

Working-Class Home Ownership and Housing Affordability Across Canada in 1931

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Little is known about working-class home ownership in Canada. On this issue the neglected 1931 Census provides a more detailed picture than is readily obtainable from any source for any other year. Evidence for eight major centres across Canada suggests that ownership aspirations were everywhere stronger among the working-class than the middle class, except perhaps in Halifax. Wage-earner and working class ownership rates were generally high in cities in Ontario and the west, due to high rents and, except for Toronto, affordable homes. Although housing as a whole was inexpensive, ownership rates were low in Trois-Rivières and Montreal, partly because rents were more affordable than homes. Low rates in Halifax cannot be explained in terms of housing affordability. Future research should examine comprehensively the housing market in specific cities.

On connaît peu de choses sur la propriété domiciliaire parmi la classe ouvrière au Canada. À ce sujet, le recensement (généralement négligé) de 1931 offre des informations plus détaillées et accessibles que n'importe quelle autre source pour n'importe quelle autre année. Des données recueillies pour huit grands centres à travers le Canada suggèrent que partout, sauf peut-être à Halifax, les membres de la classe ouvrière étaient plus enclins à posséder une maison que ceux de la classe moyenne. Les taux de propriété domiciliaire chez les travailleurs salariés et ceux de la classe ouvrière étaient généralement élevés dans les agglomérations de l'Ontario et dans l'Ouest du pays, à cause de loyers élevés et, à l'exception de Toronto, de maisons à prix abordables. À Trois-Rivières et Montréal, bien que le prix des maisons fût généralement bon marché, les taux de propriété étaient peu élevés. Cette situation est imputable en partie au fait que la location était plus abordable que l'achat. Pour ce qui est d'Halifax, les taux peu élevés de propriété ne peuvent être expliqués en termes d'accessibilité au marché domiciliaire. Un examen détaillé du marché de l'habitation dans des villes spécifiques devrait être fait dans le cadre de futures recherches.

Workers care about owning a home for many reasons. A house is the largest purchase that they are ever likely to make. It is an investment, perhaps yielding income from boarders, often appreciating in value, and in general providing shelter and economic security for retirement. At home workers have some autonomy, being free from the demands of the supervisor and the petty tyrannies of the landlord. With such issues in mind, scholars have often argued (or at least implied) that workers value homes more than other groups, such as the middle class, whose jobs are more secure and who are more able to find autonomy on the job.¹ To be sure, in this regard the importance of owning a home may have declined

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1. Writing about the mid-nineteenth century in *The Social Organization of Early Industrial Capitalism* (Cambridge, Mass.: Harvard University Press, 1982), Michael Katz, Michael Doucet and Michael Stern state (p. 155) that "dominated by insecurity, working people bought homes whenever they could". It has been argued that, in North America in more recent years, wanting to own a home is more typically a trait of the working class than of the middle class. See, for example, Richard F. Hamilton, "The behavior and values of skilled workers", in A.B. Shostak and W. Gomberg, *Blue Collar World* (Englewood Cliffs, N.J.: Prentice Hall, 1964).

over the past century. Legislation has curbed the excesses of private landlordism, while unemployment insurance, welfare and pensions have provided other forms of economic protection. Yet, among workers, the desire for ownership is still strong. Today, if Toronto is typical, about eighty percent of Canadians wish to own their own home; two-thirds of all Canadian blue collar workers actually do, while a recent American study concluded that for the same group "home ownership is a major goal, a rarely questioned ambition".² Among the working class, then, owning a home continues to be a powerful aspiration and an important fact of economic life.

It is remarkable, then, that Canadian scholars have shown little interest in the subject of working-class home ownership. With some exceptions, labour and family historians have ignored the role played by home ownership in workers' lives.³ Conversely, students of housing have tended not to consider class differences in housing consumption, usually emphasising the importance of income, age and demographic characteristics.⁴ Until very recently nothing definite was known about even the crude level of home ownership among the Canadian working class. Fortunately, in the past decade several local studies of nineteenth-century cities have helped to fill the gap.⁵ Together with the 1931 Census and a national survey conducted in 1979, they show that home ownership has increased steadily among the working classes over the past century, presumably because of a secular increase in real incomes.⁶ This information for the nation as a whole is valuable but potentially misleading. Local and regional differences have been apparent since at least 1931, the first year for which national data on working class home ownership are available. The best known 'anomaly' is Quebec, where, from the nineteenth century to the nineteen-sixties, ownership rates were very low, notably in Montreal. The existence of geographical differences undermines the value of generalizing about the nation as a whole, and raises questions of its own. Unfortunately, the reasons behind such differences have not been examined and remain obscure.

One way of tackling the question of geographical differences in home ownership is by a process of elimination. If it is true that all working people aspire to home ownership, differences in ownership rates should be due to economic factors alone: where ownership is low, it should be the ability, not the will, that is lacking. The family's ability to purchase a home is determined by many things. The most important of these are income and housing costs, although the availability of credit is also a major consideration. As a result, a large part of the family's ability to own can be measured by 'affordability', that is, housing costs

2. William Michelson, *Environmental Choice, Human Behaviour and Residential Satisfaction* (New York: Oxford University Press, 1977), p. 137; Richard Harris, "Class Differences in Urban Home Ownership: An Analysis of Recent Canadian Trends", *Housing Studies* (1986, forthcoming); David Halle, *America's Working Man. Work, Home, and Politics among Blue-Collar Property Owners* (Chicago: University of Chicago Press, 1984), p. 11.

3. A notable exception is Michael Piva, *The Condition of the Working Class in Toronto — 1900-1921* (Ottawa: University of Ottawa Press, 1979), esp. pp. 126-30.

4. In this regard a typical, and one of the most comprehensive, treatments of home ownership in Canada is that of Marion Steele in *The Demand for Housing in Canada* (Ottawa: Statistics Canada, 1979).

5. The first of these studies was published in 1976. See Michael Doucet, "Working Class Housing in a Small Nineteenth Century Canadian City: Hamilton, Ontario, 1852-1881", in *Essays in Working Class History*, ed. Greg Kealey and Peter Warrian (Toronto: McClelland and Stewart, 1976). For a recent review see Richard Harris, "Class and Housing Tenure in Modern Canada", *Research Paper No. 153*, Centre for Urban and Community Studies, University of Toronto. A revised version of this paper appeared as "Home ownership and class in modern Canada" in the *International Journal of Urban and Regional Research* 10, 1 (1986) 67-86.

