The Unremarked Homeownership Boom in Toronto

Richard HARRIS

Gilbert Stelter has remarked that "housing remains a neglected subject . . ." in Canadian historical research.[1] *Nothing highlights the truth of that assertion more clearly than the issue of whether homeownership rates increased or decreased in Toronto in the first two decades of this century. The conventional wisdom is that they declined slightly. This has rested on impression rather than evidence, for Census data on homeownership have been available only since 1921. The implication of recent evidence published in this journal by Gordon Darroch, however, is that the early years of the century saw an unprecedented homeownership boom.*[2] *Darroch himself makes no reference to this, for his concern was with the decades prior to 1899. The purpose of this note is to review the evidence, direct and circumstantial, concerning ownership trends in Toronto between 1899 and 1921, and to suggest how a homeownership boom might have occurred at a time when real incomes increased little, if at all.*

Gilbert Stelter a remarqué que le problème du logement a été négligé dans les recherches historiques au Canada. Rien ne met plus en lumière la vérité de cette affirmation que la question de savoir si les frais de propriété d'une maison ont augmenté ou diminué à Toronto dans les deux premières décennies de ce siècle. On pense habituellement qu'ils ont eu tendance à diminuer. Cependant il s'agit d'une impression plutôt que d'une évidence, car les données des recensements sur la propriété domiciliaire n'ont été disponibles que depuis 1921. Les recherches récentes publiées dans cette même revue, par Gordon Darroch, impliquent que les premières années de ce siècle ont vu un accroissement sans précédent du nombre de propriétés privées. Toutefois, Darroch lui-même ne fait aucune référence à ce fait parce que son étude portait sur les décennies antérieures à 1899. La note qui suit se propose de réexaminer les arguments, directs et indirects, concernant les tendances de la propriété à Toronto entre 1899 et 1921, et d'indiquer comment un brusque accroissement de la propriété résidentielle peut s'être produit en un temps où les revenus réels augmentaient peu, voire même pas du tout.

Homeownership rates in Toronto are commonly supposed to have declined slowly in the early years of this century. Saywell, for example, implies that homeownership peaked in the mid-1890s, citing a guesstimate published in the *Canadian Architect* that the Toronto rate was more than 50 percent in 1893.[3] Piva and Chambers are more explicit. In his study of Toronto's working class between 1900 and 1921, Piva states that "tenancy increased after the turn of the century"; he notes that the Toronto Housing Commission, using as-

* I would like to thank Gordon Darroch, Michael Doucet and Jim Lemon for comments on an earlier draft.

1. Gilbert A. STELTER, "Urban History", in *A Reader's Guide to Canadian History 2: Confederation to the Present*, eds. J.L. GRANATSTEIN and P. STEVENS (Toronto: University of Toronto Press, 1982), p. 110.

2. Gordon DARROCH, "Occupation Structure, Assessed Wealth and Homeowning during Toronto's Early Industrialisation, 1861-1899", *Histoire Sociale — Social History* XVII, 32 (1983): 381-410; "Early Industrialisation and Inequality in Toronto", *Labour/Le Travailleur* 11 (1983): 31-61.

3. John T. SAYWELL, "Housing Canadians. Essays on the History of Residential Construction in Canada". *Discussion Paper No. 24* (Ottawa: Economic Council of Canada, 1975), pp. 40-41.

sessment data, found an ownership rate of "almost 45 percent . . . *as late as* 1917"[4], and clearly implies that this should be viewed as the result of a decline from a late-nineteenth-century peak. Similarly Chambers, in a recent analysis of trends in the rental costs of housing in Toronto between 1890 and 1914, makes the "reasonable" assumption that "the Toronto homeownership ratio in earlier census years was not greatly different from 1921".[5] There is a consensus, then, that in the two decades prior to 1921 ownership rates were static, or fell slightly.

