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THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING

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David Mansur, former head of CMHC, reviews Canada's experience with public housing . . . rejects extreme opinions on the subject . . . describes Toronto's programme . . . corrects some misconceptions about public tenants . . . and sets a long-term target for public housing units in Canada.

I BELIEVE IN PUBLIC HOUSING . . . BUT —

First, let me tell you what a great pleasure it is for me to have been invited to address the annual meetings of the Institute and the Bureau. I know something of the aims and objects of these two organizations and, like most Canadians interested in public affairs, I feel that their efforts are very worth while.

From time to time I have spoken in broad terms about housing, but I am sure that you are not interested in having me ramble around the general area of housing. Rather, you want me to express my views upon "THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING".

I know that one of the main purposes of both the Institute and the Bureau is to exercise vigilance in respect to the expenditure of public funds. I wonder whether my selection as your speaker was based upon my present extramural activities as Chairman of The Metropolitan Toronto Housing Authority, or whether it was based upon the fact that at one time I was one of the large spenders of public funds and am now reformed. But, whatever the reason for my invitation, I am happy to attempt to give you my views about public housing and where it properly fits in to the Canadian way of life.

CONTENTS

	Page
I Believe in Public Housing . . . But — - - -	1
The Federal-Provincial Partnership - - -	2
Rents - - - - -	2
Selecting the Tenants - - - - -	3
Who are the Tenants? - - - - -	3
Public Housing — Pro and Con - - - - -	4
Where is Public Housing Needed? - - - - -	4
The Best Kind of Public Housing - - - - -	5
Limit the Size of Projects - - - - -	5
No Conflict with Private Housing - - - - -	5
How Much Do We Need? - - - - -	6
What Would It Cost? - - - - -	6

First, let me say that I am a public houser — that I believe in public housing—and if this were not so, I would not be Chairman of The Metropolitan Toronto Housing Authority. But, having said this, I hasten to add that there is plenty of room for a difference of opinion as to the extent to which public housing should form part of our social services. And there is even wider difference of opinion as to the manner in which our public housing programme can best be implemented. As a generalization — if, indeed, generalizations have any validity — I find that people who know the least about public housing have the most dogmatic views on the subject. Those closely associated with public housing are inclined to be middle-of-the-roaders, appreciating the social function served by public housing, but having reasonable doubts as to optimum quantities of public housing and the manner in which it can best be constructed and operated.

In fact, I have never met one whom I considered competent in the public housing field who does not have very fluid views and who is not willing to re-arrange existing prejudices.

THE FEDERAL-PROVINCIAL PARTNERSHIP

But, before I attempt to outline my thoughts upon "THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING", it might be well if we established some yardsticks by way of definition. Public housing means different things to different people and it might be helpful if I reviewed in capsule form public housing as it exists in Canada today.

In earlier years there were some rather intermittent and sporadic excursions into the public housing field on strictly an ad hoc basis. It was not until 1949 that the Federal Government introduced public housing legislation on a national basis which, without equivocation, introduced the principle of subsidy.

Canada was the last nation in the western world to adopt subsidized public housing as a national measure. You will recall that in the immediate post-war years, and before public housing legislation was introduced, there was a very vocal demand in various quarters for public housing legislation. I suspect that the actual number of proponents was relatively small but their case was both good and effective.

In light of these strong representations for the urgent and desperate need for subsidized public housing in Canada it is remarkable that such little progress has been made in the last ten years. In Canada there have been 4,861 subsidized public housing units constructed, of which 3,684 are in Ontario, and 3,172 in Metro Toronto, including 1,397 units owned and operated by the Toronto Housing Authority which were not constructed under the terms of this legislation. As yet there is no indication that Canada is rapidly becoming a nation whose families in the lower income groups are housed in public housing projects.

