**Urban History Review**
**Revue d'histoire urbaine**

URBAN HISTORY REVIEW
REVUE D'HISTOIRE URBAINE

# The 1935 Dominion Housing Act: Setting the Stage for a Permanent Federal Presence in Canada's Housing Sector

J. David Hulchanski

Volume 15, numéro 1, june 1986

Special Issue on the History of Canadian Housing Policy

URI : https://id.erudit.org/iderudit/1018891ar
DOI : https://doi.org/10.7202/1018891ar

Aller au sommaire du numéro

Éditeur(s)

Urban History Review / Revue d'histoire urbaine

ISSN

0703-0428 (imprimé)
1918-5138 (numérique)

Découvrir la revue

Citer cet article

Hulchanski, J. D. (1986). The 1935 Dominion Housing Act: Setting the Stage for a Permanent Federal Presence in Canada's Housing Sector. *Urban History Review / Revue d'histoire urbaine*, *15*(1), 19–39. https://doi.org/10.7202/1018891ar

Résumé de l'article

Au coeur de l'effervescence sociale, économique et politique des années 1930, l'étendue du champ d'action de la politique fédérale du logement et le programme d'options font l'objet de débats. Le gouvernement Bennett, après avoir institué un comité spécial de la Chambre des Communes sur la question du logement en février 1935 et ignoré par la suite toutes ses recommandations, adopte le *Dominion Housing Act* (DHA) en juin 1935. Cet article examine le développement et l'implantation du DHA et constate que la loi a eu peu d'effet sur le secteur du logement et que les familles à faible revenu n'en ont retiré aucun bénéfice. Cependant, le DHA est fort important en tant que précédent servant à définir à long terme le rôle « adéquat » du gouvernement dans le secteur du logement. Les protagonistes de la création du DHA, le ministre des finances W.C Clark et les compagnies de prêts hypothécaires, y compris David B. Mansur de la Sun Life, jouent un rôle central dans la définition de la politique du logement du début des années 1950. Ensemble, ils ont protégé avec succès le statu quo au détriment d'options politiques de rechange. Le DHA marque les débuts de la politique canadienne de logement, il en résulte une longue histoire concentrée davantage sur le bien-être du marché plutôt que sur une approche sociale des problèmes de logement.

# The 1935 Dominion Housing Act: Setting the Stage for a Permanent Federal Presence in Canada's Housing Sector

J. David Hulchanski

*Résumé/Abstract*

*Au coeur de l'effervescence sociale, économique et politique des années 1930, l'étendue du champ d'action de la politique fédérale du logement et le programme d'options font l'objet de débats. Le gouvernement Bennett, après avoir institué un comité spécial de la Chambre des Communes sur la question du logement en février 1935 et ignoré par la suite toutes ses recommandations, adopte le Dominion Housing Act (DHA) en juin 1935. Cet article examine le développement et l'implantation du DHA et constate que la loi a eu peu d'effet sur le secteur du logement et que les familles à faible revenu n'en ont retiré aucun bénéfice. Cependant, le DHA est fort important en tant que précédent servant à définir à long terme le rôle «adéquat» du gouvernement dans le secteur du logement. Les protagonistes de la création du DHA, le ministre des finances W.C. Clark et les compagnies de prêts hypothécaires, y compris David B. Mansur de la Sun Life, jouent un rôle central dans la définition de la politique du logement du début des années 1950. Ensemble, ils ont protégé avec succès le statu quo au détriment d'options politiques de rechange. Le DHA marque les débuts de la politique canadienne de logement, il en résulte une longue histoire concentrée davantage sur le bien-être du marché plutôt que sur une approche sociale des problèmes de logement.*

*In the midst of the social, economic and political turmoil of the 1930s a range of federal housing policy and program options were debated. After appointing a special housing committee of the House of Commons in February 1935, and then ignoring all its recommendations, the R.B. Bennett government adopted the Dominion Housing Act (DHA) in June 1935. This paper examines the development and implementation of the DHA and finds that the legislation was of little consequence to the housing sector and that it provided no benefits to lower income households. However, in terms of a long term precedent for defining an "appropriate" role for government in Canada's housing sector, the DHA is very significant. The key actors in designing the DHA, Deputy Finance Minister W.C. Clark and the mortgage lending companies, including Sun Life's David B. Mansur, played a central role in defining housing policy into the early 1950s. Together they successfully protected the status quo from alternative policy options. Starting with the DHA, Canadian housing policy has, as a result, a long history of focusing more on "market welfare" than on "social welfare" approaches to housing problems.*

## Introduction

Fifty years ago the principles and general framework for government housing policy in Canada was defined and implemented for the first time. In terms of the role of government in Canada's housing sector, very little has changed. The size of the role played by government has indeed grown significantly over the past fifty years, but the general nature and approach established by the housing programs initiated in the mid-1930s have remained virtually unchanged.

*Urban History Review/Revue d'histoire urbaine*, Vol. XV, No. 1 [June/juin 1986]

For housing, as with every important aspect of our social and economic life, the great depression forced serious questioning of the institutions Canadians had come to accept. By the mid-1930s, the wait-it-out approach of R.B. Bennett's Tory government was no longer acceptable to Canadians. In the dying days of his administration, Bennett announced his

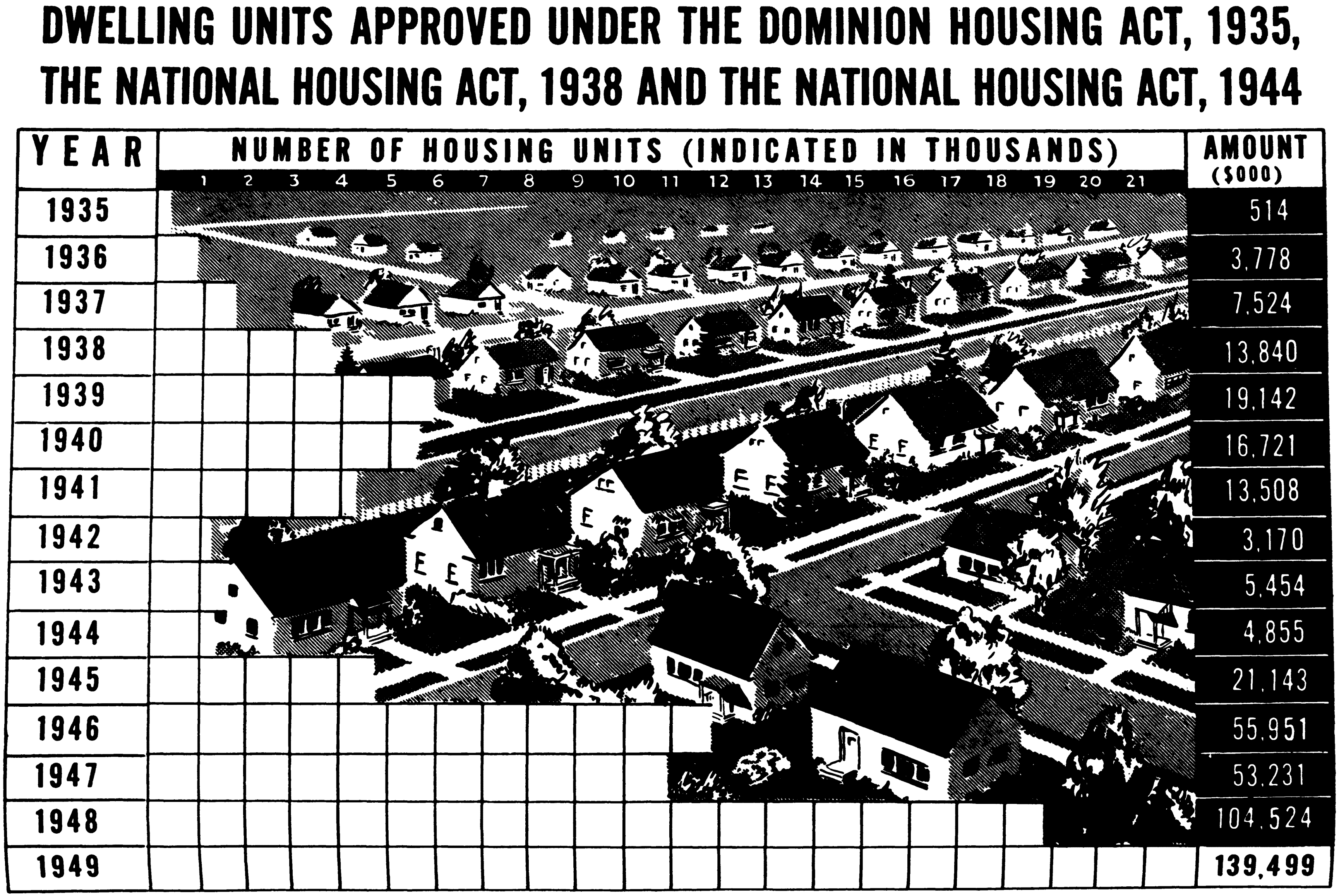



**FIGURE 1.** Dwelling units approved under the Dominion Housing Act, 1935; the National Housing Act, 1938; and the National Housing Act, 1944.

SOURCE: Central Mortgage and Housing Corporation, *Annual Report*, 1949.

own "new deal" which, he claimed, meant "the end of *laissez faire*." Though laissez faire did not end, his government did end in the election eight months later, suffering the worst defeat in Canadian history to that time.

Out of the social, economic and political instability of the 1930s housing issues and a range of federal housing policy and program options were debated, yet very little was to result from this activity. After appointing a special housing committee of the House of Commons in February 1935, and ignoring virtually all its recommendations, the Dominion Housing Act was adopted sixteen weeks before the October 1935 federal election.

On the fiftieth anniversary of the initiation of a permanent federal government presence in housing it is appropriate that we take a look back at exactly what was initiated, why it was initiated and why other policy and program options were not considered. This paper reviews the origins, implementation and impact of Canada's 1935 Dominion Housing Act.

## 1. Setting the Stage: The House of Commons Special Committee on Housing

Until the 1930s there had been few studies of Canadian housing. The public health movement at the turn of the century focused on the health and sanitary aspects of urban housing and the early planning movement focused on the design of residential areas, especially suburban districts. The provision and ownership of housing was assumed to be a function of the market place and any suggestions to the contrary were not taken seriously. As long as there was prosperity, housing was built. It was assumed that indirect government measures, such as health regulations, building bylaws, zoning codes and municipal land use planning, would eliminate the problems caused by speculative builders, poor design and slum landlords.

