



# CIVIC AFFAIRS

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

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## EMERGENCY HOUSING

Fellow Citizens:

The current activities of Canadian municipalities in the housing field are very much a product of developments over the past fifteen years. The first large-scale action grew out of the serious shortage of living accommodation in the war-swollen urban centres.

In the City of Toronto, the earliest response to this war-engendered shortage was a diversified municipal undertaking which has gone under the name of the emergency housing programme.

The programme got its start in 1944 with an agreement between the city and Wartime Housing Limited for the construction of one hundred housing units on city-owned land. The scope of the undertaking was gradually extended and, at the peak in 1948, the city was providing emergency accommodation in Toronto and its suburbs totalling approximately 1,350 dwelling units.

Monthly rentals were set at a relatively low level and, from the outset, the operation as a whole produced an annual deficit. Once the developmental stage had been passed, increasing concern over the size of these deficits was expressed in City Council. On May 1, 1949, a solution was sought through a transfer of the management responsibility from the City Property Department to a private agent.

The size of the programme has been reduced considerably in recent years. But Mr. H. V. Locke, the agent chosen by Council, is still supervising some 620 dwelling units on the city's behalf.

After five and one half years of private management, the current position is briefly as follows:

- 1) No definite plan is operating to ensure that present tenants will vacate the remaining emergency housing accommodation by any specified future date.
- 2) Rents continue in some cases at levels below recognized economic rentals.



- 3) Some of the dwelling units stand in obvious need of major repairs or replacement.
- 4) The latest complete financial statement available to the public on the emergency housing operations covers the fiscal year ended April 30, 1953.
- 5) The agent placed in charge by the city has been carrying on since May 1, 1953, without any written contract.

The story of Toronto's emergency housing programme is contained in the city auditor's annual reports on the operation, in reports and recommendations of the Board of Control and City Council and in records of periodic negotiations between city officials and Mr. H.V. Locke. The highlights of the story have been summarized in the following pages.

In the Bureau's opinion, this record suggests the need for immediate action to:

- 1) wind up the emergency housing programme with all reasonable despatch,
- 2) make alternative living arrangements for those residents of emergency housing who qualify for welfare care,
- 3) press ahead, within the limits of municipal responsibility, with whatever action the citizens are prepared to endorse in the fields of slum clearance, permanent low-rental housing and municipal land assembly schemes.

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## THE STORY OF TORONTO'S EMERGENCY HOUSING PROGRAMME

(Supplement to the Bureau's Open Letter of January 3, 1955)

The present emergency housing programme in Toronto had its start in the year 1944. When the scheme was begun, the immediate need was for living accommodation for war-workers, servicemen and their families. The cessation of hostilities brought an influx of returning veterans and an actual increase in the housing shortage. In consequence, additional units were brought into the emergency housing programme after the war, with the last unit added as recently as 1948.

Beginning in 1944, one hundred wartime houses were built on municipal park lands, 103 Halliday houses were erected on individual city-owned lots and a number of properties owned or leased by the city were converted where necessary and made available for temporary shelter. By arrangement with the federal government, accommodation was also developed over the years in a number of larger units--Lakeside Camp (Little Norway) on the waterfront, the General Engineering Buildings (GECO) in Scarborough, the Staff Houses and North Camp in Malton and the Staff House and Military Barracks at Long Branch. At the peak, the emergency housing programme included some twenty-six projects distributed through the city and suburbs.

Emergency housing originated in Toronto as a hastily-devised expedient to meet an immediate and pressing problem. The conversion, maintenance and operation of a large number of widely-scattered housing projects constituted, in the early stages, an entirely new civic venture. In the circumstances, lack of experience in this type of real estate management and the absence of a carefully planned policy with respect to such matters as length of tenancy, the level of individual rentals and the duration of the programme itself were only to be expected. Once the scheme was well launched, the interest of City Council was most directly expressed with respect to the question of finance.

### Wrestling With Annual Deficits

A major objective in the emergency housing scheme was to make accommodation available to individuals or families who were unable to secure living quarters at the going rates. The wartime and Halliday houses originally rented at a flat rate of \$23.00 per month. Rates for the other projects were set at a correspondingly low level and, as late as April, 1946, they were actually reduced by twenty per cent.

