place them in good repair, and that in order to ensure an adequate rehabilitation program, the owner whose equity has almost vanished with falling prices must be assured of some relief in his burden of carrying charges, if he is to borrow in order to pay for needed replacements.

Q. May I ask a question of the witness at this point. He talks about the burden of carrying charges on the property, costs of repairs and so on. Have you any idea of the value of the materials that go into that?—A. The volume of materials?

The CHAIRMAN: The value of materials.

Mr. HOWARD: Twenty per cent for materials.

The WITNESS: We discussed that when we were here a few weeks ago.

By Mr. Heaps:

Q. I am not speaking of the division of the cost of labour and the value of the materials. My understanding and impression is that there has been, in all these factors that go into repairs such as plumbing, lumber, etc., a general fixed price.—A. You mean a fixed price for materials?

Q. Yes, to the purchaser.—A. My study of the price index as published in the monthly Bureau of Statistics report of 1934, shows a wide diversity in prices. Some commodities stood up very well during 1934, as compared with 1926 prices.

Q. What commodities are those?—A. Others fell off.

Q. What commodities were those that stood up pretty well?—A. The two that I recall were cement and lime.

Q. Is it not possible that, as in the United States where there is a good deal of building construction going on, we may be faced with an increase in the cost of these commodities?—A. It is quite possible; and it is very desirable that some of these commodities should increase.

Q. Which commodities do you think ought to increase?—A. I would say the ones that are lowest.

Q. Which are those?—A. I am speaking generally, I have the index here, if you wish me to quote from it.

Q. If you have it handy, and can give the cost of certain materials in relation to previous costs, it would be very interesting, because my previous understanding of this question has been that the moment there has been any spurt in the building industry, up has gone the cost of materials.

Mr. HOWARD: If you can tell of any way to start that, I would like to know how it can be done. That is what we want, to get a little better price.

The WITNESS: Would you like me to deal with anything specific?

Mr. HEAPS: Well, take plumbing fixtures.

Mr. HOWARD: That is a difficult one. Why don't you take an easy one?

The WITNESS: Will you give me another one? I don't seem to be able to find that one. I will give you one or two.

By Mr. Heaps:

Q. Take lumber, then.—A. Very well. Lumber and timber; in January, 1934, the index price of lumber and timber as compared with 1926, equalling one hundred, was 77.3. It increased up to 79.8 in July and fell off to 77.6 in January of this year; so that there was a rise of 0·3 from January to January.

By Mr. Howard:

Q. From 1926?—A. From 1926.

Mr. HEAPS: That will be all right, thank you.

The WITNESS: The next section is Section II—

Recommendations:

(a) National rehabilitation program:

The National Construction Council therefore recommends that a national program for the rehabilitation of improved property be sponsored by the Dominion government, with the object of:

(1) Protecting the mortgagee.
(2) Protecting the real property asset of the country.
(3) Providing employment and preserving the virility of the Canadian people.

(b) Financing: It is recommended that the program be financed through the existing banking and financial institutions, which in turn shall be insured against loss on condition that such institutions agree to finance the necessary rehabilitation work in accord with the plan hereinafter described.

By Mr. Heaps:

Q. Who do you expect to insure them against loss?—A. The government. I would like to make a correction. I think Mr. West misunderstood the question which was asked him with reference to the $20,000,000 amount. The suggestion is that the government insure these institutions up to an amount of $20,000,000 maximum. We will come to that.

(c) Reduction of Mortgage Interest Rates on Rehabilitated Properties:

This recommendation we are coming to is most important, because it is something new. It is something that has not been adopted in the United States. I mean, it is something new as related to housing. It has been adopted in other countries, but as related to housing it is new.

In order to insure an adequate program of rehabilitation, it is recommended that mortgage and mortgage bond interest rates be reduced to a minimum of 5% and by not less than 1½% where the minimum percentage does not apply, on all properties which are placed in a fit state of repair. Mortgagees should be willing to make this concession because of the removal of an element in the risk, and for other reasons as set forth in Appendix 1.

Is it your wish that we should deal with Appendix 1 as related to this point?

The CHAIRMAN: No. I think we will go on.

The WITNESS: Very well.

By Mr. Howard:

Q. Is the word "minimum"? Should it be "minimum" or "maximum" in there?—A. This is "minimum," according to this recommendation.

Q. I cannot see any sense in putting the word "minimum" in there.

Hon. Mr. RINFRET: That is just what I was going to say.

Mr. HOWARD: They will charge 7 per cent, as they are doing now.

The WITNESS: Let me clear that up. A 6½ per cent mortgage reduced by 1½ per cent would become a 5 per cent mortgage. A 6 per cent mortgage, under this proposal, would not be reduced below a 5 per cent mortgage. A 7 per cent mortgage would be reduced to 5½ per cent.

Mr. HOWARD: I think you should re-word your clause, if you are going to cover it that way.

The WITNESS: It is a little difficult to word. We found that.

By Mr. McIntosh:

Q If your interest is 5½ per cent in one case, the minimum cannot be 5 per cent?—A. No, the minimum in any case is 5 per cent.

By Mr. Howard:

Q. If you start out with a 5 per cent mortgage now, there would be no change?—A. No change.

Mr. SULLIVAN: Should it be "Reduced to a minimum of 5 per cent" or a maximum?

Mr. HOWARD: It should be a maximum of 5 per cent, which is the limit under present conditions.

The WITNESS: I would be in accord with that.

Hon. Mr. RINFRET: If you could secure money at less than 5 per cent, you should have the right to have it.

Mr. HOWARD: That is it.

The WITNESS: This is on existing mortgages. This applies only to existing mortgages. I would like to make that clear.

Mr. HOWARD: I am in favour of putting it under 5 per cent.

By Hon. Mr. Rinfret:

Q. You mean in no case are they to be under 5 per cent?—A. No. There are existing mortgages possibly lower than 5 per cent; but we are asking for a reduction by reason of the fact that the property is to be placed in adequate repair. That is protecting the interest of the mortgagee, and the mortgagee should make some concession. We are not asking him, under this scheme, to reduce below 5 per cent. It may be desirable. You gentlemen may have evidence from other sources which shows a lower rate of interest to be more desirable. It is quite possible. As a matter of fact, when we deal with the appendix, there may be argument there.

(d) *Mortgage Adjustment Legislation:*

It is recommended that either new legislation be enacted to provide Boards of Appeal or that the scope of the Farm Creditor Adjustment Act be widened to enable Boards established under this Act to consider appeals against mortgage interest rate reduction and against the failure of financial institutions to extend rehabilitation loans. Some people may feel that they have a grievance because they have not been able to get a loan. Well, it is just a court of appeal.

SEC. 111—INSURANCE OF FINANCIAL INSTITUTIONS

(a) *Banks, etc., and Extent of Insurance*

It is recommended that the Director of the National Housing Bureau (hereinafter referred to as the Director) be authorized and empowered upon such terms and conditions as are recommended herein, to insure Commercial Banks, Trust Companies, Building and Loan Associations, Personal Finance Companies, Mortgage Companies, Instalment Lending Company, and other such Financial Institutions which may be approved by him as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations respecting loans and advances of credit, made by them subsequent to the date of enactment of the necessary legislation, for the purpose of financing alterations, repairs, and improvements upon real property.

It is further recommended that the insurance granted by the Government under this section, to any such Financial Institutions shall not in any case exceed 20 per cent of the total amount of the loans, advances of credit, and purchases made by such financial institutions for such purposes; and the total liability incurred by the Government for such insurance shall not exceed in the aggregate $20,000,000.

By Mr. Heaps:

Q. Just a minute there, if you don't mind; I presume that in your estimation these mortgage companies and other organizations are very efficiently managed?—A. Well, I have had no experience with any of these institutions, to know how efficient they are.

Q. Why do you recommend them?—A. Well, they are existing institutions.

Mr. HOWARD: Sure.

By Mr. Heaps:

Q. Yes?—A. And the purpose of this recommendation is to avoid dislocation as far as possible. I understand, Mr. Chairman—I have been trying to read it over briefly this morning—recommendations were made before your committee by Mr. Kahn a few days ago relating to the creation of mortgage banks, or mortgage institutions. You may find it desirable to provide for such institutions. Our experience in these matters is limited and we are willing to concede that there are other sources of information that are more worthy of your consideration than the source from which we prepared our brief.

Q. Why are you suggesting that the government become responsible to the extent of $20,000,000?—A. In order that $100,000,000 might be loaned for rehabilitation purposes, by the banks or diverse other institutions which have been enumerated.

By Mr. White (London):

Q. Have you conferred with financial interests in regard to this?—A. I believe Mr. West has had some conference with them and he would perhaps be better able to answer that question than I am. The only financial institution that I have had a conference with, relating to this—time has been very short—is one which is primarily concerned in financing construction work; in fact, it is an institution that finances plumbers and steamfitters; and the financial representative of that institution with whom I talked was very heartily in favour of this legislation; he says it is working successfully in the States. In fact, he furnished me with a lot of data which I have available here and which I would be glad to refer to later.

By Mr. Heaps:

Q. If the government are to be guarantors they will have to pay the losses; suppose any of the companies make a profit, will the government get anything out of the profits?—A. Well, your legislation possibly might ask for a share of these profits. We did not consider that.

By the Chairman:

Q. Go ahead, Mr. Craig.—A. Very good, Mr. Chairman.

(*b*) Terms and Conditions under which Regional Directors of the National Housing Bureau may authorize loans.

We have mentioned a board of regional directors there, Mr. Chairman; it is possible that these loans might be placed in some other way by the director. We would not recommend tying down the organization too specifically under the Housing Act, because it might be found in practice that other methods would work out better.

Types of Buildings that may be financed:

(1) *General:* Loans may be advanced upon single-family and multiple-family buildings, apartment buildings and farm buildings. Whereas other types of buildings do not come within the terms of reference of your Committee, it might be advantageous to include them in any general program to be adopted.

I would point out, sir, that in the United States under the housing administration loans are extended for the rehabiltation of many other types of buildings. It was thought that as your reference had to do specifically with housing we should confine our remarks in that direction. But undoubtedly if the field were widened more loans would be extended. In fact, I notice that in the United States they are now contemplating extending the field so as to make it much wider in scope than was originally contemplated.

(2) *Not to include Slums:* Buildings must be basicly fit for use and not in a declining or slum neighbourhood. I think that is fairly obvious, Mr. Chairman.

Mr. HOWARD: Sure.

The WITNESS: If any national move is made towards the eradication of slums the problem of eradication would only be augmented if some of the present slum buildings were to be rehabilitated under this program.

Mr. HOWARD: Yes.

The WITNESS:

(3) *Work an integral part of the structure:* Improvements for which loans will be guaranteed must add definitely to the value and become an integral part of the structure.

(4) *Inspection:* An architect or other inspector, responsible to the Regional Director, competent to certify that the money borrowed has been expended in full on the rehabilitation work, shall be retained and paid out of the amount borrowed.

In that regard, Mr. Chairman, I mentioned a moment ago that in the United States they are thinking of extending the amount to $50,000, to cover large buildings; but that has not been definitely adopted.

By Mr. McIntosh:

Q. What about the term of years in the United States?—A. Three years, it is the same period.

Q. It is the same as this?—A. It is the same as this; as a matter of fact, we studied the American Act rather exhaustively; we had to get some basis, and that proved to be a more or less analogous basis.

By Mr. Gray:

Q. They thought they were going to be prosperous in three years when they started out didn't they?—A. This is in no way tied up with the N.R.A., we are not suggesting anything of that kind being put into effect.

By Mr. Heaps:

Q. Don't you think three years is a rather short period for loans of this kind?—A. You mean, for rehabilitation loans?

Mr. HEAPS: Yes.

Mr. HOWARD: Make it five years.

The WITNESS: Well, it might be extended, it is a purely arbitrary figure and it might be deemed wise to extend it. I think, Mr. Chairman, the act should give very wide discretionary powers to the commission or the director, whoever is administering the act, in matters of that kind.

By Hon. Mr. Elliott:

Q. There is no discretionary provision in this as it stands, for extending the term beyond three years?—A. No. But there might be a clause in the act, for instance, if there were a commission supervising this—I am not suggesting a commission necessarily, but there might be a director working under a commission—if, in the opinion of the commission, the term should be extended to five years, all well and good.

By Mr. Hanbury:

Q. You are not suggesting that this is necessarily final?—A. No, it is just a set up.

By Mr. Sullivan:

Q. It might be three years or five years?—A. Yes.

(5) *Demolition of Building or Portion of it:*

Demolition of a building or portion of it may be paid for out of the amount borrowed when such a project has the approval of a Regional Director of the National Housing Bureau.

(c) *Requirements for Loans:*

(1) Any Owner: Any owner of improved real property of any description whether mortgaged or not, may borrow (within the terms of your reference) provided the type of work to be financed, and the requirements as set out herein, are complied with.

By Mr. Heaps:

Q. Might I interject this question: You are asking the government to become guarantors to the extent of $20,000,000?—A. Yes.

Q. What control are you giving the government over the action of these lending companies?—A. The control is set out in the terms, and it is that the only loans which may be granted are those which are approved by the director. The loans should be approved, and the purpose of the loan should be approved by the director through one of his agencies.

By Mr. Heaps:

Q. Approved by the housing commission, or the director of mortgage companies?—A. By the national director of housing. It must be a type of loan that he will approve; and in order that these approvals may be given it presupposes regional districts under some sub-authority which would make recommendations.

Q. But the loans would be given through one of these institutions to which you have referred?—A. Yes.

By Hon. Mr. Morand:

Q. When you state that loans should be made to owners of homes; you mean private owners and not renters?—A. Yes.

Q. And not to companies owning land and houses, and that sort of thing?

Mr. HOWARD: Oh, yes.

The WITNESS: Well, it is primarily for the relief of the private owner. Consideration might be given to your point, sir; we have not studied it, we have not had time to go into that yet.

By Mr. McIntosh:

Q. Referring to page 4, No. 2 "no past due obligations." it states in the latter part of that paragraph: "past due payments of principal which are exempt by moratoria legislation should not prevent the extension of loans." Do you include interest with that?—A. No, past due payments of principal which are exempt by moratoria legislation.

Q. That means, principal that has not been paid in?—A. That means principal which has not been paid; it does not include interest. It is quite possible again, Mr. Chairman, that in actual practice it might be desirable to take care of the point mentioned by Mr. McIntosh; but, as a set up, we would suggest that where interest is in arrears that these loans be not granted. My own feeling is this, Mr. Chairman, that a man who is in arrears on his interest would make a very strenuous effort to bring his interest up to date if he found that by borrowing we will say $500 he would be able to save $200 to $300 on his mortgage.

Mr. HOWARD: Sure.

The WITNESS: That is the point. I think it would be a very beneficial thing from the point of the mortgagee to get back interest paid up, and I think it would result in a lot of back interest being paid up.

By Mr. McIntosh:

Q. Yes. It is just as important that principal should be paid up too?—A. Of course, the difficulty is they are paying in money which has depreciated about 40 per cent in its purchasing power, and is that much harder to get.

Some Hon. MEMBERS: Go ahead.

The WITNESS: All right.

(2) No Past Due Obligations:

Loans should not be advanced on properties where there are past due obligations in the nature of interest, taxes or liens. Past due payments of principal which are exempt by moratoria legislation should not prevent the extension of loans.

(3) Annual Income of Owner:

The Owner should have an annual income of at least five times the annual payment assumed under the loan.

(*d*) *Terms and Conditions of Loans:*

(1) Amounts:

Amounts ranging from $100 to $2,000 may be loaned for any period not exceeding three years.

(2) Re-Payments:

Loans should be repaid in equal monthly instalments, except in the case of farmers who may make payments on crop income dates.

(3) Cost of Financing:

The cost of financing, whether in the form of interest, fees or other charges, may not exceed any total amount equal to $5 discount per $100 of the original face of the amount for any one year note deductable in advance. Monthly payment notes running for longer periods than one year and farmer's notes for other than equal monthly payment should carry the same proportionate rate. Banks and other lenders, at their own option, may make a lower charge if they so desire and in any case, should quote exact charges of each transaction.

(4) Security:

The Owner should be required to sign a promisory note. No endorsers, co-makers or collateral will be required. No down payment by the borrower should be required.

(5) No direct loans:

No direct loans should be made by the Government for rehabilitation purposes.

(6) Lending Agencies and Financial Institutions:

Lending Agencies should be the final institutions for accepting or rejecting loans, subject to the requirements of the Director, provided however, that an owner refused a loan may have the right to appeal before a Board established in accord with the recommendation contained in Sec. II (*d*).

SUBJECT 2.—MUTUAL MORTAGE INSURANCE

To make funds available for the construction of new houses by private enterprise.

This section more closely follows the American Act which provides for mutual mortgage insurance—Title 3, I think they call it in the American Act—that is one feature, however, that is entirely eliminated from this, and is not

necessary, by reason of our recommendation for a reduction of interest rates. In the United States, as you know, Mr. Chairman, conditions were worse in this regard than they were here. We have eliminated that part altogether from these recommendations.

SEC 2-1: PREAMBLE:

In a previous Brief, presented before your Committee on March 12, 1935, it was pointed out that recovery from depressions is normally dependent upon the return of public confidence, loosening up of credits and the extending of building loans at rates of interest which will encourage revival in construction.

The necessary confidence cannot be restored upon an adequate scale, until unemployment is eliminated and wages are restored to a normal level. In order to restore confidence on the part of the lender and the borrower, which would result in the resumption of house building by private enterprise, we submit the following recommendation:

SEC. 2-2: RECOMMENDATION:

That the Government through the Director of the National Housing Bureau establish a Mutual Mortgage Insurance Fund.

(a) Definitions:

The term " mortgage " means a first mortgage on real estate in fee simple or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was or is to be executed, upon which there is to be located a dwelling for not more than one family (in the United States the Act reads, for not more than four families) which is used in whole or in part for residential purposes by the owner, irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling; and the term " first mortgage " means such classes of first liens as are commonly given to secure advances on, or the unpaid purchase price of real estate, together with the credit instruments, if any, secured thereby.

The term " mortgagee " includes the original lender under a mortgage, and his successors and assigns approved by the Director, and the term " mortgagor " includes the original borrower under a mortgage and his successors and assigns.

SEC. 2-3. MUTUAL MORTGAGE INSURANCE FUND:

That there be created a Mutual Mortgage Insurance Fund (hereinafter referred to as the " Fund "), to be used by the Director as a revolving fund for carrying out the provisions of this title as hereinafter provided, and there should be located immediately to such fund the sum of $1,000,000 out of funds made available to the Director for the purposes of Mutual Mortgage Insurance.

The purpose of that is in order to get this whole housing act moving, that is the way that first fund is provided for.

SEC. 2-4: INSURANCE OF MORTGAGES:

(*a*) That the Director be authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him within one year from the date of its execution which is eligible for insurance as hereinafter provided, and, upon such terms as the Director may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon.

The point being there, of course, that a man would probably go ahead with the project if he knew in advance that he could get his mortgage insured, and get his money under the terms set out in the act.

By Mr. Howden:

Q. Where is this fund to come from; is it to be subscribed, or is it to be in the form of a government grant?—A. It is a government fund; it might come

from either. You were not present, sir, when I was here before; I suggested one source through which it might come would be the Central Bank, by borrowing from the Central Bank; or it might come through various other sources. The government has various ways of raising money.

Mr. HEAPS: It might print the money.

The WITNESS: It might take the form of a note issue.

Mr. HOWARD: McGeer money.

Mr. HEAPS: We had it last year in connection with the public works construction program.

The CHAIRMAN: Order, please; so Mr. Craig can get through.

The WITNESS: Provided that the insurance of mortgages on land and houses constructed after the establishment of the "Fund" shall be limited to $100,000,000.

I might point out here, Mr. Chairman, there is a sum set up there of $100,000,000. It is not proposed that the government advance that $100,000,000. It is merely proposed that mortgages be insured up to a total of $100,000,000. As we go on with the document you will see that the mortgagor pays the fee to cover the cost of insurance; that is, it should be self-sustaining; there should be no cost to the government in this.

Mr. HOWARD: Sure.

The WITNESS: If the mortgage insurance rate is adequate it will cover the actual cost of the insurance.

(*b*) To be eligible for insurance under this section, a mortgage should:

(1) Be held by a mortgagee approved by the Director as responsible and able to service the mortgaged property.

(2) Involve a principal obligation (including such initial service charges and appraisal and other fees, as the Director shall approve) in an amount not to exceed $6,000, and not to exceed 80 per cent of the appraised value of the property as of the date the mortgage is executed.

(3) Have a maturity satisfactory to the Director, but not to exceed twenty years.

(4) Contain complete amortization satisfactory to the Director requiring periodic payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Director.

(5) Bear interest (exclusive of premium charges for insurance) not to exceed 5 per cent per annum of the amount of the principal obligation outstanding at any time.

(6) Provide, in a manner satisfactory to the Director, for the application of the mortgagor's periodic payments (exclusive of the amount allocated to interest and to the premium charge which is required for mortgage insurance as hereinafter provided) to amortization of the principal of the mortgage.

(7) Contain such terms and provisions with respect to insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Director may in his discretion prescribe.

(*c*) That the Director be authorized to fix a premium charge for the insurance of mortgages under this section (to be determined in accordance with the risk involved) which in no case should be less than one-half of one per cent, nor more than one per cent per annum of the original face value of the mortgage, and which should be payable annually in advance by the mortgagee. If the Director finds upon the presentation of a mortgage for insurance and the tender of the initial premium charge that the mortgage complies with the provisions

of this section, such mortgage may be accepted for insurance by endorsement or otherwise as the Director may prescribe; but no mortgage should be accepted for insurance under this section unless the Director finds that the project with respect to which the mortgage is executed is economically sound.

(*d*) That the Director be authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this section.

Mr. HEAPS: Could we not dispense with the reading of this section?

Some hon. MEMBERS: Yes, certainly.

By Hon. Mr. Morand:

Q. Just before you leave this section: In subsection (5) of this section you state: "Bear interest (exclusive of premium charges for insurance) not to exceed five per cent per annum of the amount of the principal obligation outstanding at any time"; does that make it six per cent?—A. You would add one-half of one per cent, that is the maximum specified here.

Q. Then, I want to ask this question: Has this five per cent been arrived at by consultation with existing loan companies?—A. No, it has not; it is taken from the American Act.

Mr. HEAPS: Mr. Chairman, I would suggest that we allow the following pages, up to page 11, to go into the record, and that we deal now with Slum Clearance and Housing.

Some hon. MEMBERS: Agreed.

The WITNESS: I think the suggestion is wise, because this is all technical material, more or less taken from the American Act.

SEC. 2-5. PAYMENT OF INSURANCE

This section should be drafted to provide for cases in which the mortgagee under an insured mortgage, having foreclosed and taken possession of the property, or who, with the consent of the Director may otherwise have acquired such property from the mortgagor after default. In such cases the mortgagee should be entitled upon prompt conveyance to the Director, of title to such property and the assignment to him of all claims of the mortgagee against the mortgagor arising out of the foreclosure proceedings, to receive the benefits of the insurance as hereinafter provided. Upon such conveyance, etc., the mortgagee should be released from obligation to pay further annual premium charges for insurance, and the Director should issue to the mortgagee debentures having a total face value equal to the value of the mortgage on the date of the delivery of the property to the Director.

The value of the mortgage should be determined by adding to the amount of the principal of the mortgage which is unpaid on the date of such delivery, the amount of all payments which have been made by the mortgagee for taxes and insurance on the property mortgaged, in accord with rules and regulations prescribed by the Director.

(*b*) The debentures issued by the Director under this section to any mortgagee should bear interest at a rate determined by the Director at the time the mortgage was offered for insurance, but not to exceed three per cent per annum, payable semi-annually, and should mature three years following the maturity date of the mortgage in exchange for which the debentures were issued. In the event that the amount in the Fund is insufficient to pay upon demand, when due, the principal of or interest on any debentures so guaranteed, the Minister of Finance should pay to the holders the amount thereof to be appropriated out of the money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Minister of Finance should succeed to all the rights of the holders of such debentures.

(*c*) The certificate of claim issued by the Director to any mortgagee should be for an amount which the Director determines to be sufficient, when added to the face value of the debentures issued to the mortgagee, to equal the amount which the mortgagee would have received if, at the time of the conveyance to the Director of the property covered by the mortgage, the mortgagor had redeemed the porperty and paid in full all obligations under the mortgage and those arising out of the foreclosure proceedings. Each such certificate of claim should provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of three per cent per annum. The amount to which the holder of any such certificate shall be entitled should be determined as provided in subsection (*d*).

(*d*) If the net amount realized from any property conveyed to the Director under this section and the claims assigned therewith, after deducting all expenses incurred by the Director in handling, dealing with, and disposing of such property and in collecting such claims, exceeds the face amount of the debentures issued in exchange for the mortgage covering such property plus all interest paid on such debentures, such excess shall be divided as follows:

(1) If such excess is greater than the total amount payable under the certificate of claim issued in connection with such property, the Director should pay to the holder of such certificate the full amount so payable; and any excess remaining thereafter should be paid to the mortgagor of such property.

(2) If such excess is equal to or less than the total amount payable under such certificate of claim, the Director shall pay to the holder of such certificate the full amount of such excess.

(*e*) Notwithstanding any other provision relating to the acquisition, handling, or disposal of real property by the Dominion of Canada, the Director should have power to deal with, rent, renovate, modernize, or sell for cash or credit, in his discretion, any properties conveyed to him in exchange for debentures and certificates of claim as provided in this section, and notwithstanding any other provision the Director should also have power to pursue to final collection, by way of compromise or otherwise, all claims against mortgagors assigned by mortgagees to the Director as provided in this section.

(*f*) No mortgages or mortgagor should have, and no certificate of claim should be construed to give to any mortgagee or mortgagor any right or interest in any property conveyed to the Director or in any claim assigned to him; nor should the Director owe any duty to any mortgagee or mortgagor with respect to the handling or disposal of any such property or the collection of any such claim.

SEC. 2-6. CLASSIFICATION OF MORTGAGES AND RE-INSURANCE FUND

(*a*) Mortgages accepted for insurance under this title should be so classified into groups that the mortgages in any group shall involve substantially similar risk characteristics and have similar maturity dates. Premium charges received for the insurance of any mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Director in connection therewith, and all earnings on the assets of the group account, should be credited to the account of the group to which the mortgage is assigned. The principal of and interest paid and to be paid on debentures issued in exchange for any mortgage, payments made or to made to the mortgagee and the mortgagor as provided in section 2-5 and expenses incurred in the handling of the property covered by the mortgage and in the collection of claims assigned to the Director in connection therewith, should be charged to the account of the group to which such mortgage is assigned.

(*b*) The Director should also provide, in addition to the several group accounts, a general re-insurance account, the credit in which should be available to cover charges against such group accounts where the amounts credited

to such accounts are insufficient to cover such charges. General expenses of operation of the National Housing Bureau may be allocated in the discretion of the Director among the several group accounts or charged to the general re-insurance account, and the amount allocated to the "Fund" under Sec. 2-3 shall be credited to the general re-insurance account.

(*c*) Whenever the credit balance in any group exceeds the remaining unpaid principal of the then outstanding mortgages assigned to such group by an amount equal to 10 per cent per annum of the total premium payments which have theretofore been credited to such account, the Director should terminate the insurance as to that group of mortgages (1) by paying to each of the mortgagees holding an outstanding mortgage assigned to such group a sum sufficient, if such mortgage is in good standing, to pay off such mortgage in full, the payment in each case being for the benefit and account of the mortgagor, and (2) by transferring the remainder of such credit balance to the general re-insurance account provided for in subsection (*b*).

(*d*) If the credit balance in any group account fails to exceed, until the final year prior to the maturity date of the mortgages assigned to such group, the remaining unpaid principal of the then outstanding mortgages assigned to such group by an amount equal to 10 per cent of the total premium payments which have theretofore been credited to such account, the Director should terminate the insurance as to that group of mortgages (1) by transferring to the general re-insurance account provided for in subsection (*b*) an amount equal to 10 per cent of the total premium charges theretofore credited to such group account, and (2) by distributing the remainder of such credit balance, if any, pro rata to the mortgagees for the benefit and account of the mortgagors of the mortgages assigned to such group.

(*e*) No mortgagor or mortgagee of any mortgage insured under this title should have any vested right in the credit balance in any such account, and the determination of the Director as to the amount to be paid by him to any mortgagee or mortgagor under this title should be final and conclusive.

(*f*) In the event that any mortgagee under an insured mortgage forecloses on the mortgaged property but does not convey such property to the Director in accordance with section 2-5, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, the obligation to pay the premium charge for insurance should, upon due notice to the Director, cease, and all rights of the mortgagee and the mortgagor under section 2-5 should likewise terminate. Thereupon the mortgagor should be entitled to receive a share of the credit balance of the group account of the group to which the mortgage has been assigned, in such amount as the Director should determine to be equitable and not inconsistent with the preservation of the solvency of the group account and of the "Fund".