The Federal-Provincial arrangement for subsidized public housing provides that the Federal Government supply 75% of the capital investment and annual operating loss — if any — and the Provincial Government the remaining 25%. The Provincial Government may share their 25% in any way they see fit with the Municipality. Projects are initiated upon application from the Municipality and then approved by the Federal and Provincial Governments. Generally the land and services are put together by the Province. The plans and construction are undertaken by Central Mortgage and Housing Corporation, the agent of the Federal Government in this field. To look after the operation of the project, the Province appoints a local Housing Authority like the one with which I am associated in the Municipality of Metropolitan Toronto. Although the appointment of the members of the Authority is essentially a matter of provincial concern, it is customary for the Provincial Minister to seek the concurrence of the Federal Minister. Generally the local Housing Authority has five members, although in Metropolitan Toronto there are seven.

RENTS

The Authority takes over the operation of the project as an overholding landlord. It selects worthy tenants in accordance with general terms of reference laid down to the Authority in its agreement with the Federal-Provincial Partnership. This agreement is the Authority's terms of reference and includes the range of family incomes which the Partnership feel is appropriate for admission to the project, and the rental scale applicable to families within this range of income. The agreement provides that the Authority shall operate on a budget and shall provide the Partnership with annual accounts. I will not attempt to further describe the agreement other than to say that within broad terms of reference the local Housing Authority is given a high degree of autonomy to operate the project.

You might ask how the subsidy is calculated. The capital investment for the project is made by the Federal-Provincial Partnership on the basis of a fifty-year amortization at an interest rate slightly above the current borrowing rates of the Federal and Provincial Governments. This debt service on the original capital investment, plus the operating expenses of the Authority including heating, maintenance, taxes, administration, etc., forms the economic or full recovery rent. The difference between the full recovery rent and the average rent paid by the public housing tenants is the subsidy. For instance, if the debt service payable to the Partnership is \$60.00 a month and there are \$25.00 of operating expenses, the full recovery rent is \$85.00. If the average rent is \$60.00, then the average monthly subsidy in that project is \$25.00 per month per unit.

Now I would like to say a word upon the manner of establishing rents. All rents are scaled to the family income and do not relate to the size of the unit occupied by the family. There is a minor variation in rent for size of family, but in housing a typical family of man, wife and three children the shelter rental level is approximately 22% of the family income. A family with three children with income of \$300.00 per month pays \$65.00 as shelter rent. At \$400.00 per month income, the rental for the same unit is \$89.00. At \$225.00 per month, the rental would be \$48.00. A man and wife with eight children, in receipt of an income of \$300.00 per month, would pay \$60.00 shelter rent. The rent scale goes down as the number of children in the family increases but this reduction is more apparent than real because family allowances are considered to be a part of family income.

Rents are adjusted each month to reflect the changes in family income. About 10% of our leases are adjusted each month as a result of families reporting changes in income. Once a year the income level is checked to ensure that proper shelter rent is being paid. This is not the problem which might be anticipated because public housing families, like other families, are essentially honest. They know the ground rules and are willing to abide by them.

Therefore, the lower the average income in a public housing project the higher the average subsidy per unit. The Federal-Provincial Partnership supply the Authority with targets in the matter of subsidy. There is, of course,

a healthy conflict between the stewards of public funds who are anxious to keep the subsidy as low as possible and the selection committee of the Authority who recognize that the greatest social good can be achieved by looking after as many families of low income as possible. High grading in tenant selection results in a prettier financial picture but meets less of the social need.

SELECTING THE TENANTS

Now I would like to move on to the manner in which the Authority selects tenants. Some time before projects are available the Authority, by newspaper advertisements, makes known that they are in a position to receive applications for tenancies in the public housing project. These applications come to us by mail, visits, and telephone calls. A written application is completed by each applicant. Unless the facts contained in the application automatically disqualify the applicant on such grounds as the family being over the income limit, or having lived in Metropolitan Toronto less than one year, then each application is investigated by a trained investigator and point rated for these seven factors:

(a) Inadequate accommodation	30 points
(b) Notice to vacate	15 "
(c) Number of dependents	10 "
(d) % of income in rent	10 "
(e) Size of income	5 "
(f) Separated families	15 "
(g) Health factors	15 "
	<hr/> 100 "

Available units, whether new or as a result of vacancies, are awarded to the families with the highest point rating.

