

Open Letter Issued by the Bureau of Municipal Research, 24 Isabella Street, Toronto 5



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An independent fact-finding organization  
reporting to the public on civic affairs.

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# CIVIC AFFAIRS

## EMERGENCY HOUSING

Fellow Citizens:

During World War II many people were attracted to the Toronto area by the plants engaged in war production. The acute housing shortage resulting from this influx was intensified when, at the close of the war, veterans began returning from overseas in large numbers. The civic authorities felt that the exigencies of the situation demanded immediate action and they set up an emergency housing programme to provide temporary accommodation for returning veterans and families evicted from their homes and unable to find other shelter.

One hundred wartime houses were constructed on the fringes of City Parks, 103 Halliday houses were erected on City-owned lots scattered throughout the municipality, and a number of properties owned or rented by the City were converted where necessary and made available for temporary shelter. In addition, by arrangements with the Federal Government, accommodation was procured in the suburbs--in the General Engineering buildings in Scarborough, the Staff Houses and North Camp in Malton and the Staff House and military camp at Long Branch.

The Bureau is not questioning the City's action in entering this field; it is concerned, however, about the poor financial reporting on the costs of operating these projects.

The first account of expected expenditures which the public can see, is found in the annual Estimates. This publication gives a fairly good itemized statement of proposed expenditures together with comparative expenses for the two preceding years. The taxpayer or alderman is able to determine for instance how much of the tax levy is applied to cover deficits of the Regent Park housing programme. He can see how much is appropriated for garbage disposal compared with costs of former years. He is not able, however, to obtain any conception of the amounts appropriated to cover the deficits of the emergency housing schemes. He is equally at a loss to tell from the Estimates how much has been spent in this field in the previous years.

In the main, it is through the annual Estimates that members of Council exercise their authority over civic spending. The figures are prepared by the department heads, revised by Standing Committees and the Board of Control and then brought before Council. The alderman studies this document and relies on it.



Consider a city councillor or a taxpayer with a copy of the Estimates endeavouring to find out the costs or expected costs of the emergency housing operations. Rent revenues are easily obtained from the item "General Rentals from City Properties--Emergency Housing". The expenditure picture is not uncovered so readily. Under "At Large" he will see an item called "Emergency Housing". First of all, he should observe that both current costs and capital outlays met from current revenues are included. If he accepts this as the cost of operations, he will certainly arrive at some false conclusions, for other current operating costs are scattered throughout the Estimates and are grouped in every case with other expenditures: The Maintenance Branch of the Property Department performs work on emergency housing along with regular City properties; the Estimates show the expenditures of this Branch in one figure. Then there are expenses under "City Properties--Rented" and, here again, emergency housing costs are lumped into the total. The taxes on emergency housing are included under "At Large" in the item "taxes on City Properties--Rented". Insurance costs on these buildings make up part of "Insurance" in the Property Department's figures. In addition, administrative costs of the Property Department and the legal costs incurred are nowhere apparent.

To give an idea of the size of the City's equity in emergency housing a statement of capital costs for all such projects is set out below:

Purchase of 100 wartime houses from the Federal Government (Financed by annual payments over a period of 12½ years)	\$ 250,000
Preparation of sites for above (paid from current funds)	26,006
Purchase of 103 Halliday houses and preparation of sites (financed from current surplus)	307,593
Conversion of various dwellings (financed each year from current revenues)	716,966
150 additional wartime houses purchased from the Federal Government, September 1950 (capital expenditures authorized for debenturing)	187,500
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	\$1,488,065
Provision of services for 600 houses in Veterans Housing Projects (financed by issue of 10 year serial debentures)	\$ 952,000
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	\$2,440,065

(Exclusive of Veterans Housing Projects)

Each capital venture of the City into the field of housing was considered and authorized by the elected representatives, and members were therefore in a position to see as they proceeded what commitments were being made. The final item is distinct from the City's regular emergency housing projects. For the veteran's housing, which had to be located outside the City boundaries, Toronto undertook to pay for putting in the services. In subsequent accounting, the debt charges have not been shown separately; they are included in the item "Miscellaneous Debt Charges".