Sec. 2-7. Investment of Funds

Moneys in the "Fund" not needed for the current operation of the National Housing Bureau should be deposited in the Treasury of the Dominion of Canada to the credit of the "Fund", or invested in bonds or other obligations of the Dominion of Canada. The Minister of Finance should be required to pay interest semi-annually on any amount deposited at a rate not greater than the prevailing rate on long-term Government bonds, such rate to be computed on the average amount of such bonds outstanding during any such semi-annual period. The Director may, with the approval of the Minister of Finance, purchase, at not to exceed par, in the open market, debentures issued under the provisions of Sec. 2-5. Debentures so purchased should be cancelled and not re-issued, and the several group accounts to which such debentures have been charged should be charged with the amounts used in making such purchases.

Slum Clearance comes next into the picture. Page 11, Subject 3:

SUBJECT 3—SLUM CLEARANCE AND HOUSING

SEC. 3-1. PREAMBLE

(a) *Extent of Program:*

In the brief presented before your Committee on March 12, 1935, the need for slum clearance and housing of low income groups was dealt with at considerable length. Evidence to show that approximately $120,000,000 must be expended to eliminate the slums throughout the country was adduced as recorded on page 124 of the minutes of the Proceedings and Evidence.

The Dominion census of 1931 established the number of urban houses to be 1,209,000 and the rural houses to number 1,008,000, making a total of 2,217,000 houses in Canada. With 4,000 houses in Toronto, out of a total of 109,000, condemned for slum clearance in the Bruce Report, a pro rata number for the urban centres alone throughout the country would give us over 40,000 houses, or the number previously estimated. When rural slums, the shack towns on the outskirts of cities, are included it is probable that the 40,000 figure may be conservative, but this figure has been accepted by the National Construction Council as a reasonably accurate estimate based on available data.

(b) *Cost of Various Types of Housings:*

Information has been requested with reference to the construction costs of single houses, semi-detached houses, duplexes and apartments. The cost of single detached houses which would measure up to a minimum standard of health and decency would be prohibitive, and is unwarranted because many people who are entirely self-sustaining consider semi-detached or dwellings attached in a row to provide adequate housing. However, the cost is furnished below in comparison with that of houses in groups:

Of course, Mr. Chairman, that particularly applies to centrally located properties.

Mr. CAUCHON: Might I ask Mr. Craig if he could give us the cubic cost on which he is figuring the cost of this class of house.

The WITNESS: You mean, cents per cubic foot?

Mr. CAUCHON: Yes, the cubic foot cost.

The WITNESS: Well you see, it varies; when you have a detached house you have two outside walls, and when you have a semi-detached house you have eliminated one of the outside walls insofar as the two houses are concerned.

Mr. CAUCHON: Yes; and in rows—

The WITNESS: You have eliminated more. In answer to your question; it is somewhere in the neighbourhood of 20 or 21 cents, as I recall it. That is approximate.

Mr. CAUCHON: For what we call houses in rows; living units in rows.

The WITNESS: Yes.

Mr. CAUCHON: Thank you.

The WITNESS: That is approximately it.

Mr. CAUCHON: Just about it, thank you.

Mr. HOWARD: Then you could go over to recommendations, on page 13.

The WITNESS: You want to deal with these costs per house don't you?

Mr. HANBURY: I think you could just put it on record.

The WITNESS: Very good.

Mr. HOWARD: Go over to, Recommendations, on page 13.

The WITNESS: Yes.

(1) Attached Houses in Rows:

The Bruce Report (page 60) estimates the minimum cost of a single family dwelling on a ground area 13′ 6″ x 27′ 0″ and having two floors and a basement to be $2,700.00 including the cost of the land at $30.00 per foot frontage.

For a long term National Programme taking into consideration a probable rise in prices, it is our opinion that an allowance for estimating the appropriation to be made for housing under this title, should be $3,000 per house and lot, for five room houses built in rows of six or more. In some cases where slum clearance is involved, not all the houses in a block will be condemned, and purchase of houses and land will be involved, and the $3,000.00 figure should cover such contingencies.

(2) Detached Houses:

Would cost approximately $400 each in excess of houses in rows of six or eight and as more land frontage would be required an additional cost for land would be involved.

(3) Semi-Detached Houses:

Would cost approximately $200 each more than attached houses in rows of six or eight.

(4) Duplex Houses:

Containing four rooms and bath on each floor and with basement would cost approximately $5,300 without the land. If situated upon a 25 ft. lot costing $30 per foot, the total cost would be $6,050 or $3,050 per flat.

(5) Apartments:

Can be constructed at a cost of approximately $531 per room including a bathroom in each suite. Thus a five room suite would cost $2,655 plus the cost of the land.

Note: The estimates given above are for buildings constructed with masonry walls and with wood joist and partition construction, except in the case of apartments which would be in fire resisting construction; and with minimum room areas. The cost would vary slightly in different parts of the country. Your Committee is counselled against recommending that housing activities be confined to the construction of one or other type of dwelling, as conditions of site, available land, location, playground and open space requirements, and many other factors should be given study in relationship to each problem. The best results can be obtained only by employing the best technicians available, and this will prove true economy.

c) Permissive Legislation and Town Planning:

It is recognized that previous to the promotion of slum clearance on an extensive scale, some permissive legislation may be required. (See Appendix II). Surveys must be conducted to determine the extent of slum areas, local town planning commissions established and a degree of planning and zoning of municipalities carried out.

(d) Unprofitable to Private Enterprise:

As pointed out previously, our investigations of housing for the low income groups show that the provision of this class of housing cannot ultimately be profitable to private enterprise. The responsibility of housing these groups, whether in decent living quarters in other types of institutions is then in the final analysis, the responsibility of the State.

Mr. CAUCHON: In the Bruce Report, if you are familiar with it, they mention a house costing $2,700; they give it as a detached house of some 13 feet frontage; what width of lots are they using for those houses?

The WITNESS: I think they are very narrow, very undesirable in type. As I recall it they are 13·5 feet in width.

Mr. CAUCHON: The width of the house is 13 feet 6 inches.

The WITNESS: That is the lot, Mr. Cauchon. They call it a detached house but that was an error; I know, because I helped to prepare the figures.

Mr. SULLIVAN: The lots had a 13 foot frontage?

Mr. CAUCHON: A frontage of 13 feet 6 inches.

The WITNESS: Personally I consider that to be a very undesirable type of house.

Mr. HOWARD: It would be going back to what we have already, the lots should be at least 17 feet.

The WITNESS: Yes, it should be at least 17 feet wide.

Mr. CAUCHON: It should be 17 feet or 20 feet wide.

The WITNESS: Yes.

Mr. CAUCHON: I just wanted to clear that up, it has been mentioned.

Mr. HOWARD: Here is page 13—Recommendations.

The WITNESS:

SEC. 3-2. RECOMMENDATIONS

(*a*) The adoption by the Federal Government of a definite policy which will recognize the provision of minimum health standards housing for the low wage earner as a public service and a national responsibility.

And, gentleman, if you report for anything less than that you are placing Canada in a position second to that adopted by the housing committee in Great Britain.

Mr. SULLIVAN: There is a difference, isn't there between here and Great Britain; there is only one government in England.

The CHAIRMAN: If you bring out the word "federal" it would be all right.

The WITNESS: I want to make myself clear on that. What I mean to say is that in your recommendations relating to slum clearance and low cost housing if you do not recognize provision for a minimum health standard—if you do not recognize that housing for the low wage earner is a a public service and a national responsibility—then you would be taking a position secondary, I would say, to that taken by the housing committee presided over by the Rt. Hon. Lord Allenby who made his report in July last year.

Mr. Heaps:

Q. Might I ask you a question there which I asked of previous witnesses also; my question is this, if you are going to subsidize houses for low paid workers is not that in a way subsidizing industries which pay low wages?—A. Not necessarily; I don't think it is, necessarily. As a matter of fact, that really is necessary, it is being done to some extent all the time.

By Mr. McIntosh:

Q. We have been doing it for sixty years, have we not?—A. We have. At the present time we are subsidizing slums in the city. We are paying rent for people out of work, and paying for hovels. We might just as well, or far better, I would say, subsidize decent living quarters, and save the expense of jails, reformatories and other things we have to pay for.

By Mr. White:

Q. And hospital accommodation may be put in the same category?—A. Quite.

By Hon. Mr. Rinfret:

Q. Of course, you would still have to pay rent even in the divided house, for those who do not work?—A. True.

Mr. CAUCHON: The municipalities——

The WITNESS: Yes, the municipalities.

Mr. CAUCHON: ——and the government jointly.

The WITNESS: And the government jointly, yes. It is joint.

By Mr. Sullivan:

Q. With regard to that question of national responsibility, do you mean federal responsibility, or do you mean national?

The CHAIRMAN: He says federal—the adoption by the federal government of a definite policy.

Hon. Mr. RINFRET: That is a pointed question; because national responsibility may still be defined, when you analyze it, as municipal or provincial.

The WITNESS: Quite. If we are going to reduce slums in Canada, leadership must come from the federal government.

Mr. SULLIVAN: That is a very important point to discuss.

The CHAIRMAN: It is one of the most important ones that we are going to have to decide.

Mr. SULLIVAN: I think we should ask questions. I would like Mr. Heaps to answer, because he has very great knowledge on that subject. When you say national responsibility, is it federal, municipal, provincial or what is it?

Mr. HANBURY: It depends upon the view you take. If you take the Prime Minister's, it is purely a federal matter. If you take Mr. Taschereau's, it is a provincial matter.

Mr. HEAPS: In 1919, housing was purely under a federal act.

Mr. SULLIVAN: Yes. There is this point, though: We are going to adopt a report recommending something for the low wage earner as a public service and a national responsibility.

Mr. HOWARD: You don't know whether we are going to adopt that report or not.

Hon. Mr. RINFRET: It says, "Adopted by the federal government."

Mr. HEAPS: May I just read from a brief statement that has been handed to me, in regard to the question you have just asked the witness. It is just a few lines. It is in regard to the question of subsidizing low paid industry. This comes from an expert on housing. He says:—

> I think there is a lot of error in the assumption that a subsidy goes to the occupant of a dwelling. Others say that it goes to the owner of a dwelling so that he may have a commercial return on his investment. The subsidy actually goes to the parasitic industry which does not pay a living wage. I think it is time for us to drive out of existence industries which will not pay a living wage, and this involves, here in the States, notably our textile industries, which have never paid a living wage although at times they have paid as high as fifty per cent dividends."

The CHAIRMAN: I don't think we will discuss that. We will let Mr. Craig proceed.

Hon. Mr. ELLIOTT: To get absolute unanimity, perhaps it might take a longer time than the committee would have at their disposal.

Mr. GRAY: Why attack the textile industry when the textile industry is not here?

The CHAIRMAN: We will allow Mr. Craig to proceed.

The WITNESS: I will make one final statement with regard to this specific clause. In practically all civilized countries governments are assuming responsi-

bility for adequately housing low paid workers, and that has been accepted as a responsibility. I feel very strongly that the same responsibility must be accepted in Canada.

Mr. HEAPS: I am not disagreeing with that view point at all. In fact, I quite agree with it.

Mr. Howard: He is just underlining the fact.

By Hon. Mr. Elliott:

Q. You do not agree with those who have been before the committee suggesting that it should be really fundamentally a municipal obligation?—A. No, I don't. I think if any adequate program is to be accomplished, leadership must come from the federal government.

Mr. STANLEY: Of course, Mr. Chairman, as a matter of fact the federal government, the provincial government and the municipal government all put together are only touching a small fringe of the whole problem; and the function of this committee is to give leadership on the start. That is as far as we can go, to start them.

The WITNESS: Mr. Chairman, it is possible for you, in drafting your legislation, to provide for slum clearance and low cost housing, and to augment your plan as the need evolves; but to take the initial steps, I think it most highly desirable at this time.

By Mr. McIntosh:

Q. You spoke of leadership of the national government or federal government. Do I understand that they would, by that leadership, secure the co-operation of the municipalities and provinces of the Dominion?—A. Well, it is to be hoped that they would do that; and as one municipality accepted that leadership and followed it, others would naturally fall into line.

Q. The point is to find what should be done.—A. I would think so.

Mr. STANLEY: Mr. McIntosh wants to emphasize that the federal government can only give leadership; they must co-operate with the municipalities and the provinces by reason of the matter of jurisdiction.

The WITNESS: Quite.

The CHAIRMAN: Now, will you proceed, Mr. Craig?

Mr. STANLEY: Mr. Howard wants me to emphasize that point.

The WITNESS: (*b*) The director should extend mortgage loans for slum clearance and low cost housing to public utility housing corporations having his approval, and/or private limited dividend corporations formed for the purpose of providing housing for persons of low income which are regulated or restricted by law or by the director as to rents, charges, capital structure, rate of return and methods of operation.

By Mr. Sullivan:

Q. That is a very important point.—A. It is very important.

Q. I will allow you to read the whole clause.—A. Continuing: Such mortgages shall contain terms, conditions and provisions satisfactory to the director.

By Hon. Mr. Morand:

Q. Would you define low income for me?—A. Of course, it all depends, I suppose, on where we sit.

Mr. STANLEY: It depends on a man's estate.

The WITNESS: In thinking of the low income, I think of the income—

Mr. HOWARD: Of the Deputy Speaker.

The WITNESS: Not entirely. I think of the income that allows a man to pay only $10 a month rent, we will say—$10 to $12.

By Hon. Mr. Morand:

Q. You have here the term "low income." It is most indefinite. Do you mean a $10 a week worker, a $15 a week worker or a $20 a week worker? I think there should be some definite sum stated.—A. I would say a man who does not make more than $600 or $700 a year income—you could put it under $1,000.

By Mr. Sullivan:

Q. Anything under $1,000?—A. Yes.

Hon. Mr. RINFRET: I don't think you can arrive at anything definite.

Mr. WEST: If I may be permitted, there is an important point that is perhaps not referred to in our brief. We have arbitrarily set up, as a talking point, the low income group, and others. As a matter of fact, they merge and there is no line. That is one reason why we ask for wide powers for your housing bureau. As a matter of fact, there is no line, but in order to talk about the subject intelligently one must consider a line somewhere.

Mr. CAUCHON: Might I make a short explanation or give a short definition of this technical matter of low income. When we refer to low income, that does not relate just to the man who gets these wages up to $1,000. What we mean is a workman whose income is not sufficient for say a fifth of it to provide him with decent living quarters, a man who cannot carry himself economically under these conditions. That condition runs through workers who get $500 a year, taking in lesser amounts and would run to $750, even up to $1,200. Below that you cannot provide, out of a reasonable proportion of your income, decent living conditions on an economic basis. Therefore you have to have help. That is what has been recognized in the old country, the obligation of providing decent living conditions for their working people, and of providing for it. If you refer to the Moyne report, you will see that is one of the things that is imposed upon the municipality; but the general government or what represents our federal government there recognized that they could not do that unaided, and they came across, with a condition according to the provisions of the law, that this should be better met. In this country all these municipalities claim that tax rates are high, and therefore it is suggested that the burden be placed on the federal government which has other sources of revenue than the municipality. That is the thing in a nutshell.

The CHAIRMAN: Gentlemen, we want to finish this morning, if we can. We have one more witness. Let us proceed, and let Mr. Craig finish.

By Mr. Sullivan:

Q. There is just one point I want to get clear. Mr. Craig says the director should extend mortgage loans. There is an association that came here with the Doucet plan. They are not asking for any mortgage loans. They are simply asking that the government guarantee up to a certain amount, each government, federal, provincial, and municipal. Would you be in favour of that or would you prefer a company getting a loan from the government direct?—A. Well, off-hand I see no reason why a request of that kind should not be acceded to, provided all the requirements imposed upon limited dividend corporations be observed.

Q. Both would come in together?—A. Both would come in together. Continuing:—

(*c*) That a fund be voted for the initiation and mantenance of slum clearance and low-cost housing and that a five-year program be adopted, provided that the loans to be advanced over a period of five years shall not exceed $120,-

000,000, and that the net returns of principal from the loans so extended throughout the life of the loans shall constitute a revolving fund for the purpose of continuing the program beyond the five-year period as additional properties housing low-wage earners become obsolete.

By Hon. Mr. Rinfret:

Q. How do you arrive at that amount of $120,000,000?—A. That was covered in some of the discussion that was passed over. We assumed for the purpose of estimating the extent of the program that 40,000 houses would be required, and we took the sum of $3,000 per house, roughly, to cover the cost. That is $120,000,000. That $3,000 would cover the cost of the land. The discussion covered some points there. In studying it, you will see some points that are raised with regard to the difficulties to be encountered in slum clearance, where one house in a district, or several houses, are too good to be condemned, and therefore will have to be purchased, if a whole block is to be included. So that raises the average cost per house.

By Mr. Cauchon:

Q. In other words, you do not want to provide for rehabilitation of houses in a district that is to be cleared out?—A. Absolutely no; most emphatically no. The whole district has to be cleared.

(*d*) That the program be financed so that funds may be provided at an interest rate which will enable all slum clearance and low-cost house projects to be entirely self-liquidating for a family which can pay only $10 to $15 per month rent. In practice the source of funds and interest rate should be determined by the national director of housing in collaboration with the Minister of Finance and the governor of the Bank of Canada. At least, that is the recommendation. If necessary, money should be provided at a rate as low as 1½ per cent.

Mr. HEAPS: I am in perfect accord with you there.

Mr. SULLIVAN: Do you accept that low rate of $10 or $15 a month rent?

Mr. HEAPS: I beg your pardon?

Mr. SULLIVAN: Do you accept that, a man paying only $10 a month for rent?

Mr. HEAPS: I would prefer that he have a bigger increase in his wages and pay a little more.

The CHAIRMAN: Proceed please, Mr. Craig.

The WITNESS: (*e*) That the term of amortization on housing of ordinary construction be forty years, and that the term on fire-resisting construction be fifty years.

Mr. HOWARD: That is a long time.

Hon. Mr. RINFRET: We will live that long.

Mr. HOWARD: But your houses in forty years will deteriorate.

The WITNESS: In order that houses may be good for that period, there must be a considerable amount spent in upkeep upon them, and they should be kept in proper repair. Otherwise they deteriorate into slums again.

By Mr. Heaps:

Q. It is also important, is it not, that the specifications for the construction of these houses should be very rigid?—A. Absolutely.

Q. So that good houses may be built?—A. Absolutely; and should be rigidly enforced by proper inspection.

(*f*) That the director be empowered to initiate and carry out slum clearance and housing projects through regional directors on request of competent housing committees which are representative of various organizations in a community, when a zoning plan relating to a definite area has been filed with the director and has his approval.

Mr. SULLIVAN: That is a very good recommendation.

The WITNESS: This latter course, however, should be adopted only when the local government fails to act and when conditions require that action be taken.

Mr. HEAPS: Should he perform an operation on the appendix, Mr. Chairman, and cut it out?

The CHAIRMAN: I was going to ask Mr. Craig what the appendix contained.

The WITNESS: Appendix I deals with the importance of reducing interest rates, and we quote from the Imperial Economic Conference of 1932. There are excerpts there. The first is:—

> A rise throughout the world in the general level of wholesale prices is in the highest degree desirable. The evil of falling prices must be attacked by government and individual action in all its causes whether political, economic, financial or monetary.

The following quotation is taken from paragraph (*d*):—

> In the monetary sphere the primary line of action towards a rise in prices should be the creation and maintenance, within the limits of sound finance, of such conditions as will assist in the revival of enterprise and trade. Among these conditions are low rates of interest, etc.

By Mr. Sullivan:

Q. Low rates of interest all the way through?—A. All the way through. There is no point in reducing it in one class and leaving it alone in another class, because disequilibrium is still there.

Again, at the World Economic Conference in 1933, the same principles were enunciated and subscribed to by the representative of the Dominion. There is a little paragraph on the price index to show that the general purchasing power of the population to-day is equal to 140 in 1926 money. In other words, those who are paying interest on mortgages or other indebtedness incurred under contract in the 1924-29 era are paying a fortuitous gain of approximately 40 per cent to the creditor.

Q. They are paying too much?—A. Well, it is one of the things that makes recovery impossible.

We point out also there that the recommendation contained in section II (*c*), if adopted, would result in a reduction of approximately 20 per cent on a seven per cent interest rate, and would still leave the mortgagee with the fortuitous gain of approximately 20 per cent in general purchasing power over what he contracted for. That might be absorbed by rising prices, but the point is that there should be some adjustment if we are going to get back to a normal basis.

Mr. HEAPS: We can cut out the other sections (*e*) and (*f*).

The WITNESS: There is a little account there of what happened in Australia, and the results. I am told even since this has been written there has been an increase of 10 cents in a bag of wool in the last month, and conditions are very materially improving again in Australia. Appendix II deals with the permissive legislation that may be required on the part of the provinces and municipalities, relating to low cost housing and slum clearance, and this should not be overlooked. I think that about covers it.

The Appendixes summarized by the witness are as follows:—

APPENDIX I

SEC. 1—REDUCTION OF MORTGAGE INTEREST RATES

(a) *Rigidities in Economic Structure:*

Interest charges represent the most important of the fixed and semi-rigid elements of our cost structure and as the entire depression is due to rigidities

in the economic structure of this and other countries which, with falling prices, set up disequilibria, these rigidities must be given consideration if any ameliorative plan is to achieve an adequate degree of success.

(*b*) *Imperial Economic Conference, 1932*

In the resolution regarding the monetary and financial questions to be found on page 22 of the report of the Conference, the following occurs:—

> A rise throughout the world in the general level of wholesale prices is in the highest degree desirable. The evil of falling prices must be attacked by Government and individual action in all its causes whether political, economic, financial or monetary.

The following quotation is taken from paragraph (*d*):—

> In the monetary sphere the primary line of action towards a rise in prices should be the creation and maintenance, within the limits of sound finance, of such conditions as will assist in the revival of enterprise and trade. Among these conditions are low rates of interest . . . ., etc.

(*c*) *World Economic Conference:*

Again, at the World Economic Conference in 1933, the same principles were enunciated and subscribed to by the representative of the Dominion.

(*d*) *Price Index:*

The monthly review of Business Statistics shows an average of wholesale prices for 76 commodities of 71·6 as compared with 1926 equalling 100. This gives up 71·6 as equalling 100 for the year 1934. In other words, the purchasing power of the dollar in 1926 was equal to approximately 140 per cent of the purchasing power of the Canadian dollar in 1934. All debts incurred in the 1926 era or previous to the crisis in 1929 have been appreciated by some 40 per cent. The recommendation contained in section II (*c*) if adopted, would result in a reduction of approximately 20 per cent on a 7 per cent interest rate and would still leave the mortgagee with a fortuitous gain of approximately 20 per cent in general purchasing power over what he contracted for.

(*e*) *The Prime Minister's Views*

To quote from the statement of the Prime Minister at the Imperial Economic Conference, page 116:—

> Interest charges represent the most important of fixed or semi-rigid elements of our cost structure. If prices remain on their present level, such charges will constitute an intolerable or almost intolerable burden in many cases. Even if it can be borne, the fortuitous gain to the creditor of 40 per cent to 48 per cent in general purchasing power above what he contracted for appears to be a grave injustice.
>
> Moreover, such fixed charges, except as they are reduced by bankruptcy and re-organization, are not being adjusted by the normal corrective processes which falling prices are supposed to set in motion. Indeed it seems that new disequilibria are created almost as rapidly as old maladjustments are corrected and the paralysis of business enterprise with profit margins uncertain or non-existent continues. Trade languishes and unemployment persists or tends to become aggravated.

(*f*) *The Premier's Plan, Australia 1931.*

The reduction of mortgage interest rates on a National Scale was carried out in Australia under the Premier's Plan in 1931, when mortgage interest rates were reduced by 15 per cent to 22 per cent. Under the Premier's plan the States agreed together that they would pass legislation to reduce the rate of interest on existing mortgage debts. The legislation was not entirely uniform throughout the Commonwealth but in most States covered most types of mortgage indebtedness including corporation bonds.

On a definite data, throughout the country, the reduction of interest rates came into effect. Commissions were appointed to hear complaints against interest reduction where a hardship might result as in the case of widows and orphans dependent upon the return of mortgage interest.

Concurrent with this legislation the rate of interest on the internal indebtedness of the country was reduced from an average of 5¼ per cent in 1930 to 4$\frac{1}{10}$ per cent, making a gross saving annually of £6,500,000 on an indebtedness of £556,000,000. Rates of interest on Bank deposits were reduced to 3 per cent on three year deposits and 2 per cent on three months deposits, and the gold reserve back of the National currency was reduced from 25 per cent to 15 per cent. The Provincial budget deficits were financed by loans through the Central Bank, thus re-establishing the credit of the Commonwealth. Also the income tax was increased. The result of the Premier's plan was noted almost immediately and conditions improved until a fall in world prices for wool have recently caused a slight set back in the prosperity of the country.

(g) Conclusions.

While measures have been adopted to raise prices in Canada, through the expansion of the note issue, the individual debtor is still paying an increment of approximately 40 per cent in general purchasing power over and above that which he contracted to pay. The prosposal to adopt measures concurred in since 1932 should receive the endorsement of this Committee when they are linked together with and made conditional upon the employment of men and materials in the rehabilitation of building throughout the country.

APPENDIX II

EXCERPT FROM THE REPORT OF THE LIEUTENANT-GOVERNOR'S COMMITTEE ON HOUSING CONDITIONS IN TORONTO (PAGE 120)

That the city should seek the necessary co-operation of the Federal and Provincial governments in achieving these objectives:—

The Province must enact certain legislation if the program outlined above is to be fully effective.

First, it should extend and improve the existing town planning legislation in order to give full powers to cities to carry on broad, effective schemes of town planning. An amended Act, we think, should provide for a Provincial Bureau of Town Planning and Housing, which would promote the development, all over the Province, of adequate policies regarding planning and housing.

Secondly, the Provincial Health Act should be amended (or special housing legislation should be passed) to set up standards of fit housing and to give full powers to municipal health officers to order the repair or the demolition of dwellings that do not measure up to them.

Thirdly, new legislation is necessary in order that extensive properties for housing schemes may be purchased at fair prices. Three principles, new to the Provincial code, should be accepted in such legislation. First, following British precedent, no compensation should be payable for a building which has been condemned by the local Medical Officer of Health. Secondly, in any other case, one of the main guides to compensation for expropriation should be the net rental of land and buildings during the past seven years, capitalized at the prevailing rate of interest paid by private builders. Thirdly, the maximum compensation payable should be 150 per cent of the local assessment of land and building.

The CHAIRMAN: Now, gentlemen, what questions do we want to ask Mr. Craig? Is there anything we would like to ask him?

Mr. SULLIVAN: I think he has given a very extensive and exhaustive report, a very good report.

The WITNESS: I would like to point out, perhaps, Mr. Chairman, how the American act is working out. It has to do with low cost housing over there. I have her the March number, the last number of the Architectural Record, which is right up to the minute. It shows that 8 limited dividend projects providing 3,452 living units costing $12,669,600 have been built under the housing legislation, whereas 32 draft federal projects, that is projects instituted and run by the federal government, have been carried out providing 24,500 living units at a cost of $115,778,000. In addition there are 15 large federal projects under way or being prepared. So, in the United States they found that the federal projects were the ones that were possible to get under way, and that private projects or limited dividend projects did not make an appeal, were not attractive to private enterprise. Over there the need has proven to be for public initiation or national initiation of this project.

By Mr. Heaps:

Q. Are we not likely to have the same results here?—A. Very much the same.

Q. If we, for instance, should do as you recommend and provide funds at 1½, 2½ or 3 per cent, no private company could loan funds at that rate?—A. No, they are not interested.

By Mr. McIntosh:

Q. On the first page of your brief on the recommendations for financing, you have got No. 1 as rehabilitation, rural and urban. Will you kindly explain the scope of that statement?—A. Well, the idea there is to guarantee loans for the repair of properties which are becoming rapidly obsolete through lack of the normal improvements that an owner makes to his property in normal times; and it applies not only to urban properties but also to rural properties, farm properties.

Q. To agricultural areas?—A. Agricultural areas, absolutely.

Q. That is the point I wanted to get clear.—A. Absolutely.

The CHAIRMAN: Are there any further questions?

By Mr. Heaps:

Q. Was it not your organization that sent out a statement referring to the railway situation?—A. No, that was the Canadian Construction Association, which is one of our component organizations. We are the National Construction Council, and the Canadian Construction Association is one of the thirteen member organizations of this body.

By Mr. Hanbury:

Q. I would like to ask Mr. Craig one question. You refer to interest rates here, and low interest rates. You cite 1½, 2 and 3 per cent. Is it not right that interest rates, to be low, bear a certain relation to the cost of commodities and wages?—A. True.

