OWNERSHIP OF OLD RENTAL HOUSING IN CENTRAL MONTREAL

Master of Arts Sociology

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THE OWNERSHIP OF OLD RENTAL HOUSING

IN AN APPRECIATING CENTRAL MONTREAL NEIGHBORHOOD

Much of the old rental housing in Montreal is owned by unsophisticated small owners who own one to three rental properties. These owners make a significant contribution to the housing market and to urban neighborhoods by supplying well-maintained housing at low rents. When a neighborhood appreciates in land value because of its desirability for highrise apartment development, large owners and speculators enter and drive up prices. The resulting larger interest rates and higher taxes further reduce returns on the already economically marginal old houses making operation increasingly difficult for those wishing to maintain the present land use. Large owners, who make a rational use of capital, respond to these low returns with low maintenance and poor management strategies, leading to deterioration of the old buildings and the quality of the neighborhood. The valuable contribution made by small owners is thus eliminated by speculation and high reassessments on the basis of a few high priced land sales.

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McGILL UNIVERSITY

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CHAPTER I

OWNER TYPES AND THE ECONOMY OF RENTAL HOUSING OWNERSHIP

INTRODUCTION

Rapidly rising land values and the replacement of old housing by new housing of greater density presents many problems, both psychological and economic, to the residents of the neighborhood and the owners of the houses. This is a study of the owners of old low-rise, low-rent houses in the Quartier Ste. Famille in Montreal and the effects of land appreciation on the types of owners, their maintenance practises, and the economic viability of their buildings.

The Quartier Ste. Famille is a 24 square block old residential neighborhood in the centre of Montreal. Since the late 1950's it has been undergoing gradual redevelopment by private developers building highrise apartment buildings. It is presently faced with a large comprehensive project promoted by a private company called Concordia Estates Holdings Limited which proposes to demolish six square blocks of old houses in the heart of the Quartier and build highrise apartments, offices, shopping areas, and a hotel.

The impetus for this study came from a previous study by the present author and Rona Schwartz on the conflict between the large developer, Concordia, and the citizens committee that was opposing the project.[1] That study defined the issues and arguments on both sides of the conflict. The Milton-Park Citizens Committee opposed the plans because they would cause the destruction of the low-rent housing and the social fabric of the community. They said it was not right to destroy a socially viable low-rent neighborhood containing basically sound housing in order to create housing for the more wealthy, no matter how beautiful and prestigious it might be, especially when there was a surplus of small high-priced units and a drastic shortage of larger low-rent ones. The developers said the old housing was not making profits for its owners; renovation was too expensive; interest rates and taxes were too high; and the proof was that so many houses were for sale. I found the economic rationale for redevelopment put forward by the developers a challenging field for further research.

SOCIAL FACTORS AFFECT PERCEPTIONS OF ECONOMIC VIABILITY

Concordia's perception of housing ownership arises from their investment orientation. In this paper I will put forward another point of view, which is that social

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[1]Marilyn Roberts and Rona Schwartz, "A study of the conflict between developer and citizens in a proposed private redevelopment scheme for a section of downtown Montreal," (Montreal: unpublished paper presented to the McGill Urban Studies Summer Program, August,1969)

factors greatly influence many owners' assessments of their return because of their non-investment orientation. To assess the viability of old housing one must understand the attitudes and economic strategies (and difficulties) of the owners. With reference to the housing economy we find that non-economic factors such as attachment to the neighborhood, kinship ties, and ethnicity play a large (often dominant) part in the landlord-tenant relations, building maintenance, and economic return in older rental units, especially in housing for the low-income population. We cannot therefore look only at economic returns in calculating the viability of housing. Non-economic factors are unaccounted for in classical economic theory, but one can find parallels in economic anthropology to help explain them.

In The Great Transformation Karl Polanyi argues that the classical theory of "economic man" is untenable. He says, "The outstanding discovery of recent historical and anthropological research is that man's economy, as a rule, is submerged in his social relationships."[1] It has been shown that man does not always act purely for economic gain, but also acts according to social laws and customs which place the welfare of the group above striving for individual success. Polanyi uses the history of the industrial revolution in England to point out the necessity of

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[1]Karl Polanyi, The Great Transformation (Boston: Rinehart & Co., inc., 1957), p. 46.

exerting social controls upon the market if man is to survive. To know what kind of social controls to exert one must understand the different forces operating in the market within the context of Polanyi's conclusion that non-economic motives play a significant part in production and exchange. This point is directly relevant to property ownership.