6. Harris, "Class and Housing Tenure".

expressed in relation to family income.⁷ After establishing that the aspiration to ownership was indeed unusually strong among the working class in 1931, the purpose of this paper is to determine whether geographical differences in housing affordability can account for local variations in working-class home ownership across Canada.

This year was selected because of the existence of uniquely valuable data rather than for any special significance it might have in the history of the Canadian working class. In terms of what it can reveal about geographical and class differences in home ownership, the published Census for 1931 is by far the best to date. No information, of course, is yet available for individuals. The published data, however, describe average incomes, family size and ownership rates among households headed by male wage-earners in a wide range of middle- and working-class occupations. Moreover, for a census monograph, Greenway used a large sample from the Census to generate cross-tabulations of household incomes against rents, house prices and also the number of rooms available per person, a crude but useful measure of housing consumption.⁸ One of the most valuable features of both the Census and the monograph is that detailed information was made available for individual cities. This is important because both the labour and housing markets, and especially the latter, are notoriously local in character. Housing shortages, and high prices, can prevail in one area while a glut develops in another. In these terms, cities may reasonably be treated as integrated wholes in a way that the provinces and the nation cannot. The same information is not available for every city in Canada. Indeed the Census allows for a detailed analysis of only eight centres: Halifax, Trois-Rivières, Montreal, Toronto, Hamilton, Winnipeg, Calgary and Vancouver. (For reasons that are not clear, the data for Quebec City are less complete than those for Trois-Rivières.) Fortunately, however, these eight cities span the country, providing at least one representative from each of the major regions. The census, of course, offers only a snapshot of these places, one which must be interpreted with some caution. In many ways 1931 was an unusual year. Incomes were depressed, and housing was everywhere less affordable than it had been for some years. With appropriate qualifications, however, and with some ingenuity, it is possible to reconstruct from this evidence a remarkably detailed picture of class differences in home ownership and of local variations in housing affordability.

1. HOME OWNERSHIP AND THE WORKING CLASS

Despite much speculation, the idea that a preference for home ownership is particularly strong among the working class has never been examined. One way of addressing this question is to compare levels of home ownership with variations in housing affordability for each of the major classes: where ownership levels are lower than would be expected on the basis of affordability, we might infer that ownership preferences were especially

7. For a discussion of alternative measures of affordability, see John R. Miron, "Housing Affordability and Willingness to Pay", *Research Paper No. 154*, Centre for Urban and Community Studies, University of Toronto. This argument ignores the possible importance of sweat equity. Even someone on a very low income might have been able to afford a home if they built it themselves. Little is known about the importance of self-building after the First World War although it seems to have been prevalent in some cities as late as the first decade of the century. See, for example, Richard Harris, "The Growth of Home Ownership in Toronto, 1899-1913", Paper to be presented at the Housing Tenure Workshop, Centre for Urban and Community Studies, 27 February 1987. The issue of self-building, and its possible variation from place to place, merits much fuller consideration than it has been given.

8. H. Greenway, *Housing in Canada* (Ottawa: Dominion Bureau of Statistics, 1941).

weak. Ideally, to answer this question, data for specific households should be used.⁹ Even without such information, it is possible to throw some interesting light on the issue by using available data on average incomes and ownership levels among families headed by men in specific occupations. Most of these occupations can quite readily be classified as “working” or “middle” class in character. (It was not possible to examine the self-employed or employers.) Comparison of the two classes is made difficult by the fact that their incomes were very different. Given this, and with the data that are available, two types of analysis were possible. In the first the relationship between the average income and ownership rate of specific working- and middle-class occupations was estimated for the eight cities. For each city, twenty occupations were selected: managers; the three most numerous middle class professional, supervisory and white collar working occupations; together with the ten commonest blue-collar occupations.¹⁰ The nature of the relationship between income and ownership was estimated by simple linear regression. Since the results for each city were broadly similar, only one set will be discussed in detail.¹¹

For Toronto, the regression indicates that people in working-class occupations had a particularly strong preference for home ownership. The strength of this relationship is indicated by the coefficient of determination (R^2) estimated for the (n^2) twenty occupations. Overall, income accounted for 39 percent of the variation in ownership rates. As we might expect, the nature of the relationship between income and ownership (Line A in Figure 1) was strongly positive. The slope coefficient ($b = .009$) indicates that an increase in annual household income of \$100 resulted in a rise of 0.9 per cent in average, occupation-specific, home ownership rates. Inspection of the scatter diagram shows that, with the exception of teachers, the middle class professionals, along with the managers, had lower ownership rates than would have been expected on the basis of their income (for the key to Figure 1 see footnote 10). This suggests that their preference for ownership was relatively low. If so, then regressions should be calculated separately for people in working- and middle-class occupations. Although insufficient observations make this impossible for the latter group, a separate regression was calculated for the remaining occupations, including supervisors as well as white- and blue-collar workers. The result is interesting. The

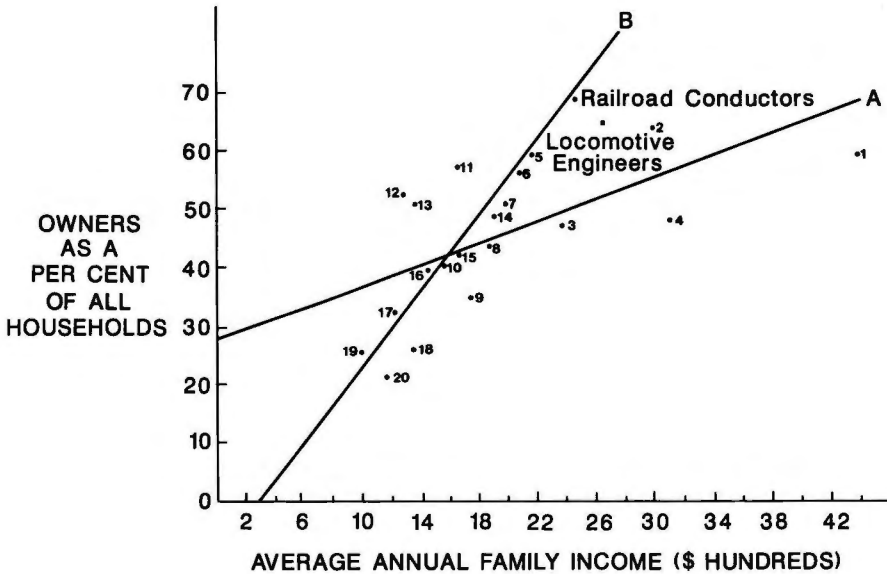
9. One disadvantage of using aggregate data is that the distribution of households around each of the occupation-specific income means is unknown. To the extent that these distributions are skewed away from the normal, the interpretations offered in this section might be called in question. This would be a particularly serious problem if some distributions were skewed to the right, with others to the left. It is probable, however, that all distributions were slightly left-skewed (i.e. with most people having incomes somewhat below the average and a smaller number who were relatively very well off). Median income data would obviate this problem, but are unavailable. The major advantage of using aggregate data is that, precisely because they average the situation of all households in each occupation, they may be considered to be a good approximation to “permanent” income, which a number of observers have argued is a more significant indicator of the household’s ability to afford a home than income in the current year. For a discussion, see Steele, *op. cit.*; and Ray Struyk, *Urban home ownership. The Economic Determinants*, (Lexington, Mass.: Lexington Books, 1976).