Q. And that while 6 or 7 per cent might be high to-day, it is conceivable that in normal times that might be a fair rate of interest?—A. Well, I would not want to be committed on that, Mr. Chairman. I think that, in order to give a fair answer to that, one should consider interest rates that are prevalent in normal times in other countries.

Q. No. My question was that: Are interest rates not relative to the costs of commodities and wages?—A. Oh, I think they are to some extent. I think there is a relationship.

Q. My point is that you have established here certain definite low rates of interest to be carried over a long period of time; conditions may change in Canada so that those rates are too low.—A. Well, my own view on that, Mr. Chairman, is that normal fixed interest charges are relatively too high as com-

pared with other things. I was told by one of the leading lenders of money on real estate in the city of Toronto, a lawyer there, that the economic rate of interest on money invested in real estate was 2½ per cent; and that the difference between that and 6, 6½ or 7 per cent or whatever they got, was to cover the risk. Now, he overlooked the fact that the excessive rate created the risk.

Mr. HOWARD: Hear, hear.

Mr. SULLIVAN: If, in the province of Quebec, according to our civil law the companies cannot lend more than 60 per cent or 30 per cent of the municipal valuation of the property, there is no risk there.

Mr. HOWARD: It does not lessen the effect of the 7 per cent.

Mr. SULLIVAN: It is too high.

The WITNESS: Would you like to hear how, in four or five months, the rehabilitation program has been successful in the States?

The CHAIRMAN: Yes, I think we would.

The WITNESS: I have some actual figures as to the total face amount of loans reported; this started in August of last year, and is to February 27. The total face amount of loans reported was $42,052,190, all loans from $100 up to $2,000. There is a letter here from the President to the director of housing, quoted from the *Evening Telegram* of March 14, and dated Washington, March 14, which reads as follows:—

> President Roosevelt regards the federal housing program as a spearhead in the nation's drive for prosperity, a letter to Administrator James A. Moffet revealed to-day.
>
> Commenting on a memorandum of Moffet's setting forth progress of the housing campaign, Mr. Roosevelt observed that the Housing Act provides a way back to better times with increased business and employment.
>
> "I note that to date," the President wrote, "calls have been made on over 6,000,000 properties."

They have a campaign on foot in all the large cities, I may interject, of boards of trade, chambers of commerce, Kiwanis clubs and that sort of thing.

By Hon. Mr. Morand:

Q. And radio talks?—A. And radio talks, to stimulate the interest of the public in this rehabilitation program; and up to date they have called on over 6,000,000 property owners.

By Mr. Peck:

Q. Is that just in the cities?—A. In cities and other parts, I imagine. The thing could be organized elsewhere, I imagine, but it is easier to do in the city. The radio broadcasts will go to the rural population. To go on with the letter—

> "and that property owners have pledged 1,100,000 jobs for modernization and repair for a total value of $275,000,000, and that, in addition, you estimate there has already been spent since last August approximately $250,000,000 for modernization and repair."

The point is this, that this program results not only in money being borrowed for rehabilitation purposes; the money spent up to February, or loaned, was only $42,000,000, but it has been estimated that $250,000,000 worth of repairs have been done. It stimulates the man who is needing to make repairs.

By Mr. Heaps:

Q. Was that all in small sums of between $100 and $2,000?—A. Between $100 and $2,000.

By Mr. McIntosh:

Q. You have not separated the loans of $100 up to $2,000, in urban and rural areas, you have just got the total, have you not?—A. I have not got it broken down into urban and rural areas, no.

Q. It should be broken down for the information of the committee, I would imagine.—A. There are 12,836 qualified institutions to make these loans. There are reports in from 4,398. The number of loans reported are 99,612. That is at February 27; and the average face amount of the loans was $422; the average term of the notes in months was twenty-eight months, and the average amount of the maker's income was $2,828. That is perhaps interesting information.

The CHAIRMAN: Now, gentlemen, if we are to hear Mr. Somerville I think we should proceed. I do not think we want to carry over to the afternoon.

Mr. SULLIVAN: I think we should thank Mr. Craig, I think he has given us a very fine report.

Some Hon. MEMBERS: Hear, hear.

Hon. Mr. RINFRET: We all join in that.

Mr. WHITE: (London): It would almost appear that you have changed your ideas since you were here last.

The WITNESS: As far as change of ideas goes; I think I put over some good propaganda when I was here before.

Mr. SULLIVAN: What impressed me most was your recommendations with respect to low rates of interest; I am in favour of that.

The Witness retired.

W. L. SOMERVILLE, called:

The CHAIRMAN: Mr. Somerville, I don't think you need to read all this, you might just go over it and tell us off hand what you consider the points of interest. We can read it afterwards, and study it.

Hon. Mr. RINFRET: As a matter of fact, I have been reading in advance this section of your report and it suggests that the final regulations should be drawn up by a national housing bureau, rather than to have them recommended in detail by us.

The WITNESS: We submit the following:—

RECOMMENDATIONS FOR HOUSING REGULATIONS AND MINIMUM STANDARDS

The following regulations and standards are submitted not as complete documents, but as suggestions covering those points which in our opinion are most necessary to ensure satisfactory results from a National Housing Program such as hereinbefore recommended.

The final and complete regulations and standards should be drawn up by the National Housing Bureau assisted by technical advisors and Regional Directors in order that they may as far as possible be uniform throughout the country and at the same time permit of reasonable variation to meet local conditions.

REGULATION I

MINIMUM STANDARDS OF HEALTH AND DECENCY

The National Construction Council in the Brief presented to the Parliamentary Committee on Housing on March 12, stressed the need of including in any Housing Policy provision for the rehabilitation of both Rural and Urban substandard dwellings, as well as slum clearance (Pages 3 and 4).

In order to determine what existing dwellings should be considered substandard, the following minimum standards of health and decency have been prepared. (All houses falling below these standards should be condemned.) These standards are generally recognized by housing authorities both in Europe and the United States and are taken largely from "Modern Housing" by Catherine Bauer, published by Houghton and Mifflin Company:

Position: Must have free access of light and air to all rooms.

Foundations and Cellar: Good or moderate with cement cellar floor, but must be good there is a dirt floor or no cellar. Where there is no cellar there must be an air space of two feet under the house, this space to be drained and enclosed.

Rooms and Occupancy: No living quarters in cellar—unless in form of basement, in such floor shall not be more than 4 feet below grade.

One structural separate dwelling for each family or other natural unit.

Enough bedrooms for each family unit so that parents, boys, girls can sleep separately. In addition a living-room and a kitchen or a living-room-kitchen.

Maximum occupany per bedroom to be two persons.

Windows: All rooms must have windows opening on to the outer air and these windows must be movable. No windows shall be directly opposite or looking into those of another dwelling.

Lighting: It should not be necessary to use artificial lighting in any room on a normal day.

Ventilation: Direct ventilation. Flue to be provided from kitchen.

Dampness: The house must be free from serious dampness.

Vermin: The house must be in such condition that it is possible to keep it free from vermin. Where a row of houses is infested with vermin it would seem impossible for the individual to cope with the problem.

Purity of Air: No noxious industrial or other fumes near by.

Water Supply: Water must be provided inside the house, and in good working order: tap, sink, and drain—other washing facilities, including bath and basin. In case of Rural houses, water need not be provided inside the house.

Toilet: Inside water closet, for the use of the household only, with entry from within the dwelling. There must be a window in compartment opening directly to the outer air. In case of Rural houses inside toilet is not required.

Heating: A furnace or central heating is not necessarily required. The house must be weatherproof and capable of being heated so that rooms can be kept at a reasonable temperature in coldest weather. Proper flues to be provided for at least one stove or furnace in addition to flue for kitchen.

REGULATION II

REGULATIONS FOR REHABILITATION OF HOUSING FOR LOWEST INCOME GROUPS

In order to benefit the lowest income groups and to prevent further overcrowding, it is necessary that the rehabilitation of existing substandard dwellings must be carried out under such regulations that will insure that such premises will be improved to at least comply with the previously quoted minimum standards for health and decency, and further that the rentals will not be increased as a result of the improvements to such an extent that they will not be available for the lowest income groups.

1. Property must be located:—
   (*a*) In municipalities in a zone approved by the Regional Housing Director established according to zoning regulations.
   (*b*) In unorganized or Rural districts subject to approval of Regional Housing Director.

2. Improvements must provide for and be sufficient to bring dwelling within Minimum Standards of Health and Decency.

3. No loan shall be given on property unless assessed value of building is twice the assessed value of the land.

4. Environment factors shall be considered in making loans and the fitness of property to its neighbourhood shall be a determining factor.

5. Property shall be so located as to offer security against physical hazards (floods, subsidence, etc.).

6. Property shall be accessible to suitable employment areas, market centres, schools, and transportation thereto at reasonable cost.

7. In cases where premises are to be occupied by tenants rental to be stipulated in agreement.

REGULATION III

MINIMUM HOUSING STANDARDS FOR NEW HOUSING FOR LOWEST INCOME GROUPS

The following standards are the minimum requirements for single family houses or groups of single family attached units which could be built for a maximum permissible cost of $3,000 per family including land if built in quantities.

The size of rooms, etc., are slightly smaller than those required under the Housing Act of 1919 in Ontario, but are quite in accord with common practice for the best type of industrial housing of this class.

Land Utilization: It is recommended that in new land developments a maximum number of 20 families per gross acre in urban centres be allowed.

A space of 8 feet be allowed between detached houses or each group of houses.

Where size of lots is fixed or where existing buildings interfere, a passage at least 4 feet wide may be permitted provided there are no windows other than those from stairs, halls, or bathrooms.

Houses of frame construction, either in whole or in part, should have at least fifteen feet between them.

Houses to be not more than two rooms in depth, except corner or end houses of a group which shall, however, be planned so that all rooms are lit from windows opening onto street front or yard, except those for bathrooms, stairs or halls.

Buildings shall not occupy more than fifty per cent of lot area.

Outbuildings, other than a garage for occcupants own use shall not be permitted.

Space for garden is desirable, also play space for children unless community allotment gardens or playgrounds are provided.

Access to rear of all houses must be provided, and in case of group houses service lanes are desirable.

Minimum Size for Single Family Units: A separate room shall be provided for cooking, which may be also used as a living room providing it is at least 150 sq. ft. in area and the narrowest dimension shall be at least 9 feet.

If it is desired to provide a separate kitchen and living room, the kitchen shall not be less than 80 sq. ft. in area and the narrowest dimension 8 feet. In such cases a separate living room shall also be provided with an area of at least 140 feet with the narrowest dimension at least 9 feet.

Minimum Size of Rooms:

Living room (if kitchen is provided), 140 sq. ft. least dimension 9 ft.

Living room and kitchen combined, 150 sq. ft. least dimension 9 ft.

Dining room, if any, 120 sq. ft., least dimension 9 ft.

Dining alcove off either living room or kitchen with opening at least 6 ft. wide, 20 sq. ft.

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Kitchen (separate room), 80 sq. ft. least dimension 8 ft.
Bedroom No. 1, 120 sq. ft. least dimension 9 ft.
Additional bedrooms, 80 sq. ft. least dimension 7 ft. 6 in.
Bathroom, 35 sq. ft. least dimension 4 ft. 6 in.

Clothes Closets: A number of clothes closets shall be provided equal to the number of bedrooms.

Ceiling Heights: Minimum ceiling height 8 feet clear except in cellar, and over an area of at least 50 per cent of floor area of each room where sloping ceilings occur. Minimum height of wall in any room 5 feet.

Stairs: Maximum riser shall be 8 inches with tread at least 8½ inches. No more than two winders shall be used at a right angle turn. Stairs shall be at least 2 fet 6 inches wide and shall be arranged to permit of moving furniture.

Cellars: No bedrooms shall be permitted in basement or cellar. Other living rooms may be permitted under special conditions when slope of land will permit of basement floor being at least one foot above grade on at least one side of rooms so used. Such rooms to have full sized windows as required for similar rooms on other floors, and a minimum ceiling height of 8 feet clear. Walls to be plastered directly on masonry after being adequately damp-proofed.

Storage rooms or furnace space shall have at least one window opening directly to the outer air.

Cellars, except as otherwise provided shall have a clear height of 6 feet. 6 inches.

Adequate provision shall be provided for damp-proofing and waterproofing as conditions may require.

Floors shall be of concrete with adequate drainage.

When cellars are omitted, foundation may consist of continuous masonry wall, or masonry piers. Space from finished grade to bottom of joists to be at least 18 inches. The space to be drained, enclosed and ventilated.

Light and Ventilation: Each room to have a window area of at least 12 square feet with movable sash. Bathroom to have a minimum window area of 6 square feet.

Plumbing: Each family unit shall have the following: A bath tub with hot and cold water—A sink in room for cooking with hot and cold water—A water closet in bathroom, porcelain, syphon or syphon-jet type with flush tank.

Heating: Where furnaces are not used, chimneys to be located and flues provided so that stoves can be located to adequately heat all rooms.

Flue to be provided from kitchen.

Materials: Brick, hollow tile, stone or concrete preferable.

Wood frame with exterior walls covered with stucco, shingles, or clapboard acceptable, but cost of maintenance must be considered a factor in extending loans on such buildings.

Division walls in group houses to be of brick, hollow tile or concrete.

Regulation IV

Minimum Housing Standards for Multi-Family Dwellings for Lowest Income Groups

As such dwellings must be constructed only in the large cities having by-laws covering such dwellings, it would be necessary for the National Housing Bureau to study such by-laws and then draw up additional regulations as may be found necessary. It is recommended that the utilization of land permit a maximum number of thirty families per gross acre for this type of building.

Generally speaking, the minimum housing standards for single-family houses (Regulation III) would apply with additional requirements covering fire-escapes, staircases, public halls, garbage disposal, etc.

REGULATION V

MINIMUM HOUSING STANDARDS FOR SINGLE-FAMILY HOUSES COSTING MORE THAN $3,000 AND NOT MORE THAN $7,500, INCLUDING THE LAND

If the housing policy adopted embraces the financing of housing for other than the lowest income groups, the National Housing Bureau should, in our opinion, also prepare separate regulations covering such houses with a slightly higher standard than those required for the lowest income groups.

REGULATION VI

RECOMMENDATIONS FOR ZONING REGULATIONS

1. Not advisable, or necessary, to withhold authorization for housing projects until city-wide zoning becomes effective.
2. Possible for Housing Authority to impose provisions on each project, which would fit in with later zoning ordinance.
3. Permissive legislation for Zoning Enabling Acts should be prepared, so that municipalities could immediately proceed with comprehensive zoning. Zoning for a part of a city would not be supported in courts.
4. Studies should immediately be made of blighted downtown districts, with a view to determining the best use of the land, basing the decision off existing uses in percentage of total city area co-related to composite figures of other larger cities.
5. Other planning measures must be followed as well, to protect the new investment.
6. A ring should be drawn around the existing solidly built-up areas of cities, and every effort made to bring about consolidation, as opposed to expansion, within this area, and to discourage suburban development. Such measures would be designed to attract people with regular incomes to rehabilitated area, and strengthen its investment possibilities.

CONCLUSIONS

All of the regulations herein suggested are for the purpose of illustrating the scope of regulations which a National Housing Bureau would be required to prepare under the authority given by a Housing Act, and should not be considered as entirely complete.

Mr. Chairman and gentlemen: The purpose of drawing up these housing regulations was simply to outline some of the main points that we recommend should be covered in whatever regulations are drawn up. I will just outline the regulations and give some of the reasons we had for placing them before you. The first regulation in regard to minimum standards of health and decency was in order to give a yardstick whereby applications for rehabilitation could he measured. In Mr. Craig's recommendations it was mentioned that loans should not be granted unless it would bring such housing up to a minimum standard of health and decency. Now, I will not attempt to go into the standard we have drawn up but I would like to emphasize the one relating to "rooms and occupancy." This was mentioned in our previous report; that is, insist on some control over occupancy. If we are eventually to raise the standard of housing that is one of the most difficult problems we have to face. The minimum standards of health and decency also cover both rural and urban dwellings. It is quite obvious that there is a difference; that is, an outside toilet might be erected on a farm, but it certainly could not be permitted in a congested area. The same applies to water and other facilities; so, our regulations are drawn up to take care of both types.

Regulation No. 2, with regard to regulations for the rehabilitation of housing for the lowest income groups is comprehensive. The first item, with regard to where the property is located is necessarily covered by the zoning regulation—I believe you had that under consideration—and we believe that is one of the most important things in our recommendations; provision for doing away with areas that are not suitable for housing.

By Mr. White (London):

Q. In your Regulation 1, you have a recommendation with regard to windows which it seems to me is almost impossible to carry out?—A. "All rooms must have windows opening on to the outer air, and these windows must be movable. No windows shall be directly opposite or looking into those of another dwelling."

Hon. Mr. RINFRET: That should be cleared up.

Mr. SULLIVAN: There should be no dark rooms.

Hon. Mr. RINFRET: It says also, "they must not look into one another"; there would be a certain degree of closeness there though wouldn't there?

The WITNESS: Oh, yes; the point there is that very often on these narrow lots the rooms are lit from the side areas; and in order to secure some privacy such provision seems desirable.

Mr. SULLIVAN: In the province of Quebec the Civil Code provides for that.

Mr. CAUCHON: Yes, there must be 15 feet between the windows facing each other.

The WITNESS: And this covers existing dwellings.

Mr. SULLIVAN: Make it subject to the civil laws of the province of Quebec.

The WITNESS: I think I have finished with Regulation 2, that is the regulation in regard to the rehabilitation of housing for the lowest income groups. Regulation III, minimum housing standards for new housing for lowest income groups; now, this is a detailed housing standard which is the result of a study of a number of such standards and follows closely the one that was drawn up in Ontario under the 1919 Act; except that the areas of rooms and the requirements for rooms are necessarily somewhat less rigid, due to the fact that these are supposed to cover housing for the lowest income groups. The question was raised during Mr. Craig's presentation in regard to width of lot as suggested in the Bruce Report. I think possibly he is misunderstood there. Nearly all modern housing regulations provide that houses built in groups must not be more than two rooms deep; that, of course, puts the long side of your house toward the street and the garden, which necessarily takes care of the minimum dimension of the houses which were mentioned.

By Mr. Howden:

Q. They must not be more than two rooms deep?—A. Not more than two rooms deep.

Mr. CAUCHON: That is not legislation, is it?

The WITNESS: It is not legislation, but it is a standard that is pretty well observed by all modern housing authorities.

Mr. HOWDEN: If you have it two rooms deep with a total frontage of 13 feet you haven't got very much room.

Mr. CAUCHON: That is why 13 feet is inadequate.

The WITNESS: It would be the long dimension of the house rather than the narrow one which would determine the width of the lot.

Mr. CAUCHON: Yes.

The WITNESS: That would be for minimum-size single family units.

By Mr. Stanley:

Q. Of course, that 3 feet—or whatever it is, was down in the slum areas where there is a slum clearing project; I think the Bruce Report does not refer to such limits of size for new construction work on new land, does it?—A. That is utilizing the existing area.

Q. They were utilizing the down-town area and I am pointing out that that is a different consideration?—A. It is in a different category altogether.

Q. Yes?—A. In housing for the lowest income groups it has been found that most of these families prefer large kitchens, that is the type these people would prefer.

Mr. HEAPS: Yes, the best part of the house is the kitchen.

Mr. CAUCHON: It is really a kitchen-livingroom.

The WITNESS: It is a kitchen-livingroom, and that is what we have mentioned in these regulations.

By Mr. Sullivan:

Q. "The building not to occupy more than 50 per cent of the lot area"; would that be in the cities also?—A. Yes.

Q. Would that be quite a lot?—A. No; I think there are very few houses, excepting in very congested areas—that of course involves utilization, and it is recommended in connection with developments of this kind that the maximum be of 20 families per acre.

By Mr. Heaps:

Q. How does that compare with the English housing scheme?—A. They have recently raised theirs, for many years they established the rule of 12 families to the acre—that is more the garden city type of development.

Q. Where you have 20 families to the acre does that mean all duplex houses? —A. That works out pretty well on the urban development, when housed in groups, 20 families to the acre.

Q. What size lot would that give you?—A. I could not say—do you mean, width of lot?

Q. Yes; or, say, the area of the lot?—A. Well, it depends somewhat on the subdivision, but I think we took some examples according to the size of the blocks in Toronto in the areas covered by the Bruce Report and they work out according to their plans at 23 families to the acre.

Q. You could not give me the size of those lots?—A. I could not, off hand.

Mr. CRAIG: Might I point out, Mr. Chairman, that in addition to the lots for each house in all these slum clearance projects they provide an open play space for the children. That is always included in the area indicated.

Mr. HEAPS: That would be included in any area indicated as adequate to serve a given number of families.

Mr. CRAIG: Yes.

Mr. HEAPS: I was just wondering what size of lot would have to be considered in connection with any scheme that might be put into effect.

The WITNESS: I think that would depend somewhat on the nature of the development.

Mr. HEAPS: Would it give a lot, say 25 feet by 100 feet?

Mr. CAUCHON: No.

The WITNESS: It would not, it would be about 18 feet by 100 feet. It would depend on the amount allowed for playgrounds, for instance.

Mr. HEAPS: It seems to me that 20 individual homes on one acre would not give them that amount of space.

The WITNESS: They would not be individual homes, some of them would be duplexes.

Mr. CAUCHON: That, Mr. Heaps, would allow a lot of 21 feet 7 inches frontage.

Mr. HEAPS: Of what depth?

Mr. CAUCHON: If you put 21 houses to the acre that would give you 2,178 square feet per house, whichever way you might dispose of it.

Mr. HEAPS: What width of street does that allow for?

Mr. CAUCHON: I am not providing for streets in that, that is the gross area.

By Mr. Heaps:

Q. I would like to know the size of the lots?—A. It means a lot of about 20 feet in width and 100 feet in depth. That is not a desirable form of lot, as Mr. Craig has mentioned; you build these houses in groups, and even though the lots are narrow they make up for that in the general area which is devoted to public purposes.

Mr. HEAPS: Then, Mr. Cauchon, we are to assume that this figure here of 20 families, or homes, to the acre would provide for groups of homes instead of individual homes.

The WITNESS: This is maximum density, Mr. Heaps.

Mr. HOWARD: If you provided lots of 50 by 100 feet you could only get 12 families per acre, with a little over for street allowances.

The WITNESS: And where you are adjusting the population you require more space.

Mr. CAUCHON: They are not so much given in England to a certain width and depth, they are more disposed toward the garden type of development, more of the community life idea than they are toward individual homes.

The WITNESS: Is there any further question on that? I think there was, in one of the reports of the evidence presented—I forget just which one it is—mention made of the ceiling of houses, very often families were found in attics with low ceilings. That is a thing which is usually covered by municipal regulation; but just in case it might be overlooked in some localities we have indicated here that at least 50 per cent of the floor area should have a ceiling of at least 8 feet.

By Mr. Heaps:

Q. Is not 8 feet pretty low?—A. No, 8 feet is quite all right.

Q. I know of some building regulations which insist on a ceiling of 9 feet?—A. Yes; well, that is where people are in coal-heated apartments and where you have a very dense population.

Q. No, that was not apartments?—A. Was it homes?

Q. Yes, nine feet.—A. Well, that is pretty stiff.

Mr. CAUCHON: I think that is an overhang from the days when everybody used coal stoves. In England they are reducing the ceiling height because they are eliminating the coal grate and using central heating. As a result of the saving made possible in this way, they are putting better equipment into their apartments.

Mr. HEAPS: What is the English regulation, eight feet?

Mr. CAUCHON: Yes, eight feet.

By the Chairman:

Q. You are speaking here about $3,000 for a family, I am having difficulty in trying to figure out how a house can be built for that sum?—A. That includes the land. I might tell you, from my personal experience, that last year I completed some industrial housing which was done for $2,000 per family.

By Mr. Howard:

Q. Is that per family?—A. Per family.

By Mr. Sullivan:

Q. In the city?—A. No, that was in a town, they had to bring most of their material from Montreal. It was at Temiskaming.

By Mr. Stanley:

Q. Was that just for the building?—A. Just for the building, $2,000.

By Mr. Howard:

Q. That is not so bad; just give us an idea of what you put into them; how did you have that house arranged?—A. It had four or five rooms.

Q. How was it arranged; did it have a living-room and kitchen downstairs? —A. They had a kitchen-living-room.

Q. Was it one room?—A. Yes; and there was just a small room on the ground floor—what you might call a place in which to receive visitors, or a sitting-room; but the kitchen was larger, and that included the family living-room. Upstairs we had three bedrooms and a bath.

Mr. HOWARD: That is a good house.

Mr. CAUCHON: Were these grouped, or were they detatched?—A. They were group houses, three or four houses in a group.

By Mr. White (London):

Q. What kind of construction?—A. The excavation was rock.

By Mr. Sullivan:

Q. What were the dimensions?—A. If I remember correctly they were 16 feet by 22 feet, something like that.

By Mr. White (London):

Q. What was the type of construction, was it brick or wood?—A. It was wood-framing with brick veneer and insulated with fibreboard, and asphalt slate.

By Mr. Sullivan:

Q. And 16 feet wide only; for that kind of house that is all right—did you have a concrete foundation?—A. No, we used the stone out of the excavation for that.

Q. A stone wall, 18 inches wide I suppose?—A. It was wider than that, about 22 inches.

Q. Then did you run your brick right up the full two stories?—A. No, it was brick on the main floor; then some of them were finished in clapboards.

By Mr. White (London):

Q. What type of heating did you use?—A. These are heated by stove. Of course, there is a cooking stove in the kitchen; there is a stove in the front room, and the stair is open from that room so that the heat goes upstairs.

By the Chairman:

Q. You did not supply the stoves for them?—A. No.

Q. What is the life of that building, if it is kept in repair, 60 years?—A. No. I doubt very much if a building like that would last 60 years; I think probably 30 years would be the maximum.

By Mr. Heaps:

Q. What kind of a foundation did you have; was it a surface or a full foundation?—A. It was a full foundation; and we had sewer and water.

Q. Would it be well to put in a little furnace to heat the building properly? —A. That could be done. They have tried out a number of ways, as a matter of fact they put in a pipeless furnace in some of them.

Q. That would cost about $75 extra?—A. Yes. I believe these people prefer to get around the hot stove so that they can get scorched.

Mr. HOWARD: That depends on the people you are going to house.

The CHAIRMAN: Gentlemen, will you let Mr. Somerville go on.

By Mr. Plunkett:

Q. In your report, Regulation VI, recommendations for zoning regulations; could you just explain that, would you just elaborate on that a little bit more?—A. That is an expression which is used by townplanners. It simply means that to develop a city and preserve the income from taxes, building should not be allowed to spread too quickly; that is, the central area should be fully developed and paying its way before outlying districts are developed necessitating the extension of sewer and water services and increasing the tax rate.

Q. You mean then that in the centre of the city we should build up these areas before going to the outskirts, or outside the city?—A. Yes; areas that are suitable for housing, or industry, or whatever purpose they may be designed for; they should be developed before the city goes to the expense of extending services such as sewer, light and transportation. I think the German townplanners have a system which is very good. They limit their cities that way, and then the other property is put on the market when they say it is all right; in other words, when the development of the city as a whole reaches the point where it is economic to develop the outer areas.

Mr. CAUCHON: There is no power at the present time in Canada that I know of which prevents a person from building anywhere he likes, in fact, the tendency has been toward the garden suburb idea. Now, we have a regulation in Ontario—it is a very late one—whereby the townplanning commission can refuse people the right to build upon certain land, but that land must be away down in a swamp that is undrainable or away up on a high hill where the city can't furnish a water supply without extra cost. We unfortunately have no provision for preventing scattered development. What Mr. Somerville points out is that it would be very desirable to develop central areas in which all the essential services, such as sewer, water and so on are available instead of developing outside areas.

Mr. HOWARD: You can't prevent their building outside of present services.

Mr. CAUCHON: They don't have to have the services now, they go ahead and build and then ask the city to extend the services.

Mr. HOWARD: Would not your health by-laws control that? Is there not some law which would control that?

Mr. CAUCHON: There are lots of laws in existence, but I don't think effective provision of that kind exists here.

Mr. HEAPS: Mr. Cauchon, when a man goes to the inspector and applies for a permit don't they have the right then and there, if they think the area should not be built in, to withhold his permit; could they not refuse him a permit until such time as these areas were adequately served?

Mr. CAUCHON: I do not think they would refuse him these days. We have had a program here for the elimination of cesspools for many years. We are gradually getting away from them but we cannot force people to make a connection to the sewer. One reason for that is that many of them are in one of these poor districts. So long as they have good water the other does not seem to be so important. The great danger to health here is from impure water.

Mr. STANLEY: Our western cities have that beaten; all properties of that kind have reverted to the city for arrears of taxes.