By the early 1930s, the depression changed these assumptions. Virtually all aspects of the housing system had ceased to function normally. Conditions throughout the housing market deteriorated rapidly (see Table 1). By 1933, for example, residental construction fell to 31 per cent of the 1929 level. Household incomes fell sharply. Vacancy rates rose not because of a fall in demand but due to extensive doubling-up. The insurance, trust and loan companies were increasingly unwilling to provide mortgage money due to falling real estate and rental values and the growing number of defaults. Property taxes became a serious burden due to property values falling faster than assessments and because municipalities were responsible for paying the rising costs of relief. These high municipal taxes acted as a strong deterrent to real estate investment. Because prices of newly constructed houses fell much less than prices and incomes in other sectors and because mortgage interest rates fell very little, there was a very small market for housing. At the bottom of the downswing the interest rate on first mortgages was a relatively high 6½ per cent. Even when general economic recovery began in the late 1930s, all these factors hampered recovery in the housing sector. While the economy on average reached its 1929 levels by 1937, residential construction only rose to 73 per cent of its 1929 levels. Mortgage institutions were willing to lend at an interest rate of about 5 per cent by 1937 but only to borrowers whose pros-

**TABLE 1**

**SELECTED CANADIAN HOUSING DATA, 1929-1939**

| | | | | | | Construction Employment Index (1926=100) | | |
|---|---|---|---|---|---|---|---|---|
| | Urban Dwellings Completed | Total Dwellings Completed | Urban Completions as % of Total | Urban Apartment Completions | Urban Apt. Completions as % of Total | Building Construction Employment | Total Construction Employment (1926=100) | Building as % of Total |
| 1929 | 42,700 | 61,100 | 69.9% | 33,700 | 55.2% | 135.3 | 129.7 | 104% |
| 1930 | 32,800 | 50,200 | 65.3% | 27,200 | 54.2% | 134.3 | 129.8 | 103% |
| 1931 | 27,700 | 45,700 | 60.6% | 22,700 | 49.7% | 104.3 | 131.4 | 79% |
| 1932 | 15,300 | 26,900 | 56.9% | 12,500 | 46.5% | 54.1 | 86.0 | 63% |
| 1933 | 10,800 | 21,000 | 51.4% | 8,800 | 41.9% | 38.5 | 74.6 | 52% |
| 1934 | 12,700 | 26,500 | 47.9% | 10,400 | 39.2% | 47.8 | 109.3 | 44% |
| 1935 | 14,900 | 31,800 | 46.9% | 11,900 | 37.4% | 55.4 | 97.8 | 57% |
| 1936 | 17,500 | 38,000 | 46.1% | 13,800 | 36.3% | 55.4 | 88.2 | 63% |
| 1937 | 21,100 | 46,900 | 45.0% | 16,700 | 35.6% | 60.1 | 99.5 | 60% |
| 1938 | 17,700 | 41,400 | 42.8% | 15,100 | 36.5% | 60.1 | 105.4 | 57% |
| 1939 | 21,500 | 48,800 | 44.1% | 17,900 | 36.7% | 62.1 | 113.0 | 55% |

SOURCE: O.J. Firestone, *Residential Real Estate in Canada* (Toronto: University of Toronto Press, 1951).

pects were quite good and only in the better residential districts, where real estate values were increasing.[1]

In response to this serious shock to the housing system, government authorities, civic groups and housing industry organizations in most major cities conducted housing surveys and published housing reports. The 1934 Toronto study, the *Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto* and the 1935 Montreal study, *A Report on Housing and Slum Clearance in Montreal*, jointly sponsored by the Montreal Board of Trade and the City Improvement League, were the most extensive and influential of the municipal surveys. Both came to similar conclusions. The Toronto study recommended that "a serious and sustained public attack on the problem of bad housing in Toronto, by means of a modern and efficient system of town planning, a vigorous policy of repairing or demolishing unfit dwellings, and the building of new low-cost houses as rapidly as possible."[2] The Montreal study concluded that "a government aided programme of housing is long overdue; and that this is a matter fundamentally independent of the depression, though aggravated by it."[3]

In addition to proposals for housing programs coming from municipal and local organizations, the construction industry organized a national association in 1933, the National Construction Council (NCC). It was established by the Canadian Construction Association, the Canadian Manufacturers Association, and the engineering and architectural professions.[4] The NCC conducted a national survey of housing needs in 1934,[5] engaged in local housing studies, such as the 1935 "Report on Relief Housing Conditions in the City of Ottawa," and starting in 1935 actively lobbied the federal government for the implementation of a comprehensive housing program they had prepared. The basic interest of NCC was, of course, construction work. They argued that housing and public works programs were much better solutions to unemployment than simply handing out relief. For the first time in Canadian history, therefore, municipal officials, civic organizations and an influential part of the business community shared a common conclusion on housing — that government ought to do something and do it quickly. There was general agreement on what the problem was and how best to address it, and there was general agreement as well that the federal government ought to intervene as the British government had been doing for some time and as the U.S. government was beginning to do under FDR's New Deal.

Canada's federal government, however, failed to respond to the social, political and economic challenge presented by the housing conditions of the day. Direct intervention in housing was not part of the generally accepted role of government. Only once before, following the First World War, did the federal government initiate a housing program. The 1919 Federal Housing Loan program was a minor and insignificant excursion into the housing field. Under it about $25 million was loaned by the federal government over a four year period assisting the construction of about 6,200 houses. The program only applied to privately owned housing. Unlike the 1930s, there were at that time few prominent groups or individuals urging that the government focus on rental housing much less build, own and manage subsidized housing projects.[6] The federal government's most prominent advisor on housing and planning matters, Thomas Adams, from 1914 to 1921, was clear on the issue of housing subsidies. Publicly subsidized rental housing, such as the British program, "Is, in effect, a gratuity to those who will live in the houses, and however justified to meet an emergency is, of course, economically unsound." Home Ownership, according to Adams, "has become so engrained in Canada that it is best to encourage it in preference to renting."[7]

Though conditions changed dramatically by the mid-1930s, the governments of R.B. Bennett and, following the election of October 1935, that of William Lyon McKenzie King, maintained a similar attitude concerning the role of government in housing. They favoured a minimum role and preferred home ownership over rental tenure. Since it was thought that the emergency conditions would soon pass and since that the housing problem was due to the immediate economic crisis, they therefore believed that there was no need to initiate long term programs. "I should be very sorry," explained one Member of Parliament, "to see the government go into a general [housing] policy of socialism based on the general conditions of today."[8]

The response to Prime Minister R.B. Bennett, a millionaire corporation lawyer swept into power in August 1930, was to ignore the housing situation until his last ten months in office. Early in 1935 a now familiar action was taken — appointment of a committee to study the problem. On February 18 the Prime Minister appointed an 18 member House of Commons "Special Committee on Housing" with a broad and promising mandate:

> 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.[9]

Between February 21 and April 15 the Special Committee met ten times to hear a total of 22 witnesses from across the country representing a broad range of interests. The Committee heard from prominent town planners and architects such as Noulan Cauchon of Ottawa, Percy E. Nobbs of Montreal, and J.Y McCarter of Vancouver, municipal and local housing officials from Winnipeg, Toronto, Ottawa, and Montreal; representatives of the Dominion Mortgage and Investment Association, the Canadian Construction Association, and the National Construction Council; and prominent American housing expert Ernst Kahn of New York. In addition numerous briefs and letters were received. After a few more in camera sessions a final report with four recommendations was presented to Parliament on April 16. The entire proceedings and evidence submitted was published together with the final report, providing the text of Canada's first national housing study. The Special Committee's work provides an excellent record of the proposed approaches and attitudes of prominent civic and industry figures as well as an account of housing conditions throughout the country.[10]

The Special Committee, composed of nine M.P.'s from the ruling Conservative Party, seven Liberals and one Labour M.P., prepared a unanimous report. The evidence they heard was convincing to even hard-nosed conservatives. The committee's chairman, Arthur Ganong, for example, had little previous exposure to the housing issue and was from a solid business background. He was the owner and manager of a family manufacturing firm and a member of the Canadian Manufacturers Association and the Maritime Board of Trade.[11] Yet after the eight weeks of hearings he had become convinced of the need for direct and speedy government housing action. During the debate over the housing bill his government introduced in June, the Dominion Housing Act, Ganong made the following statement explaining his "conversion."

> As chairman of the committee I met a good many persons who might be called town planning and housing cranks. I worked with them for two months and at the end of that time was converted. I think rather than cranks they are torch bearers to something that is coming. This housing problem must be faced. We cannot continue to allow thousands of families in this country to live in one room under unsanitary conditions as they are and have been for the last few years. It is a tremendous problem.[12]

Ganong was convinced enough to be critical of his own governments' housing bill. "With all due respect to the minister who has introduced this bill, I must say that it makes no provision for housing the low paid worker."[13] This was only one of the problems with the bill, but a key one.

The recommendations of Ganong's committee, like those of so many committees appointed in a time of crisis, were virtually ignored by the government. The committee recommended that a national housing authority be established, that it "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." The "first consideration" of this authority, the committee urged, was "to take action in respect to repairs (rehabilitation)" and that the "national housing policy be so framed, with respect to provision for employment, as to endeavour to co-relate and coordinate the efforts of provincial, municipal and other public authorities, and private agencies."[14]

It is not this set of recommendations which makes the work of the housing committee of special relevance to the evolution of Canadian housing policy. Many more committees and reports have made similar recommendations, with fairly similar results. Rather, it was the testimony of one witness that has proven significant due to his role in shaping housing policy over the next fifteen years. William Clifford Clark was a Harvard educated economist and investment banker who served as Deputy Minister of Finance from 1932 to his death in 1952. He was the primary author of all of Canada's 1930s and 1940s housing legislation. This includes the Dominion Housing Act of 1935, the Home Improvement Program, 1937, the National Housing Act, 1938, the National Housing Act, 1944 and the act creating the Central Mortgage and Housing Corporation (CMHC) in 1945. Until CMHC was established, housing programs were developed and administered by the Department of Finance and it was the Deputy Minister of Finance, W.C. Clark, together with a few of his staff, who comprised the nation's influential housing administration.

Clark was well suited for this position, because of his background as an economist as well as his previous experience with a U.S. real estate investment firm. In 1921 he left his teaching position at Queen's University to take up an offer with S.W. Strauss and Co., a Chicago firm of urban real estate financiers, becoming one of the earliest business economists in the United States. He climbed the ladder quickly, becoming vice president in the firm's New York office in 1926, only to return to his old job at Queen's when the end came — the 1929 crash, which wiped out many firms built on issuing mortgage funds, such as Strauss and Co.[15] Clark is also co-author of a 1930 book on the economics of urban real estate development.[16]

Clark began his presentation to the Committee explaining that although he was "not a housing expert" he had a threefold interest in the housing issue. "One is my interest in housing as a social and economic problem, looking at it from the long point of view," he explained. The other two reasons related to his position as Deputy Minister of Finance. He had "an interest in the short run problem of providing some stimulant to business recovery, and to seek to absorb unemployment." The third concern, Clark stated, "arises out of my obligation to safeguard the public treasury and to protect it as much as it can be protected." Clark told the committee that he "jotted a few notes down here, which I would like to give a run over for the benefit of the Committee." These notes clearly articulated, for the first time from such a senior government official, and as events unfolded, such a well positioned person in terms of defining the course national housing policy, the guiding principles used to define the role of government in housing.[17]

Clark said "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.[18]

Virtually all of the municipal and civic housing interests focused on the immediate need for low-rental housing and the problem of unhealthy and overcrowded housing. Instead of action Clark recommended further study. "I would suggest that you recommend further investigation," he told the committee, "by some central housing body to be set up, or by some appropriate body."[19] His second "general principle" was 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 suggest there that we should try to make the federal dollar go as far as possible in stimulating business recovery.[20]

When asked by a Committee member what he considered to be the "immediate emergency problem," he answered. "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." The aspect of the housing issue Clark considered crucial was the economic stimulant housing could provide to the economy rather than the social need for housing. He urged great caution in undertaking any new program in order to maximize the economic stimulant of government activity. As Clark told the Committee, "we should try to make as much federal money as we have to use to go as far as possible; get as much of the stimulation as possible out of it."[21]

Clark then made several concrete recommendations. He urged that a "central housing corporation be established." Clark's description of the functions of the housing corporation he proposed sound very much like those given to CMHC in 1946:

> 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. . . . 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 town planning throughout the community. And, lastly, that body should try generally to stimulate nation-wide interest in housing and town planning.[22]

Clark's second suggestion was "the formulation of local housing corporations with a common stock equity." He was referring to private limited dividend corporations in which government would put up some money while "public spirited citizens, industrial corporations, co-operative groups, possibly building interests" would put up the rest of the funds.[23] The federal role would be limited to the higher risk portion of the mortgage loan. Government housing programs would, therefore, assist the profitability of private firms in the housing market, in this case mortgage lenders, and thereby keep its role to a minimum — indirect intervention instead of direct. This did not address the low rent housing issue but did address the issue of assisting recovery in the private housing market, essentially the home ownership market.