In capitalist societies land has been converted to a commodity which can be bought and sold in the market place. Full rights of ownership ("the privelege of use, the privelege of disposal, and the privelege of destruction"[1]) accrue to individual owners. These owners are assumed to act so as to acquire a good return on the capital invested in land. We are finding with regard to rental housing ownership, however, that the degree to which the owners make use of their full ownership rights and the amount of return they require on their capital are highly influenced by their social position, their relationship to their tenants, and their economic sophistication. We find that a sector of the rental housing market appears similar to peasant and "primitive" economies where such rights as disposal of property are not held inviolable by the owners themselves because of their social responsibilities. When ethnic and kinship ties exist between owners and tenants, they may affect the rental relationship. Tiller found in his study of eastern

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[1]Melville J. Herskovits, Economic Anthropology (New York: Alfred A. Knopf, 1940, 1952), p. 325.

Outremont that what he termed "local" (i.e. native French-Canadian) owners have a highly developed reciprocity with their tenants which reduces risk to the owners and rent for the tenants.[1] Krohn and Fleming say that

> Both older, low-unit housing and peasant markets are largely in the hands of small, part-time operators who have little capital. Most do not calculate their return to labor nor to capital, nor do they attempt to expand their holdings or to rationalize for efficiency. In short, housing can be seen as an "underdeveloped" sector of our economy.[2]

BASIS OF OWNER TYPES

Sternlieb concludes from his study of tenement landlords in the slums of Newark that "Property owners and managers must be understood not merely as profit makers, but as human beings capable of all sorts of complex motivations beyond the simple acquisition of gain."[3] He finds that it is the single parcel owner, particularly the home owner, who does not calculate the return on his equity and who has the best maintained buildings and the most stable tenantry. In the area of Sternlieb's study, a large proportion of the properties were owned by owners who possessed no other rental pro-

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[1]Ralph Tiller, "Owner-Tenant Relations in a Declining Area" (Master's Thesis, Department of Sociology, McGill University, 1969), p. 44.

[2]Roger Krohn and Berkeley Fleming, "Landlords and Tenants in a Working Class Montreal Neighborhood" (Department of Sociology, McGill University, mimeo., 1970), p.2.

[3]George Sternlieb, The Tenement Landlord (New Brunswick, New Jersey: Urban Studies Centre, Rutgers: The State University, 1966), p. 3.

perty.[1] He says,

> More than half of the parcels are owned by people to whom real estate represents a trivial supplement to income. Only 19.5 percent are in possession of people who think of themselves as securing three-quarters or more of their income from real estate holdings. To a considerable degree this reflects the comparatively amateur kind of holder who predominates in the market.[2]

This predomination of amateurs is also found in studies of older Montreal neighborhoods.[3] Tiller and Fleming found few outside investors in eastern Outremont and Point St. Charles. A large proportion of the owners were residents or former residents and they had the best property maintenance. We are attempting to obtain substantial data and to explore the conditions and consequences of this phenomenon of amateur owners having a non-economic orientation, good maintenance practises, and low returns.

Coons and Glaze found in their study in Ohio that single-family home owners relate to their houses as pure consumers rather than as investors.[4] The rewards (or returns) are in the form of economic security for retirement, security from the caprice of landlords, a stable environment for children, and freedom to do as they please

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[1]Over 40 percent of those interviewed in the Sternlieb study were of this type.

[2]Sternlieb, p. 124.

[3]Studies done under the direction of Dr. Roger Krohn at McGill University. See Tiller, Fleming, Duff, and Kovitz. The Duff and Kovitz theses are being written at the time of this writing.