Mr. CAUCHON: I remember the city of Calgary, where I lived at one time, and they had 36 square miles within the city area; most of it, as you might say, has reverted to farming.

Mr. HOWARD: I have some lots myself, 12 miles outside of the city of Winnipeg.

Mr. CAUCHON: Are you farming them?

Mr. HOWARD: No, I am paying the taxes.

Mr. MCINTOSH: I had some lots like that. I haven't got them now.

By Mr. McIntosh:

Q. For the purpose of clearing up the point with regard to the type of house; do I understand the type of house to which you referred costs $2,000, and the land $1,000?—A. Well, the land didn't enter into it in that instance; in the case I cited the company owned the land, it was industrial housing—company owned.

The CHAIRMAN: I do not think you have in mind what Mr. McIntosh is asking about.

Mr. MCINTOSH: It was with reference to the town-planning, and to the buildings to which reference has been made, what was the cost of the houses there?

Mr. CAUCHON: What would you pay the $2,000 for; did that include the land?

Mr. MCINTOSH: That is the point.

The WITNESS: I imagine that if it was group housing the cost of the land would be, figuring 20 foot lots, from $700 to $800.

Mr. HEAPS: Why would they cost $800?

Mr. MCINTOSH: That would be an exhorbitant figure, would it not?

The WITNESS: I am taking the figure that exists around Toronto. I do not know what it is in other districts.

Mr. MCINTOSH: In the towns I imagine you could get lots at $500.

The WITNESS: In the towns the cost of lots would be less than in the cities.

Mr. STANLEY: The chief activity in such places is usually one neighbour spending his time in trying to get another neighbour to take it off his hands for nothing.

Mr. HOWARD: That is not the case if it happens to be a post office site.

By Mr. White (London):

Q. Is sewer connection included in that?—A. They are connected with the main sewers, the existing sewers.

The WITNESS: There is one point I would like to explain in regard to that zoning. There is a tendency among municipalities at the present time to approve of any building scheme in order to provide labour, and I think that in the initiation of a scheme such as we are discussing now there should be some check on development; that some judgment should be exercised as to where it is going to go, that is something which would devolve upon the organization we have suggested.

I do not think there was anything else, unless there are some questions. We know, of course, but I think we should make it clear, that Mr. Craig in presenting the details in regard to regulations for loans, and these regulations in regard to housing standards; we are not suggesting them as part of the legislation or bill; rather they must come in the regulations of the housing body, whatever it may be, in order to make it flexible; because, at present, we have a great variance in these throughout the country.

By Hon. Mr. Rinfret:

Q. That is mentioned in your report?—A. Yes.

The CHAIRMAN: I would like to ask Mr. Craig a question. Someone was in the other day and spoke about it. The question was as to what amount of repairs, if any, is held up by taxation, that is increased taxation.

Mr. CRAIG: I think it is a factor, but I do not think it is a very big factor at the present time. I think the chief factor is that people have not got the money.

Mr. HOWARD: Well, lack of confidence.

The CHAIRMAN: Well, Mr. Somerville, we want to thank you for presenting this.

Mr. MARKUS: If I may be permitted to interject, I want to say that the information that has been presented to you this morning has been prepared by the National Construction Council after giving the matter a great deal of consideration during the past three or four weeks. In fact, they have been working almost day and night in giving study to this matter, and sincerely hope that the evidence that has been presented to you this morning will prove of value to your committee. I would like to say further: "If you should require further information on any point, do not hesitate to call on us." I can promise that the committee will be called together at a moment's notice and will gladly co-operate in any way possible.

The CHAIRMAN: There is one thing that I would like to just make a matter of record. The New Brunswick government has just brought in a housing bill, and if the money is all spent they will spent about $1,000,000. The question comes in as to whether it is a federal obligation or a national obligation. I think that is one of the problems that we are going to have to decide when we come to make our report.

Hon. Mr. ELLIOTT: How did they deal with it in their bill, Mr. Chairman? Did they contemplate federal assistance?

The CHAIRMAN: No, they say nothing whatever about federal assistance. The total, if it was used, was about one million dollars. It was divided into districts.

Hon. Mr. RINFRET: Would it be possible to procure that bill?

The CHAIRMAN: Yes, I have a copy of the bill. It is quite lengthy.

Mr. SOMERVILLE: Is that in existence or only introduced in the legislature?

The CHAIRMAN: It is introduced, and the House expects to adjourn today. It is a government measure, and I imagine it would go through. I have not heard that it has been passed.

Mr. SULLIVAN: What is the amount?

The CHAIRMAN: If it is used, it would amount to about $1,000,000. It is divided into sections; in the province of New Brunswick there are 400,000 people. That would be on the same basis that has been mentioned.

Mr. SULLIVAN: They have divided the province into regional zones?

The CHAIRMAN: Yes; they have divided it on a par capita basis, $2.50 per person; any advance up to that amount.

Mr. GRAY: Mr. Chairman, I think you should, on behalf of the committee, tender a special vote of thanks to the National Construction Council of Canada, who appeared here before and are here today at their own expense, I understand, for the care which they have taken in preparing this report. It has meant a great deal of work.

Mr. STANLEY: I second that.

The CHAIRMAN: It is moved and seconded that a vote of thanks be extended to the National Construction Council for the work they have done and for their presentation. What is your pleasure?

Carried.

Mr. WEST: All I can say is thank you. You have shown your appreciation. We do not always get that.

The CHAIRMAN: I have quite a number of letters that I want to put on the record. They are very short. Quite a lot of good suggestions have come in. I have a letter from the Department of Health and also some from the Bureau of Statistics that we could put on record; and I think we should have the record of the housing under the legislation of 1919 in Winnipeg from Mr. Heaps, because that is one place where it was successful. We might want to use that same system again. I think Mr. Howard has got a good deal of information he could give us, because we may have to direct our help along the lines of assisting this $12 a month rent man. Mr. Howard has some good information along that line. The only others that are going to appear before us, so far as I know outside of that, are the mortgage corporations, and they want to appear some time on Thursday. I will have to see Mr. Chaplin to find out when he is planning on hearing them, in order to decide what date we can sit.

There are two things that I think we need very badly. We have not any very direct report on what the British government has done—we have a little in the Bruce report—and also just what they are doing in the United States. I noted one particular thing in Mr. Bradley's evidence which caught my eye. He states: "Some of us in studying this plan, of course, have given a considerable amount of study to the plan over there. Our opinion is that the plan over there—that is, the first stage of it, and which had to do primarily with rehabilitation—is gathering momentum, and is certainly working out very successfully, although possibly not to the extent that had been originally throught of."

Mr. GRAY: Is that Britain or the United States?

The CHAIRMAN: That is the United States. This rehabilitation is quite an important item in our reference. I don't know just where we can get the information, but we quite possibly could get someone to give it so that we could have it put on the record.

Mr. CRAIG: I have some more data on that point, if you would like to have it.

The CHAIRMAN: If you could give it to me afterwards, we could put it in in the form of a letter; as long as we could get it on our record so that we can use it, it will be all right.

Mr. HEAPS: I think if Mr. Craig would submit that memorandum to you, Mr. Chairman, we might at a subsequent meeting have it put into the record.

The CHAIRMAN: Yes.

Mr. CRAIG: I could prepare it in the form of a memorandum.

Mr. STANLEY: Would you suggest that Mr. Howard and Mr. Heaps should give evidence?

The CHAIRMAN: I think they should. It will not take a great deal of time.

Hon. Mr. ELLIOTT: I would like to hear from Mr. White also about the London proposition. I think he has some further statement.

The CHAIRMAN: The London proposition was not a success, of which we have proof.

Mr. WHITE: I have other information.

The CHAIRMAN: You could also present that.

Mr. GRAY: That is the reason we want to hear it.

The CHAIRMAN: It would be a good thing if we could get on the record one that was a success, particularly if we could find out why it was a success, because we might want to work along that line.

Hon. Mr. ELLIOTT: I would like to have Mr. White explain why the London proposition was not a success.

Mr. WHITE: In what form do you want this, just in the form of a letter?

The CHAIRMAN: No; in the form of a statement it would be all right, or you could put it in the form of a letter which we could put in our evidence. It would not be very long?

Mr. WHITE: No.

The CHAIRMAN: We might have a meeting Thursday morning to clear up these two points. I think we should close our evidence Friday. I do not think there is anyone else we need; just a few points to fill in, and then we can prepare our report.

Mr. WHITE: Would it not be wise to have a synopsis of the New Brunswick Act for incorporation in the minutes?

The CHAIRMAN: We might do that. I have a copy of the act. I could have someone prepare that for us.

Hon. Mr. ELLIOTT: How long an act is it?

The CHAIRMAN: It is quite a long one. It must be twelve or fifteen pages.

Mr. HOWARD: Why not take out your essential clauses, as to regulations?

Hon. Mr. RINFRET: That is what he was talking about, a synopsis.

The CHAIRMAN: I will get someone to make that up for us.

Hon. Mr. RINFRET: Those recommendations and regulations that Mr. Sommerville gave a summary of are very comprehensive and carefully prepared. Are they going into the record? We have been discussing them for a full half-hour, alluding to this or that paragraph.

The CHAIRMAN: I think it is comparatively short when you get it set up, and that we had better put the whole thing in the record.

Hon. Mr. RINFRET: I think so.

Mr. HOWARD: I think that should all go in.

The CHAIRMAN: Yes. We will meet, then, at the call of the Chair.

The committee adjourned at 12.40 p.m. to meet again at the call of the Chair.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

THURSDAY, APRIL 4, 1935

WITNESSES:

Major T. D'Arcy Leonard, K.C., Solicitor for the Dominion Mortgage and Investment Association; also for the Canada Permanent Mortgage Corporation, and Secretary of the Ontario Mortgage Companies Association, Toronto, Ontario.

Mr. T. H. Main, President, Dominion Mortgage and Investment Association, London, Ontario.

Mr. R. Henderson, General Manager, Canada Permanent Mortgage Corporation, Toronto, Ontario.

Dr. W. C. Clark, Deputy Minister, Department of Finance, Ottawa, Ontario.

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1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 429,
April 4, 1935.

The Special Committee on Housing, in accordance with notice issued, met this day at 3.30 o'clock, p.m. Mr. Ganong, the Chairman, presided.

The following members were present: Messieurs Bourgeois, Church, Dorion, Elliott, Ganong, Gray, Hanbury, Heaps, Howden, McIntosh, Peck, Plunkett, Rinfret, Stanley and White (London)—15.

Mr. Heaps made a statement regarding the experience of the city of Winnipeg under the Housing Act of 1919.

Major T. D'Arcy Leonard, K.C., solicitor for the Dominion Mortgage and Investment Association; also for the Canada Permanent Mortgage Corporation, and Secretary of the Ontario Mortgage Association, Toronto, Ontario, was called, examined and retired.

Mr. T. H. Main, President of the Dominion Mortgage and Investment Association, London, Ontario, and

Mr. R. Henderson, General Manager, Canada Permanent Mortgage Corporation, Toronto, Ontario, were called on to answer many questions.

Dr. W. C. Clark, Deputy Minister of Finance, Ottawa, was called, examined and retired.

The names of the companies comprising the Dominion Mortgage and Investment Association will be submitted by Mr. Leonard and incorporated in the evidence.

The Chairman submitted a resume of "An Act for the Establishment of Housing Commissions in Municipalities in the Province of New Brunswick." (See appendix D.)

Mr. White (London), submitted a Memorandum *re* Housing in London under the Housing Act of 1919. (See appendix E.)

The Committee adjourned at 6 p.m., to meet again at the call of the Chair.

J. P. DOYLE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS, ROOM 429, April 4, 1935.

The Special Committee on Housing met in Room 429, Thursday, April 4, 1935, at 3.30 p.m., Mr. A. D. Ganong, Chairman, presiding.

The CHAIRMAN: Gentlemen, the committee will now come to order. The clerk informs me we have a quorum. We have appearing before us this afternoon the officials of the Dominion Mortgage and Investment Corporation of Toronto. Mr. Leonard, who is the solicitor, will be the first witness.

Hon. Mr. RINFRET: May I inquire if this meeting will conclude our evidence?

The CHAIRMAN: Yes, I hope so.

Hon. Mr. RINFRET: These gentlemen are perfectly welcome, but I wanted to know, for my own information, whether this is likely to be the last day on which we will hear evidence.

The CHAIRMAN: Yes, except for one thing. I have a few letters which I expected to put in to-day, but so many people came to see me I did not get a chance to go through them. I should like to put them in the record but it will be just a formal matter.

Mr. HEAPS: Before three o'clock you asked me, Mr. Chairman, if I would say a few words on the Winnipeg situation. I have another meeting at 4.30, as well as some other members of the committee—

The CHAIRMAN: How long will it take you?

Mr. HEAPS: Not very long.

The CHAIRMAN: Then we will hear you.

Mr. HEAPS: The Chairman asked me to say a few words in regard to the Winnipeg situation before three o'clock. The Winnipeg housing scheme was undertaken as a result of the act passed by parliament in the year 1919. In the fall of 1919 the Winnipeg city council appointed a housing commission under one of its city bylaws, and I shall now give the latest figures available in the manual of the city of Winnipeg for the year 1934, which is really the report of the Housing Commission of 1933. They made a total of 712 loans with an aggregate value of $2,761,651.51. At the end of 1933 the total amount outstanding was $1,124,731.07; payments made in excess of requirements to that date were $148,279.66 and the arrears at that time were $63,434. The administration expenses for the year 1933 were $3,930.19, a very low cost, as you will all observe. The net profit for 1933 after paying all interest and administration expenses, was $14,898.44. And then there is a contingent reserve and balance of profit and loss account of $219,264.57.

Now, it will be observed from this that what happened in Winnipeg was evidently quite different from what took place in most of the other cities of the Dominion of Canada which took advantage of the act of 1919. When the act became effective as far as Winnipeg was concerned, they appointed a housing commission. The fact of their appointing a housing commission did not presume that it was an outside body entirely independent of the city council. In fact, it was the very reverse. They did incorporate quite a number of outside gentlemen on the body, but they had as many members of the council as they had outsiders. Of course, every member of the housing commission had the

right to vote on this body. The Chairman, I think, all through the years has been the treasurer of the city of Winnipeg, Mr. Thompson, who is a very able administrator. And in reality, so far as the financial side of it is concerned, it was administered through the city treasurer's department of the city of Winnipeg.

It appears to me, from my own little understanding and knowledge of housing administration that the whole success or failure of any scheme that is undertaken depends almost exclusively on its administration. Now it is quite possible, Mr. Chairman, that in other cities the same set up as you have in Winnipeg might not be applicable. All I can say is, so far as Winnipeg is concerned, we have found as a rule that the utilities which have been administered through the city council almost exclusively or through commissions, as I have just enumerated have worked out fairly well. When the scheme was inaugurated it was inaugurated because the funds were low for housing purposes. In the city of Winnipeg I would say around about 1919 to 1920, loans for small homes say of anything from 5 to 7 or 8 rooms could not be obtained for less than 7½ or 8 per cent. Dominion funds were then available to the provincial governments at, I think, 5 per cent. And in granting these loans, the city of Winnipeg charged to the borrower 6 per cent, which made a vast saving to the person who was to build the house; and there was nothing put up unless the applicant was there himself and prepared to proceed with building a home for his own occupancy. There was nothing in the way of speculation. I understand in some of the other schemes they put the homes up with the prospect of someone coming along and buying them. That was not done in the case of the city of Winnipeg.

Then there were some very strict regulations. The regulations were strict in this regard. They put up certain specifications for the construction of the homes, which in some respects were even more strict than the local by-laws; so that any person who purchases what they call a commission house is actually obtaining a better constructed home, generally speaking, than what he would have, if he were purchasing a house that was built by some of the other interests. The amounts under those mortgages were amortized over a period of 20 years, and at that time it worked out say on a rental basis, perhaps somewhat lower than the rentals that were being charged for houses in Winnipeg, so there was quite a good deal of building went on. And when money was available from private sources in 1923, the commission ceased to loan money because funds were then plentiful. They practically ceased operations except in so far as they administrated the houses under their care, and collected the funds that were due to the commission for the outstanding mortgages. But we have found the scheme, so far as the loaning of money is concerned, fairly successful there, and I think myself if a similar arrangement were again made, where money could be loaned at a much lower rate of interest than that now being charged, you would find by the same careful administration, success could again be attained by a housing commission such as was commenced and operated in Winnipeg during the years 1919 and 1920 to the years 1922 and 1923 inclusive. I cannot emphasize too strongly the question of administration. Of course I realize we cannot have the same type of administration in one city as we have in another. Some other type of administration may be more suitable in the east than out in the west. In my opinion the whole scheme would have to be most carefully considered and administered, not merely from a civic standpoint, but from a provincial as well as a federal standpoint. After all, under the loan scheme in 1919 there was really no federal control at all; control was entirely vested in the provincial authorities; which again vested their authority in the municipalities. I should just like to say, in my humble opinion, if we commence, and I hope we will, some comprehensive scheme of a national character that it will be under strict control and regulation right from the very top down to the bottom. I think that is about all I can say.

The CHAIRMAN: Has any member any questions he would like to ask of Mr. Heaps.

Mr. PECK: How much was borrowed from the federal government?

Mr. HEAPS: The amount borrowed from the provincial government is equivalent to the amount of the total loan. That would be $2,261,651.51.

Mr. HOWDEN: What is the standing of the scheme now?

Mr. HEAPS: It is extremely good for the obvious reason that the outstanding amount is only about 40 per cent to-day of what it was at that time—that is, the obligations of the city are that amount. And then there is also the reserve I referred to and the annual profits arising out of the 1 per cent. As the city charges more for the money than they themselves pay that sum amounts to about $14,000.

Mr. GRAY: At that rate you would hardly amortize in the twenty years?

Mr. HEAPS: Assuming that it is not amortized, the security there today is so good that I do not think there could be any question about the success of the scheme.

The CHAIRMAN: That would be a home building program?

Mr. HEAPS: That is correct.

Mr. CHURCH: How many houses were built?

Mr. HEAPS: 712.

Mr. CHURCH: All was done under the federal Act?

Mr. HEAPS: Yes, under the federal Act.

Mr. WHITE (London): What were the lowest rentals charged for that class of house?

Mr. HEAPS: There were no rentals at all. The person who wanted a home would go down to the civic authorities and would place his application with the commission in charge of building. They would go over the plans and the specifications and see that they complied entirely with the specifications set up by the commission. Then that person would have to provide a certain amount of funds himself, and the mortgage would be given for the balance by the housing commission.

Mr. WHITE (London): In your experience, and from the information you have were the numbers of people who built, say, half a dozen houses in order to rent some?

Mr. HEAPS: Oh, no.

Hon. Mr. ELLIOTT: About what percentage would you have to provide?

Mr. HEAPS: In some cases people who had more funds would require less, but if the people had 50 per cent they were able to obtain the balance and build homes under this scheme.

Mr. GRAY: In all cases the applicant was the owner of the land?

Mr. HEAPS: Correct.

Mr. WHITE (London): This was not a scheme for housing the low paid worker?

Mr. HEAPS: No.

Hon. Mr. RINFRET: Was there a special rate of taxation?

Mr. HEAPS: No. The taxes were levied on these properties actually in the same way as they were levied on the homes. Now, Mr. Chairman, I have often thought that there was some discrimination against those houses—that they paid too much taxes—for the reason that they were built when prices were high and on account of our assessment being on the value of the building of a home at the time. In many cases the taxes on commission houses were really more than they were on ordinary houses.

Mr. HOWDEN: You did have some tax exemption schemes in Winnipeg, did you not?

Mr. HEAPS: Not to my knowledge. There were some in St. Boniface.

Hon. Mr. ELLIOTT: You heard the description of the Toronto scheme which, if I remember correctly, was based on putting up 15 per cent by that committee. They provided, I think, 15 per cent originally. Now, this worked out practically in a way siimlar to other schemes except that the money was advanced by the Dominion and guaranteed by the provinces.

Mr. HEAPS: Yes. Well, of course, they built a completely different type of home in Toronto than in Winnipeg.

The CHAIRMAN: They also built to rent in Toronto, rather than for homes.

Mr. HEAPS: The Winnipeg homes were invariably the single type dwelling built on an individual lot.

Mr. WHITE (London): What would be the percentage of value advanced from the government fund?

Mr. HEAPS: There was no limit as far as the government was concerned; that was entirely in the hands of the body that was administering the Act in a local sense.

Mr. WHITE (London): What limit did they place on it?

Mr. HEAPS: Roughly speaking, a person could get from 80 per cent to 85 per cent.

Mr. WHITE (London): Of the building?

Mr. HEAPS: Yes.

Mr. HANBURY: He had to own his own property?

Mr. HEAPS: He had to have a clear title to his own lot.

The CHAIRMAN: We want to thank you, Mr. Heaps.

T. D'ARCY LEONARD, called.

The CHAIRMAN: Mr. Leonard, would you tell the committee whom you represent?

The WITNESS: Mr. Chairman and members of the committee, perhaps I should introduce myself and tell you whom I represent. I am solicitor for the Dominion Mortgage and Investment Association, but I am here primarily because I have had experience as secretary of the Ontario branch of the Ontario Mortgage Companies' Association, and therefore, I have had some practical knowledge, and it is rather in that capacity than in any legal capacity that I am here representing them. This body is comprised of loan companies, trust companies and life insurance companies, and they have always been very much interested in first mortgage lending. They have a considerable amount of money out now on first mortgages, and they have been probably the chief means of providing construction loans.

Mr. GRAY: Could you give us an approximate amount that is outstanding on first mortgage loans?

The WITNESS: I have not got the figures, unfortunately, for the life insurance companies, but the amount would be quite large. I have it here for the loan companies and the trust companies, and it is about $260,000,000. That is the amount that is out on first mortgage loans.

Mr. HANRURY: That is for houses?

The WITNESS: That will include farm loans also. The exact difference is not calculated. I think roughly one might strike a figure of 30 per cent farm loans and 70 per cent city loans.

Mr. GRAY: May I again interrupt to suggest that you give the committee some idea of the loan and trust companies that you represent and that your association represents; tell us how large the proportion is; give us a general idea.

The WITNESS: Well, it is a little difficult to say. We represent most of the mortgage companies in Canada, most of the trust companies, and practically, I think, all of the life insurance companies—the Canadian Life Insurance companies.

Mr. HEAPS: From the loaning standpoint what is the amount of paid-up capital you actually represent?

The WITNESS: The loan and trust companies have capital in reserve of approximately $60,000,000. The life insurance companies—once again I haven't got those figures; but they are available in the blue book of the report of the superintendent of insurance which, unfortunately, I have not with me.

As I say, we are interested in this and when Mr. Ganong asked us if we desired to be heard we were quite willing to come along and tell you anything there is about our knowledge of the mortgage loaning business and about our companies—any of the facts and what our present situation is. I think, perhaps, it might be of interest to you if I sketched the development of these companies and the part that they have played and why they are in their position as chief factors in mortgage lending in Canada. I will start with the loaning companies, the straight mortgage companies.

These institutions started about 80 years ago or 90 years ago in Canada, and they started originally as building societies. I think it might be of interest to you to see the development that we have gone through; because, one does read of systems in other countries, whether they have building societies or whether they have some other form of mortgage lending institution. All our loan companies of to-day practically started as these building societies, formed on the English type; that is, we are inherently co-operative institutions. The money was raised from shareholders who generally were also borrowers. They put the money into a common pool and that formed a fund which was loaned out to those who needed the money. The difference between what was charged to borrower and the rate that was allowed the investor, the only spread, was the cost of management. As these companies developed they found difficulties. The system was not working to practical advantage, with the result that they acquired powers to take deposits, thereby making funds available at perhaps lower interest rates than would be the case through the medium of straight share capital, even on the building society scheme. Then, later on, in the seventies there were difficulties in connection with borrowing of deposits. Expenses were high, and deposit liabilities were demand liabilities and therefore a considerable proportion of them had to be kept in liquid securities; and these companies acquired the power in the seventies to issue debentures or bonds; that is, a long term fixed rate security. There was at that time no market in Canada for these debentures, but they went to England and just got it; by this system they did build up a considerable amount of capital and reserve and they acquired security, and also our country had developed and our bonds and debentures found favour in Scotland and England.

Now, up to that time mortgage interest rates were high, 8, 9 and 10 per cent and even higher. By reason of their ability to tap this English market, the ability to borrow at around 5 per cent on these debentures, they brought the interest rates down to 6 and 7 per cent. That situation it may interest you to know resulted in the passing of what was known as the Orpen Act, and which is to-day part of the Interest Act, which provides that after five years any mortgage can be paid up on three months notice or bonus. The

reason for that was that the fact these companies had gone over to the Old Country market and brought money in here at lower interest rates affected the existing contracts, which were mostly on a long term—20 year or longer—amortized plan, and these mortgages were out on an 8, 9 and 10 per cent basis.

Now, we ran into a period somewhat like what we have now. Money was available at lower rates than these borrowers were obligated to pay on the old contracts. The result was that they passed this Orpen Act which gives the mortgagor the power to pay off on three months' notice or bonus. From that time on instead of having so much of the long term amortized mortgages the contracts switched to the five year term mortgages because of this provision, and because of that debentures also became crystallized on a five-year period, so that the rate of interest was adjusted at the end of every five years. Otherwise a company might find itself tied up on a long term debenture contract at a high rate of interest which was invested in mortgages, and by the time the five years was up the interest rates were down and the mortgagor came along and paid it off, and the company was still tied up on its high rate of interest on its debentures.

Well, that is the situation that is carried on to the present day, in essence. I think our mortgage companies therefore are very similar to what we here describe as mortgage banks in other countries. That is to say, we borrow money by our debentures, a fixed term contract at a fixed rate of interest, and we turn around and lend that again. Now, in addition, these loan companies have the power to take deposits. The deposits form a feeder for the debenture business. We borrow money by way of debentures both in the old country and here in Canada. The Canadian market has been built up largely in the last 30 or 35 years, since 1900. Previous to that there was very little Canadian capital available for that type of security, and in fact for other securities. The difference in a way between these companies in borrowing by way of these debentures, and mortgage banks—as they have been explained to me, or as I have understood them—is that we sell these debentures at par; there is always an over-the-counter market on them. We are selling them day in and day out at par, at whatever the current rate of interest is. Then, over there as I understand it, they will have a fixed rate of interest and it will be sold in the market at whatever price the bond will bring. For example, the 4 per cent bond would be sold in the market at perhaps 98. And I understand the borrower then only gets credit for that price of 98, less a commission of perhaps 1 or 2 per cent—or whatever it may be—which the mortgage bank charges. So that on a $2,000 loan instead of getting $2,000 he gets $1,920, less any other costs; that is, he gets the net proceeds of the sale of the bond. That means in effect that the bonds while they bear a 4 per cent interest rate are actually yielding more than that, and the cost of the money is more than 4 per cent, and it is represented by a capital charge in the borrowing contract. Now, under our Interest Act, and under our practice, we lend 100 cents on the dollar, and the net interest rate is the true interest rate. If we were able to charge a discount such as these mortgage banks do, we might have a nominal rate in the contract of perhaps 5 per cent whereas the true rate might be 6½ or 7 per cent, depending on the amount of discount that was deducted from the loan in the first place. That is the picture of the position of the mortgage companies.

You might be interested in some figures showing the amount of these borrowings. The best place to find it is in the report of the registrar of loan corporations. There are, of course, companies incorporated in other provinces, but I think that the Ontario situation represents a fairly accurate picture. There are some 19 loan companies registered in Ontario, and in the report of the registrar of loan corporations—the latest one is for the year 1934, which covers the business of 1933—is given the complete details of the business of loan companies.

By the Chairman:

Q. That is in the Province of Ontario?—A. Those that are registered in Ontario, Mr. Chairman; but their business covers the whole of Canada, from Halifax to Victoria.

By Mr. Church:

Q. Is this report just for Ontario companies, or does it include federal companies as well?—A. It includes federal companies as well. Any federal company that does business in Ontario must be registered under this Act, and file its statement, and it is reported here. Now, these nineteen companies have borrowed by way of debenture stock, which I might explain is a perpetual debenture and is not callable at any time, $1,000,000 which is a small amount. They have borrowed by way of debentures payable in Canada, $82,000,000. They have borrowed by way of debentures payable in Great Britain, $28,000,000.

Mr. STANLEY: What corporation is this?

Mr. GRAY: These are all of them.

Mr. STANLEY: All the loan companies?

The WITNESS: This is a compilation of the nineteen companies. The total amount of these borrowings by way of fixed term charges is $111,980,000. I think I have the figures here giving the average amount of such debentures, to give you an idea of the fact that they are held by a great many people of small means. I think that the average is no more than $2,000. I am sorry, but I have not that figure right with me.