One of the merits of this approach, Clark explained, was that it avoided competition with the private lending institutions: "It would make use of private lending agencies instead of driving them out of business . . . ."[24] It also had the merit of avoiding the establishment of a federal department of housing or urban affairs, which would imply a much broader role for the federal government. It further focused on home ownership rather than rental housing and where subsidized rental projects were necessary, it favoured private limited dividend corporations over public housing authorities. Though advocates of housing reform did not know it at the time, these principles determined what the federal government considered "reasonable" when proposals for housing programs were put forward. A major direct role for government was, by definition, unreasonable. Canada did not have a national low-rent public housing program until the 1949 amendments to the National Housing Act.

Behind Clark's unwillingness to support a government role in supplying large numbers of low rent assisted housing, was a concern about the impact of its action on the housing market. This concern was raised at the Special Committee's hearings by representatives of the mortgage lending industry who testified that new additions to the housing stock would further depress the real estate market. Prior to Clark's appearance before the Special Committee, T. D'Arcy Leonard, solicitor for the Dominion Mortgage and Investment Association (DM&IA), made this quite clear. The DM&IA, comprised of virtually all major loan, trust and life insurance companies, represented Canada's residential mortgage industry. At that time chartered banks were not allowed to engage in residential mortgage lending.

Leonard did not come with any positive recommendations about a housing program. His testimony made clear that he did not support government housing supply programs though he did consider some form of subsidized second mortgages as a viable option. He made clear there was plenty of mortgage money available: "We can just put the facts before you, that we have this money." "There is at least $25 million available today", he said, for new construction loans. "The problem today, as a matter of fact, is for us to get our money out. We are looking for loans."[25]

Mortgages at the time were restricted by law to a maximum of 60% of the appraised property value. Due to the lack of sufficient funds for down payments as well as high property taxes, many people continued to rent, who might otherwise build or buy a new house. "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." Arthur Ganong then asked Leonard: "Suppose the government would give an undertaking to put up another 20 per cent, would that increase the amount of building?" Leonard answered: "It undoubtedly would; I am quite satisfied of that."[26]

Leonard cautioned the Committee about the problem of too many houses for sale and too many apartments for rent, and the fact that mortgage lenders must be careful about putting up money for new housing in such communities: "... 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."[27]

Noulan Cauchon, who acted in an advisory role to the committee, then asked about lending on low-cost housing for low-rental units. Leonard explained the economic logic behind the decision of the industry to only lend for housing which costs about $3,500 and up (using Toronto prices as the example). Leonard feared there would be a chain reaction on all rents and prices if low-cost housing was brought on stream.

> 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 ... — 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.[28]

Cauchon continued his questioning of Leonard on this issue, pointing out that all discussions by the Committee related to houses costing about $2,500, yet he was focused on houses costing $3,500 and more. Leonard seemed to imply that the supply of new low-rent houses would only be acceptable when combined with slum clearance:

> I was only making the point, Mr. Cauchon, that if you build that number of houses ["that number" was not specified] 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.[29]

Cauchon then asked: "You think it would affect it that far?" Leonard answered:

> 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 $13 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.[30]

Cauchon's persistent questioning on this point was due to the way in which it touched the central housing issue of the day — the inability of many urban residents to afford adequate housing and the lack of housing appropriate for families. The housing market was not working for most Canadians and had not been working for most low income Canadians for some time. Yet government intervention was being opposed on the grounds that it would negatively affect the housing market. A large scale housing construction program was on the agenda of most witnesses who appeared before the Committee and such a program comprised the heart of the rationale for the recommendations of the Special Commitee in its final report. The report explained, for example that:

> 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.[31]
>
> 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.[32]

The information in Table 2 reflects the type of findings published in numerous municipal housing studies. It was generally agreed that rental accommodation could not be built for a breakeven rent of less than $15 to $18. This was well above the $10 to $12 per month estimate of what average urban semi-skilled and unskilled workers could afford to pay.

**TABLE 2**
**APPROXIMATE INCOMES AND RENTS PAYABLE BY WAGE EARNINGS GROUPS**
**(Based on Montreal area wages, 1935)**

| Group | Income Range | Average | Rent/ Month |
|---|---|---|---|
| 1. White collar workers | $1,000-1,500 | $1,250 | $34.70 |
| 2. Artisans, skilled wage earners | 850-1,025 | 950 | 19.60 |
| 3. Semi-skilled intermediate | 650- 850 | 750 | 12.50 |
| 4. Unskilled, low wage groups | 450- 650 | 550 | 9.20 |

SOURCE: Canada, Parliament, House of Commons, Special Committee on Housing, *Final Report*, April, 1935, 373.

The testimony of both W.C. Clark and T.D. Leonard sheds a great deal of light on the concerns and basic philosophy underlining the housing policy and programs which emerged out of the mid and late 1930s. The dominant actors in the national policy making process were not prepared to initiate any program which might substantially alter the housing market. The fundamental question at the time related to the role of government and the role of the private market in Canada's housing. As an economist with a great deal of experience in real estate finance, W.C. Clark's position was clear and firm. But a senior civil servant does not make policy, the government does. Both the Bennett and King government's, one Conservative, the other Liberal, as we shall see, shared Clark's approach to the housing issue.

### 2. The Dominion Housing Act is Introduced: Parliament and the Public React

The introduction of the Dominion Housing Act in 1935 can be traced to the then impending federal election. Housing and unemployment were two major issues of the day, prompting first the announcement in the January throne speech that housing legislation would be introduced and then the subsequent appointment of a special House of Commons committee to study the question. With the work of the committee completed, the government faced the task of drafting a housing program.

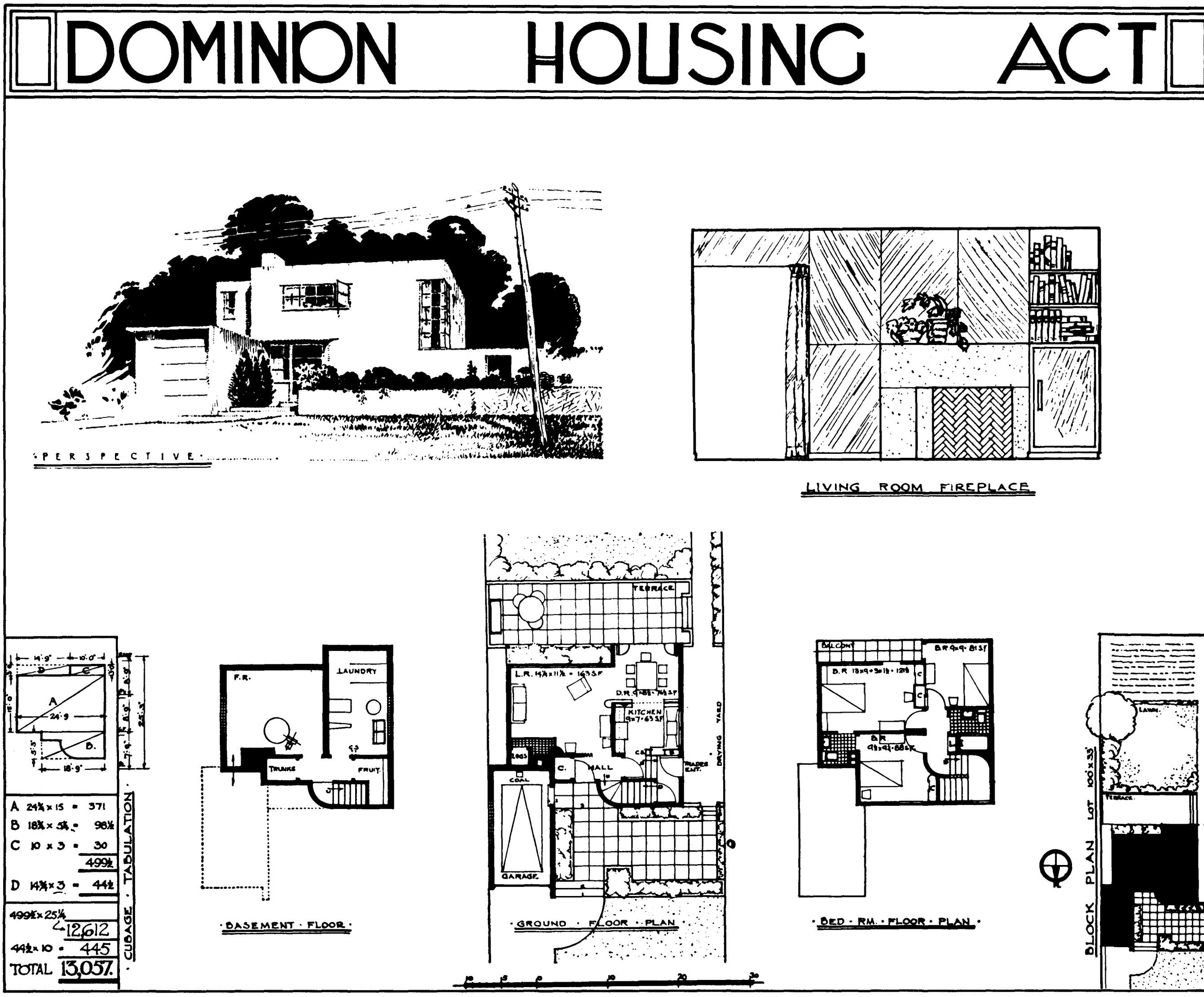
Clark had obviously been working on the draft housing legislation while the Special Commitee was conducting its hearings. The fact that he chose to appear before the committee must be seen as a decision to begin preparing housing specialists as well as the public for the program the government was considering. There was also the practical issue of whether Clark's joint mortgage scheme would work, that is, would it be acceptable to the lending institutions. The presentation to the committee in outline form of what essentially became the Dominion Housing Act permitted the government to receive some feedback on the idea. After Clark's address to the Special Committee the chairman asked Leonard if he had any comments on Clark's proposals. Leonard said he would like a copy of them and Clark agreed to send one within a day or two.[33] This set in motion the behind the scenes negotiations between representatives of the lending institutions and the government over the details of the legislation.