The deficit on current operations mounted steadily between 1944 and 1947 and, in November of the latter year, the Property Committee of City Council recommended a sufficient increase in rentals to cover operating costs. The recommendation was referred to the Board of Control for further consideration and, in March, 1948, it also recommended an upward adjustment in the prevailing rent schedule. The proposal was approved in principle by City Council and the Property Committee was then authorized to appoint a sub-committee to consider all matters relating to the emergency housing programme.

The deliberations of the Property sub-committee produced the first comprehensive assessment of the city's emergency housing policy. The sub-committee secured for study a detailed analysis of the cost of operation and rental income of each project. A number of petitions and communications with respect to the proposed increase in rentals were presented by interested individuals and groups. The Commissioner of Property reported



concerning increases in expenses which might be expected in the immediate future. In addition, he called attention to the problem of enforcing regulations and controlling costs while his department had no authority to select tenants. Finally, in two separate reports to Council, the sub-committee recommended:

- 1) that rentals of existing units be increased as already authorized by City Council and, further, that rentals be set for any new units at a level sufficient to cover all operating costs,
- 2) that occupancy by any one tenant be limited to six months in order to prevent emergency housing from becoming, in effect, permanent accommodation,
- 3) that the North Camp at Malton be closed by October 1, 1948, due to the high cost of operation and anticipated capital expenditures in connection with the heating plants and water services,
- 4) that the cleaning staff and watchman services for all projects be reduced. According to the sub-committee, this was the only field in which operating economies could possibly be effected.
- 5) that the Commissioner of Property and the City Solicitor be authorized to negotiate for the termination of leases on private premises being used for emergency housing. The sub-committee was concerned that the city was obligated, under terms of the leases, to restore these premises to their original condition.
- 6) that the Commissioner of Property and the City Solicitor also be authorized to negotiate with representatives "of any private enterprise for the assumption of the city's leasehold and operation of the (remaining) emergency housing projects under private auspices."

No action came directly out of these half dozen recommendations as such. Over a period of time, rents were pushed up and the North Camp and the private premises were closed out. But a level of rentals sufficient to cover operating costs, like the proposed six months' limit on occupancy, is not even now being applied. Negotiations for private management were to be taken up by the Board of Control rather than the suggested civic officials. And the private management firm was the agency given the opportunity to reap the benefit from any reductions in staff expense.

What City Council did at the time was to refer the recommendations back for further consideration. The Property sub-committee then became involved in formulating a long series of conditions to govern a possible contract for private management of the emergency housing projects. Tenders were called in the late fall of 1948; a total of four bids was received; and, in February of the next year, City Council decided to accept the tender submitted by Mr. H.V. Locke.

The acceptance of the Locke tender closes the first chapter in the story of Toronto's emergency housing programme. In wrestling with the problem of annual deficits, City Council appeared to be confronted with two alternatives. Without a substantial reduction in operating costs, either rentals would have to be increased or direct subsidies from the municipal treasury would have to be accepted as an established policy. In the circumstances, Council sought relief from the headaches and pitfalls of the programme by transferring the responsibility for management to a private agent.



### The Contract for Private Management

To a Council preoccupied with the burden which the emergency housing programme had imposed on Toronto taxpayers, the contract proposed by Mr. H. V. Locke undoubtedly exercised a very strong attraction. Of the other tenders, two suggested as a management fee a straight percentage of monthly rental income; the third proposed as remuneration a percentage of both rentals and amounts expended for repairs and general maintenance. Mr. Locke, on the other hand, suggested that the size of his fee be determined by any reductions that he might be able to effect in annual operating costs. The city would determine its operating deficit on the programme for the year 1949. If a saving was achieved under Mr. Locke's management, he would then receive as a fee seventy-five per cent of the difference between the city deficit figure and his own operating result.

Apart from the method of calculating the fee, the Locke tender was accompanied by a number of stipulations which were to prove of some significance. In calculating the deficit under private management, a deduction was to be made from net operating costs for all major repairs made necessary because of worn-out or faulty equipment or other causes beyond the agent's control and which involved expense in excess of \$3,000. The agent would also be allowed a reasonable write-off, originally fixed at one-half of one per cent, for uncollectible rents. And the estimate of operating costs under city management was to include an entry of \$18,115 for administration. The amount had been calculated by the Commissioner of Property as the approximate cost of civic supervision for a twelve-month period.