10. The most common in Toronto, that is. The occupations chosen were: 1 - Managers; 2 - Teachers; 3 - Accountants; 4 - Professional Engineers; 5 - Policemen; 6 - Foremen (construction); 7 - Foremen (manufacturing); 8 - Clerks; 9 - Salesmen; 10 - Bookkeepers; 11 - Conductors; 12 - Tailors; 13 - Carpenters; 14 - Printers; 15 - Electricians; 16 - Machinists; 17 - Painters; 18 - Janitors; 19 - Labourers; 20 - Chauffeurs. These numbers are the key to Figure 1. These occupations were selected because of their numerical importance and also to ensure that data were available in the smaller centres. Even so, some data were unavailable for Trois-Rivières.

11. Linear regression coefficients of determination (R^2) and slope (“beta”) coefficients, with and without the middle class, for the other seven cities are, respectively: Halifax ($R^2 = 0.77, 0.67$) (slope = .018, .024); Trois-Rivières ($R^2 = 0.15, 0.12$) (slope = .004, .013); Montreal ($R^2 = 0.37, 0.38$) (slope = .005, .011); Hamilton ($R^2 = 0.33, 0.20$) (slope = .007, .013); Winnipeg ($R^2 = 0.26, 0.35$) (slope = .008, .017); Calgary ($R^2 = 0.19, 0.27$) (slope = .005, .011); Vancouver ($R^2 = 0.15, 0.36$) (slope = .006, .020).

regression coefficient (R^2) increases from .39 to .52, while the slope coefficient increases from .009 to .024 (Line B in Figure 1). Among the working classes alone, then, the relationship between income and home ownership is particularly strong, an increase in income of \$100 being associated with a rise of 2.4 percent in the ownership rate. This points to the existence of an exceptional preference for ownership within this group.¹²

Figure 1

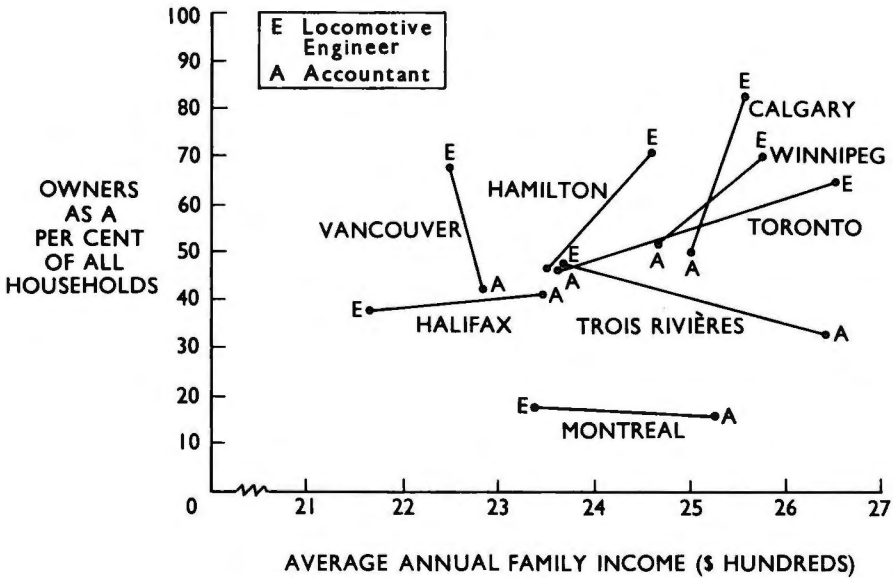


The second approach is to compare directly the ownership situation in all eight cities of those few middle- and working-class occupations where average incomes are similar. In this regard, the contrasting situation of locomotive engineers and accountants is quite revealing (Figure 2). The incomes of these two groups are broadly similar. In four cities loco engineers earned more, while in the remaining four cities accountants had the edge. In all cases where the working-class group received a higher income, their home ownership rate was more than 15 percentage points higher. At the extreme, in Calgary, an average annual income advantage of less than \$60 was associated with a difference in ownership rates of 32 points. In contrast, even where the accountants earned more, the loco engineers

12. This interpretation is open to question. On *a priori* grounds, we might expect the relationship between income and ownership to be non-linear. Statistically, there is an upper bound to the proportion of households that can be home owners. As the limit is approached, the marginal effect of income on home ownership must decline. This would help to explain why ownership rates among the middle-class occupations do not increase very much with income. At the other end of the income spectrum, there is a point beyond which no household can afford a home. Below this threshold, income has no direct effect on ownership rates. For these reasons the expected relationship between income and home ownership is curvilinear, and may be described by a line that increases at a decreasing rate from a point of interception some way along the 'X' axis. It is possible to estimate a non-linear equation to take account of this. Unfortunately, there are no theoretical grounds for preferring any particular equation. As a result, a better statistical fit would be no more interpretable than the linear equation reported here.

usually had a higher ownership rate. This was true in Vancouver, Trois-Rivières and Montreal. Only in Halifax did the accountants translate an income advantage into a higher rate of home ownership, and even then the difference was not great. With only the latter exception, then, the evidence suggests that the working-class group were more determined to buy homes.¹³

Figure 2



It is likely that this comparison understates the overall class difference. Generally, locomotive engineers had slightly lower ownership rates than those of other comparably-paid working-class occupations; for example, train conductors. On the other hand, accountants had similar ownership rates to those in better-paid middle-class occupations, such as professional engineers. The comparison of only locomotive engineers and accountants of course makes generalization about classes hazardous. To the extent that it is possible to judge, however, it would appear that it understates the class difference, and confirms the conclusion of the regression analysis that home ownership aspirations among the working class were particularly strong.