Upon returning to their Toronto offices, T.D. Leonard and the other representatives of the mortgage industry who appeared before the Special Committee, appointed a committee of their own to consider Clark's proposal. They submitted a memo to Clark approving in principle the type of scheme he proposed. Further conversations were then held between representatives of the Dominion Mortgage and Investments Association (DM&IA) and the Department of Finance, leading to the conclusion by Clark that his idea would be acceptable to the mortgage industry.[34] Between the presentation of the Special Committee's report on April 16 and the introduction of "An Act to Assist the Construction of Houses" in Parliament on June 18, Clark worked out the specific details of the legislation.

On June 18, Sir George Perley, Minister without Portfolio introduced the Dominion Housing Act in the House of Commons. He handled it in the House on behalf of the Minister of Labour pointing to the government's emphasis on its employment generating focus.[35]

The bill was a short one, only three pages, consisting of two parts: the first proposing further study of the housing issue by the Economic Council of Canada, the second offering economic incentives to mortgage lenders to assist in the building of houses. In its booklet titled, "An Explanation of the Dominion Housing Act, 1935" the government explained that the bill "may be said to recognize and comprehend two distinct, though related, points of view with regard to this problem of housing." The first "visualizes this question as a long-run problem and one that will entail a great deal of research, investigation and preparation before any action, other than purely temporary measures, can be taken." Such careful research would avoid initiating any measures which were not "on a sound foundation of factual information." In addition, it was necessary to recognize that "the housing problem, as such, is primarily a local responsibility." One of the first duties of the newly appointed Economic Council, the government claimed, would "be to investigate and report upon various aspects of the housing problem."[36]

The second part of the bill provided for immediate financial assistance for the construction of housing. A total of $10 million was appropriated "For the making of loans to prospective home-owners or builders" on the security of a first mortgage provided jointly by the federal government and an approved lending institution. The owner or builder would provide a 20% down payment, the federal government would provide 20% of the mortgage and a lending institution would provide the remaining 60%. The government's loan of $10




W. Ralston, Architect,
16 Rowanwood Ave., Toronto, Ont.

Design No. 386
*(First Prize)*

**FIGURE 2.** This house plan was awarded first prize in the DHA architectural competition for low cost housing designs.

SOURCE: Canada, Finance Department, *Dominion Housing Act: Architectural Competition* (Ottawa: King's Printer, 1936).

million would, if fully taken up, generate a total of $50 million in residential construction ($10 million in down payments by individuals and $30 million in mortgage investments by the lending institutions).

The mortgage devised by the DHA was innovative. It provided an 80% first mortgage at 5% interest amortized over a twenty year period. Prior to the DHA, lending institutions were not permitted to lend more than 60% of the appraised value. During the depression, second mortgage funds were costly and virtually impossible to obtain, especially within the budget of an average person. First mortgages at the time were generally available at 5½% or 6%. Amortized mortgages were also uncommon prior to the DHA. Most mortgages were simply short term loans which were not amortized. The borrower paid off the interest on a periodic basis and owed the entire sum at the end of the term, usually five years. The amortized loan introduced by the DHA blended the payment of principle and interest on a monthly or semi-annual basis for a period of ten years renewable for a second ten years. The payments were calculated assuming a twenty year term.

The DHA designated lending institutions as the administrator of the program provided they agree to certain government conditions. Citizens would approach these institutions for loans, not the government. Both the lending institutions and the government had to approve each loan. Any losses due to default were shared by the loan company and the government based on a formula devised by the government. The legislation did not specify the formula.[37]

Perley explained to the House that his government "wished to move slowly in this matter." Housing is "a long-run problem and one that will entail a vast amount of research, investigation and preparation." That is why the government was asking the Economic Council of Canada to begin "investigating conditions and collecting and disseminating information which may be used as the basis of formulating a constructive policy with regard to housing." In terms of housing itself, therefore, the bill essentially set up a process to determine whether it was "advisable to formulate a housing scheme."[38]

The second part of the bill, Perley told the House, was designed to take "certain immediate steps of a practical nature designed to assist in solving the existing problem of unemployment." Perley was explicit that this was not a housing act as such, but an act proposing to study the housing problem and, in the mean time, use the housing sector to try to stimulate employment. "This point of view," Perley explained, "submits that it is not necessary to wait for the formulation of a comprehensive housing problem before any assistance can be given."[39] The use of the word "problem" rather than program or policy implies that the government had not determined exactly what the housing problem was and so it was far from ready to propose housing policy and programs.

In the view of the very modest character of the bill, the government felt no need to etablish a national housing agency or commission, as the special committee had recommended. Administration of the mortgage loan part of the legislation would be handled by an existing department. Perley told the House that "we will proceed with this housing scheme through the Department of Finance, and we shall have an official in that department specially charged with that duty." The housing research function would be carried out by another existing agency, the Economic Council.[40]

Though when pressed, Perley did explain the modest intent of the government quite explicitly, the fact remained that the bill was grandly called the "Dominion Housing Act." It was also clear that the government wished to benefit politically from the impression created that it was indeed doing something substantial about the housing problem of the common wage earner. When he first introduced the bill Perley explained that its objective was

> to formulate a plan to assist in providing houses suitable particularly for the low wage earner and to keep down the cost and interest charges within his ability to pay; it is also to provide work for the unemployed.[41]

When he introduced the bill for its second reading Perley again made the sweeping claim that the "bill to which I am now asking the house to give a second reading is for the purpose of making a beginning toward solving the very important problem of bringing about healthier housing conditions throughout Canada."[42] Due to rhetoric such as this, M.P's as well as the average citizen could not be blamed for expecting the DHA to be much more than it turned out to be. For this reason it was subject to a great deal of criticism.

The bill was not well received in the House and was the focus of extensive and fairly well informed debate. Evidence offered to the Special Committee was cited throughout the debate as well as the achievements of housing programs in Britain and the United States. Both urban and rural M.P.'s spoke to specific aspects of the housing problem in their districts, often referring to one of the many local housing studies completed since the start of the depression. Members of the Special Committee on Housing as well as virtually all M.P.'s who spoke to the bill were disappointed at how little the government intended to do.

One important member who did not criticize the bill was the Leader of the Opposition. In his comment, King focused on the employment generating aspects. The proposed bill, King said, "deals with the one phase of the greatest of all problems, that of providing employment." He approved of the bill's objective of assisting employment in a way that would also furnish "accommodation for some of those in need of proper housing." King did not speak directly to the housing problem. He urged that a broader and more coordinated effort to stimulate employment should be initiated by establishing a "national commission charged with the supervision of all state effort towards the relief of unemployment."[43] In general, therefore, King supported the limited scope of the proposed housing act, for housing was not his prime concern. When he became Prime Minister once again after the October election, King etablished the National Employment Commission in April 1936. His government maintained and implemented the Dominion Housing Act as its housing program for almost three years.

Most members of the Liberal opposition, however, together with all of the CCF, were opposed to the limited scope of the bill and advocated broader action. One of the fears expressed by several M.P.'s was that very few lower income households would be assisted by the legislation. In order to benefit one had to have a down payment and a good enough job to qualify for a mortgage from a private lending institution. Such individuals, one member pointed out, can "Make an arrangement to secure a house without government assistance."[44] Another member argued that "The first principle of this bill should be something to assist the wage earner, especially low wage earner, in building and owning a house for himself and his family."[45]

The fact that tenants were being neglected also attracted attention. "This bill contemplates only those people who wish to buy houses" while the Special Committee had "urged that the great need of the low wage earner today is not to have cheap houses which they cannot afford to buy, but to have cheap tenancy." In response Perley pointed out that the act allows houses built under the legislation to be rented. He did not respond to the question about affordable rents.[46] The bill did not specify the maximum cost of a house, leaving this important question up to the government to determine administratively. Perley's only response to this line of criticism was to urge members not to assume "that an expensive house would be built under this scheme; there is not the slightest intention of anything of that kind being done." Though this question is left to the discretion of the Minister of Finance, he said, "the purpose of the bill is to assist the building of smaller houses."[47]

Another major issue was the extent to which the legislation was based on the recommendations of the Special Committee on Housing. The outspoken CCF/Labour member A.A. Heaps said the bill is "a great disappointment."[48]

> I cannot find any relationship between the bill before us and the recommendations made by the committee; there is about as much in common between them as there is between a pig and pig iron. I am more than disappointed in it.[49]

Some members argued that the bill was so far removed from what needed to be done that no legislation would be better than what was proposed. For example, Liberal R.W. Gray:

> A unanimous report was brought in ... To say ... that this bill is a distinct disappointment to hon. members of the committee, is putting it mildly .... The foundation should be laid carefully and well .... If this foundation cannot be laid carefully and well it would be better not to launch upon this housing program.[50]

Gray finished by saying that instead of good legislation like they have in Britain, we have what can be best described as "the last round of shadow boxing on the part of this government." He agreed with Heaps that "this bill does not fill the needs of the people nor does it begin to meet the suggestions of the committee which brought in this report."[51] Another Liberal M.P., W.D. Euler also argued that "the bill is absolutely innocuous, it will do no good and it may do harm by destroying the belief that the government meant anything at all in the way of providing for housing.'"[52] F.G. Sanderson, yet another Liberal on the same theme, urged that "the government withdraw this bill, give the matter further consideration and place before us a bill upon which we could be unanimous.... A bill of this kind is nothing more than a pretense, nothing more than a sham." If the bill is adopted, he said, "I predict that the number built will be very few. What we want is an act that will help the situation and assist in the building of houses, but the government has missed the point in every way."[53]

This sharp condemnation by Liberal M.P's became ironic four months later when the Liberals were returned to office and implemented the DHA unchanged for nearly three years. Though the Conservatives hoped to get the program well under way by the election, only 27 loans were made in October, the month of the election. The Liberal government continued the DHA unchanged and did not implement the kind of legislature many Liberals supported in opposition. It is significant that King only spoke once during the DHA debate and did not criticize the bill. Subsequently, the King government did not even implement the first part of the Act which called for further careful study of the housing problem. Yet, in opposition, this too was a point heavily criticized by the Liberal opposition. For example, Euler complained:

> I would gather from what the minister said that the chief purpose of the bill is to provide that further investigation may be made. Surely that is a rather barren result to come from the deliberations of the committee.[54]

In contrast to the focus of the Liberal opposition, and especially that of King, William Irvine, on behalf of the CCF, attacked the root principles upon which the act was based.

> I am interested in this bill not in order to provide employment; I think it would be a foolish policy to build houses just to give people jobs. If the houses are going to be built they should be built because they are required.... If there is a human need for certain services, and if it is physically possible to produce those services, then it is always financially possible and financially advisable to provide those services.[55]

Irvine then referred to the bill's reliance on the mortgage lending firms.

> The manner in which this bill provides for assistance where the capitalistic system has fallen down is on an entirely capitalistic basis. It proposes to borrow money from the money mongers for the purpose of building houses for the people of Canada.... Under prevailing conditions these houses will never be paid for under the rate of interest to be charged.[56]

Irvine proposed a $300 million housing program, rather than the government's $10 million.