[4]Alvin E. Coons and Bert T. Glaze, Housing Market Analysis and the Growth of Home Ownership (Columbus, Ohio: The Ohio State University, 1963), p. 5.

with the home.[1] Sixty-two percent of the home owners interviewed gave non-economic reasons for buying and 38 percent gave economic reasons. Only three percent thought of their purchase as an investment.[2] Coons and Glaze found that home owners do not calculate return on their investment and many of them do not concern themselves with the total cost of their ownership. "This is seen in the fact that 24 cases [out of 100] did not cite maintenance as a significant cost, 24 cases did not cite taxes as a cost, and 55 cases did not cite their insurance payment as a cost."[3] Home owners tend to be unaware of depreciation costs. The major conclusion of their study is that "home owners in the sample <u>are not investors</u> in the classic sense. . . . Investment rate analysis of the conventional type . . . is not an appropriate analytical tool for describing the home owner's behavior."[4]

Given that single-family home owners have non-economic reasons for buying and a non-investment orientation toward ownership, we could expect that when people buy multi-unit buildings to live in and to rent, the same factors might prevail with important consequences for the housing market. This appears to be the case in Montreal.

Langlois points out that Montreal is unique among North American cities in that it is built predominantly with rental units, and furthermore 57 percent of them

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[1]Ibid., p. 85. [2]Ibid., p. 88. [3]Ibid., p. 100
[4]Ibid., p. 133.

are in buildings containing fewer than six units.[1] The population of Montreal grew rapidly directly following the two world wars. Immigrants came from both rural Québec and Europe. Thousands of new dwelling units were needed at once. Large sections of the city were built up with identical row housing. Only 20 percent of the dwelling units in the city of Montreal are owner-occupied.[2] The Fleming, Tiller, Duff, and Kovitz studies in Point St. Charles, eastern Outremont, St. Louis, and Hochelaga, as well as this study of the Quartier Ste. Famille show that a majority of the houses are owned by small owners who have only one or two properties. If we can extrapolate from these five low-rental areas it would seem that such people own a large part of the rental housing in Montreal.

The Montreal studies have shown owner types differing by area, but the home owner versus the outside investor is a persistent difference. Tiller found differences between the local (or long-term Canadian) resident owners, the immigrant resident owners, and the absentee owners. Resident owners selected tenants more carefully than non-resident or ex-resident owners, and immigrant resident owners were less selective but more willing to do maintenance in the tenants' flats than local resident owners. Absentee investors consistently had the worst tenants and

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[1]Claude Langlois, "Problems of Urban Growth in Greater Montreal," The Canadian Geographer, Vol. V, n. 3 (autumn, 1961), p. 2.

[2]Dominion Bureau of Statistics, Census of Canada, 1961, Bulletin CT-4.

did the least maintenance. Fleming discovered significant differences between his "Home Owners," "Inheritors," and "Income Owners." He found that the initial reasons for ownership influenced the strategies adopted, and that these strategies changed little even after a resident owner moved from his building. The Home Owners selected tenants most carefully and had the fewest problems. The Inheritors, which comprised 27.5 percent of his sample, had the most tenant and maintenance problems and the most run-down buildings. In his study of an area of first settlement for immigrants, Duff found the "Improvers" to be the resident owners and the "Neglectors" to be the absentee speculators. All of these types imply a difference in strategy of tenant recruitment and maintenance procedures between home owner, and outside real estate investors and speculators.

Three distinct types of owners emerged in this study: Home Owners, Small Investors, and Professional Real Estate Investors. Their reasons for buying property in the Quartier distinguish these types. Home Owners bought chiefly because they wanted to settle in the neighborhood and saw rental property as an inexpensive means to ownership. They have a non-economic orientation and do not calculate the return on their investment. They view property maintenance and the social qualities of the neighborhood as more important than do investment owners. Small Investors and Professional Investors bought chiefly to realize a return on capital invested. Small Investors intended to do this by maximizing the present use of the building through renovation and careful choice of tenants. Professional Investors anticipate their returns chiefly through resale to developers, and present tenants and maintenance are relatively unimportant to them.

EFFECTS OF REDEVELOPMENT AND A WEAK MARKET

The existence of these three types is one indication of change in the neighborhood. The area was initially single-family housing, duplexes, and triplexes. As demand for centre-city location grew and taxes rose, many home owners were replaced by investment owners who increased the use-intensity of the old houses, particularly in the western part of the Quartier where demand and land values are highest. As liklihood of redevelopment increased, Professional Investors and speculators became interested in the area. We find a greater proportion of these owners near the most concentrated redevelopment. (Professional Investors were rare in the Tiller and Fleming studies.) Rising land values affect the three owner types differently. They make the operation of old houses increasingly difficult for those with home owner strategies and allow the Professional Investor assurance of eventual return whether or not the buildings are properly maintained.