Because Mr. Locke's fee was to be based on savings, his proposition seemed to assure a financial gain for the city. Yet as City Council was aware when the contract was awarded, the proposal has its doubtful features. Before final action was taken, the Commissioner of Finance and the Commissioner of Property had been asked to report on each of the four tenders. The two officials acknowledged that Mr. Locke's tender, "being based on savings", appeared to be the most favourable one. Yet they went on to make the following points:

- 1) The city's statement of its operating deficit, from which any future "savings" will be calculated, "can at best be only an estimate as the City has not as yet had a full year's operation of all the projects"
- 2) If this estimate proved to be high in comparison with the actual operating deficit, "the favourable difference would accrue to the benefit of the tenderer in that he would be entitled to be paid 75 per centum of such difference"
- 3) The proposed entry of \$18,115 for administrative costs "constitutes a partial fee for the services to be rendered"
- 4) "A contract of this type must of necessity contain many uncertainties which could adversely affect the position of either party from that contemplated when entering into the contract."

In the light of the Commissioners' comments, the periodic difficulties and differences of opinion which have since developed with respect to the Locke contract are not too surprising. The story can best be told by reviewing the arrangements worked out for each fiscal year under private management.



1949-50

Although the changeover from civic to private management had taken place on May 1, 1949, the contract covering the first twelve months' operations was not finalized until the fall of 1950. During the intervening months, the schedule of estimated operating costs was twice revised. When the agreement was first drafted in the spring of 1949, the city estimated that, if the programme were to remain under municipal management for the whole year, there would be a surplus of \$7,900. A year later, the schedule was altered to take account of changes which had been introduced in the scope of the operation. Instead of a surplus, a deficit of \$19,500 was then estimated. Shortly thereafter, Mr. Locke challenged the latter figure and argued for acceptance of a much larger estimated deficit--\$60,500. Conversion of the projects to oil heating had not been completed as planned and the difference between the two estimates represented, according to the agent, the additional costs for labour, fuel and repairs which had been incurred in heating with coal. The city took the position that the extra fuel and repair costs were the agent's responsibility under the contract. An adjustment to cover the additional labour costs was agreed to, however, and the estimated deficit was boosted to \$47,500.

At Mr. Locke's request, two further adjustments were made at the same time. The write-off for uncollectible rents was raised from one-half to one per cent. And the agent was permitted to count as revenue any rental income which might be lost during changes in the occupancy of the housing units.

1950-51

In the private management of the housing programme from May 1, 1950 to April 30, 1951, no adjustments in the terms and applications of the contract were found necessary. As late as June, 1951, however, a further adjustment was put through with respect to the 1949-50 operations.

The City Auditor's final report on the Locke account for 1949-50 was not received by Board of Control until May 29, 1951. According to the Auditor, the long delay was "due in part to the somewhat confused way in which the accounts have been kept, and in part due to the delay in the signing of the amending agreement relating to the one of the 1st May, 1949, which signing was not completed until 17th November, 1950." The report made specific reference to the absence of any inventory of coal stocks at the year end and to expenses of approximately \$3,000 for which no vouchers were produced.

Over and above these shortcomings, the Auditor's report revealed that there was still some uncertainty concerning one of the clauses in the contract. The section dealing with the agent's responsibility for major repairs up to \$3,000 had proved to be susceptible to more than one interpretation. Was the money as paid to be classified as a regular operating expenditure for the purpose of comparing Mr. Locke's cost of management with that of the earlier city regime? The answer could make a maximum difference of \$2,250 (75% of \$3,000) in the agent's fee. When the point was finally ironed out by the Auditor and the City Solicitor, it was settled in favour of the agent and a further payment for 1950-51 of \$2,250 was authorized.

The primary obligation of the agent for major repairs was reduced from \$3,000 to \$500. And of the \$5,765 in dispute, the city agreed to pay no less than \$4,500.