Now I have outlined in very summary form the nature of the public housing arrangement, the basis of the subsidy, the manner in which rents are calculated, and the way in which tenants are selected. Because tenant selection is the hard core of the public housing operation, I would like to make a few observations upon some of the aspects of this main job of any public Housing Authority:

(1) Although the need of families for assistance in the housing field can be determined, the Authority must consider not only the housing needs of a family but also the suitability of that family as a tenant in the public housing project. The Authority has the responsibility to insure that its projects are good places in which to live. Neighbours must be such that each family in the project shall have peaceful enjoyment and amenities. We find some applicant families whose housing need is very great but whom we consider unsuitable for admission to the project. The grounds of such unsuitability are usually one or a combination of morals, delinquency, drunkenness, and bad housekeeping. Borderline cases arise which our Selection Officer refers to the Tenant Selection Sub-Committee of the Authority. This Sub-Committee exercises the judgment of Solomon — often with a heavy heart — and instructs the Tenant Selection Officer as to the suitability of the family for admission.

(2) There would be no particular problem in filling every public housing unit presently available in Toronto with families who are in the welfare or public assistance sector. More than enough of them would rate sufficiently high in priority for admission and generally their incomes are so low that no alternative housing accommodation is available. However, we feel that public housing projects should only contain a reasonable proportion of this type of family. Both in the case of Lawrence Heights and Regent Park South we feel that about 15% is a reasonable proportion of welfare and public assistance families and that is the level upon which we operate. This percentage has not been just pulled out of a hat, but is the result of considerable investigation into this problem in the United States.

(3) My third point about selection is this: Our allocation policy is inflexible in respect to the priority of applicant families having regard to the number of points awarded to that family under our point rating system. We admit that point rating is a subjective judgment exercised in the original instance by our investigator and subsequently confirmed by the Authority as a whole. We do not suggest it is perfect. But we do believe that there must be a firm and fixed rule of general application so that not only the applicants but also the public can be assured that there is no favoritism, bias or improper selection. I may say that our investigators are people dedicated to their work, sympathetic to the needs of applicant families and competent in their field of endeavour.

(4) My fourth point is this: Little political pressure has been applied to the Metropolitan Toronto Housing Authority on behalf of applicant families. Quite properly the needs of some families are brought to our attention both by elected representatives and the welfare agencies in this community. However, in the allocation of some 2,000 tenancies and the consideration of some 10,000 applications, as Chairman of the Authority I have never been subjected to political pressures of any kind — and as an ex-public servant I consider myself quite a connoisseur of political pressures and well able to classify them by degree and origin.

WHO ARE THE TENANTS?

Now you might ask, after all this selection technique, what kind of tenants are contained in our projects. I believe that the tenants at Regent Park South and Lawrence Heights are typical Toronto families in the income ranges prescribed for the projects — no better, no worse, which is just as it should be. For the most part these families consist of husband, wife and children. There are mother's allowance cases where the mother with children is either a widow or separated from her husband. There are elderly couples whose fixed income is insufficient to secure suitable accommodation in the private sector. There are families where disability or illness makes it impossible for the bread winner to earn sufficient to pay an economic rent. Because the Authority has no knowledge, either from the applications or subsequent investigation, I cannot classify the tenants by race, colour or creed. However, our tenant families all have

one common characteristic in that they need the housing which they presently occupy. They need it either by reason of the sub-standard nature of the quarters from whence they came, or because they were paying an inordinately high proportion of their income for their previous accommodation. And they all pay a shelter rental of about 22% of income which, though subsidized, is a heavy burden on low or moderate family incomes. In relation to capacity to pay, no gift is involved.

I say that these are typical Toronto families — whatever that may mean — chiefly because I have no reason to believe the contrary. Our experience is that these families coming from all walks of life get on well together. We, of course, have to exercise some vigilance in the *modus vivendi* of families brought together in this way. However, for the present, difficulties as between tenants or with the Authority are not high on our list of problems.

Now I have tried to outline the nature of the Canadian public housing arrangement, the manner in which the subsidy is determined, how the projects are operated, and how the tenants are selected. This I have done for two reasons; firstly, to give some of the background necessary to my discussion about "THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING", and, secondly, in the hope that by the very description of the operation itself you will by now have started to form some opinions as to whether this type of social activity should properly enjoy a place in the Canadian scheme of things.