Relying on the mortgage lending institutions proved to be a significant problem for the DHA and is one of the key reasons for its failure to achieve very much. A major portion of the debate in the House concerned how realistic it was to expect mortgage lending institutions to participate in the new form of joint mortgage. Many members predicted that few if any companies would be enthusiastic and that even fewer would participate. Perley explained that the government was confident that mortgage firms would participate because "private conversations have been held between the government and representatives of these [mortgage] companies."[57]

After Heaps expressed the concern that relations between the government and the mortgage firms might be too cosy Perley clarified his statement about "private conversations" by saying that they related to "the possibility of making arrangements under this bill as it reads." Heaps then wondered what type of incentive the mortgage companies were looking for and specifically at what interest rate the government would be lending its 20 per cent to the companies. "What losses is the government prepared to accept, and what will be the rate of interest?" Perley said that the government did not know yet and that this has been left open in the bill.[58]

Under the pressure of further charges that the bill was useless unless the Minister could support his claims that mortgage companies would indeed participate, Perley produced two telegrams, one from the North American Life Insurance Company and the other from the Mutual Life of Canada. Mutual Life, for example, stated: "We see no reason why the housing act should not be successful. In any event the hearty cooperation and support of our company in its operation may be expected." Perley also quoted from a memo Leonard had sent to Clark stating that lenders support the program.[59]

The poor record of the Department of Finance in obtaining mortgage company participation points to the validity of the members concerns. A Department of Finance tabulation of loans made up to December 31, 1936, representing the first fifteen months of the DHA, shows that North American Life only made 16 loans under it, representing 2.2% of all 724 loans made to that date. Mutual Life had a slightly better record, but not by much: 39 loans, for 5.4% of the total. Of the 27 approved lenders, only 17 had made any loans and 50% of all loans had been made by one company, the Sun Life Assurance Company.[60]

Some members felt that the government was too cosy with the mortgage firms, devising the DHA as a method of averting more comprehensive housing intervention. "When one takes the evidence from beginning to end," argued R.W. Gray, "one can almost feel that this bill was based upon the fears of the lending institutions that the government might start an insurance company of one kind or another, and therefore they came in with a scheme such a this." Grey then referred to Leonard's testimony and Cauchon's questioning of Leonard. "I repeat that this scheme is launched by reason of the fear of lending companies that unless they come forward with some suggestion, the government will introduce state aid legislation that will materially affect such companies."[61]

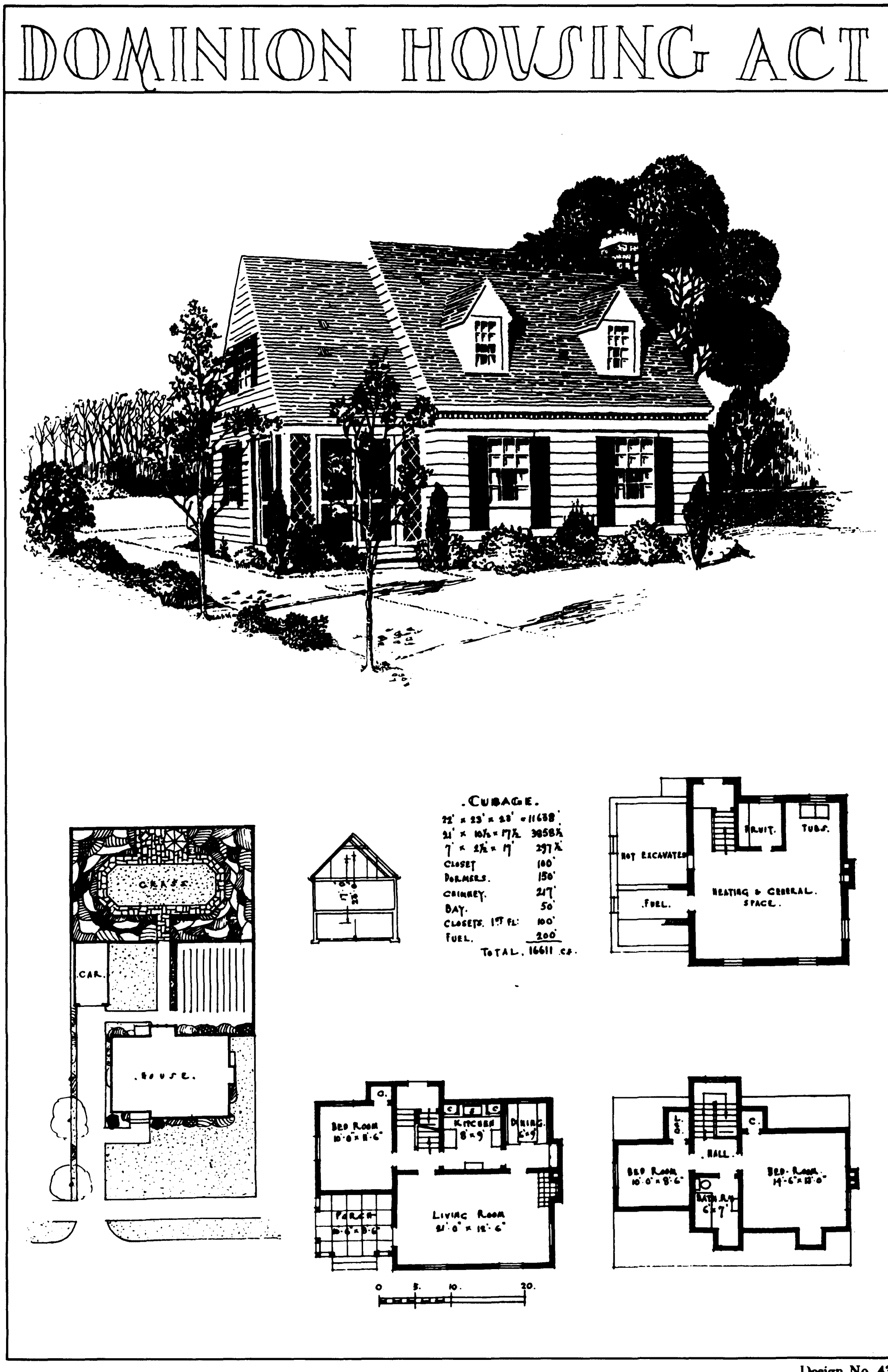
Yet another contentious issue was the exclusion of municipal non-profit or limited dividend corporations from DHA loans. If the government can give assistance to private firms, asked several M.P.'s, why can't it also give housing loans to municipalities? Shouldn't municipalities be treated at least on an equal basis with private firms?[62] This issue was probably the most embarassing one, for the government had no good response. The answer was that the mortgage companies were indeed receiving housing loans from the federal treasury at a preferred, though at the time undisclosed, interest rate while municipalities were not. Perley could only admit that there "is no power to deal directly with municipalities under this bill."

After a great deal of pressure, however, the government finally agreed to an amendment. The words "or local authority" were inserted in Section 4 at various points, "so that the minister would be in a position to make arrangements with them as well as with lending institutions."[63] This last minute insertion did not, however, change the act in any way. The funding mechanism was designed for mortgages administered through private lending companies. There was no mechanism for municipal housing loans and no such loans were made. A municipal project would have to find 80% of the mortgage funds on the market since the federal share was only 20%. Inserting the words, however, allowed the government to respond to critics that the legislation did not neglect municipalities.

On June 25 the House gave the DHA third reading and the bill was passed. On July 5 it was given royal assent. About a month later the federal election was underway. The Bennett government was not able to get the DHA fully implemented in time for the election. Rather than receiving any political benefit, the outgoing government was forced to defend its legislation.

During July, Clark continued his negotiations with the mortgage lenders as a contract suitable to both sides had to be prepared. The government thereby placed itself in a position of dependency. The program was announced, the government wanted to get loans handed out as soon as possible, yet the entire process depended upon the willingness of the mortgage firms to co-operate. Under such circumstances the government did not have much leverage in the negotiations.

By mid-July Clark had submitted a draft contract to the DM&IA. On July 16 Leonard returned a complete redraft. "As far as the changes go," he said, "they represent the considered view of the men who will be actually handling these loans and I hope that you will find all the amendments in order."[64] The list of changes filled two legal pages. All of the changes were accepted by Clark except for one. The lenders wanted the provision for the renewal of the mortgage for a second ten year term to be struck out. They explained that there "was no such provision in any ordinary mortgage and the whole question of renewal will have to be determined at the time the mortgage matures." Clark's insistence that this provision remain points to the small degree of innovation he was trying to achieve through the DHA mortgages.[65]




JOHN T. FINDLAY, Architect,
Suite 4, 430 Talbot St., St. Thomas, Ont.

Design No. 430

**FIGURE 3.** A Cape Cod style house design submitted to the DHA architectural competition. Though it did not win a prize in the competition, it was typical of many of the suburban homes subsidized by the DHA.

SOURCE: Canada, Finance Department, *Dominion Housing Act: Architectural Competition* (Ottawa: King's Printer, 1936).

On August 10 the eleven page official "Form of agreement between lending institutions and the Minister of Finance under the Dominion Housing Act," was approved by the Privy Council.[66] On August 28 Finance Minister E.N. Rhodes announced that the DHA is officially in operation and a few days later he issued the first list of approved lenders. This did not mean that loans were being issued. In October Clark was still sorting out details with the DM&IA. There was the question of designing forms, and a committee on forms was established by the lenders. There was also the time involved in training staff to issue the new loans. The DM&IA told Clark that "collecting monthly payments is new to most of our member companies and they want to devise a form of accounting that will be satisfactory and, at the same time, inexpensive." In response to the government's sense of urgency, the DM&IA official explained to Clark that these "details may seem small in light of the urgency you feel in getting the Housing Act into operation," but that these details "are taking up a great deal of time on the part of mortgage officers."[67] As late as December 4 there was yet another meeting in which the DM&IA complained about the problem of making loans on a monthly basis. The actuarial departments of the firms were complaining about the increased overhead involved in calculating the 20 year amortized loans involving 240 monthly payments rather than the standard 40 semi-annual payments. They claimed that it took 14,000 calculations to arrive at each of the new repayment tables.[68]

As a result of these delays, the DHA did not provide the government with any political benefits during the campaign. The housing act, in fact, proved to be a serious public relations problem. One letter to the editor of the *Globe* on September 29 was headlined "Applicant for Housing Act Loan Seeks Offer in Vain." The author of the letter said he expected that the DHA was "a kind of a shell-and-pea game, because the Bennett Government was in the deaththroes of dissolution." The author wrote to all the approved lenders announced by the government in August and none were willing to make a loan, offering various explanations which he published in the letter. Rhodes had to issue a statement in late September titled "The Housing Act — Reply to Criticisms" in which he denied the well publicized claim of H.H. Stevens, a former member of Bennett's cabinet, that the DHA is "a bill for the relief and protection of trust, loan, mortgage and insurance companies" and that sections of the country will be "black-balled" by the lenders who will refuse to service certain regions and communities.[69]

By the time the October 14 election day arrived, very few DHA loans had been made. The total for the entire month of October was 27. A week later Prime Minister King announced his cabinet and Charles A. Dunning was named Minister of Finance. When representatives of the National Construction Council met with Dunning and the new labour minister in January, to lobby on behalf of their six point housing program, Dunning said he was reluctant to recommend any changes in the DHA "until it had been given a fair trial." Though the government had changed hands in October, the "permanent government" — civil servants including W.C. Clark — remained, as did the Dominion Housing Act.

## 3. "A Comedy of Errors:" Implementation of the DHA

In late 1935 many municipal officials and housing activists expected the King government to introduce a new housing act. Instead the process of trying to make the DHA work continued as did the public criticisms of the Act.