1951-52

The management contract for the period from May 1, 1951, to April 30, 1952 was to require two separate series of negotiations. The original agreement had allowed for a financial adjustment following the closing out of one or more of the larger housing projects. But no provision had been made to cover either the gradual closing out of a project or a reduction in the number of wartime and Halliday houses. A cut-back in the programme was begun in 1951 and, late in the year, Mr. Locke requested compensation to cover the declining scale of the operation. Under the arrangement finally agreed upon, Mr. Locke obtained concessions in three different ways. Henceforth, the agent's net position for fee purposes was to be based on the theoretical assumption that vacated space continued to yield full rent revenues until the closing of a project had been completed. Again, when one of the individual units was sold, the city's estimated deficit for the year was to be increased by approximately \$250. The effect in both cases was to increase Mr. Locke's "savings" and, hence, his fee. In addition, Mr. Locke was given a direct incentive to support the closing-out policy. For each vacancy which he secured in one of the larger units, he was to receive a bonus fee of \$50.

The second issue with respect to 1951-52 operations did not emerge until the summer of 1953. When the Locke account was submitted for audit, a deduction from expenses of over \$18,000 was claimed by the agent for major repairs. The contract called for advance civic authorization of such repairs, however, and the City Auditor found that only \$1,367 worth of repairs had been so authorized. Negotiations were again undertaken and, again, the agent's position was thereby improved. First, "having in mind that considerable time has elapsed since the repairs were made, that the buildings have aged considerably and that certain expenditures which evidently were not contemplated when the original agreement was drawn up have become necessary," the negotiating committee recommended that the requirement for prior authorization be waived. Thereupon, City Council accepted most of the repair bills as a direct civic responsibility.

1952-53

Once more, the settlement between the city and its agent hinged on the issue of financial responsibility for major repairs. In determining his expenses and, thereby, the size of his fee, Mr. Locke claimed a deduction for major repairs in the amount of \$19,741. Since the prior approval of the city had not been obtained for any of the items making up this total, the claim again prompted a series of discussions between Mr. Locke and a number of civic officials.

In the first instance, the city's representatives took the position that \$5,765 of the total represented ordinary maintenance expenses. Under the terms of the contract, such expenses were the agent's responsibility. Mr. Locke, on the other hand, held that his obligation had been set too high. He implied that he would go along with the decision, however, if the city would ignore the clause in the contract which required the agent to assume responsibility for the first \$3,000 of major repairs. Before the matter was finally settled, concessions had been made on both points. The primary obligation of the agent for major repairs was reduced from \$3,000 to \$500. And of the \$5,765 in dispute, the city agreed to pay no less than \$4,500.



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1953-54

The story of emergency housing management for the year ended April 30, 1954 may be very briefly told. On March 5, 1951, a Board of Control report recommended the progressive closing out of the emergency housing projects. The schedule as approved by City Council called for the elimination of all of the larger units by April 1, 1953. The management contract, it should be noted, was due to expire at the end of the same month. And the schedule provided further that the administration of any wartime or Halliday houses which had not been disposed of by that time would revert to the city.

The timetable adopted in 1951 was not, of course, adhered to. Indeed, the emergency housing programme is still in operation today--some eighteen months after the last project was to have been closed down. Of the larger units, Lakeside Camp and the Staff House and Military Camp at Long Branch remain in use. And of the two hundred odd wartime and Halliday houses, one hundred and seventy-six still serve as emergency housing.

The management arrangement for these remaining projects is, to say the least, a matter of some uncertainty. While the Locke Company has continued to administer the programme, it has not had a signed contract with the city since the end of April, 1953. And the Auditor's report for the year ending April 30, 1954 has not yet been published. In the absence of a written contract, it seems reasonable to assume that the city has some sort of understanding with Mr. Locke concerning their mutual obligations. Yet the current situation makes it difficult for the public to ascertain the facts while, by the same token, the probability of future disagreements on financing are greatly magnified. The position is far from satisfactory.

#### The Point of Chief Concern

In a bulletin published four years ago, the Bureau reported on the financing of the emergency housing programme to the end of 1949. Excluding the cost of private management from May to December, 1949, the statement showed that the cost to the taxpayer had already reached approximately \$1.6 million. The latest available audits carry the cost of private management forward to the end of April, 1953, and expenditures directly by the city to the end of December of the same year. Between 1949 and 1953, a further \$482,000 had been spent. Yet the total amount of the bill is not the point of chief concern.

The basic question that faces Toronto's taxpayers is what sort of value they have been receiving for their money. The chronological record suggests much of the answer. Despite expenditures totalling over \$2 million, it would appear that the programme has been characterized both by inadequate civic planning and supervision and by a failure to follow through effectively on agreed policies. A reassessment of the programme and the development of specific objectives for the future is urgently needed.