PUBLIC HOUSING — PRO AND CON

Moving now to "THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING", the first and most obvious question is whether subsidized public housing has or has not a rightful place in our economy.

Anyone who has had anything to do with public housing, or, indeed, has even been on the fringes of the subject, has heard very different views voiced as to the propriety of public housing.

There are those who are unalterably opposed to subsidized public housing. Often they are people quite successful in various walks of life, dedicated to the proposition that under no circumstances should anything be done for the first time. But there are also people holding very sincere views that subsidized public housing is not good. The line of argument goes something like this: Housing, like everything else in this life, should be the fruit of individual endeavour. Giving people something for nothing, even if they need it, is not good for them. The argument goes on that the cost of subsidized public housing is paid by all taxpayers and that a favoured few are the recipients of the benefit and that public housing has all the undesirability of a transfer payment depending on a means test.

Further argument is advanced that, by its very nature, public housing is unmanageable in fairness of allocation to tenants; and that it is subject to undue political influence. Another argument is that large public housing projects take on a state supervised institutional atmos-

phere which in itself has an undesirable effect upon the tenant families. And the argument often ends in that traditional bit of anti-public housing folklore — that as soon as such families are put into public housing they will fill the bath tubs with coal!

I have recounted these traditional anti-public housing arguments so that you may consider their validity. I respect people who sincerely hold these views but I do not believe there is sufficient merit to their argument.

At the other extreme, the view is held by some people of highly developed social sensitiveness that any view against public housing is heresy. These people feel that everybody in the country below a certain income level is entitled to a state-owned house — a new house at that — whether he wants it or not. They go on to develop the delightful argument that the nation's problems of health and environment, crime, delinquency, are a direct and exclusive outgrowth of unsatisfactory housing conditions. The argument goes on to the conclusion that if every sub-standard house were removed, then we would be a healthy nation free and clear of juvenile delinquency and unfavourable social conditions. Indeed, from then on we would wallow in wholesomeness and good health.

Somewhere between these two extreme views probably lies a reasonable position in respect to "THE RIGHTFUL PLACE OF SUBSIDIZED PUBLIC HOUSING" in Canada. Anyone connected with a Housing Authority cannot help but be impressed with the social necessity of public housing in the larger urban areas. In a city like Toronto an Authority sees thousands of applications for needed housing and in its own experience has families as tenants whose life has been improved by decent housing accommodation. State assistance is available in respect to food, medication, hospitalization, care for the blind, the aged and, indeed, the full range of human need. I cannot believe that good argument can be made to support the proposition that no state assistance should be made available in the field of housing need.

Therefore, if we can accept that there is a rightful place for subsidized public housing in Canada, then the consideration of its rightful place gets down to what kind of public housing we should have, and how much.

WHERE IS PUBLIC HOUSING NEEDED?

First, let me deal with the geographical areas of need. As a generalization, and for the purposes of today's discussion, I think we can consider that our need for public housing is limited to the urban communities. With some minor exceptions I believe that the need for public housing in smaller urban communities — say up to 10,000 population — is relatively small and is very much less pressing than in larger urban communities. Therefore, for all practical purposes I think we can look upon the area of need for subsidized public housing as being applicable to urban Canadian communities of over 10,000 people.

Within this area of need there are obviously wide variations in the kind of public housing which may be required. In most communities of up to, say, 100,000 people it would be my guess that public housing needs

would be best looked after by the construction and renting of individual houses. But I believe that, proportionately in relation to population, public housing requirements in these communities would be but a fraction of the public housing required in our larger cities.

Therefore the hard core of the problem seems to be subsidized public housing requirements in our cities of about 100,000 population and up. Even within this sector there are important variations. The older cities such as St. John's, Halifax, Saint John and Montreal have a relatively high content of existing residential construction which has outlived its economical usefulness. A suitable public housing programme in these communities is likely to be directed quite heavily towards the clearance of blighted areas with public housing in multiple units to be constructed on the cleared land. However, as we move into the newer Canadian cities there is a lesser proportion of blighted housing and it is reasonable to suppose that in these communities most portions of the subsidized public housing will be constructed on fringe vacant land.