By Mr. Heaps:

Q. What do you mean by an average of $2,000 there?—A. Well, if we have a figure of $112,000,000, Mr. Heaps, it would represent 56,000 debenture holders.

Q. I wonder if you would work that out in percentages. I would like to know what percentage is in small blocks and what percentage is in large blocks.

Mr. MCINTOSH: What would you call a small block?

Mr. HEAPS: Oh, say $200 or $300—not several million dollars held by one person.

The WITNESS: That is the average, that I have given.

By Mr. Heaps:

Q. It does not present probably the true picture of the situation; for instance, you might say that hundreds of thousands own part of the national debt, but a very small percentage own a very large quantity or large amount of the national debt. The same might apply in this case?—A. There are actually 56,000 holders with an average holding of $2,000, even assuming that there might be 100 people who might hold a large block.

Q. Say 75 per cent?—A. Oh, no, I don't imagine that there is a single individual holder with that amount.

Q. Say 100 people may own 75 per cent of the total amount?—A. I know that is not the case.

Q. Take half of the amount; what percentage of that 56,000 would it be owned by?—A. If one of the men who are actually with the company, and who are here with me, were allowed to give it to me, they may have some actual information. The minimum amount issued is $100, Mr. Heaps; I can get those figures for you, and I will be very glad to do so, because I know they will bear out what I say. We do know that in practice large holders are small in number, and the great bulk of the money represents small investments of individual people.

Q. 56,000 people, the majority of whom have small investments?—A. Yes.

Q. What would you call a small investment?

Mr. McINTOSH: About $2,000.

The WITNESS: $2,000, yes.

By Mr. Heaps:

Q. That is the average?—A. Yes, that is the average. I mean, that is all you can work it out to. It means, I think, does it not, that if you have a certain number in the higher group, there are just that many more in the lower group?

By Mr. Peck:

Q. $18,000,000 held in Canada, did you say?—A. $82,000,000.

Q. In Canada?—A. Yes.

By Hon. Mr. Elliott:

Q. Is it not the practice frequently,—and of course this applies, the smaller debentures are for people when they have a little money to buy a debenture,—that the one individual would have several debentures, in all probability bought from time to time?—A. Yes. That is quite right, sir. They pick them up in $100 lots, $200 or $500 lots.

By Mr. Heaps:

Q. Do you know what the largest holding is there?—A. I beg your pardon?

Q. Do you know what the largest individual holding is?—A. Of any of the companies?

Q. Yes?—A. No, I have not that information.

By Mr. McIntosh:

Q. Could you give a list of the mortgage and loan companies you are dealing with? Would it not be information that the committee should have?—A. Mr. McIntosh, these are all set out in the report of the registrar of loan corporations. I am just calling attention to the particular features; and if you would like the report left with you, it is quite all right.

The CHAIRMAN: If you would leave the report, I will have the clerk put it into our record.

The WITNESS: It contains pretty complete information of the operations of the loan companies and trust companies. Going on from that, I think you would be interested in knowing the rates of interest chargeable on these obligations; and these companies, I think, have a pretty fine record with regard to their ability to borrow. They have always maintained a high credit standard. They have at times been able to borrow cheaper than the Dominion of Canada. That is, of course, an extraordinary situation. I mean, it is a temporary situation which would rectify itself, because primarily Dominion of Canada bonds would be the prime security of Canada. But at times—for example, in Scotland we have been able to borrow cheaper than Dominion of Canada bonds were available in Canada.

By Mr. McIntosh:

Q. You have never done any repudiating?—A. No. Up to date we have kept a pretty clean record, Mr. McIntosh.

Q. I am glad to hear that.—A. In this same report for 1933 you will find the actual interest that we paid on these debenture obligations. The amount was $5,384,000, which works out at an average rate of interest paid on those debentures of 4·8 per cent. That was in the year 1933.

By Mr. Heaps:

Q. Were most of those debentures held in this country?—A. $82,000,000 are held in this country, $30,000,000 we have outstanding in Scotland and England, Mr. Heaps, and $1,000,000 debenture stock payable in London in 1933. I have a table here which I think is probably correct. It was furnished to me by a bond dealer. I wanted to check up on how far we were above the Dominion of Canada bonds in our borrowings. I took the 4½ of 1958, which I thought was a fairly good bond to take to represent the yield price on Dominion of Canada bonds. The yield from January, 1933, to December 30, 1933. The lowest yield available was 4·48. They were as high as 4·80, the same rate that we were paying.

Dr. CLARK: A 25 year bond against your five.

The WITNESS: Quite, Dr. Clark. I don't know whether it would vary very much or not at that particular time; of course, at the present time we are in the situation where short terms are favourable. At that time I am not so sure that they were. But we do have to compete in a way with the prevailing rate of Dominion of Canada bonds. While ours are five-year bonds, their practice is to renew them from time to time, and it is only a matter of an adjustment of the interest rate in accordance with the current rate prevailing at the time the renewal takes place. I think that, broadly speaking, we can always deal or have been able to deal within about one-half of one per cent of Dominion of Canada bonds, sometimes a little less. Sometimes an extraordinary situation may put us a little higher, but generally speaking we are within one-half of one per cent. For example, to-day, placing Dominion of Canada bonds around a 3½ per cent basis, we are issuing our debentures at 4 per cent.

That is our cost of money, and the point I wish to make is that I think we borrow about as cheaply as any private organization can. There is a fairly ready market for these bonds. When times are normal we have no difficulty in issuing these bonds. The public have got to know them and recognize them, and we can get money in that way. Of course, we run into extraordinary times. For example, in 1931 Dominion of Canada bonds were selling around a 5½ per cent basis, the same bonds, and we were forced to go up as high as 5½ and 6 per cent; and we still have those obligations outstanding on which we will be obligated to pay 5 per cent or whatever rate we had to pay in order to keep that money at that time until 1937 or 1938.

The next point I would like to make, sir, is in connection with the cost of doing a mortgage business. We have our cost of money to start with, in order to get some idea of the proper cost of mortgage lending. In 1933 the actual cash expenditures of these companies, for salaries, taxes and expenses of that kind, were 1·4 per cent of their total assets. That made a total cost there of 4·8 for your borrowed money and 1·4 for the cost of doing business.

By Mr. Heaps:

Q. 1·4 per cent of the assets; how would that work out on the actual amount of business done during the year?—A. You mean the actual amount of money loaned?

Q. Yes, during the year.—A. There might not, in that particular year, be very much money loaned at all.

Q. But your overhead would be there just the same?—A. Exactly. But you are charging your overhead against all your assets.

Q. We found, in the city of Winnipeg where they loaned money, the annual expenditure for the collections on the amount, which was $2,000,000, and for looking after the property was about $4,000.—A. You mean the Winnipeg Housing Commission?

Q. Yes.—A. I think they should be congratulated.

Q. That has nothing to do with me.—A. I am wondering what you will find when you come to analyse it; and I might analyse, to some extent, this 1·4 per cent, to see how it is made up. We think we manage about as economically as we can. It is up to us to do so. We are in the business, and if we cannot get our costs down, we do not get the business. Of that 1·4 per cent, ·25 per cent is annual licence fees and taxes, apart from taxes on real estate paid to Dominion, provincial and municipal governments for doing business.

Mr. HEAPS: May I ask what is the average rate of the loans that are out?

Mr. HOWDEN: We will come to that later on.

Mr. HEAPS: The only reason I am asking that now is that both Mr. Gray and myself have a very important meeting downstairs.

The WITNESS: I will be very glad to give you that.

Mr. HEAP: We hate to leave.

The WITNESS: In this same report, you will find on page 302, the average rate from mortgages to realty and loan companies was 6·54 per cent.

By Mr. Heaps:

Q. And the cost was 4·8?—A. Plus 1·4 which gives 6·2.

Q. But you obtained money at what rate?—A. 4·8 was the cost that year.

Q. And the average amount of the interest rates to borrowers was what? —A. 6·54.

Q. That is a difference of 1·7?—A. That is right, 1·74.

Mr. HEAPS: I am sorry, Mr. Chairman, but two of us have got to go.

The WITNESS: That figure of ·25 for taxes does not include taxes on real estate for office buildings and so on, and while that is the interest put in the report I have had it checked by some of the companies and I believe that amounts to about another ·12 per cent; so that of your 1·40 cost there is ·37 that goes out in taxes as a charge for doing business. It is quite a considerable item in your overhead.

Now, the situation to-day with these companies is that we would like to be lending more money than we have been. I just made a conservative estimate, which I checked with a number of companies, and I think we have at least $25,000,000 among this group of companies which they would like to get out now on new construction throughout Canada.

Mr. HOWDEN: They must have had a change of heart lately.

The WITNESS: I do not think that is quite correct. I made a check also, sir, last year and found that there were actually 28 lending institutions that made loans in Toronto last year; I also found that they had reduced interest rates, and interest rates were 5·5 per cent, and 6 per cent; and that is the rate of interest which to-day would be necessary on this basis if we are to get an economic rate on lending this money that we have borrowed.

By Hon. Mr. Elliott:

Q. Might I interrupt? Were they largely business places or homes?—A. The district that we surveyed, Mr. Elliott, in order to see what loans were being made, consisted of three or four residential districts in Toronto where we knew there was new construction going on, and we made the check just to have an idea of how much was being loaned on residences, and so forth.

Q. On the loans you made in Toronto, what percentage of them were for homes rather than for other business places?—A. All these would be house loans, sir.

Q. Yes. Could you tell us what percentage of your total loanings last year, of the new loans you made last year, were on farms?—A. Oh, I do not think there would be any farm loans made last year.

Q. You are practically out of the farm loan business?—A. Yes, that is the situation.

Q. How long has that condition maintained?—A. I could not speak accurately as to that, it is the last several years.

Q. A few years anyway?—A. The last few years.

Q. And would you care to say to what you attribute that situation?—A. I appeared before the Senate Banking and Commerce Committee last week on that very question, Mr. Elliott, on the Farm Loan Act; and I attributed it myself to three factors. One was the existing legislation starting with the creation of prior liens, and also the moratoria legislation and debt adjustment provisions primarily directed for the benefit of farmers. That was one factor. The second factor was the coming into the field of governments to loan money on less than what we consider an economic rate; that is to say, a rate that is justified by the cost of money and the cost of doing business, and the profit or loss factor as the case may be. And the third factor in our having to drop out, or in our being forced out—whichever way you like to put it—was agricultural conditions, and economic conditions particularly effecting agriculture during the past year.

Q. You found they could not make enough money to pay interest?—A. That is right, a combination of the three factors.

By Mr. McIntosh:

Q. Is it your policy generally not to loan money on farms, or does that just apply to Ontario?—A. No, I think that is very general throughout Canada.

Q. Yes?—A. We have money out, for example, in Saskatchewan on seed and feed for our existing borrowers. That is good business and I think we have got to do that. We want to keep them there and we want to give them a chance. It is good business for the community, and it is good business for us.

Q. Yes, I think it is?—A. That is about the only kind of business we are doing there.

By Mr. Stanley:

Q. What was the policy followed by your company in selecting their loans? Have they marked certain areas in a city within the boundaries of which they make loans, and without the boundaries of which they refuse loans?—A. I do not want to dogmatize on that, Dr. Stanley. Each company carries on its own business according to its own judgment. They might prefer a certain district, they might like a certain district, and they may not like certain districts depending on the character of the district. I have seen cases of subdivisions growing up on the outskirts of the city—and I speak of Toronto because I am most familiar with that—and some companies might be a little dubious about that development while other companies are satisfied with it, and such companies will go in and grab the mortgage business in that particular district.

By Mr. Howden:

Q. No loans have been made at all where moratoria legislation is in force, of course?—A. I think there are still loans being made, but moratoria have a certain effect in keeping money out, and also in keeping the interest rate up. I have been particularly impressed by that fact. Then, there is a loss factor that is too high in our mortgage lending business. For example, in England they can get a mortgage interest rate there that is within one and a half per cent of the prime security of England. We should be able here to get it down around one and a half per cent of our prime security rate—Dominion of Canada bonds. I think there will always be that spread of about one and a half per cent because your Dominion of Canada bond is a fine security, and again those bonds are readily marketable, there is always a market for them; further than that,

there is no service expense in connection with them, all you have to do is clip your coupons and put them in the banks. On the other hand, with a mortgage you have the expense of going out and finding it in the first place, then you have the handling of it—watching the taxes, collecting the interest, and you have a loss factor. Now, if we could eliminate that loss factor and eliminate some of the charges that are involved in the handling of our mortgage business we could get our spread down to what it is in England. In England, as I understand it, they have not had any moratoria law with respect to mortgages. Then, they have another advantage over there too in that the payment of local government taxes is the responsibility of the occupants of the properties; the tenant or occupant of the property is primarily liable and the owner of the property is not liable for taxes and the mortgagee is not; and therefore the hazard of increased taxes, or accumulated arrears of taxes, is removed from the mortgage investor and also from the house investor, that is a very great factor. If we could lend under such conditions here, that is with all taxes borne by the occupant, it would make a considerable difference in the cost of lending. And in addition to that, of course, it keeps down the cost of local improvement; and we find that in some cases local improvement taxes in recent years have come close to confiscation. I have some examples here of what I think are fairly typical cases. In 1931 one of the loan companies, not a large one, paid taxes on behalf of his debtors as follows: realty taxes $25,000 (I am giving you the round figures); on properties which it owned or which it had acquired, $11,000; and business tax, corporation tax and Dominion government tax of another $2,300; making a total of taxes of $40,000. That amount of $40,000 was more than 50 per cent of the gross revenue of the company. The net revenue was so little that the company not only found itself unable to pay any dividend to its shareholders (all of whom were plain people) but they also found it necessary to perpetuate reductions in salaries and wages which the company's officers and employees alike, and as cheerfully as possible, have submitted to at an earlier stage of the present depression in order to help the company to get by.

By Mr. Stanley:

Q. That is just one company, is it a small company?—A. That was a small company, would you like to have a larger one?

Q. Oh, you might as well?—A. Here is a larger one: On behalf of debtors, $195,000 of realty taxes; on their own behalf realty taxes of $92,000; business tax and corporation tax $5,000; a total of $293,000 in 1934.

Q. Were the loans spread pretty well across the country, or were they just within one province; have you the name of the company?—A. This is information, sir, which can be verified, but it is given to me without the names of the companies. There are some things in which one does not obtain these names. Twenty-five per cent of the business of this company was in one city, and I think the balance of the business was in the same province.

By Mr. McIntosh:

Q. What about the percentage in each case, is it similar?—A. Of the three companies that I have here the total taxes paid amount to approximately 40 per cent of the gross revenue.

By Mr. Stanley:

Q. These are about the worst illustrations you could get, of course?—A. I think so, I don't want you to think these are typical; but they do show the point I am trying to make about the problem of an investor in a property or a mortgage investor. It shows the difference between conditions which we have generally throughout Canada and the conditions that the investor faces in the old country in respect to mortgage lending, where the burden falls on the occupant very largely.

Q. I might ask a question here which probably will not be so very far out of order; why do your companies add 2 per cent for good measure on loans made, for instance, in the city of Calgary as compared with loans made in the city of Ottawa?—A. I am not familiar with conditions in Calgary, but Mr. Henderson is here, he knows conditions in the west and he has been loaning money right in Calgary.

Mr. HENDERSON: In that connection I might say that we loan as low as 6 per cent. We have loaned at 7, 7½, at 8 per cent. I think you will find the rate in Calgary is very similar to the rate in Edmonton. You have got to keep in mind in Calgary that the government took the covenant of the mortgages, which would differentiate as between Ottawa and out west.

By Mr. Howden:

Q. The government did what?—A. In Alberta they eliminated the company from the mortgages.

Dr. STANLEY: You mean to state then that removing the covenant from the contract increases the rate. I think there is no question but that that type of legislation does tend to increase rates.

By Mr. McIntosh:

Q. I did not get exactly what the rate was in Calgary?—A. At any particular time, Mr. McIntosh?

Q. No, just in a general way.

Mr. HENDERSON: We have loaned as low as 6 per cent, but the average rate I fancy would be 7 to 7½ per cent.

Mr. MCINTOSH: What about Edmonton?

Mr. HENDERSON: It would be about the same there.

Mr. MCINTOSH: What about North Battleford, have you loaned any money there?

Mr. HENDERSON: We have had one or two loans there, but we do not loan in North Battleford.

By Mr. Stanley:

Q. Might I follow up the question?—A. Yes, Dr. Stanley.

Q. The statement was made to various applicants three or four years ago by quite a number of agents in the city of Calgary that they could not make loans on properties east of a certain line, say, Centre street. None of the companies loan east of Centre street. Now, it so happens that in our city some of the finest residential properties, out around North Hill, are east of Centre street; but they are out of luck because they are not in the loan areas?—A. Of course, Dr. Stanley, I am not familiar with that situation; but if the companies anxious to make loans come to me I will tip them off.

The CHAIRMAN: Perhaps Mr. Henderson could answer that, it will be quite all right for him to do so if he cares to.

By Mr. Stanley:

Q. The point I would like to bring out is whether that is the policy of the association in that particular city?—A. Oh, no.

Q. Or whether it is just the preference of each individual company?—A. The association never interferes to the slightest extent with the running of the business of any company.

By Mr. White (London):

Q. I believe the provincial loan association has had some experience in Alberta, insofar as these prior liens are concerned.

Mr. HENDERSON: I think they are very small, there are some 57 properties in Alberta, and something like that in Saskatchewan.

Mr. WHITE (*London*): How many have you in Saskatchewan?

Mr. HENDERSON: I would not like to say offhand.

Mr. McINTOSH: What about the loan rate in Regina and Saskatoon?

Mr. HENDERSON: It is around 7 per cent.

Mr. McINTOSH: What about Moose Jaw?

Mr. HENDERSON: You would not get a loan so freely in Mose Jaw as you would in either Regina or Saskatoon.

Mr. McINTOSH: But the rate is about 7 per cent in Regina and Saskatoon?

Mr. HENDERSON: About 7 per cent.

Mr. McINTOSH: And, do you loan in Prince Albert?

Mr. HENDERSON: Yes, we do. I am only speaking for the Canada Permanent. As Mr. Leonard says, the association does not control the rate of interest at all. Every company is after business and they will cut each others throats where necessary to get the business. We made about ten or twelve loans in Prince Albert on the monthly instalment basis four or five years ago; but on a loan on a mortgage on the instalment plan with amortization at 8 per cent is equal to 6 per cent straight interest.

Mr. STANLEY: May I point this out, Mr. Chairman, because it is a serious business; if this committee makes a recommendation with regard to housing and a real construction program is started my conception is that the biggest benefit that is going to come from it will be other construction work and other repair work that will be done by private funds entirely; if this is to be effected the private mortgage companies are going to be called upon to loan money for that purpose. Now, my point—as far as being a representative of the west is concerned—is this; on a perfectly good loan with proper appraisals made why should our cities be asked to pay a higher rate of interest on exactly the same securities as are offered by persons who wish to make a loan in a city like Ottawa or any city in the province of Ontario say. If they are national companies doing business on a national basis personally I cannot see why our western cities should be penalized.

The WITNESS: I do not think it is because of any desire on the part of the companies, sir. We have the money to loan and we are anxious to get it out, and if we can get the money back at 5½ per cent in Calgary it is just as good to us as 5½ per cent anywhere else. But if you look into the experience of loss factors you will find that they indicate that it costs more to do business say in a particular place or province, and that is bound to have an effect on the rate that would be charged there. And unquestionably there has been debt adjustment legislation, prior lien legislation, and such things as eliminating the personal covenant, which do unquestionably add to the cost of doing business.

Mr. HENDERSON: Mr. Chairman, I think I can answer this gentleman from Calgary. We had a loan down in the Elbow River district, and I do not know whether it was because of the debt adjustment act or what, but we were stopped for four solid years before we could move at all. This man was not able to pay anything at all, actually he paid less than we would have been able to get as rental, but they held us up for four solid years before they decided to cease their objection and we got title. When we finally got title we had to sell that property for considerably less than the total amount of the indebtedness.

The CHAIRMAN: Gentlemen, we have here also Mr. Main, who is president of the Mortgage Investment Association, and we might hear from him on this point.

Hon. Mr. ELLIOTT: I wonder if I might just ask the witness another question before you leave him?

The CHAIRMAN: He is not going to leave, he will be right here.

Hon. Mr. ELLIOTT: I think he has a very good answer to Dr. Stanley's question; if I understood him correctly it was that where the loan companies are carrying on business their experience of the past is their best guide as to the rate at which they can afford to loan money at in a particular district. Is that correct?

The WITNESS: That is correct, Mr. Elliott.

By Hon. Mr. Elliott:

Q. Now, there is just another question; you spoke about the rate of interest being from 5½ to 6 per cent?—A. Yes.

Q. I did not take down, or I did not get just why that is possible?—A. That money would be available to-day anywhere where the security is all right.

Q. That is, of course, an urban loan?—A. That is an urban loan.

Q. Because, you are taking no rural loans now?—A. Yes; but, you are going to run up the cost or the expense of making a loan if you go into some district where you have no agent.

Q. You also mentioned that the money was available at about 4½ per cent?—A. We are borrowing money at less than that to-day.

Q. Well, less than that; how much less?—A. Four per cent is about the prevailing rate.

Q. You can borrow money at 4 per cent to-day?—A. Yes.

Q. And your cost of operations was I understand 1·4 per cent?—A. That was the average, Mr. Elliott.

Q. That is an annual cost, of course?—A. That is the average annual cost. We can do business in cities at less than that.

Q. So, that would bring it to about 5·4 per cent?—A. Five point four per cent on an average.

Q. You mentioned 5½ to 6 per cent I believe?—A. Yes; some of the companies can loan at 5½ per cent, and some would have to have 6 per cent. There is no uniformity of rate, it depends on the company's own costs and their own particular position.

Q. And the possibility of trouble with your borrower and the general appearance of the loan?—A. Quite. We have got to get our dividends from somewhere, around a half of one per cent, and I want to make it quite clear that my cost figure of 1·4 per cent covers all classes of business, farm and city. There is no question about it, you can do business at a much lower cost there than you can with farm loans, say, out in the Prairie Provinces.

By Mr. McIntosh:

Q. Then, that would be 4 per cent, plus 1¼ per cent, plus whatever else it costs, to make your rural loan rate?—A. That other factor cannot be determined, but I would say that one ought to have at least a half of one per cent spread to take care of losses and profits. You might be interested to know how much the companies did make in profits last year.

The CHAIRMAN: Just a moment, gentlemen; I think Mr. Main should be heard in regard to this Calgary and Edmonton situation.

Mr. MAIN: As mention has been made of the situation in Calgary and Edmonton I think I should point out that not a little of our difficulties there has been due to the administration of the debt legislation. My company, however, has been loaning steadily.

Mr. McINTOSH: Before we proceed, what company is that?

Mr. MAIN: The Ontario Loan Debenture Company. For the last two months we have been forced to cease making loans because of the administration of the debt adjustment legislation, as a result of which our money is tied up. We are having difficulty with our collections, and as a result of the administration of this legislation we are forced to carry the burden. We are not allowed to go in and realize on these properties because men are out of work.

Dr. Stanley spoke about Centre street. I know Calgary pretty well and I do not know that we cut off any district in the city. I do know that we have loans east of Centre street, and we will continue to place them as long as the property is situated in a desirable area. I must admit though that there are areas east of Centre street in which there are a good many foreigners with the result that the risk is not so attractive. While there are some difficult conditions there, as a whole we get along very well loaning our money.

Some mention was made about a 2 per cent spread. All well managed companies keep records you know of the different cities. My company loans money in every city in Canada, and that includes the west, and we know the cost of carrying the loan. The biggest cost in our business is in connection with the collection of money. We know what our arrears are every month, and we know our percentage of arrears.

Mention was also made of the difference in the cost of loans in the west and in the east, and in this connection reference was made to the city of Ottawa. As you probably know Ottawa is the best city in the Dominion of Canada, according to my experience and the experience of the large companies, in which to make loans, on account of the steady employment and the steady incomes which prevail there.

Hon. Mr. ELLIOTT: Except London.

Mr. MAIN: In my own experience I think Ottawa comes first, then London and then Toronto. Calgary and Edmonton are quite a bit behind, the situation in those cities is different.

Hon. Mr. ELLIOTT: There is not steady employment to the same extent.

Mr. MAIN: No; and too they are farther away from the loaning centres with the result that we have to make inspections and arrange for collection. As a result, you can't expect to get money as cheaply in Calgary as you would in London or Ottawa. In my own city, London, my company alone have $7,000,000 in debentures and $2,000,000 in bonds, money that goes to Calgary for investment and it comes from these eastern cities.

Mr. McINTOSH: What is your idea with respect to the west building up its own loan association?

Mr. MAIN: Certainly, if they will.

Mr. McINTOSH: By what you say now if they could do that they would get money at a lower rate of interest, that would be a more convenient source of supply.

Mr. MAIN: They certainly would, but they won't do it even in Ontario, the city of Windsor would not have a building and loan association because it was too purely speculative, while here in the little city of London, Ontario, people have been able to invest their money and are sending it all over Canada. The right class of people save their money.

The CHAIRMAN: Now we will let Mr. Leonard finish his statement.

Mr. CAUCHON: In view of the fact that mention has been made of it, that loans are based on a certain percentage of the appraisal, I would like to ask if it is not a fact that the only stabilized security is the earning power of the property. You do not base it on the intrinsic value of the property. In other

words, if you loan money on a house you are not loaning it upon the actual cost of the house but on the possibility of renting or selling it.

The WITNESS: That is correct, I think.

By the Chairman:

Q. Have you anything you wish to add?—A. I think it just sums up to this, Mr. Chairman; that is the picture of our company, we have this money. After all, it is really fiduciary money, it is money we have borrowed, and we have borrowed it as cheaply as we could. We have been in business for 80 years. We are in a mortgage business and we run it as economically as we can. Our cost of management has increased very considerably, due largely to increases in taxes; and the hazard of mortgage lending has been increased over a period of years.

By Mr. McIntosh:

Q. What year did you start in, might I ask; you stated that you have been in business for 80 years, when did you start business?—A. I think the first building society started in Mr. Gray's county of Lambton about 1845. Others followed in the county of York around 1846 and 1847, and so on through Middlesex and Huron and through Ontario these building associations sprang up.

By Mr. Stanley:

Q. Mr. Leonard, if I am not travelling too fast, may I ask if your association, your group of loan companies, has any concrete proposition which we might consider, as a housing committee, in connection with a policy of housing, reconstruction and repairing in Canada?—A. I do not think that it could be said that we have a concrete proposition. We can just put the facts before you, that we have this money.

By Mr. Howden:

Q. How much,—$80,000,000, did you say?—A. I know that there is at least $25,000,000 available to-day for new construction loans. Our interest rate is governed by these economic factors, you might say. If we can get them down, we are by no means averse to lower interest rates. It makes our securities that much more secure. The whole question is the spread between the cost of your money to you and the cost you lend it at. As long as that spread is there sufficient to take care of your overhead and any such factor, it does not matter how low the interest rate goes. If the decision of the committee or of the government is that that rate is too high in order to provide minimum housing or any other housing scheme for the people of Canada, we are not asking the government or do not suggest that the government should do anything to us. I suppose we would simply have to be out of the picture. If there is any way in which that money can be loaned or made available for a building scheme, we are only too glad to be able to co-operate. I might say this also, that under most of our legislation we are restricted to lending up to 60 per cent of the appraised value of the property. That is under the Dominion Loan Companies, Trust Companies and Insurance Companies Act. The problem to-day, as a matter of fact, is for us to get our money out. We are looking for loans. We must certainly recognize that in a great many places there is a surplus of houses on the market, a surplus of houses both on the renting market and on the selling market; and those who desire to build are to some extent held back. The tax problem is another problem which discourages building at this stage, because your taxes are very high in proportion to the annual value, as Mr. Cauchon says—that is the renting value or earning value—of your property, which is your true appraisement. Then there is the absence of junior money, which is a very important

point. We have first mortgage money, and it is there; but there are not so many people who can put up the difference between 60 per cent and 100 per cent.

By the Chairman:

Q. Suppose the government would give an undertaking to put up another 20 per cent; would that increase the amount of building?—A. It undoubtedly would; I am quite satisfied of that.

By Mr. Stanley:

Q. The proposition has been put to this committee at various times and in different ways that there might be some organization of private companies, including those who handle money such as your company, which would undertake to provide 20 per cent of the capital on their own responsibility, and without any guarantee whatever as far as the goverment is concerned; and that the balance of it should be provided in some way by guarantee from various state governments, to assist in construction of a class of homes which is beyond the economic scope of your association. Are your companies prepared to enter into any consideration of proposals of that kind?—A. Well, we are limited by law, Dr. Stanley, to the 60 per cent. I think from our experience that we would not feel justified in lending more than 60 per cent on present conditions. By that I mean not present economic conditions, but it may very conceivably be that we would be willing to lend more than 60 per cent provided, you might say, you had a strong covenant, you had proper supervision, you had good construction, economic management, a monthly payment plan, provision for taxes, and the legislation was cleared up.

