

# Low Rent Housing

By HERBERT A. BRUCE

SLUMS in Canada as elsewhere are due to the lack of decent housing for low wage earners. Their existence proves that social improvement has not kept in line with economic development.

In many other countries, especially in Great Britain, Germany and Austria, the problem is being successfully tackled. Plans have been prepared, blue prints have been made, building contracts have been signed, work has been begun and completed, in a concerted effort on the part of governments and communities to make what we call civilisation more truly civilised. The result has been renewed hope and fresh vision for hundreds of thousands of poverty-stricken men and women and children. It seems to me that we as Canadians need no longer appear, by our apathy to covet the dubious distinction of being the only civilised nation which has not yet actively engaged in slum clearance.

When we learn from Fire Marshal Grove Smith of Ottawa that in ten years 3,000 people have been burned to death in shacks in Canada, we begin to wonder whether the increase in infant mortality, the far greater dangers of disease and epidemics, the moral ruin of young men and women, and constant additions to the criminal population are by any means the only evils that slums record in bold, legible strokes on the debit side of the accounting books of a nation. When thinking of the increasing population of Canada, we read that at the beginning of last year the building of houses was less than one third of what it was nine years ago, then we begin woefully to imagine what sort of legacy we are piling up for ourselves and our

children. During the same period, by the way, the silk industry has quintupled its profits. That is not a reflection upon this great industry.

When we speak of slums we are actually speaking of the homes of those who cannot afford to live anywhere else. The slum dweller would like to live in a place fit for human habitation. All the handicaps of ill health due to insanitary surroundings and overcrowding would then be removed. It would give him the opportunities for self-improvement which every human being should have. The one insuperable obstacle to the slum dweller's chances of improvement is the simple fact that owing to his low wages he cannot pay what is called an economic rent for a dwelling fit to live in. All the evil, all the sickness, all the moral and physical decay, indeed the whole weight of that social degeneration caused by slums, which is borne by the State and inexorably paid for by the State, is based upon our inability or our unwillingness to answer the question: What shall we do to help Canadians pay for something better than a hovel to live in? The increase of slum areas or the wiping out of them and all their vile consequences depends upon our answer to that question.

In seeking an answer, one thing upon which we all agree is that co-operation between Federal, Provincial and Municipal authorities is the first essential upon which any solution to the problem must be based. Without it nothing can be done. Aid must be given to low wage earners to enable them to live in decent homes and to take them out of slums which destroy body, mind and spirit. This aid may take the form of a subsidy or a loan; it may be simply a government guarantee designed to encourage the razing of slum areas and the erection of new dwellings;

EDITOR'S NOTE: Colonel the Honorable Herbert A. Bruce, M.D., F.R.C.S., (Eng.), up to a few months ago Lieutenant-Governor of Ontario, is one of the best housing experts in the Dominion. The article follows in part an address Dr. Bruce gave in Guelph in October 1937.

or it may be an arrangement by which such dwellings shall be tax free. More probably the aid given would have to be a combination of some of all these necessary Federal or Municipal measures.

It is obvious too that there is little or nothing in any slum clearance project to encourage private investors or the participation of private capital. Yet they must be encouraged to participate, and this will be possible when slum clearance, the erection of low rental homes for our lowest wage earners, is recognised as an essential part of a great housing policy for the whole Dominion—something in which all governmental and municipal authorities may engage in active co-operation. But at the same time we shall have to avoid as unnecessary, the additions of bureaus and commissions and administrative bodies which will impose too heavy a burden upon the various governmental bodies. Likewise we shall in all our plans have to avoid any undue competition with housing as it already exists and with the private investor interested in housing. Finally we shall have to make sure that the low rental houses erected with government aid are never occupied by those who are able to pay a full economic rent. All this presents a difficult problem but by no means an insoluble one.

How can the task be accomplished? Let us assume that the Dominion granted a subsidy that would be one third of the cost of constructing low rental houses and of getting the necessary land. The grant would be made to municipal housing commissions or housing corporations approved by the government housing administrator. On all projects of this kind there must be normal commercial earnings, otherwise there will be no commercial inducement. The Dominion subsidy, therefore, would preferably be capital but, as an alternative, it might be an annual equivalent computed at  $5\frac{1}{2}\%$  interest and  $1\%$  amortization for a period of thirty-five years.  $5\frac{1}{2}\%$  is about the normal earnings in enterprises of this kind.