But in all cities in Canada there is the problem of over-crowding, particularly among families in the lower income levels. Although municipal by-laws exist which could deal with the problem of over-crowding, enforcement is not practical unless some alternate accommodation is available. Therefore it is likely the Canadian public housing programme, varying as between cities, will be directed towards providing subsidized public housing for needy families both to reduce over-crowding and to remove families from blighted structures.

THE BEST KIND OF PUBLIC HOUSING

We then come to the form which the public housing should take. Once again there are variations by community. One would expect to find a much heavier proportion of multiple accommodation in Montreal than would be the case in Hamilton. However, it is likely that the rightful kind of subsidized public housing will take both multiple and single form depending upon family sizes, the needs of the community, local custom and the overall community plan.

The popular image of public housing seems to be the erection of residential structures on cleared land. Regent Park North and Regent Park South are examples of residential redevelopment. There is, of course, a kind of public housing which does not involve redevelopment. Lawrence Heights is an example of a public housing project built upon vacant land. In any large Metropolitan community there is undoubtedly a rightful place for both types of housing. However, when the problem is essentially one of over-crowding there does seem merit in the original instance to adding to the stock of low rental housing by the erection of projects on vacant land. In the case of redevelopment the new units are not all net gain to the housing stock because existing units must be demolished to make way for the new. A further argument for early emphasis upon the erection of public housing on vacant land is that clearance and housing redevelopment involve the relocation of families who must come out of the existing units prior to clearance.

Experience has shown that such relocation is only feasible if the relocation agency has public housing units into which to decant some of the displaced families. It is my view that the public housing of the Metro Toronto area must have both redevelopment projects and projects on vacant land. I do believe that in the original instance emphasis might well be placed upon the projects on vacant land because such projects are necessary to give elbow room for redevelopment, they also add in full to the deficient stock of low rental housing, and can be produced for about half the cost of like housing on cleared land.

LIMIT THE SIZE OF PROJECTS

Out of the public housing experience in the U.S., upon which I think Canada can well borrow heavily, comes one incontrovertible fact. *Public housing projects should be limited in size.* It is better to do five projects, separated one from the other, of 200 units each, than to do one project of 1,000 units. The operation of large projects inevitably leads to unhealthy institutionalization. Those of us interested in the public housing programme for Metro Toronto have set as a kind of unofficial target projects not exceeding 400 units, with the hope of developing projects even smaller in size.

As to the units themselves, we believe that every effort should be made to keep their feel on the domestic rather than the institutional side. After all, what we are trying to do is to provide homes rather than housing units. Even if owned by the state, these homes should both look and feel like privately owned homes in the same community.

NO CONFLICT WITH PRIVATE HOUSING

In relating subsidized public housing to our housing stock as a whole, I believe that it is most important that public housing be well removed from the private sector — in an economic sense. To my mind it would be quite wrong for public funds to be expended in the construction of state-owned housing which overlaps the private enterprise sector. When the great housing debates took place in the United States, the late Senator Taft, one of the later arrivals to the cause of public housing, insisted that there be a 20% gap between the upper end of public housing and the lower end of the private housing sector. The principle is that highest income families in a public housing project shall have, by an identifiable margin, insufficient resources and/or income to secure living accommodation in the private sector. Unless this principle is observed, we get ourselves into a position of providing state housing for families able to look after themselves. Such a condition would provide unfair competition to merchant builders and private landlords and would, indeed, defeat the very purpose of subsidized public housing. I do not suggest that in Canada we need the formality of a 20% gap, but I do think that in the planning of projects and the establishment of public housing programmes we should be ever vigilant to ensure that public housing is only occupied by those families who are unable to secure suitable housing in the normal way.