This consensus about ownership trends has been used to buttress wider interpretations of living standards and local politics. For example, Piva is at pains to demonstrate that, although they fluctuated considerably from year to year, real incomes for working people stagnated between 1900 and 1921. This interpretation of real incomes helps to justify, and is in turn supported by, his impression that homeownership rates did not rise in the same years. Palmer has generalized the case, arguing that in these same years, in Toronto, Montreal and Vancouver "the labour force [was] struggling unsuccessfully to keep pace with rampant inflation".[6] Locally, there are supposed to have been political ramifications to a decline in homeownership. Spragge, in her interpretation of housing reform, sees the formation of the Toronto Housing Company (1913) and the Housing Commission (1920) partly in terms of the continued frustration of ownership aspirations.[7] A challenge to the consensus on homeownership, then, has a number of ramifications.

And yet, although he does not acknowledge the fact, Darroch has recently published evidence that implicitly poses such a challenge. Using a sample drawn from city assessment records, Darroch finds that ownership rates fluctuated little in the latter two decades of the nineteenth century, his figure for 1899 being 26.4 percent.[8] If this is accurate, there must have occurred an unprecedented boom in homeownership somewhere within the period 1899-1911, for the Toronto Housing Commission reports a figure for the latter year of 47.1 percent. The evidence of the Housing Commission shows that indeed ownership rates stagnated in the 1910s but, taken in conjunction with Darroch's estimates, it suggests an account of the first decade of the century that is quite strikingly at odds with prevailing views.

Now it is quite possible that Darroch's estimate is wrong. His sample was sufficiently large that the estimation error should be small.[9] But, as he himself notes, the assessments were probably biased in such a way as to yield a slight underestimate of the real ownership

4. Michael J. PIVA, *The Condition of the Working Class in Toronto, 1900-1921* (Ottawa: University of Ottawa Press, 1979), p. 125. My emphasis. Using the city assessments, the Toronto Housing Commission published the following estimates of homeownership rates in the 1910s: 1911 (47.1 percent), 1912 (46.4), 1913 (48.0), 1914 (48.2), 1915 (49.7), 1917 (44.4). City of Toronto, *Report of the Housing Commission* (Toronto, 1918), p. 6. It is not clear whether these estimates are based on samples.

5. Edward J. CHAMBERS, "A New Measure of the Rental Cost of Housing in the Toronto Market, 1890-1914", *Histoire Sociale — Social History* XVII, 33 (1984): 167. Chambers argues that the assumption is reasonable because ownership rates in selected cities in the north-eastern U.S. varied little between 1890 and 1920. The U.S. Census has published data on homeownership in every Census year since 1890.

6. Bryan PALMER, *Working Class Experience. The Rise and Reconstitution of Canadian Labour, 1800-1980* (Toronto: Butterworth, 1983), p. 144.

7. Shirley SPRAGGE, "A Confluence of Interests: Housing Reform in Toronto, 1900-1920", in *The Usable Urban Past*, eds. Alan F.J. ARTIBISE and Gilbert A. STELTER (Toronto: Macmillan, 1979), p. 262.

8. DARROCH, "Early Industrialisation in Toronto", p. 42.

9. Darroch has indicated that the margin of error of the overall ownership estimate is most unlikely to be more than +/-5 percent. Gordon Darroch, personal communication.

figure: he suggests that 30 percent may be nearer the mark.[10] This suggestion is necessarily arbitrary, and some might want to suggest a different, and possibly higher, figure. In a paper which Darroch could not have seen, Levine has recently argued that around the turn of the century city assessments were not as reliable a source as many have assumed.[11] It follows that all statistics derived from this source, including those pertaining to homeownership, should be treated with great caution. But if this was true for 1899 then it was also, presumably, true for 1911. Since Darroch and the Toronto Housing Commission used the same source, a comparison of their estimates should give us a reasonably accurate picture of the net trend. The only circumstance under which this would not be true would be if the degree of bias of the assessments *changed over the 12 years* in question, but there is no reason to believe that this was the case.[12] The implication is that, somewhere between 1899 and 1911, Toronto experienced a substantial ownership boom.