2. HOUSING AFFORDABILITY

If ownership aspirations among the working class were equally strong in every part of the country, we could expect geographical variations in ownership rates to reflect differences in housing affordability. Such differences would have to be considerable, however,

13. In seven out of eight cases, locomotive engineers had larger families than accountants. With more mouths to feed and bodies to clothe, the former were less able to afford a home than the latter. Their determination to buy had to overcome an additional obstacle.

because ownership rates among wage earners ranged from a low of 11 percent in Montreal to a high of 52 percent in Vancouver (Table 1). Generally, the western cities had the highest rates and the east coast and Quebec cities the lowest, with Toronto and Hamilton in between. Within each city, the level of ownership increased with income, the relationship being weakest in Vancouver where many households with only modest incomes could afford a home. In general this indicates that the ability to purchase was a significant factor in each place.

Table 1 Home Ownership Rates By Income for Eight Canadian Cities, 1931:
Owners as a Per Cent of all Households

	Annual earnings (\$) of wage-earner households						TOTAL
	Under 800	800- 1199	1200- 1599	1600- 2399	2400- 3199	Over 3199	
Halifax	11	17	28	33	35	54	25
Trois-Rivières	14	17	22	27	30	38	21
Montreal	5	7	12	17	17	23	11
Toronto	31	35	32	44	47	56	40
Hamilton	28	35	37	46	53	68	41
Winnipeg	28	43	44	50	60	55	44
Calgary	33	45	52	60	55	68	51
Vancouver	40	52	54	55	52	60	52

Source: Calculated by the author from data reported in H. Greenway, *Housing in Canada* (Ottawa: Dominion Bureau of Statistics, 1941), page 476; and Dominion Bureau of Statistics, 1931 Census, Vol. 5, Table 46.

To determine whether ownership differences between cities can also be explained in terms of affordability, it is necessary to consider separately the two housing submarkets: those for rental and owner-occupied dwellings. Housing costs within each submarket can affect the household's ability to purchase. Obviously, cheap homes make it easy for families to buy. So do low rents, for they enable the household more easily to save for a down-payment. In general, within the local housing market, there is likely to be a consistent positive relationship between house prices and rents, so that one may be used as a rough indicator of the other. This is convenient in situations where data for one or the other are missing. But it can be dangerous to rely on the consistency of this relationship. This is particularly true when focussing upon the situation in a single year for, at least temporarily, supply bottlenecks, over-building, changes in family size or more generally in the nature of household demand, can cause rents and house prices to get out of step with one another. For that reason, whenever possible, both rents and prices should be considered.

2.1 THE AFFORDABILITY OF RENTS

The Census data reveal that in 1931 the affordability of rents varied quite considerably from place to place. One of the most common ways of defining rental affordability is in terms of the proportion of household income that is spent on housing. Greenway's tabulations show that, for wage earners in the eight cities, this proportion ranged from a low of 19 in Trois-Rivières to a high of 26 in Toronto and Hamilton (Table 2). In every city, the rent-income ratio was lowest (i.e. rents were most affordable) for the most affluent. Conversely, the poor had to spend a very high proportion of their income to obtain ac-

commodation.¹⁴ Generally, local differences in affordability affected all income groups. The Quebec cities, for example, had low rent–income ratios throughout the income distribution, while in Ontario the ratios were consistently high. This confirms what we might expect, that the rental housing market in each of these cities was more or less integrated, with few discrepancies in the relative position of the top and bottom ends of the market in each city.

Table 2 **The Affordability of Rents by Income
for Wage-earner Households in Eight Cities, 1931**

Household Income (\$)	Rent as a Proportion of Household Income							
	Trois-R.	Halifax	Toronto	Montreal	Winnipeg	Hamilton	Vancouver	Calgary
Under 400	94	99	100	189	136	119	109	140
400- 799	36	34	37	51	42	48	43	49
800-1199	24	23	27	36	29	30	34	32
1200-1599	24	20	22	29	24	26	24	24
1600-1999	21	18	19	24	22	26	25	23
2000-2399	20	14	19	22	19	22	21	21
2400-2799	18	17	17	24	19	26	21	19
2800-3199	16	9	16	21	17	19	21	18
3200-4999	19	8	14	19	14	18	16	13
Over 5000	16	10	14	17	10	14	12	12
Average	23	19	21	26	26	25	25	25

Source: Greenway, *Housing in Canada*, pages 483 and 485.

A similar pattern of geographical variation is found among those wage-earners who were working class. Neither Greenway nor the Census report statistics for the working class as such. However, they do provide data that may, under certain assumptions, be manipulated and aggregated to produce relevant estimates for each city. The Census published data on average family earnings and family size for specific occupations. For the purposes of this analysis, ten of the most common working-class occupations were selected, eight from among blue-collar workers, two from the ranks of white-collar workers (Table 3). For wage-earner household income categories, and utilising sample data, Greenway has provided estimates of the average numbers of persons per room and average rents per room. On the assumption that families headed by men in specific occupations consumed rooms and paid rents at the levels appropriate to all households in their earnings groups in each city, their rent-earnings ratio was estimated according to the following formula:

14. The exceptionally high rent–income ratios among the poorest tenants in each city should be interpreted with great caution. The income figures reported in the 1931 Census pertain to 1930 while the rent information is for 1931. It is quite possible that some of those with very low incomes in 1930 found themselves in better circumstances, and therefore able to rent more expensive accommodation, in 1931. They would then appear, in the Census, to be spending a very high proportion of their income on rent. In other income categories, but not in the lowest, this source of error is likely to be cancelled out by the reverse effect.

$$RE^{ab} = \frac{100 R^{ab}, C^{ab}, S^{ab}}{E^{ab}}$$

Where:

RE^{ab} = the rent-family earnings ratio for occupation (a) in city (b);

R^{ab} = average annual rent per room in the household earnings group appropriate to occupation (a) in city (b);

C^{ab} = average room consumption per capita in the household earnings group appropriate to occupation (a) in city (b);

S^{ab} = average family size for occupation (a) in city (b);

E^{ab} = average family earnings for occupation (a) in city (b).

Using this formula, the proportion of family earnings spent on rent was estimated for each occupation in each city (Table 3). An aggregate figure, weighted to take account of the numerical size of the ten occupations, was also calculated. In all cities, because of income differences, rents were rather less affordable for the working class than for wage earners as a whole. The aggregate rent-income ratios for the ten working-class occupations are between 1 and 5 percent higher than for all wage earners. The difference was greatest in the Prairie cities, where rents for the working class were no more affordable than in Toronto. In contrast, for the working class the two Quebec cities and Halifax had a clear affordability advantage over all the rest.