The Dominion subsidy, in my opinion, should be restricted to projects which

contemplate building a fairly large number of houses. Slum clearance is much too big an undertaking to take cognisance of isolated, sporadic and necessarily futile attempts to improve conditions by building single dwellings or small groups of dwellings here and there. The cost of building, including land on which the subsidy would be granted to approved projects, would be, let us say, in Toronto, not more than \$750 for the accommodation of each adult in the housing project. For the purposes of calculation a baby would not be counted and children from one to ten years of age might count as half an adult.

These figures are only suggestions though they have been carefully considered. They embody the conclusions arrived at by those associated with me in the Housing Centre in Toronto.

The contribution would be a joint one—Federal—Provincial—Municipal—and its purpose would be to reduce rents, to bridge the gap between what the tenant can pay and what he would have normally to pay—the economic rent, that is, for accommodation comparable to that afforded him by government assisted housing. Let us suppose then that the joint contribution was about \$1.25 per month for each adult accommodation provided and covering a period of thirty-five years. The Provincial-Municipal contributions might be direct monthly payments; on the other hand they might be in land provided rent free, or finally, they might be funds lent for the purpose at less than say  $5\frac{1}{2}\%$  interest. In the case of rent free land the contribution would be calculated at  $5\frac{1}{2}\%$  on the fair value of the land. If funds are lent, then the contribution would be calculated as the difference between the actual interest that would be payable and  $5\frac{1}{2}\%$ . As for the Dominion, its contribution toward these necessary rent reductions would be calculated as  $6\frac{1}{2}\%$  per annum of the capital amount of whatever Dominion subsidy is granted. The  $6\frac{1}{2}\%$ , by the way, is  $5\frac{1}{2}\%$  plus *one* per cent amortization over thirty-five years.

The whole project would be under the administration of a Dominion Minister.

He would make sure that there were real evidences of the necessity in any particular place for such housing. He would see to it that, wherever such projects were to be carried out, the areas would be adequately planned and suitably located to safeguard the investment and ensure its continued value. Finally, he would see that care had been taken to *ensure* that the design of the houses and their construction and the purchase or lease of the land had been as economical as possible. The whole thing would be carried out as an important function of the Dominion authorities. They would receive from Provincial Governments and Municipalities plans for the building of low rental housing. They would decide what assistance should be granted. They would give advice to those who sought it. They would keep all records and statistics. And they would constitute a centre from which accurate information concerning all plans of housing would be disseminated throughout the Dominion.

Finally some more general aspects of the housing problem may be considered.

Better housing means better national health through better national living conditions. It is social progress in its most virile and most comprehensively beneficial form.

By stimulating the building of low rental houses a strong stimulus would be given to the building of homes without, however, helping competition *against* the private builder, and in this way far more building would be encouraged than would be possible by subsidies.

We have also to think of all the employment that would be created by such large scale building projects—far more employment than could be created by public works however large in their scale. The building of low rental houses as suggested here would be an important part of that larger housing problem which the Federal Government is so admirably tackling through the Home Improvement Plan under the Dominion Housing Act.

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## The Financial Position of the Maritime Governments

BY "ECONOMIST"

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IT is customary to group the three Maritime Provinces when their economic or financial position is being considered. But this method must not be allowed to hide the fact that each Province has problems of its own. Prince Edward Island, with its dependence on agriculture, has had to face questions since 1929 rather like those that confronted the Prairie Provinces. The "potato" counties of New Brunswick and Nova Scotia have suffered in the same way as the Island, while the "timber" counties have met the same difficulties as parts of Quebec and Ontario. In Nova Scotia, the mining and industrial counties have faced the same questions as the manu-

facturing areas of central Canada. Accordingly, each of the three Maritime governments has had to attend to the development and maintenance of its own particular distribution of resources, and this was true even before the war, although the effects of the recent depression have served to emphasize the different problems that confront each of the three Provinces when they try to increase the use of their own set of resources.

### Dominion Subsidies to the Maritimes

The basis of Dominion grants to the Provinces was laid down in 1867, but modifications were made from time to