#### Private Management

In May 1949, the City turned over a total of 1339 housing units to a private agent, Mr. H. V. Locke. The City retained only a few units which it hoped to dispose of shortly. Savings were expected from this arrangement, and, using Toronto's recent experience as a base, the Council agreed



to pay to H. V. Locke 75 percent of any improvement his firm could achieve in the operating results. While the contract was dated May 1, 1949, it went unsigned for over a year. The City Auditor drew attention to the unsigned contract, in his annual report dated May 31, 1950. The City was so anxious to divest itself of responsibility for operating the emergency housing projects that it proceeded with the transfer without waiting for the contract to be signed. At the time, it was known that some cost figures were uncertain because they had to be projected from less than a full year's operations, and later it was realized that there was misunderstanding in regard to heating arrangements which also affected the cost. When, after a long delay, the contract was completed, adjustments were made in the basis for computing deficits.

But what is more important is that the results of H. V. Locke's operations are still unknown to the public. There was nothing in the 1950 Estimates to indicate the City's likely liability. At the time of writing there is still no information available on the 1949 expenditures for these housing units.

### Financial Reporting

Somewhat better information on the cost of emergency housing is contained in the Annual Report of the Commissioner of Finance, than in the Estimates. In the actual financial statements the information is substantially the same as in the Estimates. However in the accompanying commentary, expenditures on emergency housing, met from current funds, whether current or capital, are totalled and compared with previous years. This throws additional light on past expenditures, but there is no corresponding figure in the Estimates and the information, published some ten months after the year-end, appears too late to be used in budget deliberations. As each year's Council goes over the Estimates they have scarcely a clue as to the full cost of emergency housing in the past year or the anticipated cost in the current year.

Using the figures supplied by the Commissioner of Finance in the preface to his Annual Report, the Bureau has brought together the revenues and expenditures for emergency housing to the end of 1949. It should be remembered that the cost to the City of the privately-operated housing is lacking for 1949 and that even the incomplete information given here was not available at budget time.

#### EMERGENCY HOUSING

(Exclusive of Veterans Housing Projects)

	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>Total</u>
<u>Expenditures</u>							
Current(1)	9,771	72,765	262,467	521,881	678,347	370,716(2)	1,915,947
Capital costs met from Current							
Revenues	<u>332,081</u>	<u>178,853</u>	<u>177,106</u>	<u>232,564</u>	<u>179,936</u>	<u>42,618</u>	<u>1,143,158</u>
	341,852	251,618	439,573	754,445	858,283	413,334	3,059,105
<u>Revenues</u>							
Rentals	<u>2,011</u>	<u>87,308</u>	<u>227,891</u>	<u>370,582</u>	<u>528,573</u>	<u>231,352(2)</u>	<u>1,447,717</u>
Cost to the Taxpayer	<u>339,841</u>	<u>164,310</u>	<u>211,682</u>	<u>383,863</u>	<u>329,710</u>	<u>181,982</u>	<u>1,611,388(3)</u>

(See Footnotes on following page)



- (1) Not including administrative or legal costs. The Property Department estimated the costs of administration of the units turned over to Mr. H. V. Locke as \$18,200.
- (2) Exclusive of the financial results for units operated by Mr. H. V. Locke after May 1, 1949.
- (3) A private firm, in its accounting, would probably have spread the capital costs of a similar housing programme over a period of some years. The City, by contrast, has met capital costs largely from current revenues and in this way has built up quite an equity in housing. In the auditor's statement for 1949 the value of such buildings is placed at \$492,977.

The City of Toronto's experience with emergency housing reflects the pressures under which these responsibilities were taken on. The job was tackled by regular City departments and the accounting was handled in such a way that the total costs were not readily available to the taxpayer or his representatives. Actual management, by the Property Department, came in for considerable sniping until control was transferred to a private agent. All along, the lack of clear information on finances has made it difficult to judge the competence with which emergency housing has been administered.

The City is not entirely out of the housing business and indeed has thought it advisable to acquire 150 wartime houses just this year in order to regain control over the land. The municipality will be managing these properties until they can all be sold to advantage and the City is still responsible for the units under private operation. Therefore, the Bureau recommends:

- 1) that, with the possible exception of overhead, the expenditures for emergency housing be set down separately wherever they occur in the Estimates;
- 2) that, in addition, all the direct costs and revenues for this programme be brought together in a supplementary statement in the Estimates;
- 3) that a financial report of the first year's operations under Mr. H. V. Locke be made public immediately and a forecast for 1951 be included in the next Estimates.

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