Table 3 The Affordability of Rents by Income for Selected Occupations in Eight Cities, 1931

	Rent expressed as a proportion of family income							
	Halifax	Trois-R.	Montreal	Toronto	Hamilton	Winnipeg	Calgary	Vancouver
Conductors	18	—	22	25	23	25	25	26
Tailors	19	—	24	34	23	27	24	26
Carpenters	23	26	28	30	28	32	26	26
Clerks	18	14	15	19	24	24	22	25
Machinists	20	18	21	27	34	24	27	25
Salesmen	16	20	18	21	19	26	22	19
Painters	23	26	23	32	27	25	27	26
Janitors	22	21	23	27	24	26	24	23
Labourers	29	27	29	38	33	35	38	34
Chauffeurs	25	22	22	31	25	27	22	25
Whgtd. Avge	24	21	25	30	29	30	30	27

Source: Estimated from Greenway, *Housing in Canada*, page 485; and Dominion Bureau of Statistics, 1931 Census of Canada, Vol. 5, Tables 41 and 46 (see text).

The aggregate figures disguise many important variations from one occupation to another. The better-paid, white-collar occupations generally spent a lower proportion of their earnings on rent. The rent-income ratio for clerks, for example, ranged from 14 in

Montreal to 25 in Vancouver. In contrast, the more poorly paid blue-collar workers found rents much less affordable. Labourers are clearly the extreme case, spending from 27 to 38 percent of their income on rent, depending on the city. The evidence needs to be interpreted with caution. Since these are only average figures, it is clear that many families (probably a majority) would have spent even more than the averages suggest. Moreover, the difference in the relative position of blue- and white-collar workers was probably greater in 1931 than in earlier years, since those in the building trades (carpenters, painters and some of the labourers) were especially affected by the depression. Overall, however, it is clear that there was a considerable variation in experience within the working-class.

Geographical differences in affordability may most easily be comprehended when expressed in relation to a benchmark. For this purpose it is not particularly important which city is chosen, and Toronto was selected as a city where the working-class home ownership rate fell between the extreme to the west and east. When occupation-specific rent-income ratios in other cities were expressed as a proportion of the equivalent ratios for Toronto, certain local anomalies stand out (Table 4). Machinists in Hamilton, and salesmen in Winnipeg, appear to have been experiencing particularly severe affordability problems in 1931. This presumably reflected particular, local labour market conditions. More generally, however, the western cities had a slight affordability advantage over Toronto, ranging up to 9 percentage points in the case of Vancouver. East of Ontario the advantage was even greater, ranging from 15 points in the case of Montreal to 28 points for Trois-Rivières.

Table 4 **The Comparative Affordability of Rents for Selected Occupations in Seven Cities, 1931**

	Rent-income ratios expressed as a proportion of the rent-income ratio for Toronto						
	Halifax	Trois-R.	Montreal	Hamilton	Winnipeg	Calgary	Vancouver
Conductors	72	—	88	92	100	98	102
Tailors	56	—	70	68	79	70	75
Carpenters	77	86	93	95	109	89	87
Clerks	90	69	77	114	114	104	118
Machinists	75	66	80	123	89	97	90
Salesmen	79	94	87	92	123	108	90
Painters	73	81	72	86	80	86	83
Janitors	80	78	84	89	97	89	85
Labourers	76	71	77	87	92	100	89
Chauffeurs	78	71	72	79	87	69	80
Whgtd. Avge	78	72	85	94	100	97	91
Avge. for all Wage-earners	88	73	81	100	96	96	96

This type of comparison is useful, but it is limited in that it does not take account of local differences in family size and housing consumption. Such differences were considerable. The point may be illustrated in terms of labourers, the largest occupational group in every city. In Calgary, labourers' families on the average were quite large (3.96 children), but in Trois-Rivières they were even larger (5.35 children). Given their incomes, labourers' families were likely to occupy only 0.92 rooms per person in Halifax, but as much as 1.21

rooms in Toronto. Such differences had a significant effect on housing affordability. Thus, for example, if families in Trois-Rivières had not been so large people would have had to spend a lower proportion of their income on housing. Similarly, if Torontonians had been willing to live in more cramped quarters than they, too, could have saved rent. It can be argued that to understand the true nature of affordability differences between cities, it is necessary to control for these variations in housing consumption and family size.¹⁵ For convenience, this has been done by assuming that families in specific occupations consumed the same amount of space and had the same number of children as did their counterparts in Toronto: RE^{ab} was re-estimated for each city using the CU^{ab} and SU^{ab} data for Toronto (in effect, for each occupation, the latter became constants).

The revised rent-income ratios are again expressed as a proportion of their Toronto equivalent (Table 5). They differ systematically, although not dramatically, from the original ratios. When account is taken of family size and room consumption, Toronto is no longer the least affordable city. That dubious honour goes to Winnipeg, while all of the western cities turn out to be relatively expensive. The main reason for this is that western families were quite small. The point may be expressed in terms of the experience of a migrant family. If an average, that is to say relatively large, tenant wage earner family moved west from Toronto, and commanded the average income appropriate to its new city of residence, it would have had to pay a higher proportion of its income to rent a place of equivalent size. Moving east to Halifax it would have had to pay less, but would have saved much less than the unadjusted statistics would have suggested. This was not because Toronto families were larger (on the contrary), but because Haligonians lived in more crowded conditions. To preserve its standard of living, at least in terms of living space, the migrant family would have consumed more space than its new neighbours, and paid accordingly. But it would have gained even more by moving to Quebec than the earlier analysis would suggest. Families in both Montreal and Trois-Rivières were much larger, although they tended to live in slightly more crowded conditions, than those in Toronto. For this reason, the relatively small Toronto family moving to either city would have been able to preserve its standard of living and save on rent.

A qualification should be made. The 1931 Census data on contract rents describe the amounts paid by tenants to landlords (contract rent), rather than the aggregate costs to the tenant of both shelter and associated services, including light and heat (gross rent). The two were not necessarily the same, for tenants often had to pay their own utilities. This matters because the proportion of tenants responsible for utilities varied from city to city. For example, 'cold flats' were more common in Montreal than in Toronto. The first systematic evidence is available for 1961. In that year, in terms of contract rents Montreal had

15. The usefulness of this procedure, and the validity of the subsequent analysis of affordability and home ownership, rests on my judgement that families actually had the capacity to make housing more (or less) affordable by adjusting housing consumption and family size. Although this is generally reasonable, it is open to a number of objections. Over the short run, the existing stock in each city would not allow many people to make adjustments to the amount of space they consumed, especially if everyone wished to consume more. Similarly, prevailing mores (including patriarchal attitudes, religious beliefs and birth control techniques) made it difficult for many families to control the size of their families, even if they had wanted to. This was especially true in Quebec. To the extent that such objections are valid, the original estimates of affordability reported in Table 3 should be preferred to the adjusted figures reported in Table 4. This would alter the relative situation of some cities, but would not seriously qualify the case made here. For a discussion of the philosophical issues involved in the imputation of choice and causality, see W.H. Dray, *Philosophy of History* (Englewood Cliffs, N.J.: Prentice Hall, 1964).