Percy E. Nobbs, the dean of McGill's School of Architecture and Vice President of Montreal's City Improvement League, for example, referred to the DHA in a January 1937 speech as "a comedy of errors" for providing subsidies to middle income home owners while ignoring the many people who needed decent quality housing at affordable rents. "So you see," Nobbs told his audience,

> this whole thing is a comedy of errors, composed of gentlemen who ignored the parliamentary committee's report and so produced an act to facilitate the financing of houses for the middle class who were not in the market. Most amusing of all, the agents and the lending companies and the financial structure [of the DHA's provisions] is repugnant to them.[70]

Nobbs urged the construction of subsidized, low rental housing projects, pointing out that the cost would be offset by savings in social services, police, health services and so on.

> We shall be none the poorer and much the better. The larger problem of financing future low rent housing that will pay its way, in fact, must be pursued. Large blocks of three per cent money must be forthcoming for this, if not today than tomorrow. I am sure it is not beyond the art of man to bring this about, even in Canada, even after five years of desperate depression.[71]

Housing reformers such as Nobbs were not the only ones critical of the DHA. A major behind-the-scenes actor in the 1930s housing policy process was David B. Mansur, the Inspector of Mortgages for the Sun Life Insurance Company, who would later become CMHC's first president in 1946. Mansur wrote a detailed memo to Clark about problems with the DHA in August 1936, after the act had been in use for about a year. Mansur noted that the Act was not assisting lower income households and that many of the assisted units would have been built in any case. "The greater portion of the money already advanced," Mansur wrote, has "been entirely in favour of the so-called upper strata and that the individual in the $1,000-$1,500 salary class is receiving practically no money." Mansur estimated that "over

50% of this building would have been accomplished without the aid of the Dominion Housing Act in view of the fact that at no time in the history of our country has there been such a plentiful supply of mortgage money available." With regard to the unco-operative attitude of most lending institutions, Mansur's observations were in agreement with those of Nobbs.

> Perhaps the most important reason for the relative failure of the Act is the lack of co-operation from the various mortgage companies.... The response... has been most unsatisfactory and one which might well justify the Department of Finance going into direct government lending. The attitude of all the lending companies, with the exception of four or five, has been to throttle the Act but to keep it in operation so that no other measure of more disastrous character be brought in force.[72]

Only a few of the major mortgage lending institutions participated in the DHA. Others had signed agreements making them official lenders under the Act but, as Mansur points out, they were not very committed.

W.C. Clark wrote a letter to Mansur, thanking him for the constructive criticism and advice and commenting on some of the points. Clark's focus on economic stimulation rather than the plight of the poor can be seen in his response to criticism that the DHA was not assisting lower income households: "We desire to encourage building, and I suppose the building of high cost houses meets this objective more effectively than the building of low cost houses." Clark agreed that the mortgage companies have been a serious problem: "The 'neck of the bottle' has been not the public demand for Housing Act loans but the co-operation of the lending institutions."[73]

During 1936 the Department of Finance was busy trying to patch up the DHA's bad image and poor performance. The major political problem for the government was the locational discrimination in the distribution of housing act loans. Few smaller communities and even some larger ones received no loans and virtually all of the lower income areas of cities were "redlined" by the mortgage companies. If there were no approved lenders operating in a certain part of the country there would, of course, be no loans in those areas. In terms of not lending in certain residential districts, companies were simply following standard lending procedures. These effects were inevitable outcomes of the subsidy scheme Clark had devised. If the government was going to rely on private firms for delivery of a public program it was putting itself in a dependent position.

On behalf of the government Clark followed three strategies to prevent the situation from getting even worse: 1) beg for greater participation by lenders; 2) deny the situation is as bad as critics make it appear by issuing positive press releases; and 3) increase the "bribe," that is, offer greater incentives to the firms the government was dependent upon.

A good example of the first is a letter Clark wrote in April 1936 to the General Manager of the Canada Life Assurance Company, one of the larger lending institutions. In the letter which was marked "personal," Clark appeals to the company to make loans in the Winnipeg area.

> As you know, no Housing Act loans have as yet been made in the City of Winnipeg. From the beginning, however, the Members of Parliament from that area have been the most vehement critics of the Housing Act and the strongest supporters of the Government giving up the idea of cooperating with private lending institutions and going directly into the business of lending on new houses. In our opinion, this would be unsound and we have been trying to avoid it at all costs. Nevertheless, there is real reason to fear that unless we can show some results, particularly in such cities as Winnipeg, the pressure upon the Government to amend the Act drastically may be irresistible.[74]

Members of parliament for Winnipeg included two of the more outspoken CCF members of that period, J.S. Woodsworth and A.A. Heaps. Clark ended the letter by explaining his unusual request: "I regard the Winnipeg situation as so strategic a one that I have made bold, in the absence of Mr. Dunning [the Minister of Finance], to write this personal note to draw your attention to the matter for such consideration as you might care to give it."[75]

A year later Clark was still working on the "Winnipeg situation." In the spring of 1937 he asked the President of the Winnipeg Home and Property Owners' Association, D.E. Wright, to survey certain insurance companies to find out why they were not making DHA loans. The response was simply that there were "varied reasons" and that "these companies are not at all enthusiastic." Wright went on to warn Clark that the political situation over the housing issue in the city was deteriorating.

> For your information we may say that there is a strong agitation to urge the Dominion Government to take over the financing of the building of new homes in the City. As perhaps you are aware we have a very regrettable housing situation in this City, and it is obvious that something will have to be done about it.[76]

An example of the attempt to make it appear that things were getting better is a press release issued in August 1936. The story by the *Ottawa Journal* carried the desired headline: "Big Increase Home Building in Dominion; Finance Minister Dunning Says Loans Doubled Since June."[77] While not overtly lying to the public, the Finance Department was certainly using numbers to deceive. It is correctly claimed that the number of DHA loans had doubled, that is the 271 loans made in June, July, August, 1936 surpassed the previous total of 212 loans made since the Act was passed in July 1935. This should not be surprising since the summer months are the busiest for house construction and the first DHA loans were only made in October, 1935. A national program producing only 500 housing loans during its first 11 months of operation is not very much to boast about. On the issue of the inadequate regional distribution of the loans it was announced that Finance Minister Dunning would be meeting with a group of representatives of the mortgage industry in order to "secure more effective co-operation between the Department of Finance and the lending institutions."[78]

The meeting with the lenders, which took place on the following day, August 24, did not go well. It was reported in the press that Dunning "didn't get very far and further study is being made." The speculation as to the reason for the lack of progress suggested that "These institutions were holding back or else being very exacting."[79]

Having failed to obtain results through friendly persuasion the third option was carried out. On September 23 it was announced that the DHA contract with lenders was being amended. These "important changes" the press release stated, as "designed to promote the financing of low-cost dwellings and to make facilities of the Act more readily available to the smaller and more remote communities." The original contract made no distinction between large and small loans and between loans in large cities and in small towns. The higher risk and higher administrative costs involved in small loans and loans in small communities was compensated for by instituting a new formula in which the federal government took on a greater degree of risk as the size of the loan decreased, hoping this would be an incentive to loan on lower priced houses. On loans for single family houses of less than $3,000 the government assumed 80% of the risk, on loans between $3,000 and $3,500, 75% of the risk and on loans between $3,500 and $4,000, 70% of the risk. For loans in smaller communities the government agreed to reimburse lending companies for part of the administrative, travelling and inspection expenses. Dunning expressed the hope that "all approved lending institutions will co-operate wholeheartedly in the government's programme" in view of the changes.[80]

The move to assume a greater portion of the risk was certainly welcomed but only addressed that aspect of the problem. There was simply a great deal of hesitancy among lenders to engage in a new form of mortgage lending and many branch managers of large firms were apparently not given authority to lend under the DHA.

In Vancouver, for example, where the DHA was viewed as "a great disappointment" because only eight loans had been made in the city as of September 1936, a construction industry official explained that part of the reason was that managers of lending institutions "have to get used to" the new mortgage. "They don't like the long term amortization; what they like are five year loans." The *Vancouver Sun* reported that the local explanation given for most of the DHA lending activity taking place in central Canada was that "the large insurance and mortgage companies are content to handle most of the business from their head offices, experimentally, until they see how it works out. Branch managers, besides being reluctant to take chances with what, in Canada, is an untried thing, seem to have been given no authority by their head office." The newspaper also noted that lenders have been very cautious because the Act has been "subject from the start to attempts at exploitation" whereby individuals and speculators attempted to get loans for 100% to 130% of the value of the property to be built.[81]

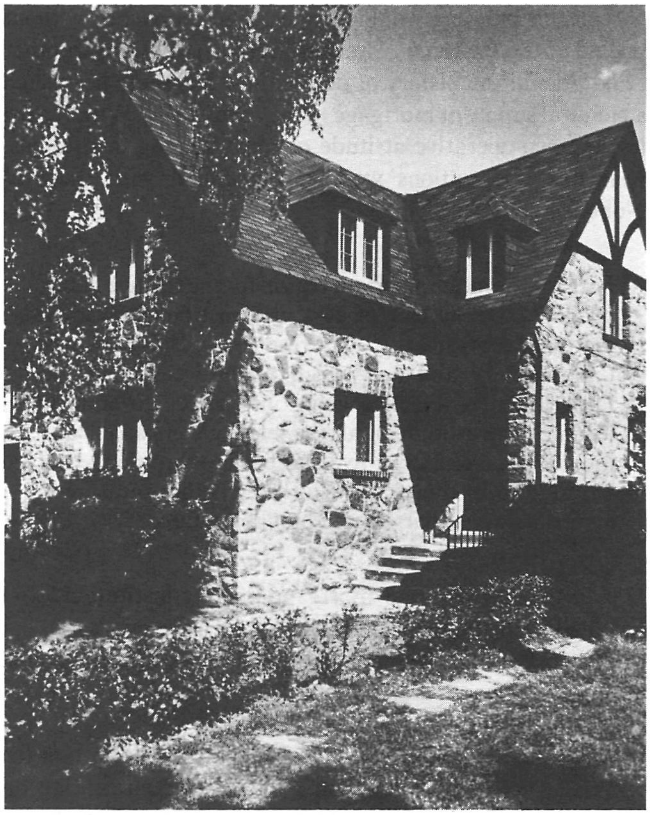


**FIGURE 4.** This store house was the first unit built under the 1935 DHA. It was the home of a Montreal NHL hockey star in Westmount.

SOURCE: Canada Mortgage and Housing Corporation.

During the 34 months it was implemented, the total number of loans provided and units assisted under the DHA was small. From 724 loans assisting 829 units in 1936, lending activity increased to 1,975 loans assisting the construction of 1,885 units during 1937. In terms of units assisted, this was a 127% increase. In absolute terms, however, the 1,885 units was both a small contribution to the housing stock and to the generation of new employment.