Q. That would all be in your own hands, Mr. Leonard. That is the proposition.—A. We could not venture into the speculative field in so far as undertaking the responsibility of the construction or the hazard of any loss with respect to that. What I was thinking of was that we would do the financing on the strength of the covenant of somebody who would be responsible to us for the payment of our mortgage.

By Mr. Cauchon:

Q. Such as a construction company?—A. Such as a public utility housing company or construction company. There is no question about it, if you are lending to a private individual building his own home and with whom you have not had experience, you normally are economically restricted to a 60 per cent loan. If you were dealing with a strong organization, well financed, well managed, and you were satisfied with the possibilities of the properties that they were developing or putting on the market, you would be prepared to loan more on an ordinary economic basis.

By Mr. Howden:

Q. Your activities are largely prescribed by law, in other words?—A. That is quite right. We are subject to Dominion government supervision and inspection, complete reports; we are also subject to provincial government supervision and inspection. Our borrowing powers are restricted by government legislation. We are limited, normally speaking, by the Dominion Government Act, to four times our capital structure, with power to increase it to six or eight times on notification to our creditors and giving them the opportunity to receive their money back. All these safeguards have been imposed and we have welcomed them, to the extent that they are not an onerous burden, in the interests of the public of Canada and elsewhere, whose money we have. It is to protect them, and that is our primary function, to protect that money.

By the Chairman:

Q. You do not know of any way in which the government could help, or could co-operate with you so that we could start up more building?—A. If the government can see any way towards the organization of companies which would be soundly managed, and arrange in some way for junior financing, certainly there is no question that we would, I think, be able to assist. I would qualify that by saying that we would always have to be satisfied that the erection of a certain number of new houses in any particular district was not going to intensify the trouble that we are in at the present time with respect to the surplus of houses, low rental values or low selling values. If we are, within any particular community or the province, in a position where we are on the upgrade, where rents are increasing and properties can sell, and you can inject a certain amount of new construction into it, then, of course, that would be quite all right.

By Mr. Stanley:

Q. Yes, but it is quite obvious—at least it is quite obvious to me—that if there is to be an organization of housing associations or housing companies, with or without state aid, to undertake the housing work, they are going to depend upon your companies or association to a large extent, for the finances. Now, if these housing companies are to be organized and there is to be an aggressive attempt to organize such companies in Canada, in various parts of Canada, on a private basis, perhaps with some state assistance, it will have to be done not only with the assistance of your organization, but it will have to be done with the active co-operation, encouragement and actual organizing ability which you have. The government cannot start out and organize these companies?—A. If you are suggesting that we, as private citizens—

Q. No, as private corporations?—A. Well, as private corporations, I do not think we could be put in the position, we will say, of both being debtor and creditor. We must take our stand one way or the other.

Q. No, no, but as money corporations having money to lend; that is your business?—A. Yes, quite, and we would be prepared to loan it.

Q. How far are you prepared to go to assist in carrying out the idea of housing?—A. Well, as I say, we have the money and we are anxious to get it out. If there is any sound basis upon which we can get it out, and be sure of its being rteurned, with an economic rate of interest, then, there it is. We would be glad to assist.

By Mr. McIntosh:

Q. May I ask a question. You said, I think, that your company had approximately $25,000,000 to loan if you got the right security?—A. No; that is among the group of companies.

Q. The group?—A. Yes. I think that is a conservative estimate, that there is that amount of money available at the present time which they would be glad to loan out on new construction.

By Mr. Plunkett:

Q. Do you think that certain legislation passed by the provinces, such as moratoria or other legislation, has affected the business of the mortgage and guarantee companies? Do you think it has affected the building business and restricted it?—A. The answer, I think, is unquestionably yes.

Mr. GRAY: We have assisted, from that point of view, with the Farmers' Creditors Arrangement Act, to some extent. Moratoria and the Farmers' Creditors Arrangement Act have had that effect, is that correct?

The WITNESS: Any form of debt adjustment legislation has.

By Mr. McIntosh:

Q. I am not clear on that point, that the total would be $25,000,000 for all the mortgage and loan associations in Canada, or just for your group?—A. I would not like—I am just trying to suggest a figure to you. It might be very much more than that. All I did was to speak to four or five companies and say, "What would you like to get out on new construction?" From the answers that they gave me, I knew that I was conservative in saying $25,000,000. It might be very considerably more than that.

Q. Yes, I would expect it would be a great deal more than that, but I do want to get at an approximate figure.—A. I thought it might be interesting to you to know that there was that amount there, and we are not at the present time able to get it out.

Dr. CLARK: Does that include insurance companies?

The WITNESS: Yes, that includes the group of insurance companies. But it may be very much larger than that. It is an overhanging market, you might say. It is difficult to get that out to-day.

By the Chairman:

Q. If the government should go in for money for repairs, is there any way that we could work through your association? Suppose they were going to allow something like they do in the States, from $100 up to $2,000 for repairing dwellings?—A. Mr. Chairman, in your letter you asked us to speak on that, if we could. I have not had a chance to give any consideration to that, nor have the other companies. If some scheme can be worked out, I think there is no doubt about it that we will be glad to find a way to fit into the picture. It is a problem, and I think it is an important one; and I think also that it would be very helpful in helping the building industry to find some means of effecting rehabilitation. We do a certain amount ourselves, of course. But strictly speaking, under a mortgage contract, that is a new advance and there should be a new security. It is not done as a rule until the property gets into trouble as a result of it.

By Mr. Howden:

Q. You did not come here toput any specific proposition before us, did you?—A. No, Dr. Howden. I thought that all we could do was, as I say, to explain our situation to you; and if there is any way in which we can fit into the picture, and you think we could, we will be glad to consider it. The money is there. The cost is so much. The rate of interest is so much and the amount we can lend is so much.

Q. And the rate of interest would be about what?—A. At the present time there is quite a bit of money available at 5½ per cent, in some companies.

Q. 5½ and 6 per cent?—A. And some companies at 6 per cent.

By Mr. Stanley:

Q. Let us consider another phase of it. Suppose some housing undertaking is arrived at which will undertake repair work. Any repairs placed upon properties upon which you hold mortgages, of course, improve your security and enhance your assets?—A. Yes.

Q. Have you any suggestions whereby you might co-operate with a housing commission or with other private housing companies in effecting results of that kind?—A. As I say, Dr. Stanley, we have not had a chance to give it study. One thing I would be dogmatic on is that in no way should it create a prior lien to our mortgages; because then we are back again in the same picture which has caused us our trouble in places where prior liens started. As I understand the rehabilitation scheme in the United States, it is on a

personal loan to the man who owns the property. Our practice would be, sir, to look at the property, if we held the mortgage on it; and if the man desired a loan for repairs and the property seemed to justify it, we would make the loan and add it to the present mortgage account.

By Mr. Howden:

Q. Which is the only way you can do it?—A. Yes. There is no lack of funds for that, as far as we are concerned.

By Mr. Stanley:

Q. Yes, but you would object to any improvement on the property so as to make it a thoroughly approved standard of living and standard of amenities home—you would object to a prior claim being placed against your mortgage? —A. Yes, Dr. Stanley.

Q. Even under those conditions?—A. Yes, Dr. Stanley. I do not think you will find, so far as our institutions are concerned, that they have any loans— or perhaps if they have some, they are very few—on properties which would require to be rehabilitated to bring them up to the minimum housing conditions or the amenities of life. That class of construction has not been a security for lending institutions.

By Mr. Cauchon:

Q. I would like to ask Mr. Leonard a question, because I think that needs to be cleared up. It has been repeatedly stated here that the class of housing which this committee advisedly has in view, is housing for the low wage earners where they cannot pay an economic rent, and there is need of assistance in that class of housing; does it or does it not interfere in any way with the class of housing to which loan companies make advances, say houses that rent at $15 a month rental, average—$10 or $15, perhaps as high as $18?—A. Well, we certainly could not loan on a house on a basis that would enable it to rent at $12 or $15 a month. Of course, the construction of a certain number of houses of that class, if they did not remove other houses where that rent is being paid and which are overcrowded or uninhabitable, really—

Q. Practically slums?—A. Practically slums—would have the effect of bringing down rental values on the next class of houses, you might say, above it; and thereby affect the rental values generally, and affect them on the class of security on which we would be lending, which would be a workman's house where he was able to pay a rental based on the actual cost.

Q. Where would you say was the medium line as to cost?—A. I think that our class of construction, as I know it, particularly in Toronto, we started loaning on a house that cost about $3,500 up.

Q. All the houses submitted here are under $3,500; away below that in some cases.—A. I was only making the point, Mr. Cauchon, that if you build that number of houses at a time when there was already a surplus of houses, without removing the other habitations, you would be just simply increasing the supply of rentable houses, and thereby bringing down your rental structure throughout the next several classes.

Q. You think it would affect it that far?—A. It seems to me that a man who was living in the class of structure that you want to get these people, seeing another man going into a nice new house at $15 a month, would unquestionably endeavour to get his rental rate down; and when you have a situation as it does exist, unfortunately, in I think a good many cities, where the landlords are glad to take the relief rental of $15 a month on properties that normally would rent for twice that and more, one must be pretty careful about perpetuating or carrying that situation farther than it would originally go.

Q. Of course, I think the view of the committee is, subject to correction, that this notion of eliminating the slums and putting a man into a decent dwelling, will affect the economic rent that the ordinary man can pay.—A. I think we are quite sympathetic. I do not think it would really affect it very much, outside what I have mentioned, the point if they do not remove the old houses but still live on there in some shape or form, so that there is a surplus of houses created; that is the only point.

By Mr. Howden:

Q. May I ask this question, and then I shall not bother further: Let us assume that some of these companies have loans on houses here and there, and they are in a condition that requires repairs and overhauling. At the present time their loan is drawing interest, we will say, of seven or eight per cent. The point, I should think, we want to know is if they are prepared to go ahead and put fresh loans on the houses at 5½ or 6 per cent, which will permit of repairing and remodelling the houses, on properties that they already have loans on.—A. Well, I do not think I can answer in general terms to that, Dr. Howden. Each case would be dealt with. If a man comes in and wants a loan for repairs on an existing house, and the property seems to warrant it, the money would be advanced.

Q. It would likely be advanced at the old rate?—A. No, not the additional advance. We very often have provision for that.

By Mr. Stanley:

Q. But the position you take, Mr. Leonard, is this, in regard to Dr. Howden's inquiry. We are interested in this in housing, primarily.—A. Yes.

Q. And secondarily, in encouraging the reconstruction industry; and our reference definitely asks what can be done in regard to repairs. Now Dr. Howden puts the question to you; suppose you go to a home on which a mortgage is held by one of your companies, and that home is obviously within the class which this committee thinks justly belongs the repair class. The attitude your companies take is that if we say that that house can be repaired, and if we can make the loan or decide we will make the loan, then the repairs can go ahead. But, on the other hand, if we do not give the loan and we are not interested in the repair phase of it, then it simply cannot go ahead. So that you will see, from the standpoint of homes on which you hold mortgages, which are obviously those that can give work for repairs, your company say, "No, no repairs can be done unless we make the loan and unless we decide upon the repair work."—A. I do not think that is quite, perhaps, the case, Dr. Stanley. I think I just take the position that the additional money that goes into that rehabilitation, if it does not come from us, should not impair the priority of the security that we hold.

Q. Yes, but you look at the home, and you look at your security, and you say, "Well, as far as we are concerned, perhaps it needs repairs; but our security is sufficient to hold us. We don't want any repairs." Is not that the attitude you take?—A. Well, I think we have to get back—we are anxious to keep our properties in good shape and good condition, and if the loan is justified, we will only be too glad to make it. I think the situation would be, in the majority of cases there, that we would not be justified in making the loan on any sound basis whereby we would be sure of getting it back; because while that does improve the property, it does not always altogether improve the selling value of the property. I think improvements of that kind of loan, where they cannot be made by us, particularly where you are dealing with the housing rehabilitation problem and the construction problem as a matter of national consideration, should be made as junior to the existing first mortgage. Otherwise, as I say, we are back again into the field—

Q. Of course, I can see your point all right. But the difficulty is that if the state—the city or the municipality—is going to do anything, they will only do it, of course, upon a first lien on the property. They will not take any second consideration. They come to a property of yours on which you hold a mortgage of $3,000. The plumbing is out of shape and there are various other things which they can get along with; it will give considerable work, and it really belongs to our repair program. It will take $200 or $300 to do. Your company decides, "We are all right, we have got $3,000 worth of security. Why should we put in $300 more?" You say, "No, we will not put in $300, nor will we let the municipality put it in."

Mr. HENDERSON: May I answer Dr. Stanley?

The CHAIRMAN: Yes.

Mr. HENDERSON: There are cases where we have done exactly what Dr. Stanley suggests, where we have helped a fellow to put in a new furnace, where we have helped him to paint the house, put on new shingles. But you have to look at it in this way: You have to figure, has the man got a position? Will he be able to pay you? Are his taxes two or three or four or five years in arrears? If we start repairs, what are we going to do about taxes? We have done that. I am only speaking for one company, but I think we are all working along the same line. We have capitalized interest. We have capitalized taxes. We have put money out for furnaces and all these other things; and sometimes though the legal opinion might be that you have to take a new mortgage, when we know that there is no second or third mortgage we take a chance, and we have added that to our original claim. We have done that.

Mr. STANLEY: I don't say that I am finding fault with you. But there is this obvious conclusion, to my mind, and that is that as far as the repair program is concerned recommendations by this commitee to provide organizations are out of the picture, as far as anything that we can recommend from this committee is concerned.

Mr. CAUCHON: May I draw to the attention of the committee, for its information, that the American repair proposition that has been referred to is largely on personal note. They do not take any mortgage. They lend the money up to perhaps $1,500 on a personal note with interest guaranteed by an insurance system.

Mr. GRAY: In other words, we should not affect in any way the security of the original loan of the company.

Mr. CAUCHON: It does not take precedence of the mortgage.

Mr. GRAY: I know that.

The CHAIRMAN: Gentlemen, we have Dr. Clark here, whom we want to hear this afternoon. Unless there is something else, I think we will release Mr. Leonard. Mr. Main, have you anything you would care to add?

Mr. MAIN: Dr. Clark is to speak.

The CHAIRMAN: We will hear Dr. Clark next, then, if the committee are willing.

The Witness retired.

Doctor W. C. Clark, Deputy Minister of Finance, called. He said:—

Mr. Chairman and members of the committee, I am not a housing expert, and I suppose I should apologize for being before you. I may explain that I have a threefold interest in the program that you are discussing. One is my interest in housing as a social and economic problem, looking at it from the long point of view. I have been interested in that general problem for a good many years, and I think I shall continue to be interested in it.

Secondly, I have an interest in the short run problem of providing some stimulant to business recovery, and to seek to absorb unemployment. And my third interest arises out of my obligation to safeguard the public treasury and to protect it as much as it can be protected.

Now, I have not been able to give very much time to the problem, not as much as I would have liked, but in trying to think on what you could do to develop the immediate housing problem I have jotted a few notes down here, which I would like to give a run over for the benefit of the Committee.

I start with two general principles. One is that it would be wise to avoid any hasty commitments in regard to the most difficult and the most complicated aspects of housing; for instance, the problem of slum clearance, that problem seems to me is going to take a great deal of co-operation between provincial and municipal authorities, and Dominion authorities probably. It is going to involve a good deal of legal and other considerations. It is going to involve a lot of cost. I do not think it is a problem that we ought to jump into hastily. If we did I think we would quickly be saddled with a very heavy loss, so far as that long-run problem is concerned. I would suggest that you recommend further investigation, however, by some central housing body to be set up, or by some appropriate body. I would like to have a start made on the solution of that problem, but I would not jump too far into it over night.

Secondly, and this follows from the first paragraph, I think that we should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery and as an absorber of unemployment; and I would sugest there that we should try to make the federal dollar go as far as possible in stimulating business recovery.

By Mr. Howden:

Q. Dr. Clark, might I interrupt; what do you consider to be the immediate emergent problem?—A. I think it is to get some construction started that would help to absorb unemployment and that would stimulate business recovery, that is what I mean by that. And I would use my first suggestion there that we should try to make such federal money as we have to use go as far as possible; get as much of the stimulation as possible out of it. Secondly, try and keep our plan as flexible as possible and also provide adequate control, as much control as is possible over unwise and wasteful expenditures.

Now, just a few recommendations that I would make: (1) I would suggest I think the setting up of a national housing board here at Ottawa, a federal housing board, to encourage the formation of local housing corporations to finance construction of houses and apartments on an ownership basis, or to construct houses for management on a rental basis. I am trying to introduce the element of flexibility there. I think it should make provision for both owned houses and for rented houses—rented houses under some such scheme as the Toronto Housing Corporation. (2) The function of that central housing corporation should be to supervise the work of, and assist in financing such local housing corporations as apply for federal assistance, by formulating sound standards of construction, etc.; by approving specific projects or schemes; and thirdly by financing such corporations through the purchase of their preferred stock, thus providing on a low-cost basis the junior money which it is so difficult and so expensive to obtain for housing purposes. I will explain that a little bit more fully later. Another function of this national housing body should be to carry on investigations into our own situation and into what has been done in other countries, and to act as a clearing house for the dissemination of sound ideas in regard to housing and townplanning throughout the community. And, lastly, that body should try generally to stimulate nation-wide interest in housing and townplanning. The provision of a national federal housing body here with these functions, generally speaking.

Secondly, I would suggest the formation of local housing corporations with a common stock equity I would say of about 15 per cent in the case of ownership propositions, where the houses are built to be owned by individuals; and say 20 per cent in the case of rental schemes. Such common stock to be provided by the municipalities and/or provinces in while or in part, public spirited citizens, industrial corporations, co-operative groups, possibly building interests —general contractors and so on. I tried to keep it flexible there you see by allowing these groups to be formed either by the assistance of the municipality or the province, or by citizens alone, or by a co-operative group, or by an industrial concern; or if you like—although this might introduce a danger—by trading interests and contracting organizations, or building and supply interests. I would say also that the dividends on the common stock should be limited to 6 per cent per annum, until at least the corporation fund and preferred stock had been retired; in other words, they would be limited dividend corporations.

Now, in the case of a corporation formed to finance owned building the corporation as I see it might operate as follows: first it would make first mortgage loans up to 90 per cent of the appraised value of the property (including land) and not in any case in excess of, say, $5,000 (you could put any limit on that you like), to prospective home owners who are able to provide an equity equal to at least the cost of the land on which the home is to be built. I suppose in the normal case that would be around 10 per cent; a man who comes to have a house financed would have to put in at least the land free and clear; he would have to have approximately a 10 per cent equity, let us say, in the proposition. The local housing corporation would loan up to 90 per cent; the interest rate not to exceed 5 (or 5½) per cent; and the term of the loan not to exceed 20 years.

By Mr. Howden:

Q. Excuse me, Dr. Clark; didn't you say that these people would be limited to pay 6 per cent on their debentures—you would have it 6 per cent?—A. No, I said on the common stock, 6 per cent on the common stock alone. I think that will be a little clearer when I summarize later. Then I would provide that the interest, taxes and amortization—an amortization sufficient to pay off 75 per cent of the loan in 20 years, should be paid by the mortgagor in equal monthly instalments.

Now, as an alternative proposition, instead of loaning up to 90 per cent on first mortage it would be possible to split that 90 per cent up into 60 per cent first mortgage and 30 per cent second mortgage. I think that would probably be more suitable to the private lending institutions; but I run the two together into a single mortgage for the larger amount in order to reduce the legal and appraisal costs, to keep the costs down as much as possible.

By Mr. Stanley:

Q. Is amortization period of 20 years not too short?—A. Well, I think you have to consider that in this country our conditions are much less stable than they are in older countries. You have city districts changing fairly rapidly, and I think it would be well to cover amortization of 75 per cent of the 90 per cent in a 20-year period, if it could be done. That is a matter of opinion perhaps, and it seems to me that 20 years is a very long period with conditions as we have them in this country.

Q. That increases the immediate obligation of the housed person?—A. Yes, that is quite true, it increases the immediate obligation to some extent.

In the second place, such local housing corporations would issue and sell their first mortgage debentures to insurance companies, loan and trust companies, etc., on an interest basis I would say of one-half per cent lower than the rate charged to the home-owner on the first mortgage (say 4½ per cent or 5 per

cent). If the rate charged to the home-owner had to be 5½ per cent then these first mortgage debentures would have to be sold on a 5 per cent interest basis to the private lending institutions. Such debentures would be for a term of 20 years and could be callable after 5 years. They would be limited in amount to 65 per cent of the total face value of the first mortgages held by the corporation, which would mean approximately 58½ per cent of the appraised value of the property; but underlying first mortgages should be held with the proper trusteeship.

In the third place these corporations would issue and sell their preferred stock through the national housing board on a dividend basis representing approximately the cost of long-term funds to the Dominion government, and an amount equal to 20 per cent of the total face value of the funds required by the corporation. In other words, your national housing board would be given an appropriation by parliament you see, and it would use that appropriation to buy the preferred stock of these local housing corporations; that is the way in which your government money would be made available to the construction program; by the purchase of preferred stock on say a 3½ per cent basis, something approximately representing the cost of long-term money to the government. I say that, I put the government money in at that point because, as Mr. Leonard told you, the most difficult thing to get is the junior money, the junior mortgage money; it is practically impossible to obtain it from private sources. It is usually impossible to get from individuals, and when you do obtain it from private sources it is available only at prohibitive cost. So it seems to me that the federal government could render most assistance by providing for part of that junior money.

Now, as the result of the above—I think this may explain your question, Dr. Howden—the capital structure of a corporation with a total capital of, we will say, $1,000,000 (or a million dollar local housing corporation), would be as follows: They would have first mortgage debentures outstanding for $650,000 —they would be sold to the loan and trust companies, and insurance companies: secondly, you would have preferred stock, $200,000 (held by the national housing board, bought with government money); and then common stock, representing the equity in the enterprise, $150,000. That gives you a total of $1,000,000. Such a corporation would own first mortgages with a total face value of $1,000,000, secured by properties with an appraised value of approximately $1,100,000 —that extra $100,000 would be represented by the owner's equity in the land which he puts in free and clear.

Now, where you had a rental proposition I would vary the basis of the above structure by providing that the common stockholders should provide say 20 per cent of the corporation's total funds, instead of 15 per cent; and I would reduce the first mortgage debentures to 60 per cent of the total; preferred stock providing as before 20 per cent of the funds.

Now, the third point is an important one; how are you going to get adequate control? That is a point that Mr. Leonard mentioned. We somehow or other have to provide for adequate control in order to insure that the building projects are soundly conceived, that the buildings are soundly constructed, that the costs are not inflated by undue contractors' profits and that the enterprise as a whole is soundly managed. Such control, it seems to me, could be achieved in a very large way at least, by the following methods: (1) All local corporations would have to submit complete details as to their personnel, form of organization, method of operation and proposed program, to the national housing board before an application for the purchase of preferred stock would be considered. (2) The national housing board would formulate rigid standards to insure soundness of construction, proper requirements

as to light and air, room dimensions and so forth. (3) And this is a matter which would require the co-operation of the insurance companies, and of the loan and trust companies, I think the work of making the appraisals, of inspecting the construction progress as the building went forward, and probably the actual payment out of construction funds as the building progressed, should be carried out by officials of the insurance company or other private lending agency which agreed to purchase first mortgage debentures of the local corporation. In other words, you take these private organizations which now have their well established appraisal staffs, their inspection staffs and their accounting staffs and bring them in, in order to see that the appraisal put on a specific property is a sound appraisal, that the construction costs were not unduly padded, and that the money was paid out in accordance with usual schedules and practice. I think you would in that way safeguard the soundness of construction and the cost factor as well as in any way I can conceive of. Probably the local housing corporation would have its own check, but would depend fundamentally on the work of the private lending agency, which after all is inspected. Then it would agree—on my assumption at least—to buy the first mortgages of the corporation.

Now, just to summarize, it seems to me that that kind of program has several distinctive merits:—

(1) It would not accept hasty commitments in regard to the most difficult and complicated phases of the housing problem on which other countries have been working (without too much success) for a generation or more. Nevertheless, it would provide machinery for taking the first steps towards a rational and permanent solution of the whole problem.

(2) It would make possible a substantial volume of construction which would provide a stimulant to business recovery and absorb a considerable number of the unemployed.

(3) It would make possible a large volume of construction without pressing with undue heaviness upon an already over-burdened public exchequer. For instance, a $10,000,000 appropriation by the Dominion government would make possible a $50,000,000 construction program.

(4) It would provide federal funds in the junior mortgage position where private funds are not obtainable at all, or if obtainable, only at prohibitive costs.

(5) It would make use of private lending agencies instead of driving them out of business, but it would provide for a financial set-up which by the pooling of individual mortgages and the maintenance of proper margins, would make possible the securing of all the funds required on a reasonable cost basis. In other words, the individual mortgage would be liquefied and made a readily marketable credit instrument.

(6) It would provide for control in such a way as to assure the carrying out of the program on a sound and business-like basis.

That is all I have jotted down here, but I might make this one additional suggestion. It is possible that instead of the federal government coming in there on a central housing board to buy the preferred stock of these local housing corporations, you might provide for the setting up of an insurance corporation to guarantee the last 20 per cent of an 80 per cent mortgage. In that case the ordinary insurance company or the loan and trust company would go ahead and make an 80 per cent first mortgage loan. That would, of course, involve an amendment to the laws governing these companies. If you could amend those laws and allow these private lending agencies to increase their lending from 60 per cent as it is now to 80 per cent, and then provide this national insurance corporation which would guarantee that last 20 per cent, then you would have a scheme which would, in effect, give you the same results

as the plan I originally outlined, but possibly a little simpler. It might be a little bit simpler. Possibly it would appeal a little bit more to the loan and trust company representatives whom you have here this afternoon. But I think either one of those two possibilities is a reasonable one, and should be open for consideration. I think that is all I have to say, Mr. Chairman.

The CHAIRMAN: Now, gentlemen, we wanted a recapitulation or summary of the New Brunswick Housing Act. I have this, and I will just put it on our record as if read.

I would like to say to Mr. Leonard that we did not give him the time we would like to have given him, and if he would like to say anything further, if he would send it either in the form of a brief or a letter, we would be very glad to take it in as part of our evidence. After hearing Doctor Clark, you might like to add something to what you have already said, Mr. Leonard. If you would care to do that, we would be very pleased to have it and we will put it on our record.

Mr. LEONARD: When might I receive a copy of Doctor Clark's suggestions?

Doctor CLARK: I can give you a copy to-night or to-morrow.

Mr. WHITE (*London*): Are they not in the minutes?

The CHAIRMAN: Yes, but it will be a day or two before we get them.

We want to thank you, Mr. Leonard and gentlemen for appearing before us. You have given us a good idea of just what the standing of the mortgage association is.

Mr. LEONARD: Thank you, Mr. Chairman, Doctor Stanley, and gentlemen.

The CHAIRMAN: My intention was that we should let this close the evidence that we would hear, unless someone has somebody else in mind. I have several letters. One or two are personal ones to Doctor Stanley, which I would like very much to put on the record, but I want to get his permission first. We will keep the record open until our meeting next Tuesday, so that we may put in the record anything of that kind which we may desire.

Mr. HOWDEN: I understood we had two members of our committee who had something to give us.

The CHAIRMAN: Mr. Heaps gave us the information he had, and we were going to have Mr. Howard. I tried to get Mr. Howard two or three different times on the telephone but was unable to do so. I imagine he is not in town.

Mr. HOWDEN: Mr. White has something.

The CHAIRMAN: Oh, yes.

Mr. WHITE: I have mine typed, Mr. Chairman.

The CHAIRMAN: Could you place yours with us?

Mr. WHITE: Yes. It refers to the London situation.

The CHAIRMAN: Would you have to read it, or could you place it on record?

Mr. WHITE: I would not necessarily have to read it.

The CHAIRMAN: We will put it on our record verbatim as part of our proceedings.

Mr. WHITE: All right.

The CHAIRMAN: Now, if the members think we should take another day for hearing evidence, I am quite agreeable, but I do not consider it necessary.

The committee adjourned at 5.55 p.m. to meet at the call of the Chair.

APPENDIX D

Resume of: An Act to Provide for the Establishment of Housing Commissions in Municipalities in the Province of New Brunswick

The Governor-in-Council may by proclamation establish a Housing Commission for the purpose of carrying out the provisions of the Act in any Municipality, which by resolution of its Council makes application for same.

The Commission shall be representative of the Municipal Council, the Trades and Labour interests and the interests of the real estate owners in the Municipality.