As was the case in Newark at the time of Sternlieb's study, it appears that the rental housing market in Montreal is "weak"; both sale prices and rental income are low.[1] There is little assurance of getting back capital invested in improvements to building structure. We therefore find little if any rehabilitation being done or considered by absentee investment-oriented owners in low-rent areas. Home Owners, because of their non-economic orientation and vested interest in building maintenance for personal use and social prestige, make an effort to maintain and improve their buildings regardless of the return. Albert Rose found in Toronto that "owner-occupiers [in centre-city, low-income neighborhoods not containing the worst housing] expect to undertake modest improvements each year for a number of years, with annual cash expenditures of perhaps $200, but undertaken for the most part with their own and family labor."[2] Such owners try to make improvements using capital and labor obtained outside of public markets,[3] by borrowing from friends and using the labor and skills of themselves and their friends.[4] Investment-oriented owners usually do not have access to "free" labor and low-interest loans and they cannot therefore afford to renovate.

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[1]See Chapter 2 of this study and C.E.Berkeley Fleming, "Landlord-Tenant Relations in a Stable Neighborhood" (unpublished Master's thesis, Department of Sociology, McGill University, 1970), pp. 12 - 13. This may be a temporary phenomenon in the Quartier Ste. Famille.

[2]Albert Rose, Prospects for Rehabilitation of Housing in Central Toronto, Report of research submitted to City of Toronto Planning Board and CMHC (Sept., 1966), p. 92.

[3]They cannot afford to borrow from public institutions (insurance companies, banks, and trust companies) or to use unionized labor.

[4]For a comprehensive discussion of this phenomenon see, Huntly Duff, "Landlords' Use of Social Relationships to Improve Housing in a Low-Income Area" (unpublished Master's thesis, Department of Sociology, McGill University, 1972), Chapters 1 and 2.

Home Owners, then, are supplying better housing at lower cost than investors. Viewed from a purely economic standpoint, many Home Owners and Small Investors can be said to subsidize the housing economy with their labor and capital, investing far more in the properties than they will ever get back in monetary return. However, housing provides a cushion for the absorption of excess labor for which there is no other market. In this way owners receive a return in the form of security and social stability inherent in home ownership or even a modest economic return in the form of increased rentals or resale value of an improved building. To view housing ownership only as a means of obtaining a return at or above the level of current interest rates, misses more implicit resources and returns in our current housing economy.

The problem is to discover the relationship between these small owners and the housing economy, and to understand the effects on them of major ecological or economic changes, such as appreciation of land value. We may then be equipped to recommend policies to protect and encourage such owners so that this productive interrelation of social and economic aspects of the housing economy can provide good housing for low-income people.

Given that Small Investors and Home Owners subsidize the housing economy thereby providing a direct benefit to tenants, this study seeks to understand what happens to them when an area is converted from a local economy with a non-rational use of capital to an economy that must produce competitive economic returns. This conversion process is taking place in the Quartier Ste. Famille.

CHAPTER II

THE QUARTIER STE. FAMILLE

The Quartier Ste. Famille is a residential area characteristic of a lively urban community as described by Jane Jacobs in Death and Life of Great American Cities. It is heterogeneous in social class, education and ethnicity of population, and in building type and structure. It has many different social networks evolved around churches, the community centre, bars, corner stores, playgrounds, etc. It is densely populated. Sidewalk conversation is frequent and casual friendly interaction occurs even among total strangers. The streets are very safe for a downtown area because of the large number of users at all times.

LOCATION

The Quartier is comprised of twenty-four square blocks bounded by Pine Ave. and Sherbrooke St. on the north and south, and by St. Lawrence and University Streets on the east and west. All of these streets are heavily trafficked and Sherbrooke and St. Lawrence Streets are commercial as well. Although the area directly to the south of Sherbrooke St. was once built similarly to the Quartier, it has become an area of huge commercial and office buildings separated by parking lots. To the east of St. Lawrence is a colorful, low-income, European immigrant neighborhood composed of more densely packed and lower quality buildings than the Quartier Ste. Famille. On the west side of University St. is the McGill University campus and to the north of Pine Ave. is Mount Royal park.