The decision of the King government to continue implementing the DHA was based on the orientation of the government towards finding job creating forms of economic stimulation, rather than housing supply programs as such. This is reflected in the concrete actions of the King government. In April 1936 a National Employment Commission (NEC) was appointed to recommend ways of reducing relief payments and stimulating new employment. The NEC focused a great deal of its attention on housing as an economic stimulant because the residential construction sector lagged behind the rate of recovery in other sectors.[82]

After five months of deliberation the NEC announced its recommendations for a broader national housing policy. The recommendations were similar to those of the Special Committee on Housing, the many municipal housing studies, such as Toronto's Bruce Report, and the housing proposal of the National Construction Council. On September 2 the NEC recommended a three part housing policy:

(1) A plan for the renovation and modernization of existing dwelling units both in urban and rural districts (Home Improvement Plan);

(2) Assistance by the Dominion Government for the building of low-rental houses and for slum clearance projects (to take care of those unable to pay an economic rent); and

(3) Broadening of the present Dominion Housing Act which covers the building of medium priced houses — with special reference to its extension into small urban and rural areas.[83]

On Sept. 9 the Prime Minister and the Minister of Labour announced approval in principle of these recommendations, and stated that the necessary legislation would be introduced at the forthcoming Session of Parliament.[84] On October 16 the Finance Minister announced the beginning of the Home Improvement Plan. The details of the low-rental proposal were announced by the NEC in February 1937.

In June 1938 the National Housing Act was adopted by parliament replacing the DHA. However, even though the DHA was replaced, all of its provisions for joint housing loans were re-enacted as Part I of the new NHA. The incentives for the mortgage industry were increased by the provisions in Part I. Part II provided for a low-rental housing program and Part III provided for a temporary program assisting new home owners with municipal tax payments. Part II was never implemented and Part III was discontinued ahead of schedule. What remained, therefore, was a slightly revised DHA under the new name of Part I of the NHA.

After three years in office and a great deal of housing related activity on the part of all levels of government and many civic, professional and construction industry organizations, the only housing programs the King government implemented during the late 1930s was a small scale residential rehabilitation program and Part I of the NHA, i.e., a continuation of the DHA. The DHA, therefore, was the first Canadian home ownership incentive program which from that time forward remained a fundamental part of federal housing policy. A low-rent public housing program was not introduced until 1949 in spite of the demonstrated need and numerous recommendations from both government and non-government organizations.

### 4. The DHA Legacy

What did the Dominion Housing Act achieve? In terms of its impact on housing conditions, the DHA achieved virtually nothing. In terms of a long term precedent for defining an "appropriate" role for the federal government in Canada's housing sector, the DHA is very significant.

An examination of any aspect of the DHA record indicates that the legislation was of little consequence to the housing sector in general and that it provided virtually no benefits to lower income households. Renters and the problems of the rental sector were totally ignored by the legislation. As Table 3 indicates, the total number of loans made under the DHA was only 3,158, resulting in 4,903 housing units. Some of these were duplexes, accounting for the higher number of units than loans. The average loan per housing unit was $4,000, a relatively high cost house for the 1930s requiring a down payment of $800. This was well beyond the finances of many urban households. It meant that most of the recipients of DHA loans were white collar workers.

The national distribution of the units financed by the DHA was uneven. Three provinces, P.E.I., Saskatchewan and Alberta, received few or none of the DHA units. Three other provinces received an allocation much smaller than their share of the national population, New Brunswick, Quebec and Manitoba, while the three remaining provinces, Nova Scotia, Ontario and British Columbia received a greater share of DHA assisted units. Though Ontario had one third of Canada's population in 1935, it received 48% of all DHA assisted units. Many of the head offices of the lending institutions were located in Ontario, making it easier for these firms to participate in the DHA. The local distribution of DHA units was much more uneven and inequitable than the distribution among provinces. Because the average DHA house was expensive, lending institutions refused to give mortgages in less desirable neighbourhoods. Few approved lenders had offices in smaller cities and towns. As a result, the locational distribution of DHA loans was much more serious than is conveyed by the provincial distributions shown in Table 3.

**TABLE 3**

**CONSTRUCTION AND LENDING ACTIVITY UNDER THE 1935 DOMINION HOUSING ACT, 1935-1838**

| | Total Number of Loans | Total Housing Units Built | Total Value of Loans | Average Loan Per Unit | % of Units Allocated Per Province | 1935 Provincial Population as % of Canada |
|---|---|---|---|---|---|---|
| Prince Edward Island | 9 | 9 | $ 50,034 | $ 5,559 | 0.2% | 0.8% |
| Nova Scotia | 343 | 346 | 1,515,162 | 4,379 | 7.1% | 4.9% |
| New Brunswick | 85 | 89 | 384,957 | 4,325 | 1.8% | 4.0% |
| Quebec | 588 | 1,126 | 5,141,446 | 4,566 | 23.0% | 28.2% |
| Ontario | 1,349 | 2,344 | 9,228,656 | 3,937 | 47.8% | 33.0% |
| Manitoba | 83 | 143 | 604,614 | 4,228 | 2.9% | 6.6% |
| Saskatchewan | 1 | 1 | 2,200 | 2,200 | .0% | 8.6% |
| Alberta | 0 | 0 | 0 | 0 | 0.0% | 7.1% |
| British Columbia | 700 | 845 | 2,692,373 | 3,186 | 17.2% | 6.8% |
| Total Canada | 3,158 | 4,903 | $ 19,619,442 | $ 4,002 | 100.0% | 100.0% |

SOURCE: Public Archives of Canada, RG 19, Department of Finance Records, Vol. 709, 203-1A, "NHA, Schedule C."

An indication of how DHA assisted loans were distributed among income groups can be seen in Table 4. Only 14% of the loans were for housing units costing less than $3,500. This was the maximum target value set by the House of Commons Special Committee on Housing. Mortgage payments or rent for housing costing more than that was considered to be beyond the reach of almost all who needed improved housing. Two thirds of all DHA loans were for houses costing over $3,000. The predictions of some M.P.'s when the DHA was debated in the House in June 1935, therefore, proved to be entirely correct. Relatively high cost housing was assisted by the DHA.

What about the impact of the DHA on stimulating new residential construction and, thereby, jobs on the construction sector? This is the criteria W.C. Clark would probably have used to evaluate the program. DHA units comprised a very small proportion of all housing starts: 2% in 1936 and 4% in 1937. Assistance provided under Part I of the 1938 NHA, the continuation of the DHA, reached a peak of 12% in 1939 (See Figure 5). Because the vast majority of DHA

**TABLE 4**

**SIZE OF DOMINION HOUSING ACT LOANS, 1935-1938**

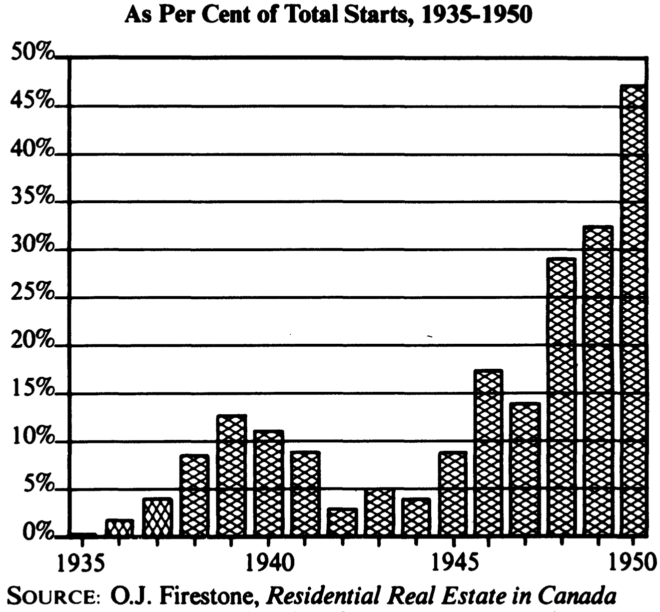
| | Units | Per cent of Total | Cumulative Per cent |
|---|---|---|---|
| $2,000 and under | 191 | 3.9% | 3.9% |
| 2,000-$ 2,500 | 475 | 9.7% | 13.6% |
| 2,501- 3,000 | 993 | 20.3% | 33.8% |
| 3,001- 3,500 | 827 | 16.9% | 50.7% |
| 3,501- 4,000 | 744 | 15.2% | 65.9% |
| 4,001- 4,500 | 402 | 8.2% | 74.1% |
| 4,501- 5,000 | 328 | 6.7% | 80.8% |
| 5,001- 6,000 | 427 | 8.7% | 89.5% |
| 6,001- 7,000 | 182 | 3.7% | 93.2% |
| 7,001- 8,000 | 144 | 2.9% | 96.1% |
| 8,001- 9,000 | 68 | 1.4% | 97.5% |
| 9,001- 10,000 | 65 | 1.3% | 98.8% |
| Over $10,000 | 57 | 1.2% | 100.0% |
| | 4903 | 100.0% | |

SOURCE: Public Archives of Canada, RG 19, Department of Finance Records, Vol. 709, 203-1A, "NHA, Schedule E."

**FIGURE 5**

**DHA & NHA ASSISTED STARTS**

**As Per Cent of Total Starts, 1935-1950**




SOURCE: O.J. Firestone, *Residential Real Estate in Canada* (Toronto: University of Toronto Press, 1951), 293.

assisted starts were for relatively expensive units, the conclusion of David Mansur of Sun Life in his August 1936 memo to Clark was probably correct: most of the DHA assisted starts would have been built without the DHA. The legislation, therefore provided a very small stimulant to the residential construction sector.

The question then remains, why did the government adopt such an insignificant housing act and why wasn't the DHA ever replaced with something more significant? The most plausible answer is based on an examination of both the macro-economic and political conditions of the day as well as immediate day-to-day economic and political. Though the conditions of the 1930s were such that pressures for significant social change were present, the combination of factors required for government to take on a new role in an area traditionally left entirely to the private sector were never present. Though R.B. Bennett lost the 1935 election there was never a broader systemic political crisis for the government to respond to. Though opposition political parties and extra-parliamentary movements were established during the 1930s, none of these was ever strong enough to cause the ruling parties and groups in society to be overly concerned. Once King was elected he did not have to worry about the immediate political situation because he was in the early years of his mandate. After these initial years in office the War came and changed everything. While the Canadian economy was in serious trouble, the economic system never ground to a halt as it virtually did in the U.S. around the time FDR was elected and took office in 1933. A great deal of the economic crisis in the U.S. was due to the collapse of the financial institutions. In comparison to the U.S. system of decentralized local banks and savings institutions, Canada has had a very centralized system of chartered banks which weathered the depression rather well.

With macro-economic and political conditions relatively stable in spite of the depression, it is not surprising that when the government felt it should respond in some way to the demands for a housing program that the people who were delegated the task of designing it chose an approach which was limited in scope and completely in accord with the most powerful actors in the housing sector at the time, the mortgage lending institutions. In fact, the choice of the Department of Finance as the authority in charge of defining and administering the housing program is itself an indication that the government wanted extreme care taken so as to avoid anything which would substantially threaten vested financial and residential real estate interests. Such a threat could arise from government becoming a major actor in the housing sector competing with or displacing existing actors and from the initiation of programs which would involve substantial and long term costs to the federal treasury.