Such a conclusion is so much at odds with the accepted view that it is worth looking for corroborating, if circumstantial, evidence. It is well known that the early years of this century saw a prodigious property boom in Toronto, with the subdivision and development of quite extensive suburban areas, particularly to the west and north of the downtown.[13] Between 1901 and 1911 the number of housing units increased at an annual rate of five percent, the compound increase for the decade as a whole being 65 percent.[14] Chambers quotes the Toronto correspondent for the *Labour Gazette*, who observed in November 1905 that "'large numbers of working men have secured lots . . . ' to build small frame houses".[15] Most new building seems to have taken the form of single family dwellings, and it is likely that many were occupied by owners rather than tenants. While it does not prove the argument one way or the other, at the very least the property boom is compatible with an increase in owner-occupation.

Looking further afield, information on homeownership in two other southern Ontario cities, Kingston and Hamilton, lends support to such a view. Using assessment data, Weaver reports ownership statistics for Hamilton which reveal the existence in that city of an ownership boom of almost precisely the same magnitude as in Toronto, the Hamilton figures for 1901 and 1911 being 33 percent and 51 percent, respectively.[16] For present purposes the data for Kingston are a little less useful, since it is only possible to compare assessment data for 1901 with a Census statistic for 1921. Harris, Levine and Osborne report an ownership rate of 33 percent for the earlier year, while the Census figure for families in the latter year was 47 percent.[17] That the boom should have been slightly more modest

10. DARROCH, "Early Industrialisation in Toronto", p. 43.

11. Gregory J. LEVINE, "Criticizing the Assessment: Views of the Property Evaluation Process in Montreal 1870-1920 and Their Implications for Historical Geography", *The Canadian Geographer* XXVIII, 3 (1984): 276-284. Although Levine makes this case only for Montreal, in unpublished work he has found the same to be the case in Toronto (Levine, personal communication).

12. Gregory LEVINE, personal communication.

13. This point is made, for example, in the most recent history of Toronto. See J.M.S. CARELESS, *Toronto to 1918. An Illustrated History* (Toronto: Lorimer, 1984), p. 179.

14. Statistics based on data reported by CHAMBERS, "A New Measure of the Rental Cost of Housing in the Toronto Market, 1890-1914", Table 1, p. 166.

15. Ibid., p. 171.

16. John WEAVER, *Hamilton. An Illustrated History* (Toronto: Lorimer, 1982), Appendix, Table 6.

17. Richard HARRIS, Gregory J. LEVINE, and Brian S. OSBORNE, "Housing Tenure and Social Classes in Kingston, Ontario 1881-1901", *Journal of Historical Geography* 7,3 (1981): 271-289. The figures for the assessments and the Census are not precisely comparable because the former relate to households while the latter pertain to families. In 1931, when the Census published both statistics, the ownership rate for families was slightly

in Kingston is surely no surprise, given that the city scarcely grew in these years. Otherwise, the trend in all three cities is similar in direction and magnitude. It may be objected that housing markets are local, and that evidence for Hamilton and Kingston proves nothing about Toronto. That is true. Yet the picture that emerges is too consistent to be coincidental, and indeed it suggests that the ownership boom was not confined to Toronto alone.