The Commission shall be a corporate body and may sue and be sued in its corporate name.

The Commission shall be financed annually by the Governor-in-Council and the Municipality equally, in which connection the Municipality is authorized to borrow annually a sum not in excess of $2.50 per capita of population, and the Governor-in-Council an equal sum. To secure the monies so borrowed, authority is given to issue bonds limited to a term of five years at a maximum of four per cent, payable semi-annually. The Governor-in-Council is authorized to guarantee the principal and interest on such bonds issued by the Municipality, and such moneys which may be payable under such guarantee are recoverable from the Municipality at the suit of the Provincial Secretary. The proceeds of the sale of bonds issued by the Municipality shall be paid in to the Comptroller-General, who shall, through the Governor-in-Council, pay over to the Commission such sums therefrom as are requisitioned by the Commission from time to time.

Powers of Commission

To fix minimum standards for habitable houses.

To require repair or rehabilitation of houses.

To require the closing or demolition of houses, which are incapable of being repaired or rehabilitated.

To loan money at its discretion for the construction, repair or rehabilitation of houses.

To fix and determine the rate of interest to be charged on money loaned or expended by the Commission.

To exercise supervision over building or repairs executed with Commission funds.

To collect rents and manage premises upon which Commission funds have been expended where conditions warrant such action.

To insure premises upon which Commission funds have been expended.

To formulate amortization schemes for the repayment of loans and expenditures.

To control the source and quality of materials and labour involved in premises upon which Commission funds are being expended.

To engage accountancy and technical assistance relative to the Commissions undertakings and to provide for the payment of such services.

To buy, sell, mortgage and deal in lands, buildings and premises and execute deeds, agreements, transfers, etc., relative to same.

To fix and determine rents for houses upon which Commission funds have been expended.

To make regulations relative to:—

(*a*) Wages and building costs;
(*b*) Construction and class of buildings;
(*c*) The number of persons who may occupy rented premises.
(*d*) Sanitary plumbing, drainage, cleanliness, ventilation and light of buildings.

The members of the Commission are granted powers of a Commissioner appointed under the Enquiries Act of New Brunswick.

The Commission may prescribe penalties for violation of the Act and its regulations.

Rehabilitation of Houses

If the owner of a house fails to maintain it in a habitable condition, the Commission may demand its repair or, failing response to such demand, execute such repairs or close down the premises. Loans may be made to owners under such conditions to facilitate the execution of the required work, and such loans with incidental costs may be made a first charge on the premises.

No loan shall exceed 80 per cent of the value of the house.

Except where a mortgage is executed to the Commission's satisfaction, all monies involved in loans may, subject only to taxes and water rates, constitute a first charge on the property, upon the filing of a certificate of details in the County Registry Office.

The Commission, for the realizing of the security provided by this Act, and for the recovery of loans and incidentals thereto, shall have the same powers as a Mortgagee under the Property Act.

Where an owner fails to act upon any order of the Commission relative to repairs or rehabilitations, parallel request may be made of the mortgagee, who is authorized to add such costs as are entailed to the principle of his mortgage.

Closing and Demolition of Houses

The Commission can order the closing or demolition of a house the condition of which is beyond economic repair, and may acquire the land for purposes of reconstruction or sale. The owner has right of appeal to a Judge against such order but his disregard of such involves a fine not exceeding $100 plus $25 per day for each day of occupancy of the premises after receipt of the closing order.

Loaned by the Commission

Loans against proposed houses can be made to 80 per cent of the value based on plans prepared and submitted, but such loans are limited to structures divided into not more than three separate flats or apartments and to an amount not in excess of $6,000. Such loans are payable in instalments as repairs, alterations, additions or construction progresses and must be secured by first mortgage prescribing terms of amortization, interest, etc.

Management and Control

Where the Commission under the Act assumes management and collection of rents in respect to any house, it may reimburse itself for expenses incidental thereto and for monies loaned or advanced from such collections, but shall keep an accounting of same.

Review or Appeal

Any owner, tenant or occupier has the right of appeal if dissatisfied with the decision of the Commission through a Judge.

General

Remuneration to Members of Commissions:—

(*a*) Chairman; $15 for each day's sitting.
(*b*) Members; $10 for each day's sitting.
(*c*) Judge; Such allowance as the Commission may determine.

APPENDIX E.

Memorandum re Housing in London, Ontario

I have the following report, dated March 11, 1935, signed by the Mayor of London:—

"Under the Provincial Act of 1919, a housing commission was organized in the City of London, and made loans to assist individuals building houses to the number of 112. They also built houses to the number of 57. In all, the total expenditure, which was covered by an issue of debentures, was $700,000, being an average expenditure per house of $4,140. This building program was carried on when prices for materials and labour were at their peak. The project was not an unqualified success. The estimated loss to the City of London, through the housing commission, to January 1, 1935, is $150,000.

There were two plans adopted by the Commission:—

1. Money was loaned to individuals who had some investment in a lot to assist them in building. The contract for the building work was made by the individual with his contractor. On these loans there has been comparatively little loss.

2. The commission bought land and built houses under its supervision, holding the houses for sale. The contractors for the construction in this case were between the commission and the contractors. It is on the latter scheme that most of the loss has been sustained. The loan policy rather than the speculative building plan would appear to be the safer for public bodies because where the construction contract is between the individual " and the contractor, there is a spread between the amount of the loan and the total value which allows for depreciation without imperilling the loan. There is the further fact that the individual has his own money involved, which causes him to exercise strict supervision over the construction work and, as far as he is able, he sees that full value is received."

The Mayor further states in a letter, "If the housing scheme had all been carried out along the lines of the intentions of those who originated it; that the city should advance money to build houses for owners of lots and such houses to be of a value in keeping with the location and in keeping with the individual's ability to pay, the chances are we would have had practically no loss. The commission appointed at the time of construction started rather recklessly on a speculative building program, and it would appear that the city lost a great deal on the prices that were paid for the houses built on this speculative program. This situation could have been prevented if a proper scheme had been inaugurated in the government regulations as well as government supervision. I might also say that we have on hand 38 unsold houses, most of which are at the present time rented."

The housing commission of five has been appointed from year to year by the city council. Sometimes the council is represented among the membership but not always.

Recently a survey was made by the assessment commissioner and the building inspector, with a view to securing information on the demolition of old houses in various parts of the city. This survey has not been carried out throughout the whole city, but instances of four different blocks are recorded with particulars as below:—

Block	Size of Block	Present Population	Number of Houses	Land Assessm't	Building Assessment	Total Assessment	Variation in Assessment
1	550′ x 396′	312	56	$28,380	$78,770	$107,150	$300—$3,000
2	305′ x 394′	214	45	35,565	57,405	92,970	300— 3,600
3	550′ x 396′	174	44	20,635	58,805	79,440	300— 3,000
4	550′ x 396′	141	34	15,450	46,300	61,750	400— 4,300

The statement is made that the complete report of the city will show 300 old houses which should be torn down and replaced. In the city blocks which have been reported on, there are some few houses that possibly could be moved in the case of block construction; there is a further report from the assessment commissioner of London in regard to residences needing repairs, as follows:—

> I have made a survey of residences needing repairs and am submitting a list of 3,103, which shows the owner, the street, the frontage and depth of lot, the assessed value of land and buildings separately, and total assessment. The rental values are based on 10 per cent of the assessed value. Where we could ascertain rentals, they generally are more than 10 per cent.
>
> The repairs or improvements needed are listed as follows:—
>
> "V" means no verandah
> "P" means no plumbing
> "PP" means part plumbing, such as toilet or bath or sink.
> "B" means no basement or very small one.
>
> We have also listed that the house is built on posts; and other remarks based on assessors' reports, as to painting, roof repairs, etc.
>
> A great number of these houses would need other minor repairs such as eavestroughs, chimneys fixed, verandahs jacked up, etc.
>
> Those listed as poor need quite a lot of repairing and those very poor and old in most cases should be torn down as a considerable sum of money would have to be spent on them to modernize or put them in good shape to live in.
>
> I have listed the properties by streets and it will be noted that in some sections in some streets nearly every house in that neighbourhood needs a lot of attention.
>
> A conservative average estimate of $500 could be spent on each property, which would take over a million and a half dollars to modernize or repair them.
>
> There are numbers of other houses not on this list that need minor repairs, such as painting, eavestroughs, cement and brick repairs, hardwood floors, storm windows, electric wiring, new roof, enlarging basement, etc., which would run into a lot of money.
>
> In the list submitted we have only given the residences that need at least three major additions and also the condition of repair.

The matter of housing in the city of London is one of great interest, the subject being under consideration by the local Chamber of Commerce, the Engineering Institute, and the London Branch of the Canadian Construction Association as well as by the civic authorities.

SESSION 1935

HOUSE OF COMMONS

SPECIAL COMMITTEE

ON

HOUSING

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

THURSDAY, APRIL 11, 1935

FRIDAY, APRIL 12, 1935

MONDAY, APRIL 15, 1935

Including

THIRD AND FINAL REPORT

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1935

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 429,
April 15, 1935.

The Special Committee on Housing, in accordance with notices issued, met on the following dates (in camera) for consideration of its final report, Mr. Ganong, the Chairman, presided.

Thursday, April 11th at 3.30 p.m.
Friday, April 12th at 10.30 a.m., 5.00 p.m. and 8.15 p.m.
Monday, April 15th, at 11.00 a.m. and 9.00 p.m.

Before going into camera at the last meeting the Chairman filed briefs and letters from,—

(BRIEFS)

J. Grove Smith, Dominion Fire Commissioner, Ottawa, Ont.
J. M. Kitchen, Zoning Engineer and Supervising Architect, Ottawa, Ont.
L. S. Kelly, Maintenance and Management Official, Royal Trust Company, Montreal, P.Q.
W. H. Yates, President, Canadian Construction Council, Hamilton, Ont.
The Armstrong Plan, by James Armstrong, Cornwall, Ont.
F. J. Engholm, A. S. Thomas and W. F. Evans, Toronto, Ont.
F. W. Nichols, Hamilton, Ont.
A. V. Hall, Harries, Hall & Kruse, Toronto, Ont.
James H. Maher, Montreal, P.Q.
The Ontario Retail Lumber Dealers Association, Toronto, Ont.
W. H. Wood, Manager, London Chamber of Commerce, London, Ont.
G. Frank Beer, Toronto, Ont.
Seraphin Ouimet, Montreal, P.Q.
Annual Report, Winnipeg Housing Commission.

(LETTERS)

Department of Pensions and National Health, Ottawa, Ont.
Dominion Bureau of Statistics, Ottawa, Ont.
J. H. Craig, Toronto, Ont.
Department of Justice, Ottawa, Ont.
Toronto Housing Company, Ltd., Toronto, Ont.
Fred G. Michan, Toronto, Ont.
Homer B. Brubaker, Kitchener, Ont.
E. J. Moore, Toronto, Ont.
Fred J. Bateman, Dalhousie, N.B.
F. W. McDougall Construction Company, Calgary, Alta.
J. L. Kingston, Ottawa, Ont.
Landlord and Home Owners' Protective Association, Calgary, Alta.
Frank Holloway, Calgary, Alta.
Federation of English Speaking Citizens of Greater Montreal, Montreal, P.Q.
Clipping from "The Monthly Labour Review."
Housing Renovation and Modernization. United States Act.
Concrete and Quarry—W. M. Goodwin, Montreal, P.Q.
Western Retail Lumbermen's Association, Winnipeg, Man.
Herbert Sleaco, Consulting Architect, 108 Union Bank Bldg., Ottawa, Ont.

Rickson A. Outhet, 87 Ballantyne Ave., Montreal, P.Q.
Ligue des Proprietaires de Québec-Ouest Inc.
Parksite Homes—H. G. Holman, Toronto, Ont.
W. T. Rodden, 485 McGill St., Montreal, P.Q.
Sessional Paper No. 53—1919—Orders in Council authorizing payments to provinces for housing.

The Committee (in camera) further considered the report.

Mr. Morand moved, seconded by Mr. Gray, that the draft report as amended be adopted as the Third and Final Report of the Committee. Motion carried unanimously.

The Committee adjourned.

J. P. DOYLE,
Clerk of the Committee.

THIRD AND FINAL REPORT

TUESDAY, 16th April, 1935.

The Special Committee appointed to consider and report upon the inauguration of a national policy of house building to include the construction, reconstruction and repair of urban and rural dwelling houses, and to recommend the manner in which such work should be proceeded with, begs leave to present the following as a

THIRD AND FINAL REPORT

Your Committee has held eighteen sittings, examined twenty-two witnesses, and from evidence adduced desires to present the following conclusions and recommendations:—

INTRODUCTION

In considering the reference we could find very little definite data covering the situation generally throughout Canada. There is an excellent report on housing conditions in Toronto, the Bruce Report, and a report just out from the Board of Trade and Civic Improvement League of Montreal, by P. N. Nobbs and Guy Tombs, a survey of Halifax and a partial survey of the City of Winnipeg, and evidence from the Dominion Bureau of Statistics, and witnesses as follows:—

Mr. Noulan Cauchon, A.M.E.I.C., P.P.T.P.I.C., Hon. M.R.A.I.C., Consulting Engineer and Town Planning Expert, Ottawa.
Mr. P. E. Nobbs, M.A. (Edin., Scotland), R.C.A., F.R.I.B.A., P.P.R.A.I.C., P.P.T.P.I.C.
Mr. G. P. Gordon, Finance Commissioner, City of Ottawa, Ontario.
Mr. J. Clark Reilly, Manager Canadian Construction Association, Ottawa.
Mr. I. Markus, Secretary National Construction Council, Toronto.
Mr. Gordon N. West, F.R.A.I.C., F.R.I.B.A., P.P.R.A.I.C., Acting President National Construction Council, Toronto.
Mr. W. L. Somerville, F.R.A.I.C., F.R.I.B.A., A.M.N.C.A., P.P.O.A.A., Chairman Housing Committee, National Construction Council.
Mr. James Henry Craig, B.Sc., M.R.A.I.C., P.P.O.A.A., Chairman Finance Committee on Housing of National Construction Council.
Mr. J. A. Bradley, Member National Construction Council, Toronto.
Mr. J. Y. McCarter, P.P.A.I.B.C., of McCarter and Nairn, Architects and Consulting Engineers of Vancouver, Vice-President Vancouver Board of Trade.
Professor E. J. Urwick, Professor of Social Science and Economics, University of Toronto.
Mr. S. A. Cudmore, Chief Statistical Branch, Dominion Bureau of Statistics.
Mr. Alexander Officer, Chief Sanitary Inspector, Health Department, City of Winnipeg.
Mr. A. M. Ivey, President and Manager of the Toronto Housing Company, Toronto.
Mr. Armand Dupuis, representing Le Comite du Logement Salubre, Montreal.
Mr. J. C. Rancourt, President Federation des Ouvriers du Canada, Montreal.
Mr. Seraphin Ouimet, Consulting Engineer, Montreal.
Mr. Ernest Kahn, National Housing Expert, New York.

Major T. D'Arcy Leonard, K.C., Solicitor, Dominion Mortgage and Investment Association, Toronto.
Mr. T. H. Main, President, Dominion Mortgage Investment Association, London, Ontario.
Mr. R. Henderson, General Manager, Canada Permanent Mortgage Association, Toronto.
Dr. W. C. Clark, Deputy Minister, Department of Finance, Ottawa.

Comprehensive housing and town planning rests upon a biological basis. The problem of town planning, which includes housing, is to create a condition of environment in which human life can thrive. Anything short of that gives deterioration and degradation of the human element and all the social and political ills that generally follow and accompany these processes. It is a problem having to do with the maintenance of human life and its enhancement, by providing proper physical environment.

A definition of town planning by the Town Planning Institute of Canada is: "Town Planning is the scientific and orderly disposition of land and buildings in use and development, with a view to obviating congestion and securing economic and social efficiency, health and well-being in urban and rural communities."

The crux of the problem of housing and town planning is congestion; congestion of traffic which affects the time-space or time-distance of accessibility to homes, congestion of houses, too many houses on the land; and congestion of occupancy, the overcrowding of houses. Thus we have three factors—traffic, the house itself and its occupants—coming into the problem for consideration.

Your Committee has heard evidence from many individuals and groups upon the sociological and economic principles involved and representatives of municipalities, Boards of Trade, public organizations, expert opinions and special interests. These presentations comprise exhaustive data and study relative to the existing conditions, basic requirements and recommended methods of alleviation of problems involved in and interrelated to the subject under investigation.

The "white collar" wage earners, with incomes at about $1,250 can, in general, afford one-third of their incomes for rental but the semi-skilled factory worker and the unskilled labourer with incomes from $550 to $750 cannot, as a matter of social economics, afford to pay more than one-fifth of their incomes for rent.

Many people own houses for renting but do not wish to rent them at such figures, and, as a result, there is difficulty in finding proper accommodation. The trouble is that there never was accommodation designed objectively for the low wage earner.

The prevailing opinion would seem to be that the community as a whole has some responsibility for the housing of its people.

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.

The situation is well illustrated by Mr. Officer, Chief Sanitary Inspector, Winnipeg, who, in referring to overcrowding before the Committee, said: "I have not the soul or the conscience to throw these people out, because there is no place for them to go; but as soon as our expectations are fulfilled, and the Dominion Government helps us out with cheap money and we can build places, we will apply pressure and get them out. But there is no use applying pressure now. There is no place for the people to go." And also by Professor Nobbs, who said: "As far as Montreal is concerned, a Government aided program of housing is long overdue."

Amelioration of social conditions, of which housing is a salient feature, is followed sooner or later by the normal and intellectual advance of the individual.

A National Policy of Housing

The deliberations of the Committee have naturally led to its consideration of national housing policies in other countries.

The new British Housing Act is a vastly comprehensive and complicated measure covering rural as well as urban problems. It contains two basic principles, namely, the prohibiting of overcrowding by law and the providing of an ample supply of houses for lower wage earners involving Government subsidies, where necessary.

In Great Britain there have been 212 different reports and Bills on housing since the year 1838. In England the obligation of local authorities or municipalities to provide adequate housing accommodation is statutory. The Housing Act 1930, Section 25 (1), sets forth: "It shall be the duty of every local authority to consider the housing conditions in their area and the need of the area with respect to the provisions of further housing accommodation for the working class . . . and as often as occasion arises . . . to prepare and submit to the Ministry proposals for the provisions of new houses for the working classes."

Legislation embodied in the Housing Act, England, 1934, makes overcrowding a stautory offence, and prescribes the minimum adequate standards of accommodation permissible in England and Wales.

The number of houses built in England and Wales since 1919 is 2,335,122. Of these, 1,184,600 were built with subsidy. The National and Local Governments have contributed in subsidies £178,270,000 ($891,350,000). In addition to this they are pledged to £16,000,000 ($80,000,000) per year for many years to come. They have also invested in Recoverable Loans £337,000,000 ($1,685,000,000).

In the United States the recommendation of the National Association of Housing Officials is: (*a*) the responsibility of securing provisions of adequate housing accommodation for those income groups of citizens in the United States whose housing needs are not taken care of adequately by ordinary commercial enterprise should be recognized as a Government one and its discharge should be entrusted to appropriate public authorities and government controlled agencies, (*b*) that the public credit and powers should be used to secure the needed standard of dwellings and of rents low enough to be paid by as many as possible of those now living in sub-standard housing without involving any charge on the taxpayer and that as regards those unable to pay even such low rents the minimum standard of housing should be recognized as a necessary part of subsistence and that considerable provision by some appropriate form of public subsidy or assistance should be made available for as long as may be necessary.

The following is a translation of a decree recently enacted in Mexico: "The Department of the (Federal) District, considering that on initiating for the first time in the Republic the solution of the problem of the workmen's house in urban centres the utmost facilities should be given and a sincere confidence among the classes which are to be benefited created, has seen to it that the houses of the workers should be at a cost within the means of the economic conditions of the persons acquiring them; lowering the property tax on them, abolishing the interest on the capital invested in their construction; creating a life insurance to cover the event of the death of the interested person; granting liberal periods of stay in partial payments in cases of suspension or loss of work; giving facilities for the acquisition of these houses by means of the intervention of institutions of credit and of the office of pensions; and, finally, giving facilities to the industrial or commercial enterprises of the Federal District to acquire blocks or houses for their workers."

Every country in Europe, the United States and Mexico either has a housing policy or has initiated one.

In Canada, under the War Measures Act, in the Order in Council appropriating $25,000,000 for home building it is stated: (Sessional Papers 53, P.C. 3067, 1918), "The Minister observes that in view of the national importance of adequate and suitable housing accommodation, which affects vitally the health, morals and general well-being of the entire community, it is desirable that the financial assistance thus provided should be utilized at the earliest possible date in the provision of the housing accommodation, contemplated by the said Order in Council."

At a National Industrial Conference at Ottawa, 1919, composed of representatives of Federal and Provincial Governments and representative employers and labour men, the following resolution was unanimously carried: "That this Conference commends the attention of the Dominion and Provincial Governments in their united efforts to improve housing conditions and to provide facilities for the proper and satisfactory housing of our people and recommends increased co-operation of, and investigation by, the Dominion and Provincial Governments to find a satisfactory solution of the problem."

The Toronto Housing Company Limited, 1912, was formed by a joint committee representing the municipality, the Board of Trade, the Manufacturers Association and the Civic Guild of the City of Toronto for the purpose of providing workingmen with suitable dwellings at moderate rentals.

A brief from the National Construction Council of Canada sets forth: "Domestic building touches the lives of our people daily. There is almost prima facie evidence that housing is entitled to some guidance from the State. There is a demand that something be done in regard to raising housing standards particularly for groups of wage earners who receive the least for their service."

In the report on housing and slum clearance for Montreal, made by a joint committee of the Montreal Board of Trade and the Civic Improvement League, under the joint chairmanship of Professor Percy E. Nobbs and Mr. Guy Tombs, it is stated: "As far as Montreal is concerned a government aided program of housing is long overdue; and that this is a matter fundamentally independent of the depression though aggravated by it."

In a report on housing conditions in Toronto made by a committee under the chairmanship of Lieutenant Governor Bruce, it is stated: "It should be urged on the Dominion Government particularly that no public works grants are so urgently needed as those for the rehousing of the poorest members of the community."

Your committee is of the opinion that the foregoing authorative opinions are expressive of views which should guide the formulation of a housing policy for Canada.

Construction (New Houses)

From the evidence submitted it appears that the basic housing shortage lies in the needs of the low wage earner for whom the minimum of health and amenity should be provided on a basis of rental within his capacity to pay.

To meet this requirement, such housing must provide protection from the weather, adequate lighting and ventilation, be capable of being properly heated; be equipped with sanitary conveniences and drainage and be furnished with such facilities as make the amenities of family life sufficient, convenient and hygienic.

The minimum accommodation possible to meet such normal family requirements involves dwelling units having three bedrooms, livingroom-kitchen and bathroom, which accommodation meets the basic requirements of parents, and children of both sexes. Lesser accommodation would, of course, be ample where the family does not involve children.

Evidence has been submitted that Government aided house building can only be provided economically by mass production, that is, by building a great many houses at one time, that, in order to obtain low unit cost, they should be built in accordance with established sound town planning theories governing their accessibility, accommodation, site disposition, their number to the acre, selective occupancy and the zoning of housing areas to effect stabilization of the beneficial conditions obtained and the values invested.

The provision of houses, whether involving individual ownership or group dwellings for rent, if to be considered under any form of Government assistance, positively demands the necessity of their construction and maintenance under strict control and in keeping with definitely prescribed minimum standards of construction, accommodation and amenities.

Reconstruction (Slum Clearance)

A slum or a slum house is an insanitary house.

A sanitary house if overcrowded becomes insanitary and a slum.

A slum district is an area in which the substantial majority of the houses are in slum condition.

Slum clearance is almost altogether reconstruction which may be said to consist of undertakings involving large areas of one or more city blocks of high priced central land.

The Minister of Health in Great Britain, Sir E. Hilton Young, has spoken of the slums as representing a problem of "ridding our social organism of radiating centres of depravity and disease". In these words he has echoed the conviction of all thoughtful people.

Slums are a heavy indirect charge on the community. It is estimated by the Bureau of Statistics that crime costs us in Canada $60,000,000 per year, taking into consideration the lost time of those in our criminal institutions. The Department of Health estimates that Public Health costs us, including all phases such as medical fees, hospitalization, etc., $20,000,000 per year. These figures would be substantially reduced by the elimination of overcrowding and bad housing.

The Medical Health Officer, Glasgow, Scotland, reported mortality rates in houses as follows:—

	Death Rate
One-roomed houses	25·9 per 1,000
Two-roomed houses	16·5 " "
Three-roomed houses	11·5 " "
Four-roomed houses	10·8 " "

That is to say, the death rate in one-roomed houses was three times as great as in three-roomed houses.

The following figures are an indication of the effect of re-housing on the same sites in Liverpool, England.

	Deaths from all causes, per 1,000 population	Deaths from tuberculosis per 1,000 population	Infant Mortality per 1,000 births
Before reconstruction	37·0	4·0	259
After reconstruction	26·6	1·9	162
Entire City	18·0	1·7	119

The infant mortality rate of a community is controlled by many factors, and one of these, not least important, is housing. Infant mortality statistics furnished by the Department of Public Health, in Toronto, demonstrate this quite clearly. The infant mortality rate is the death rate for infants under one year computed per thousand living births. For Toronto as a whole, in 1933, this was 63·4. For the seven areas of bad housing it was 72·6 and for the four

areas of good housing 58·3. In Ward 2, Subdivision 2 (Moss Park) the rate was 121·2, which is almost double the rate of all Toronto; and in Ward 3, Subdivision 6 (the Ward) it was 83·3.

It has already been pointed out that juvenile delinquency in Toronto is more serious in areas where poor housing is prevalent. That the same relationship holds for certain crimes committed by adults is shown in the statistics of residence of convicted criminals supplied to the Committee by the Chief Constable. For example, in one district of which an intensive survey was made by the committee, in a total of 547 houses inspected, 315 were reported as below the committee's minimum standard of health and decency. The data supplied by the police show that among these houses one hundred were "convicted" in the year 1933 as betting, gambling or bawdy houses, or for violations of the liquor laws. Some of these houses were convicted as many as ten times although in practically every case the tenant had moved, after conviction, to some new location. This repeated conviction of certain houses with different tenants suggests even more forcibly than the high total of convictions that crime and poor environment are intimately related. The police summarize their conclusions in a comment accompanying the statistics by saying that "the environment created, (by bad housing conditions) through its encouragement of drinking, gambling, sexual laxity and petty crimes, makes a breeding ground for crime and is the cause of a great deal of juvenile delinquency and subsequent participation in major crimes.

According to an intensive survey made in Cleveland of a slum district where two and one-half per cent of the population lived, 22 per cent of the murders were committed, 6·8 per cent of boy delinquency, and 12½ per cent of the tuberculosis deaths occurred in this area. Although the per capita cost of fire protection in the City of Cleveland is only $3.12 the cost in the slum area is $18.72. Although the total tax income of this area is only $225,000 the total municipal expenses are $1,356,000, leaving a deficit of $1,131,000, which must be made up by the rest of the community. If you add the contribution of the various unofficial agencies, such as Visiting Nurses Association, Maternity Hospitals, etc., we add $615,000, so the total deficiency is $1,740,000.

Evidence was given to show that the slum areas in Montreal, Toronto and Winnipeg are not yet so much a menace in themselves as they are to the potential areas of deterioration surrounding them. This creeping slum deterioration does great harm to adjoining real estate values. To clear up the slum areas in Canada requires the work of some central agency. The houses unfit for human habitation may be condemned but in order to clear up the area and to rebuild, compensation for buildings in good or partial repair must be provided for as the values of these buildings is, of course, lost when torn down.

No rehabilitation (repairs) should be done in areas distinctly held in view for subsequent slum clearance.

No figures can be given for slum clearance in general. Each case must be estimated on its own merits. It is estimated that to eradicate the slum areas and rehabilitate them would cost $14,000,000 in Montreal and $12,000,000 in Toronto, that is exclusive of accruing land equities involved.

The clearance of slum areas must await changes in Provincial and civic laws, which at present hamper speedy and economic action.

Rehabilitation (Repair)

Property generally has depreciated because of the fact that during the last three or four years money has not been available to owners with which to take care of ordinary repairs and maintenance and this has accumulated and is accelerating.

Many houses are to-day not up to standard simply for lack of repairs. More living units could be obtained more rapidly by repairing existing houses up to reasonable standards than by any other means. By such expenditure there would be kept intact funds already invested.

This was the first Government housing method undertaken in the United States and had the merit of making available a large mass of work, general in nature, and more or less equitably distributed throughout the country.

Provision should be made for that class of people to help them rehabilitate their homes but it is a complex problem.

There are no sources of statistics available but the need for repair is evidently general throughout the country.