That is why Clark's testimony before the House of Commons Special Committee on Housing in April 1935 is so significant. He explicitly defined what types of policy options were realistic and which ones were unrealistic. He said that "it would be wise to avoid any hasty commitments" in "the most difficult and the most complicated aspects of housing," such as slum clearance and low-rent housing. That these happened to be *the* housing problems of the day did not matter. What mattered was that these problems were the aspects of housing which the private market could not respond to. The only option if government was to intervene was direct government activity in the housing sector. This was not on the agenda of either the Bennett or King government. Before undertaking such a step both governments and their officials said that a great deal of additional study was necessary. In the mean time, Clark urged, "We should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery and as an absorber of unemployment."[85]

Those who advocated immediate and extensive government intervention, a social welfare approach to housing, were not influential or significant actors, either in national politics or in the economy. The government could and did ignore the relatively modest pressure exerted by municipal officials, housing, town planning and social welfare professionals, as well as the hundreds of thousands of inadequately housed and impoverished Canadians who simply did not count politically. These groups wanted significant government intervention in very powerful basic private sector institutions, the housing and mortgage markets. Such change does not come about easily.

In the absence of the right combination of both macro- and micro-economic and political circumstances, the existing institutional arrangements will continue and the guardians of these institutions will exert their authority on behalf of the status quo. In the case of housing in the 1930s it is clear from the historical record that housing policy was defined by the major financial institutions of the country and by those senior government officials whose roots and personal ideologies made them sensitive to and supportive of the interests of these institutions. The Dominion Mortgage and Investments Association, the very large insurance companies such as Sun Life and senior officials in the Department of Finance such as W.C. Clark played the role of "official guardians" of the status quo in the troubled housing market of the 1930s, successfully preventing a wide variety of policy options from being seriously considered.

A final question still remains: why didn't the DHA achieve even the limited objective of economic stimulation and job creation? Two explanations seems to provide a plausible answer. The first is simply the lack of commitment of either the Bennett or King governments to any housing program, even a modest one like the DHA. With so many other issues and problems on the agenda of government it is likely that the DHA was simply allowed to stumble along. To discontinue it would have caused some controversy, to substantially improve it would have required more staff and financial resources. The fact that it was introduced at all was due to the impending federal election at the time.

The second part of the answer involves poor design of the program. The DHA was a bad program. It was based on unreasonable assumptions about the likely behaviour of lending institutions and it ignored numerous practical administrative issues. Many of the practical problems were clearly identified by Mansur in his August 1936 memo to Clark. A much better program to achieve Clark's objectives could have been designed. Mansur in fact recommended a process for devising improved legislation. The proposal he made is interesting, in that it reflects his attitude toward housing policy and points to his importance as one of the "official guardians" of market institutions in the housing sector. Part of the legacy of the DHA is that it was Clark and Mansur who would jointly play a central role in devising Canadian housing policy into the early 1950s. While Clark would remain Deputy Minister of Finance until 1952 and become one of the first directors of the Central Mortgage and Housing Corporation, Mansur would move from Sun Life in 1939 to the Central Mortgage Bank and after the war become CMHC's first president, remaining in that position until 1954.

Mansur's proposal to Clark was that he appoint "a committee of three active mortgage men who would look into the various deficiencies under the Act" and recommend how "such deficiencies might be corrected." Mansur stressed that

> unless three good mortgage men can be obtained, the Minister of Finance would be wasting his time and money by obtaining three people who have theoretical ideas on the subject and want to further their ideas. This has been evidenced by practically all the Committees on the subject to date.[86]

Mansur added that this committee must "be absolutely unhampered by architects, engineers, social workers, contractors, municipal and governmental officials until their work is completed."[87]

A basic problem of the DHA and the 1938 NHA, and with much of Canada's subsequent housing legislation, is that these programs have in fact been influenced, if not designed, by "mortgage men," often unhampered by recommendations of the lesser mortals listed by Mansur and often equally unhampered by the housing realities faced by lower income Canadians, especially renters. The mortgage men of the past and their equivalents today, neo-classicial economists, are not immune to having "theoretical ideas" and for wanting "to further their ideas." Starting with the DHA, Canadian housing policy has, as a result, a long history of focusing more on "market welfare" than on "social welfare" approaches to housing problems.

## NOTES

1. A.E. Safarian, *The Canadian Economy in the Great Depression* (Toronto: McClelland and Stewart, Carleton Library No. 54, 1970), 216-219. See also: O.J. Firestone, *Residential Real Estate in Canada* (Toronto: University of Toronto Press, 1951) and J.T. Saywell, *Housing Canadians: Essays in the History of Residential Construction in Canada*, Research Paper No. 24 (Ottawa: Economic Council of Canada, 1975).
2. *Report of the Lieutenant-Governor's Committee on Housing Conditions in Toronto* (Toronto: Toronto Board of Control, 1934), 122.
3. *A Report on Housing and Slum Clearance in Montreal* (Montreal: Montreal Board of Trade, 1935), 122.
4. *Journal of the Royal Architectural Institute of Canada* (February 1933): 25-28.
5. *Canadian Engineer* (November 20, 1934): 13.
6. A.E. Jones, *The Beginnings of Canadian Housing Policy, 1918-1924*, Occasional Paper #1/78 (Ottawa: Carleton University, Centre for Social Welfare Studies, 1978).
7. Quoted in M. Simpson, *Thomas Adams and the Modern Planning Movement, Britain, Canada and the United States, 1900-1940* (London: Mansell, 1985), 96-97.
8. Canada, Parliament, House of Commons, *Debates* [hereafter referred to as Hansard], 18 June 1935, 3773.
9. Hansard, 18 February 1935, 898.
10. Canada, Parliament, House of Commons, Special Committee on Housing, *Minutes of Proceedings and Evidence* [hereafter HCSCH], (Ottawa: King's Printer, 1935).
11. *Canadian Whos Who*, 1958-60, 401.
12. Hansard, 24 June 1935, 3930.
13. *Ibid.*
14. HCSCH, 380
15. J.L. Granatstein, *The Ottawa Men: The Civil Service Mandarins, 1935-1957* (Toronto: Oxford University Press, 1982), 44-69.
16. W.C. Clark and J.L. Kingston, *The Skyscraper: A Study in the Economic Height of Modern Office Buildings* (New York: American Institute of Steel Construction, 1930). At the time the book was published Clark was economist and vice president of S.W. Strauss & Co. and Kingston was an architect with Sloan and Robertson, Architects.
17. HCSCH, 353-354.
18. *Ibid.*, 354.
19. *Ibid.*
20. *Ibid.*
21. *Ibid.*
22. *Ibid.*
23. *Ibid.*, 355.
24. *Ibid.*, 357.
25. *Ibid.*, 347.
26. *Ibid.*, 348.
27. *Ibid.*, 349.
28. *Ibid.*, 351.
29. *Ibid.*
30. *Ibid.*
31. *Ibid.*, 366.
32. *Ibid.*, 367.
33. *Ibid.*, 358.
34. Undated Finance Department memo titled: "Discussions with Private Lending Institutions," Public Archives of Canada [hereafter PAC], Department of Finance Records, RG 19, Vol. 705, 230-1A.
35. Hansard, 18 June 1935, 3771.
36. Canada, Department of Finance, *An Explanation of the Dominion Housing Act, 1935* (Ottawa: The King's Printer, 1935), 3.
37. *Ibid.*, 4-8; and F.W. Nicholls, "How to Finance Your Home," Department of Finance, Ottawa, n.d., a six page mimeographed brochure.
38. Hansard, 18 June 1935, 3779.
39. *Ibid.*, 3776.
40. *Ibid.*

41. *Ibid.*
42. *Ibid.*, 24 June 1935, 3911.
43. *Ibid.*, 18 June 1935, 3775.
44. *Ibid.*, 24 June 1935, 3931-3932.
45. *Ibid.*, 3933.
46. *Ibid.*, 25 June 1935, 3951.
47. *Ibid.*, 3945.
48. *Ibid.*, 24 June 1935, 3921.
49. *Ibid.*, 3920.
50. *Ibid.*, 3923.
51. *Ibid.*
52. *Ibid.*, 3919.
53. *Ibid.*, 3934.
54. *Ibid.*, 25 June 1935, 3947.
55. *Ibid.*, 24 June 1935, 3929.
56. *Ibid.*
57. *Ibid.*, 3937.
58. *Ibid.*, 3938.
59. *Ibid.*, 25 June 1935, 3949.
60. Department of Finance Records, PAC, RG 19, Vol. 709, 203-1A.
61. Hansard, 24 June 1935, 3924-3925.
62. *Ibid.*, 3939, 3941.
63. *Ibid.*, 25 June 1935, 3960.
64. Letter from Leonard to Clark, 16 July 1935, Department of Finance Records, PAC, RG 19, Vol. 705, 203-1A.
65. "Memorandum of changes made in agreement from original draft," Department of Finance Records, PAC, RG 19, Vol. 705, 203-1A.
66. In Department of Finance Records, PAC, RG 19, Vol. 711, 203-1-L.
67. Letter from Appleton to Clark, 1 October 1935, Department of Finance Records, PAC, RG 19, Vol. 705, 203-1A.
68. "Memorandum to Mr. W.C. Clark from F.W. Nicholls," Department of Finance Records, PAC, RG 19, Vol. 705, 203-1A.
69. "The Housing Act — Reply to Criticisms," 25 September 1935, Department of Finance Records, PAC, Rg 19, Vol. 705, 203-1A.
70. "Calls Housing Act Comedy of Errors, Prof. P.E. Nobbs Charges Parliament Ignores Committee's Findings," *Montreal Gazette*, 17 January 1936.
71. *Ibid.*
72. Letter from D.B. Mansur to W.C. Clark with attached memo, 6 August 1936, Department of Finance Papers, PAC, R.G. 19, Vol. 711, 203-2-L, p. 5.
73. Letter from W.C. Clark to D.B. Mansur, 10 August 1936, Department of Finance Papers, PAC, R.G. 19, Vol. 711, 203-2-L.
74. Letter from W.C. Clark to A.N. Mitchell, 14 April 1936, Department of Finance Papers, PAC. R.G. 19, Vol. 711, 203-2-L.
75. *Ibid.*
76. Letter from D.E. Wright to W.C. Clark, 9 April 1937, Department of Finance Papers, PAC, R.G. 19, Vol. 710, 203-1A-87.
77. *Ottawa Journal*, 24 August 1936.
78. *Ibid.*
79. *Ottawa Journal*, 25 August 1936.
80. Department of Finance press release, 23 September, 1936. See also: "Assuming Bulk of Loss-Risk in Housing Loans," *Ottawa Citizen*, 24 September 1936; and "Ottawa Will Assume More Risk on Loans," *Winnipeg Free Press*, 24 September 1936.
81. "Housing Act Not Popular," *Vancouver Sun*, 25 September 1936.
82. See: Canada, National Employment Commission, *Final Report of the National Employment Commission* (Ottawa: King's Printer, 1938).
83. Canada, National Employment Commission, *Low Rental Housing Proposal*, mimeo, 9 Feburary 1937, in Department of Finance Papers, PAC, R.G. 19, Vol. 710, 203-1
84. "Ottawa Fights Unemployment from 2 Angles," *Montreal Gazette, 10 September 1936.*
85. HCSCH, 1935, 354.
86. Letter from D.B. Mansur to W.C. Clark with attached memo, 6 August 1936, Department of Finance Papers, PAC, R.G. 19, Vol. 711, 203-2-L, pp. 6-7.
87. *Ibid.*, 6.

**Acknowledgement**
The author gratefully acknowledges the assistance provided by the University of Manitoba's J.S. Ewart Memorial Fund, which helped finance the research at the Public Archives of Canada.