Table 5 **The Adjusted* Comparative Affordability of Rents
for Selected Occupations in Seven Cities, 1931**

	Adjusted rent-income ratios expressed as a proportion of the rent-income ratio for Toronto						
	Halifax	Trois-R.	Montreal	Hamilton	Winnipeg	Calgary	Vancouver
Conductors	79	—	76	85	114	100	109
Tailors	68	—	71	80	114	99	99
Carpenters	81	66	76	88	119	115	106
Clerks	94	71	70	98	123	106	119
Machinists	81	61	70	113	101	116	104
Salesmen	94	84	79	85	131	110	101
Painters	84	82	67	85	108	112	103
Janitors	91	83	81	84	110	105	102
Labourers	97	64	72	84	119	125	98
Chauffeurs	93	65	71	76	107	87	90
Whgtd. Avge	92	65	72	89	118	113	102
Avge. for all Wage-earners	96	71	69	86	104	100	98

* The adjustment procedure takes account of local occupation-specific differences in room consumption and family size. For discussion see text.

an affordability advantage of 33 percent.¹⁶ Taking account of the fact that a higher proportion of Montreal apartment rents did not include light and heat, however, the advantage declines to 27 percent for gross rents. Furthermore, apartments in the two cities also differed in terms of the presence of basic facilities, such as stoves, refrigerators and garages. For example, in Toronto stoves were included in rent in 62 percent of all apartments, but in Montreal this percentage was only 29 percent.¹⁷ In 1961, then, a simple comparison of contract rents might overstate the affordability advantage of Montreal by about one quarter.¹⁸ There is no way of knowing whether a higher or lower adjustment should be made for 1931, and how other cities compared with Toronto and Montreal. We can only conclude that the apparent rental affordability advantage of Montreal over other cities in 1931 is certainly overstated.

Even with this qualification in mind, when we take into account local differences in family size and room consumption, the contrast between Quebec and the western cities — especially those on the Prairies — becomes quite striking. Montreal, for example, appears to have had a rental affordability advantage of about 40 percent over both Calgary and Winnipeg. This might have given Montrealers a strong incentive to rent, and Winnipeggers and Calgarians an even stronger incentive to buy, unless, that is, house prices followed a similar pattern.

16. Calculated from statistics reported by the Dominion Bureau of Statistics, *1961 Census of Canada*, Volume 2.2, Housing Characteristics, Table 63. For further discussion see Volume 7.2-4, General Review, Housing in Canada, pages 4-14 to 4-17.

17. *Ibid.*, Table 63.

18. In fact, Montreal's advantage might have been even less. In 1951 the Census indicated that while unheated apartments were cheaper in Montreal, rents for heated accommodation were slightly lower in Toronto (Dominion Bureau of Statistics, *1951 Census of Canada*, Vol. X, pages 357-58). There is clearly a need for further research on this issue.

2.2 THE AFFORDABILITY OF HOMES

To a quite remarkable degree house prices did not follow a pattern similar to that of rents from city to city. The 1931 data allow us to examine two aspects of the affordability of owner-occupied dwellings: first, for those wage earners who already owned (or were buying) a home; second, for both wage earners and men in working-class occupations, whether owners or tenants. Greenway reports information for those wage earners who were home owners, in which household income is expressed as a proportion of home value (Table 6). The higher this proportion, the more affordable is the home. On this evidence, the western cities were by far the most affordable. In Vancouver, on the average, wage earner incomes exceeded half the value of the home. Quebec cities were the least affordable, followed closely by Toronto and Halifax. In Montreal, incomes were barely one third of home value. As we might expect, in every city the proportions increased steadily with household income, being above 50 percent in the top two income groups, and below 30 percent in the bottom two. Generally, the affordability advantage of the western cities was apparent throughout the income distribution, as was the relative disadvantage of Montreal and Trois-Rivières. Here, then, is an indication that the local submarkets for owner-occupied homes were quite integrated. The most striking conclusion, however, is that the submarkets for homes were often out of step with those for rental accommodation. Indeed, the most affordable places in terms of rents (Montreal, Trois-Rivières) were the least affordable in terms of homes, and vice versa (Winnipeg, Calgary, Vancouver).

Table 6 The Affordability of Homes by Income for Wage-earner Home Owners in Eight Cities, 1931

Family Earnings (\$)	Family Earnings as a Proportion of Home Value							
	Halifax	Trois-R.	Montreal	Toronto	Hamilton	Winnipeg	Calgary	Vancouver
Under 400	5	4	4	4	6	6	10	8
400-799	24	16	11	13	21	26	28	26
800-1199	37	28	22	23	31	37	39	44
1200-1599	41	30	27	31	39	39	41	53
1600-1999	42	34	33	36	44	49	51	64
2000-2399	52	38	34	41	49	53	56	58
2400-2799	55	43	38	43	59	59	54	75
2800-3199	59	56	41	46	49	61	66	66
3200-4999	60	57	49	51	71	62	63	63
Over 5000	74	60	53	54	73	65	75	74
Average	40	36	34	38	44	50	51	54

Source: Calculated from Greenway, *Housing in Canada*, page 490.

This paradox is confirmed by the alternative, and arguably more meaningful, measure of affordability. This takes account of the potential affordability of homes to all local families, including those who currently rent. Greenway reports data on the proportional distribution of homes across eight price categories. On the assumption that households could afford homes that were worth no more than treble their annual income, and using Census data on wage earner family incomes, it was possible to calculate the proportion of the

housing stock that families could afford in each city (Table 7).¹⁹ Thus, for example, it was possible to determine that the average income of labourers was one third of the average value of only 7 percent of all homes in Toronto; this is interpreted to mean that only 7 percent of the housing stock was affordable to labourers in that city. In these terms, the western cities again stand out as the most affordable places and the Quebec cities as the least, with Hamilton and Halifax falling in between. However it is measured, then, for wage earners the pattern of affordability for homes mirrored, rather than followed, that for rents.