How could this be if, as Piva (and others) have argued, this was a period when real incomes rose little, or not at all? There is a possibility that real incomes rose more than is commonly believed. Piva convincingly demonstrates that, for those who rented, housing was one of the major items of household expenditure, and that a rapid rise in rents played a major part in offsetting an increase in incomes in this period.[18] Piva generalizes the argument to all working-class families, on the implicit assumption that house prices kept pace with rents. This may have been true, but no evidence is presented. In general it is known that, especially in the short run, prices and rents can get out of step, and can even move in opposite directions.[19] If house prices in Toronto failed to keep up with the rapid increase in rents, then Piva's analysis would overestimate the increase in housing costs faced by many households, and underestimate their level of real incomes. Homes may have been more affordable, and the purchasing power of incomes higher, than he implies. Indeed, if rents were rising more rapidly than house prices, households would have had a strong incentive to buy. Instead of preventing people from owning their own home, the surge in rent levels might have given them the vital incentive to acquire a place of their own. Under such circumstances, many families would have been willing to take anything they could get. There is some indication that this happened. It has been observed that the quality of some of the housing built in this period was low. For example, Chambers' correspondent refers in 1905 to the prevalence of many new houses of "insubstantial character".[20] One development that might have helped families to buy was improvement in the availability and terms of mortgage credit. For the settling of the west, the early years of the century were important because, in the words of Easterbrook and Aitken, "mortgage institutions . . . found themselves with a plethora of overseas funds". Some of these funds might have found their way into the Toronto suburbs. From their work on Hamilton, both Weaver and Doucet have suggested that innovations in the mortgage market — and in particular the adoption of blended payment schemes — might help to account for an ownership boom in that city[21]; the same would presumably be true for Toronto. For several reasons, then, families might have been more willing and able to buy homes than is commonly thought.

There is a further consideration. Not every family wishes to own a home. In a survey conducted in Toronto in the early 1970s, Michelson found that over 80 percent of all households wanted to own.[22] This is a large majority but not a consensus. Circumstantial evidence suggests that in Toronto in the early twentieth century the majority was a good

---

lower than that for households. If this was true in 1921, then Kingston's ownership boom was rather larger than the present comparison would suggest.

18. There is some disagreement as to the extent of this increase, but no doubt that it was substantial. See CHAMBERS, *op. cit.*, for discussion and new evidence.

19. This point is demonstrated by the author in "Housing Affordability and Working Class Homeownership Across Canada in 1931", unpublished manuscript, Department of Geography, University of Toronto.

20. CHAMBERS, "A New Measure of the Rental Cost of Housing in the Toronto Market, 1890-1914", p. 171.

21. John WEAVER, personal communication; Michael DOUCET, personal communication.

22. William MICHELSON, *Environmental Choice, Human Behaviour, and Residential Satisfaction* (New York: Oxford University Press), p. 137.

deal smaller but — and this may be the key — increasing. Using the evidence reported by Darroch together with data reported in the 1931 Census, Harris has traced changes in class-specific ownership rates over this 30-year period.[23] In these years, although ownership rates increased for all groups including the working class (+23 percent), the largest increase may be found among owners and managers (+41 percent) and, to a much lesser extent, the middle class (+26 percent). It is improbable that only 20 percent of the owners and managers could afford homes in 1899, but 61 percent could in 1931. Apart from any increase in real incomes, and therefore the ability to purchase, there must surely have been a shift in attitudes towards homeownership. A change in attitudes on the part of a group that comprised less than ten percent of the population could not account for a general ownership boom, though it would be a contributory factor. If such a change had been more widely spread among the middle class as well, then it might have played a significant role. Unfortunately, on present evidence, such an interpretation is entirely speculative.

The conclusion would appear to be inescapable that Toronto, and apparently other southern Ontario cities, experienced a homeownership boom in the first decade of this century. This does not fit the conventional wisdom, and might appear paradoxical in view of the fact that real incomes rose very little in these years. But this is not necessarily the case. If house prices failed to keep pace with rents, then real incomes would have been higher, and the incentive to buy stronger, than is generally thought. Innovations in credit arrangements might have eased families into cheap suburban homes at a time when the desire for ownership itself was growing. This is a very different interpretation than the one which now prevails and, if true, it has important implications for our understanding of living standards and political reform. It has the merit of being consistent with the scanty evidence that does exist, but is speculative. A scholar, moved to action by Stelter's lament, could do worse than to undertake a thorough study of the housing market in Toronto between 1899 and 1911.

23. The procedures and evidence are reported in detail in Richard HARRIS, "Class and Housing Tenure in Modern Canada", *Research Report No. 153*, Centre for Urban and Community Studies, University of Toronto, 1984. A revised version will appear in the *International Journal of Urban and Regional Research*.