I come very easily to the conclusion — perhaps more easily than my audience of today — that the Canadian pattern of life, with proper concern for the welfare of everyone within our community, must include some provision to relieve the hardship suffered by those in need of housing which they cannot provide for themselves. Such seems to be the view of the Federal Government as well as all of the Provinces which have passed supplementary legislation that makes it possible for the municipalities to implement the Federal-Provincial public housing plan. Therefore, although argument might be made that subsidized public housing has no rightful place in the Canadian pattern of life, I think that such argument is purely theoretical because, as an idea at least, public housing in Canada seems here to stay. Therefore we get down to the kind of public housing which suits our needs and the quantity required to meet the need. I will conclude by attempting to give some measurement of what might reasonably be considered the size of the job to provide the country with an optimum amount of public housing.

HOW MUCH DO WE NEED?

There is no statistical method known in this country or in any other country to determine the exact number of families who need public housing. And even if such a figure were available, the number of families who would take advantage of public housing were it available, is a far lesser number. Then there is a possible further discounting on the basis of what families should be considered eligible. If we are going to look after only those two classes of families which presently seem to have by far the highest level of priority, viz. families with children, and elderly couples, then the discounting would be large. Any calculation is complicated by the fact that any measurement of the need for public housing is a function not only of blighted structures but what, in this country, is probably more important — over-crowding.

Applications received by existing Authorities are only a guide to the need within various communities. Those of us in Toronto who give thought to the subsidized public housing needs use as yardsticks of need the applications received by the Authority, population statistics, multiple occupancy of single units, and our own observations. I believe that Toronto might well have as an optimum amount of public housing something in the range of 40,000 units, which is approximately 10% of the present housing stock. I would guess that cities such as Montreal, Saint John, Halifax and St. John's might need a somewhat larger per capita amount of public housing. The western cities probably might need a rather lesser proportion.

Public housing need is dynamic rather than static. It is ever changing by reason of population shifts, cost of housing in relation to income levels, the degree of over-crowding and, indeed, the criteria of eligibility for tenancy in public housing. My estimate of the need for public housing has regard to the amount of blighted accommodation, over-crowding and the proportion of that over-crowding which is involuntary, the number of families who are paying too high a proportion of their

income as rent, families in the welfare and public assistance sector, elderly couples on fixed incomes, and the attitudes of families toward living in public housing.

Without taking you through the arithmetic — and both the mathematics and the assumptions are very slippery indeed — I would suggest that on a national basis subsidized public housing needs of all kinds would be met by something in the range of 250,000 units — give or take 75,000 units, depending on rules of eligibility and types of families to be looked after. And long before one half of this much public housing was built we would have a much more accurate knowledge of the need.

WHAT WOULD IT COST?

Now I hasten to make it perfectly clear that I am not recommending nor urging a national programme of 250,000 public housing units. All I am trying to do is to indicate the order of magnitude of the job that would meet my idea of the subsidized public housing need. Even in today's construction market, such units could be put in place for about \$13,000.00 to \$14,000.00 each depending upon the proportion of redevelopment. Therefore, on the basis of 250,000 units, we would be thinking in terms of a capital investment of about \$3,500 millions. Capital funds of such magnitude would be difficult to find for this purpose at this or any other time — perhaps too difficult. But the capital investment is not the cost. The cost would be the total amount of the subsidy over the years.

On the basis of experience in the U.S., as well as the rather limited Canadian experience, it would be reasonable to suppose that the average annual subsidy per unit would not exceed \$240.00. Therefore one might think in terms of a full and complete public housing job for some \$60 million per annum.

This is a lot of money. It is about one eighth of the current payments on account of family allowances, and about one tenth of current payments on account of old age pensions. It is about one third of the cost of the two increases of \$6.00 and \$9.00 in old age pensions which have recently occurred without too much opposition from any quarter — political or otherwise.

Obviously such a programme could not, nor should it, be accomplished other than over a period of years. The housebuilding industry, busily engaged on large annual programmes, could not absorb more than a fraction of such a programme in any one year. Acceptance by the provinces and the municipalities would not be rapid. Land for the purpose would take time to assemble. And public opinion may be slow to accept subsidized public housing to this extent.

On the other hand, there seems to be a widening of public understanding of the need and problems involved and a greater public acceptance of the concept of public housing. The public housing projects now in operation are proving worthy and this, in itself, may be a stimulus for more projects. Much time and effort are being spent to develop a public housing programme. And, most important of all, a reasonably good start has been made.