Table 7 **The Affordability of Homes for Selected Occupations in Eight Cities, 1931**

	Percent of the Owner-Occupied Housing Stock Affordable to Wage-Earner Households*							
	Halifax	Trois-R.	Montreal	Toronto	Hamilton	Winnipeg	Calgary	Vancouver
Conductors	53	—	45	41	57	56	72	78
Tailors	57	—	38	19	37	34	56	56
Carpenters	41	38	38	23	43	41	46	52
Clerks	72	49	52	48	63	74	72	76
Machinists	52	46	44	27	27	54	51	58
Salesmen	54	39	46	45	62	65	68	73
Painters	33	30	29	16	31	34	40	46
Janitors	41	41	33	22	45	45	54	57
Labourers	15	21	21	7	19	15	23	35
Chauffeurs	25	25	28	14	32	31	47	50
Whtgd. Avge	35	35	32	24	33	39	47	54
Expressed as % of Toronto	143	145	132	100	136	159	192	219
Avg. for all Wage-earners	53	41	42	43	52	62	66	69
Expressed as % of Toronto	123	95	98	100	121	144	153	161

* Using an income multiplier of 3. See text for discussion.

Source: Calculated from data reported in Greenway, *Housing in Canada*, Table 29; and Dominion Bureau of Statistics, 1931 Census of Canada, Vol. 5, Tables 41 and 46.

Judging from the second measure of home affordability, the situation of the working class was only slightly less paradoxical. In every city, because of their lower incomes, the working classes found homes less affordable than did wage-earners as a whole (Table 7).²⁰

19. The selection of an income multiplier of three is arbitrary and crucial in determining the level of affordability in each city. For this reason, the absolute figures reported in Table 6 should be treated with great caution. The major concern of this paper, however, is with the relative affordability situation of the major cities, something which is generally unaffected by the selection of income multiplier. An exception concerns the comparison of Toronto with Montreal. Because of the rather unusual price distribution of homes in Montreal, an income multiplier of 4 enhances the affordability advantage of Toronto (to 5 percent), while a multiplier of two gives Montreal an appreciable edge (12 percent).

20. For two reasons. First, because, as we have already seen, non-working-class wage-earners earned more than the working class. Second, because the average income among the ten commonest working-class occupations was almost certainly below that of the working class as a whole, being especially depressed by the situation of the numerically large group of labourers.

In Toronto, for example, the average workers were able to afford barely ones quarter of existing homes. There was, of course, considerable variation from one occupation to another. Clerks, salesmen and street railway conductors consistently found themselves with a great deal of choice, being able to afford from 40 to 80 percent of all homes in their home city. At the other extreme, the average labourers were able to afford only the most modest of homes, in Toronto the cheapest 7 percent. Broad geographical differences are revealed most clearly by the aggregate average for all ten occupations. This shows that for the working class homes were least affordable in Toronto and most affordable in the western cities, especially Vancouver and Calgary, where the average family could afford about fifty percent of the housing stock. Halifax and the Quebec cities fell between these extremes. The pattern of affordability for the working class, then, was not exactly the same as for wage-earners as a whole. For the former in comparison with the latter, Toronto was relatively more expensive, and Montreal relatively cheaper. As a result, for the working class the most affordable places in terms of rents were not necessarily the least affordable for homes. Nevertheless, discrepancies between the two submarkets were still striking, particularly in the west.

3. AFFORDABILITY AND HOME OWNERSHIP

The pattern of housing affordability can account for most, but not all, of the local variation in home ownership rates. Two measures of affordability should be considered. The first, which will be referred to as the "cumulative affordability index", takes into account the fact that cheap homes and low rents can both make ownership more affordable. For present purposes this index has been calculated by adding together the estimates of rental and home affordability, these being expressed in relation to Toronto. An example will best demonstrate the procedure. Considering the situation of the working class (ten occupations), in terms of homes Halifax had an affordability advantage in relation to Toronto of 8 percentage points (Table 5) and a rental advantage of 43 points (Table 7). When added, these yield a cumulative affordability advantage of 51 points (Table 8). But this cumulative measure does not take account of situations where the comparative costs of renting and owning were out of step. This is important because households might be expected to weigh the relative economic advantages of owning and renting: low rents might not provide much incentive for households to buy homes if homes were, comparatively speaking, even cheaper. A second index, of "relative affordability", measures the degree to which homes were affordable in relation to rents. It was calculated by subtracting the estimate of comparative rental affordability from the equivalent for homes. Thus, in the case of the working class in Halifax, a relative index of 35 was derived by subtracting 8 from 43 (above).

In terms of these two indexes of affordability, high rates of home ownership in Hamilton and the western cities are readily explained. For both wage-earners and the working class, the difference between Toronto and Hamilton is quite subtle (Table 8). With rents, and especially homes, rather more affordable than in Toronto, Hamilton had a slightly higher ownership rate. The contrast with the west, however, is quite striking. For wage-earners, homes in western cities were absolutely more affordable than anywhere else, while high rents gave people a strong incentive to buy. Indeed, as we might expect, among the three western cities both measures of affordability are positively related to the wage-earner ownership rate. Thus Vancouver, the city with the highest home ownership rate, also had the largest cumulative and relative affordability advantage of any city. In the western centres the relative situation of the working class was very similar to that of wage-earners as a whole. In general, then, Toronto, Hamilton and the western cities exemplify a consistent

Table 8 The Comparative Advantage of Owning and Renting in Seven Cities, 1931

	Home Ownership Rate				Affordability compared with Toronto			
	Per cent Owners		Compared to Toronto		Relative* Affordability Advantage of Owning over Renting		Cumulative* Affordability Advantage of Owning and Renting	
	a	b	a	b	a	b	a	b
Halifax	25	21	-15	-13	19	35	28	51
Trois-R.	21	20**	-19	-14	-34	10**	24	80
Montreal	11	10	-29	-24	-33	4	29	60
Hamilton	41	37	+1	+3	7	25	35	47
Winnipeg	44	41	+4	+7	48	77	40	41
Calgary	51	46	+11	+12	53	115	53	79
Vancouver	51	50	+12	+16	59	121	63	117

a. All wage-earners.

b. Weighted average for ten working class occupations.

* For explanation see text.

** Eight occupations only.

Source: Calculated from data reported in Tables 5 and 7, and Dominion Bureau of Statistics, 1931 Census of Canada, Tables 41 and 46.

and predictable relationship between home ownership and both types of housing affordability.