Due to the depression, dwellings of all classes are in varying states of "deferred" repair.

If a dwelling, not too far gone, can be repaired and made "standard" at a cost commensurate with the results obtainable, then practically a new "standard" dwelling unit and accommodation is provided for at less cost than the new construction. Funds made available will provide a larger number of standard living units than if confined to new construction alone.

The difficulty is to determine the most feasible method of accomplishing this. Existing dwellings usually have mortgages as first liens and there may be arrears of taxes and of interest, all of which together often equal or exceed the existing equity in the more or less dilapidated premises.

Urban and Rural Dwelling Houses

We have already dealt with the question of "urban" dwelling houses.

In regard to "rural" housing there is a definite lack of statistical and other information as to conditions or requirements as municipalities do not keep such records.

There is also the question as to whether the standards and inadequacies of rural housing might not properly be considered a duty and obligation of the Farm Loan Board.

Evidence has been submitted to the effect that there are worse living conditions in rural sections than exist in many of our cities but that there is no organization in rural districts to which the query can be addressed, "What are the conditions in your district".

Data of the Dominion Bureau of Statistics show that in 1921 there were 21,116 one family households of owners and 7,261 one family households of tenants, consisting of two or more persons and occupying one room only. There were also in rural Canada in 1931, taking owners and tenants together, 753 households of two or more families occupying one room only. Again, in urban Canada, there were in 1931, taking owners and tenants together, 11,975 householders of one family of two or more persons living in a single room and 94 households where two or more families live in a single room.

In Order to Provide Employment (Relief)

The Dominion Statistician, Dr. Coats, states: "It would appear that at the present time the grand total expenditure of all government authorities for relief must be in the neighbourhood of $100,000,000 in the twelve months ending March 31, 1935."

"The census of occupation, taken as at June 1, 1931, shows a total of 127,364 wage earners normally occupied in the building construction industry on that date. On June 1, 1934, it would appear that the grand total number of persons employed in the building construction industry in Canada on that date was approximately 34,500 out of the 127,364 as being wage earners in this

industry in 1931, leaving the number unemployed as of June 1, 1934, at approximately 93,000."

After a period of slump and depression when the spending of public funds becomes a policy for the purpose of finding employment and setting the wheels of industry and commerce revolving again, house construction presents certain very clearly defined advantages over many other classes of work.

It distributes the full capital cost in the form of purchasing power. Practically the whole expenditure is spread over a wide range of trades, labour and materials Even the cost of the latter is mainly represented by wages to different classes of labour engaged in home industries.

Mr. J. Clark Reilly, giving evidence for the Canadian Constructive Association, said that his information showed that in 1920 the trade unions reported only three to seven per cent out of work, and in 1926, seven to eight per cent. In 1933 the figure of unemployed in their ranks rose to seventy-one per cent of skilled men.

The Bank of Nova Scotia's Review quotes a total for eleven years of $1,143,800,000 spent upon residential construction down to 1931. They give us the annual average as $104,000,000 and to show how this has dropped they state that in 1932 it was $28,900,000, in 1933 $23,900,000 and in 1934, $30,600,000 in residential construction.

Mr. Reilly adds, that from the best survey that the Construction Association has been able to make it would appear that from eighty to eighty-two per cent is the total amount of the value of labour involved in a house but it varies with the type of houses.

The representation from the Canadian Construction Council submitted that, according to data they had obtained, sixty per cent of the unemployed are workers normally dependent upon construction for employment.

Reference was also made to a statement originating with the Cleveland Trust Company that last June the unemployed in the durable and building goods industries in the United States totalled 4,700,000; and that there were unemployed in consumable goods 500,000 and in services 3,900,000 or a total of 4,400,000. Therefore it was fairly obvious that were the 4,700,000 unemployed in the building and durable goods industries re-employed, the spending of their earnings would employ the 4,400,000 in the consumable goods and services industries. This was given as an illustration of how re-employment in the durable goods industries is essential to general recovery.

Mr. Armand Dupuis stated in his evidence: "There has been no construction in the past three or four years in Montreal, whereas in the twenty years which preceded them construction was the main industry in Montreal."

And further he said: "It would be the means of putting into circulation eighty per cent of the cost of the work in the form of wages. That eighty per cent is not a fancy figure, it has been given to us by a number of reliable contractors as being the amount of money in connection with the construction of small houses, and incidentally, it is the form of expenditure through which money gets back into circulation the faster."

Mr. J. Rancourt says: "It is admitted at the present time that the construction of dwellings in Montreal during the last five years has been very little. It will be necessary if we are to keep up with the increase of population to have somewhere around 25,000 to 35,000 flats built."

He also stated: "You must also remember that in a city like Montreal one-eighth of the population of workers is employed in the construction trades and at the present time with no construction going on, we have about 46,000 heads of families on direct relief. These 46,000 heads of families represent about 200,000 people who are being supported in Montreal at the present time."

" If we base our situation at the present time on the facts as we know them rent would be limited to from $10.00 to $15.00 per month but I believe if these people were working a rent of $20.00 to $25.00 would easily be paid in Montreal."

Evidence as to the cost of relief in Ottawa, per annum, of the maintenance of a family of five was given by Mr. Cauchon. It comes to over $627 per family, per annum, exclusive of the cost of education.

The English report on A National Housing Policy states: "In the building of houses, owing to the large amount of labour in their erection and in the making of materials and fittings used, the saving in maintenance which must be forthcoming for the men, if left unemployed, is especially great. In England this maintenance is provided through definite insurance or public unemployed allowances, and the amount is known. In Canada public assistance and private charity co-operate and the actual cost is indeterminate. In England it is estimated that for every dwelling not built, about $375 has to be paid for the maintenance of labour that would have been employed in providing a house costing $1,500. It would appear, therefore, to be an actual extravagance to maintain operatives in idleness by not erecting dwellings when these are urgently needed."

From "A Housing Program for the United States" by the National Association of Housing Officials we extract the following: "In time of industrial depression and consequent unemployment, low-cost housing provides one of the most effective and least costly types of relief works because:—

(*a*) It does not displace work which would otherwise be undertaken by private enterprise.

(*b*) It expends the capital cost mainly in labour widely distributed among the branches of the building industry and others which manufacture the materials, equipment and furnishings.

(*c*) It transforms what are at such times idle credits into revenue-earning and self-liquidating assets, which may be regarded, therefore, as investments rather than as debts, and are likely over a long period to prove good investments.

(*d*) Owing to the large proportion of labour involved, each dwelling built saves a very substantial sum which might otherwise be spent in the maintenance of the unemployed.

(*e*) The provision of good housing and slum clearance produces probably the greatest amount of social amelioration of any comparable kinds of relief work.

Finally, the reference indicates that one of the main objects of the Government is "In order to provide employment" and in such manner as will be most conducive to national recuperation of business—production and industry—through a national policy of house building.

For social and economic recuperation and advance through the relief of unemployment, the fostering of "housing" for the low wage earners now living in undesirable and unhealthy slum conditions is the most promising as distinct from higher class houses for those who can be financed through usual financial methods and agencies.

Evidence has shown that the median line above which financial institutions can reasonably begin to assist is the $3,500 capital cost line.

Below the $3,500 capital cost line the necessary financial set-up is admitted to be non-self-liquidating at commercial rates of interest, i.e., without extraneous aid it cannot approach an equitable human standard of health and amenity.

Low interest assistance for houses above the $3,500 median line will seemingly seriously affect the existing mortgage investments as contracted for and will deter further extension of private funds into the higher classes of residential buildings.

Even with the admitted $3,500 median line restriction on aided "housing" the mortgage companies claim there would still be a sympathetic drop in rentals above the median line. Yet a broad policy of this "housing" will provide one of the best distribution of wages on an investment basis to replace a considerable proportional amount of the present unemployment costs.

To Provide Such Dwellings as May be Necessary, Upon Such Terms and Conditions as May be Best Adapted to the Needs and Requirements of the People

The first consideration is to establish the shortage of dwellings existing in Canada, particularly in respect to adequate shelter for the low wage groups.

From the evidence adduced there appears to be a very substantial shortage due to:—

1. The ever existing normal shortage of such houses by reason that there has never been a purposeful design or construction to meet such requirements by private initiative; and to lack of economic return from this class of building;
2. The "lag" in general dwelling construction since the depression and the concurrent forced neglect and deterioration of the existing dwellings.

The program of assisted housing which the Montreal Committee recommends as necessary for Montreal is:—

1. To liquidate existing slums.
2. To prevent slums on a far greater scale from developing all over the metropolitan area in the future (which is the really important thing).
3. In due time to provide a substantial amount of low rent housing, without aggravating the difficulties of the small proprietors. The proposal is to provide under corporate ownership and collective management 4,000 dwellings per annum for twenty years.

Survey by the Assessment Department in Toronto showed between 7,500 and 10,000 families doubled up.

In Ottawa, during the past four years of financial depressions 5,842 persons were added to our population by natural increase (excess of births over deaths) and at the same time 4,917 more people moved into the city than left, making a total increase in population of 10,759.

At the beginning of this period there was no surplus of low rental houses and during these three years building of that class of houses has been practically at a standstill with the result that many houses which formerly accommodated one family in a satisfactory and sanitary manner are now occupied by two or more families for which they are not adequate.

The Bruce Committee came to the definite conclusion that in the City of Toronto there are at this moment at least 2,000 houses unfit for human habitation and in all probability 3,000 or over. It will take $12,000,000, assuming that they propose to rebuild between three and four thousand houses.

The Dominion Bureau of Statistics sets forth that in the good years up to 1929 the value of residential building undertaken in the reporting cities was approximately $50,000,000 to $60,000,000 per year, which would compare closely with the Bank of Nova Scotia figures of $100,000,000 for all Canada, since the increase in the population of these sixty cities equals about one-half of the increase in the population of Canada as a whole. But instead of there being $50,000,000 to $60,000,000 of new residential buildings in these reporting cities during 1933 there was only about seven and a quarter millions of such buildings, and in 1934 this amount was increased somewhat to $8,600,000.

The Chief Sanitary Inspector of Winnipeg states: "We need a large number, probably no less than 1,500 at least, probably quite as many again, of say four rooms."

"One thing that we found in the four districts surveyed was that of the total of 1,890 houses surveyed in the four districts, we found 1,300 rooms used for both cooking and sleeping—families living in rooms that they had to both cook and sleep in to the number of 1,300 rooms."

"During the last five years some 1,466 dwellings have been demolished, of which approximately fifty per cent were demolished on order from the department. The remainder were voluntarily torn down by the owners, but in many cases as a result of a warning from the department. In addition, many dwellings were condemned and closed. Few, if any, new houses have been built to replace these. We have the officers and we have the by-law to take care of sub-standard houses, but we have not the houses to put these tenants in if they are vacated."

Twenty-five thousand dwellings are classed by the Board of Health of the City of Montreal as insanitary.

Mr. J. C. Rancourt states: "Many of our labourers are out of work in the Province of Quebec, and in Montreal in particular there are many workers in the different trades in the construction line, helpers and tradesmen. After four years of this direct relief regime the misery suffered by the workers is at present considerable. A great many of them have been obliged to sell their furniture and to dispose of their insurance policies and to live under deplorable conditions. In many cases two and three families are living in the same flat, and very often some families live in one room. The morale of the people is gradually disappearing. The inspectors of social service have found very serious cases which demonstrate that the morale is decreasing gradually among the working classes."

The Montreal Report shows that nearly 80,000 householders are paying disproportionate rentals. The shortage of low rent dwellings in Montreal is seen to be very great. For a long time there has been a marked shortage in low rent dwellings quite apart from standards of accommodation. The prevailing type of dwelling under the present system of ownership and management fails to provide accommodation for the lower wage earners, at rents they can afford to pay. An acute actual shortage of dwellings is now in sight.

According to the Montreal Report, the approximate incomes and rents payable, by low wage earning groups, are:—

APPROXIMATE INCOMES AND RENTS PAYABLE BY WAGE EARNING GROUPS

Economic Group	Income Range	Average	Proportion Available for Rent	Rent per Month
1. White collar workers, etc.....	$1,000-1,500	$1,250	⅓	$34 70
2. Artisans, skilled wage earners	850-1,025	940	¼	19 60
3. Semi-skilled intermediate	650- 850	750	⅕	12 50
4. Unskilled, low wage groups	450- 650	550	⅛	9 20

According to the census June, 1931, there were 16,502 individuals in Toronto who earned in aggregate, during the preceding 12 months, $10,112,200; an average wage of $613.

To the question of what constitutes a minimum standard of decent housing accommodation, the answer of expert opinion is: "The three bedroom and living-room-kitchen house, which can be let within the means of the lower paid wage-earners. A family cannot be adequately accommodated in less than three bedrooms if parents and boys and girls are to be accommodated in different rooms. Quite apart from this problem of "family" accommodation, suitable accommodation will have to be made for those families without children and others whose needs are on a lesser scale, for example, aged people and pensioners.

The dwellings most needed are units "to rent" at a fixed minimum and not those "for sale". The evidence encouraging those with assured employment and good pay to purchase their homes outright does not apply to the lower paid, or migratory, workers. A worker with a low wage may limit his future prospects of employment if he is tied to a locality, as irregularity in employment may prevent his keeping up instalment payments. No such financial obligation should deprive him of freedom to follow up opportunities of finding work elsewhere. Further, if he is in financial difficulties he is unable to keep his property in repair, and is probably forced to sub-let or take in lodgers, thus providing the nucleus of a new slum. Workers should not be obliged to buy their own houses through the absence of the alternative of houses to rent.

Evidence relative to family budgets of low paid workers made by competent investigators, indicates clearly that householders having dependents and whose incomes average between $500 and $750 per year cannot rightly afford more than $10 to $15 per month for rent. Since the monthly earnings of a very large proportion of the workers in this country probably do not exceed $60 the problem is to provide houses to rent at $10 to $15 per month. This scale of rent must cover interest and amortization, insurance, repairs, maintenance, management, taxes, etc., or failing such coverage the shortage must be provided for from some source other than rentals.

The provision of low rental housing means a reduction in the problems of under nourishment, tuberculosis, hospitalization and health, with their attendant social costs; apart altogether from the fact that it also releases a steadier volume of working class purchasing power for the other necessities, comforts, and conveniences of life.

It may also be said that housing at such rents cannot be economically provided—that these minimum rents will not cover the costs. But this again is the very essence of the Housing Problem. There is a point at which private enterprise working on ordinary commercial lines cannot provide for certain groups of the community. The figures quoted above suggest clearly that the unskilled and lowest paid wage earners and at least some proportion of the intermediate and skilled workers are within these groups—approximately 140,000 wage earners, or 80,000 households in the area to which the Montreal Report has reference are included in such groups.

Whether it be as a matter of principle, or as a problem of finance, the public interest is involved in the solution of the housing problem for this part of the population. Granted certain minimum standards of accommodation and amenity, such standards can be secured only by regarding their provision as a public responsibility.

The Bureau of Statistics states: "The Natural increase in the population of Canada in the last three years for which we have a record, 1931-1933, is at the average rate of 130,000 per annum, which, at the average rate of 4·68 per household, would mean an addition of over 27,500 new households per annum."

"The number of permits issued for sixty Canadian cities for the construction of dwellings and for repairs and improvements have dropped from 14,556 in 1929 to 2,609 in 1934."

"The total number of residential contracts awarded in Canada, according to McLean Building Reports, was 25,275 in 1929 and 10,135 in 1934. It would appear from this figure, as it appears from the Bank of Nova Scotia study, that the residential accommodation provided in the last three years has not been much more than one-third of that which is required for the proper housing of the increasing population of the Dominion. It is not an unfair assumption where the average contract is only $3,000, the total residential construction for 1932-1933-1934 would provide homes for some 27,500 households, while the equivalent of some 82,000 households have been added to the population of the Dominion in three years. On this basis some 35,000 additional houses or apartments are

needed at this moment to supply the past deficiency and a further 27,500 houses or apartments are needed this season to take care of the increase in the present year."

"To-day we have only nine thousand unoccupied dwellings in Montreal and in the meantime the population keeps on increasing at a rate which requires about six thousand new dwellings per annum, of which fully four thousand would be for the low wage earning groups."

The Hygienic Housing League delegate states: "Twenty-five thousand dwellings are classed by the Board of Health of the City of Montreal as insanitary."

The Bruce Report, Toronto, states: "If reasonably full employment were to return and marriages delayed by the depression were to take place, it is possible that a shortage of some 25,000 dwelling units would become apparent."

The Department of Health, Winnipeg, states: "We need a large number, probably no less than 1,500 to 2,000 or more, houses for the low paid workingman."

Summary of evidence of the condition of "housing" shortage is as follows:—

	Yearly Requirements	Cumulative Shortage
For Canada—		
The Dominion Bureau of Statistics.....	27,500	55,000
required for 1935.....		27,500
Total		82,000
For Toronto—		
The Bruce Report (for the city of Toronto)	4,000	25,000
Montreal Board of Trade—		
The Nobbs Report 4,000-6,000		
required for 20 years		80,000
Winnipeg	1,500 to 2,000	

Witnesses were of the opinion that because of existing industrial conditions many marriages had been deferred, that the young people had tired of waiting; that there is a much larger increase in the number of families than there is in population for two reasons—the increased number of marriages and the decreasing average size of the family.

For this reason we believe the Bureau of Statistics estimate of the annual increase in the number of families, based on increase of population, underestimates and that in place of the increase of 25,000 families per year it is nearer thirty thousand.

The Bureau of Statistics estimates that there is at present a shortage of 55,000 houses in Canada. This estimate is based on the amount of new building and does not take into consideration houses condemned or that should be condemned as unfit for human habitation. The needs must be much greater than this.

The Cost of Such a Policy and the Burden to be Imposed Upon the Treasury of Canada

Evidence adduces that the average cost of a "three bedroom, livingroom-kitchen unit type of housing," i.e., a normal standard of family accommodation providing separate sleeping accommodation for parents, boys and girls, is as set

forth below. The lesser requirements of those without families and of old people would be relatively less.

	Cost per Living Unit
Cauchon Evidence (two storey type, in groups)	$ 2,500 00
Bruce Report (Toronto)	2,700 00
Nobbs Report (Montreal, including slum clearance)	3,500 00

It has also been adduced in evidence that the normal average of monthly rent possible of payment by low wage earners ($500 to $1,250 yearly) is $10 to $15 per month. The following statement is based on an average of $12.50 per month on an all-inclusive capital expenditure of $2,700 as submitted by the Bruce Report and confirmed by the National Construction Council.

Taxes (land and buildings)	$ 55 00	$ 55 00
Management	15 00	15 00
Insurance	4 00	4 00
Maintenance	40 00	40 00
Amortization in 50 years	16 95	16 95
Interest on $2,700 at 6 per cent	162 00	at 4% 108 00
	$ 292 95	$ 238 95
Less yearly rental at $12.50 per month	150 00	150 00
	$ 142 95	$ 88 95

It is to be observed that at a yearly rental of $150 ($12.50 per month), there is an annual deficit of $142.95 with interest rate of six per cent and of $88.95 with interest rate of four per cent. Such revenue returns mean that the capital would have to be furnished without interest return, but at the end of the amortization period the capital would have been returned and there would have accrued the equity of land and buildings, which, in view of the adequate provisions allowed against management and maintenance, should be in good physical condition. It is to be noted that the foregoing has been based on a four-roomed dwelling unit, and that, in view of smaller sized units being largely in demand at a uniform rental, the actual showing would be correspondingly enhanced.

There is a close and vital relationship between the rate of interest and the price at which houses can be rented. With provision of funds at low rates of interest there is brought into the line of possible achievement the provision of dwellings of higher grades and accommodations to a degree varying with the relative price of money available. This has been demonstrated in actual experience, as for instance, in the housing undertakings of the Toronto Housing Company, which, with funds guaranteed at five per cent by the City of Toronto to the extent of eighty-five per cent and with capital stock to the extent of fifteen per cent, limited in its earnings to six per cent per annum, provided housing in Toronto during high material cost conditions, on a commercial basis at rents suited to the incomes of tradesmen and white collared classes. There is reason to believe that private capital is available now and in considerable amounts for utilization in a parallel way by organized limited dividend companies under conditions which would allow of the utilization of funds at similar interest rates.

If the Government would advance eighty-five per cent of the necessary funds at five per cent or less, leaving the balance of fifteen per cent to be provided by housing companies or if, as stated by its solicitor in evidence, the Dominion Mortgage and Investment Association's members would furnish money to the extent of sixty per cent of the equity involved at five and a half per cent,

and the Government advanced twenty-five per cent of the funds at three and a half per cent, this would average a little under five per cent for eighty-five per cent of the equity and leave the balance to be provided by private enterprise, our information is that such a policy would start a large house building program.

The National Construction Council in evidence states that sixty-four per cent of the all-in cost of housing represents labour costs. Therefore, of every $1,000,000 expended on housing $640,000 would be spent in wages. Again, it is estimated that twenty-five per cent of the moneys involved in housing costs in England represents moneys which would otherwise have to be spent in maintenance of unemployed tradesmen if the houses were not built. If this comparison be applicable to Canada, it would mean that of each $1,000,000 expended on house construction $250,000 thereof would be withdrawn from funds now devoted to relief.

If we start from the principle that the provision of a minimum standard house for every family in the country should be adopted as a national responsibility and such principle be adopted, the question would be: "How can such policy be most cheaply and advantageously financed?" It is submitted that this question must be answered: "By the issue of national funds fully guaranteed, administered in a manner and to the extent deemed necessary and to be determined, and enabling a national housing program to be carried out at the lowest possible rates of interest, with minimum building costs, and with the least possible assistance in the form of subsidy.

Such funds, raised under guaranteee at minimum rates, would have the effect of widening the range of houses which could be rented at an economic rent without the assistance of subsidy. This would take place to such an extent that it would reduce the need of subsidy in all but those special cases where taxes are high or land expensive or where the minimum economic rent possible in relation to the capital expenditure involved is beyond the worker's capacity to pay.

If a national housing scheme is to achieve the building of working class houses at an economic rent, due advantage must be taken of such low rates of interest as may be possible or may be arranged.

The lower the rent, the less the risk of loss or default, and less the need for a subsidy. Therefore, to minimize the risk and the need for a subsidy, it is important to keep rents as low as possible, and there is nothing which can do more to keep down costs than a low rate of interest. The lower the rent the larger the number who can afford to pay it, and the smaller the number of those who must be assisted directly or indirectly from public funds to do so.

It is believed that with low interest rates, and control over excessive building costs and excessive prices for land, a very large proportion of the needed houses can be built without the aid of any subsidy. When this is impossible, as for example, where it is essential to build houses on expensive sites, or in cases where incomes of low wage earning groups are such as preclude payment of economic rents, a subsidy of some kind will be unavoidable. One of the important tasks is to provide for the securing of full data respecting the extension of subsidies and the conditions and restrictions which should apply to such grants. In principle, it is undesirable that people should be housed on needlessly expensive sites in the middle of towns since the land, if worth the high price asked, must be in demand and could be used more appropriately for other purposes.

There is no justification for allowing those who can afford economic rents to be housed at less cost to themselves in subsidized houses at the expense of the public purse. Selective tenancy, based on the ability to pay, is essential.

Experience shows, and evidence submitted confirms, that the lowest paid sections of the community cannot afford to pay a rent much less a price, for the standard of accommodation which society must from time to time fix in its own interest as a minimum needful to maintain health and social welfare. Such

accommodation can not be provided on the basis of rates of interest and profits as would enable the speculative house builder to undertake the work. The difference in rents which may be based on six to eight per cent rates in the one case and in much lower interest rates in the other is vital to the lower paid sections if they are to be benefited by any housing project. The British MacMillan Report claims that in reference to British conditions " a fall from six per cent to four and a half per cent in the rate of interest on loans against houses is nearly as good as a fall of twenty-five per cent in the cost of production, when it comes to calculating the minimum level of rent which will prove profitable. Consequently, unless these houses are built by some public or semi-public organization, which seeks no return beyond the lowest interest possible for well secured capital, the dwellings are not provided at all. These people must depend on occupying houses which their more fortunate neighbours have vacated, overcrowding the same, turning each room into a dwelling, and ultimately creating the slum condition with which all are but too familiar."

The building of dwellings for the lowest income sections of the community is in less danger of competing with any work that private enterprise could or would undertake than any other kind of public works.

Your Committee desires to acknowledge its appreciation of the assistance derived from the British Report of the National Housing Committee, "A Housing Program for the United States," the Toronto (Bruce) Report and the Montreal Board of Trade and Civic Improvement League (Nobbs and Tombs) Report; also from the many experts and other individuals who gave valuable evidence voluntarily and at considerable sacrifice to themselves.

Your Committee also desires to express its appreciation to Mr. Noulan Cauchon for his untiring interest and valuable professional advice and guidance voluntarily extended to the Committee and its Chairman during the entire period of its sessions.

Mr. J. M. Kitchen also contributed liberally and voluntarily of his time and services.

A complete copy of the proceedings and evidence taken before the Committee is tabled herewith.

THE EVIDENCE SUBMITTED HAS EMPHASIZED THE FOLLOWING

1. The term "housing" should be considered to include construction, reconstruction, repairs (rehabilitation), demolition of houses and slum clearance.

2. Housing is primarily the direct responsibility of the individual co-operating with the local authority.

3. A national emergency will soon develop unless the building of dwellings be greatly increased.

4. The formulation, institution and pursuit of a policy of adequate housing should be accepted as a social responsibility.

5. There is no apparent prospect of the low rental housing need being met through unaided private enterprise, building for profit.

6. The magnitude of the task involved in any program designed to eliminate in its entirety the housing problem in Canada is fully realized and appreciated; that such a program would involve intensive, continuous application and effort over a period of years is manifest; but that the initiation of such is imperative is obvious from even the necessarily limited inquiry into prevailing housing conditions in which it has been your Committee's privilege to engage.

7. The accurate determination of the number of houses required to meet the needs of the people, annual and accumulative, and to overtake existing

shortage, must necessarily be the subject of intensive direct and statistical investigation. At least the provision of dwelling units to the number of 25,000 should be initiated immediately throughout Canada.

8. Selective tenancy of Government aided housing should be based on total family income and ability to pay economic rent.

9. The acuteness of the housing problem lessens to the degree that the wage scales of low wage earners is improved.

10. Provision should be made for long term mortgages, in view of the long term amortization generally associated with housing.

11. A major item in the financing of housing is interest charges. There is, therefore, a close and vital relationship between interest charges and economic rents.

12. That the principle and institution of mortgage banks, as established in other countries, be investigated with a view to their effect upon the lowering of housing costs.

13. That slum areas have been shown to cast very heavy expenses on many branches of public administration such as health, welfare, fire prevention, administration of justice, etc., may justify public assistance, which is likely to prove as sound financially as it is certainly desirable socially.

14. Against public liabilities may be set certain very real, if in some cases, immeasurable, assets. Good housing means less expenditure on prevention of disease, less crime, greater benefits for education, less unemployability as opposed to unemployment. The elimination of bad conditions has a cash value as well as a moral value to the nation. Further, there are wider economic aspects to consider. Bold and constructive housing projects will increase employment both directly and indirectly through the activity generated. To mitigate any liabilities on the national finances the cost of unemployment would be directly reduced, tangible and needed assets will be created, the yield of sales and income taxes will be increased by the profits of those in building and industry as well as those who benefit from the increased spending power of wage earners employed through the undertaking.

15. Reference made in this report to the low monthly rental possible of payment by low wage earners should not be accepted in any way as indicative of the setting of any wage scale. Government assisted housing should not be taken advantage of to reduce the standard of living.

16. That the initiation of a policy of new construction and particularly of repairs (rehabilitation) will appreciably stimulate private owners to do likewise, will also proportionately release for demolition slum buildings presently retained for want of other accommodation.

17. The construction industry lends itself most effectively to the alleviation of unemployment and consequently to a reduction of those relief charges now being borne by federal, provincial and municipal taxpayers.

YOUR COMMITTEE THEREFORE RECOMMENDS

1. That a Housing Authority be established with power to initiate, direct, approve and control projects and policies, and to allocate such moneys, as in the opinion of Parliament, may be necessary for the purpose of assisting a program of urban and rural housing.

2. That said Authority be authorized to negotiate agreements with any province, municipality, society, corporation or individual with a view to promoting construction, reconstruction and repair of such dwellings as may be

necessary, and the extension of financial assistance at such favourable rates of interest, periods of amortization and other terms, as shall encourage housing.

3. That as its first consideration the said Authority be urged to take action in respect to repairs (rehabilitation), presently needed.

4. That such national housing policy be so framed, with respect to provision for employment, as to endeavour to co-relate and co-ordinate the efforts of provincial, municipal and other public authorities, and private agencies in relation thereto.

All of which is respectfully submitted.

A. D. GANONG,
Chairman.