The picture in Quebec is much more complex. For wage-earners, rents were very low in Montreal and Trois-Rivières. For this reason, these cities had large cumulative affordability advantages (24 and 29, respectively) over Toronto, in comparison with which their very low rates of home ownership appear inexplicable. Because homes were not as cheap as rents in the Quebec cities, however, the latter each had a relative affordability disadvantage (-34; -33) in comparison with Toronto. Wage-earner tenants in Montreal and Trois-Rivières had much less incentive to buy than their counterparts in Toronto, and this, combined with a slight affordability disadvantage for homes (-2; -1), must help to account for the exceptionally low rate of ownership in both cities. The same was not true for the working classes. Those people in the ten commonest working-class occupations would have found both rents and homes more affordable in Montreal and Trois-Rivières, and to about the same degree. As they lacked any strong incentive to rent, it is not clear why they did not buy.

The most curious case, however, is Halifax. The city had clear affordability advantages over Toronto for wage-earners, both in relative and in absolute terms (+19; +28). The same was true for the working class, indeed to an even greater extent (+35; +51). Yet for both groups in Halifax the home ownership rate was relatively very low. This might have been a result of purely local factors. The explosion of 1917 destroyed many working-class homes and its effects on the overall home ownership rate might still have been felt in 1931. Broader factors might also have been at work. Unfortunately, comparable estimate for other Maritime cities cannot be made. But at least in Halifax, in contrast to the situation

in Toronto and by extension to that in other cities west of Quebec, the affordability of housing bears no obvious relation to the ownership rate.

4. DISCUSSION AND DIRECTIONS FOR RESEARCH

On this evidence, it seems that in 1931 working-class Canadians held home ownership in higher esteem than did the middle class. This was true in every city except, arguably, Halifax. It is not clear, however, whether ownership preferences were equally strong in every region. Throughout Ontario and the west, working-class households consistently bought homes when they could afford to do so. East of Ontario, however, this was apparently not the case: although homes and rents were relatively affordable, ownership levels were conspicuously low.

This situation is consistent with the traditional view that a "cultural" indifference to property has kept ownership rates low in Québec.²¹ If affordability cannot explain this provincial anomaly, then perhaps attitudes can. In the country of two nations, this interpretation has a certain appeal. But it also has difficulties. The evidence for 1931 shows that, in comparison with Ontario and the West, Halifax was at least as anomalous as Montreal and Trois-Rivières. Clearly, this cannot be explained in terms of a difference between English- and French-Canadian culture. While it is quite possible that cultural factors were influential in Montreal and Trois-Rivières, with some other forces at work in Halifax, the mere presence of an anglophone centre that was similar to the Quebec cities must raise doubts about the relevance of the "cultural" interpretation. Indeed, the very meaning of this term might be questioned. It is not at all clear how a cultural difference might have arisen. The usual implication is that it dates back to the Old World, but this must be questioned. As recently as the mid-nineteenth century ownership rates in Montreal were virtually the same as in Toronto.²² The difference that existed between these two cities in 1931 had developed barely half a century earlier. Surely this was more a response to local economic conditions than to the re-emergence of an inherited trait. If this is so, the "cultural" label is misleading. Unfortunately, no more definite a statement is possible since the issue has not been examined.

In considering the question of property ownership, if we wish to penetrate beyond the assertion of cultural difference, we will need to pay closer attention to the institutional context of the housing market. Mortgage credit is vital to most home buyers, and it is possible that provincial differences in its availability and cost accounted for some of the regional differences reported here. So, too, might supply bottlenecks, or differences in the

21. See, for example, Marc Choko, *Evolution of Rental Housing Market Problems. Montreal as a Case Study, 1825-1986*. Resource Paper No. 2, Housing Progress in Canada Since 1945, Canada Mortgage and Housing Corporation, 1985. Terry Copp, *The Anatomy of Poverty. The Condition of the Working Class in Montreal, 1897-1929* (Toronto: McClelland and Stewart, 1974), p. 84; O.J. Firestone, *Canada's Economic Development, 1967-1953* (London: Bowes and Bowes, 1958), pp. 165-66; D. Germain, *La détermination du besoin de logements (Le cas particulier de Montréal)* (Montréal: Institut d'économie appliquée, École des Hautes Études Commerciales, 1967), p. 32.

22. In Montreal, home ownership rates fell from 32 percent in 1847 to 15 percent by 1881. In the latter years of the nineteenth century the equivalent rate in Toronto appears to have held steady at about 30 percent. Stephen Hertzog and Robert Lewis, "A City of Tenants: Homeownership and Social Class in Montréal, 1847-1881", *The Canadian Geographer* 30.4 (1986) 318. Gordon Darroch, "Occupational Structure, Assessed Wealth and Homeowning during Toronto's Early Industrialisation, 1861-1899", *Histoire sociale — Social History* 32 (1983) 381-410.

organization of the construction industry. Each city's history, embodied in the built environment, must also be considered. In Montreal, the legacy of the "plexes" — stacked row housing occupied by tenants and resident landlords — has apparently helped to maintain tenancy rates at a high level, especially within the city itself. In this milieu, it appears that informal economic arrangements developed between owner and tenant, providing each with incentives to maintain a situation in which a relatively low proportion of families owned property.²³ To a lesser extent, this might also have been the case in other Quebec cities and in Halifax. None of these possibilities has been examined from a comparative viewpoint, and all are important topics for future research.

The value of examining both the rental and owner submarkets is clearly underlined by the evidence reported here. Relatively cheap rents were not necessarily associated with inexpensive homes. Indeed, contrasts in relative affordability help to account for local differences in ownership rates, for example that between wage-earners in Montreal and Toronto. The implications go beyond the housing market itself, for they affect our understanding of local differences in standards of living. For 1921, such differences were recently examined by Piva.²⁴ Perhaps the most surprising of Piva's findings was that Montrealers had one of the highest standards of living in the country, mainly because of low rents. It would be interesting to know whether, if the author had been able to use data on house prices as well as rents, his conclusions would have differed. The evidence for 1931 suggests that they might.

Altogether, the 1931 Census affords us a uniquely detailed glimpse of geographical variations in working-class home ownership. Even so, the picture is incomplete. The institutional context of local housing markets is not illuminated by this source, while the ghost of "culture" continues to haunt the scene. The greatest need is for comprehensive studies of local housing markets, in which incomes, housing costs and institutions, together with the legacy of stock that is peculiar to each city, are viewed as a whole. As such studies accumulate we should eventually be able to answer, in a more satisfactory fashion than has been possible here, the question as to why levels of home ownership have varied so much from place to place.

23. For a description of some of the arrangements that existed in the 1970s see R.G. Krohn, B. Fleming and M. Manzer, *The Other Economy* (Montreal: Peter Martin Associates, 1977).

24. Michael J. Piva, "Urban Working Class Incomes and Real Incomes in 1921: A Comparative Analysis", *Histoire sociale — Social History* 31 (1983) 143-65.