The Quartier is five minutes walking distance from Montreal's major commercial area, ten minutes from the heart of Montreal's financial district, and in the shadow of one of the nicest city parks in the country. It has five hospitals within and around its borders, a large English university next door and plans for a large French university on its southern border. There are also smaller educational institutions and agencies within the area. The desirability of the district for residence or business is unquestionable and increasing demand for residential units is only to be expected.

BUILDINGS

Most of the buildings in the Quartier are two and three storey stone houses constructed between 1890 and 1910 as large single-family residences and duplexes for the upper middle class.[1] The majority are structurally solid and have not outlived their usefulness as dwellings. The 1961 census showed 71.3 percent of the houses to be in good condition and only 3.8 percent in need of major repairs.[2] There is also the odd four storey walk-up apartment building with three and four room apartments, built in the 1930's. Between 1956 and 1970 two dozen new highrise apartment buildings were constructed, replacing groups of 3, 4,

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[1]Service d'Urbanisme, Ville de Montréal, "Critères d'Aménagement, Quartier Ste. Famille" (PLAN-AMUR, août 1968), p. 4.

[2]Derived from Dominion Bureau of Statistics, Census of Canada, 1961, Bulletin CT-4.

5, and 6 old houses. Twenty-one buildings are over ten storeys in height. Most of the buildings are residential; there are a few small shops along Park Ave., which is a partly commercial thoroughfare running through the centre of the Quartier, and there are several corner groceries scattered throughout.

In the western part of the Quartier, which is closest to downtown and to McGill University, most of the houses have been converted into small apartments or rooming houses,[1] while in the eastern part they contain two or three flats. The conversions in the western part have been caused by a high demand from single students and working people and also by the fact that rising taxes make single or double family dwellings prohibitively expensive. In 1961 fifty-five percent of the housing units were one and two rooms. Another twenty-six percent were three and four rooms.[2]

There is a small amount of full-scale renovation taking place. In the western part of the Quartier it consists of remodelling completely the inside of the old buildings and converting them into 1½ and 2½ room apartments so as to increase the revenue. In the eastern part renovation is done by resident owners who renovate their own flats and eventually their tenants' flats over a long period of time. Within the six blocks owned by Concordia most properties have been allowed to deteriorate. This is causing some owners and tenants to feel that the area

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[1]Many of them have been so for at least three decades. Zakuta describes the Quartier as a "rooming house area" in 1949. (Leo Zakuta, "The Natural Areas of the Montreal Metropolitan Community with Special Reference to the Central Area" [unpublished Master's thesis, Department of Sociology, McGill University, 1948]).

[2]Service d'Urbanisme, Ville de Montreal, p. 17.

is becoming a slum. There is indication that the transition period before redevelopment can have a snowballing effect in the deterioration of older buildings because poor maintenance practises by developers and speculators cause other owners to lose confidence in the old buildings and pride in their neighborhood.

POPULATION

Presently the Quartier houses roughly 14,000 people. There is a low proportion of families and children and a large proportion of young adults between the ages of 20 and 35 years, compared to the city of Montreal. Proportionally there are nearly twice as many single adults as in the city of Montreal, west of Park Ave., the area known as the "student ghetto." (See Appendix II.) Forty percent of the population of the area was born outside Canada.

The western part of the Quartier is heavily English in ethnicity; there are proportionally 3.5 times as many anglophones as in the city of Montreal. The corresponding figure east of Park Ave. is 1.5. There is approximately half as many francophones in proportion to the total population as in the city.

The social classes range from welfare recipients to professionals, and incomes range from nothing to 15 or 20 thousand dollars per year.[1] An analysis of the Dominion Bureau of Statistics census data between 1951 and 1966 for tracts 119,

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[1]This data comes from casual observation and personal knowledge of the author.

120, and 121 (which together comprise the whole Quartier) shows the following changes:

1) The number of families has decreased by one third.

2) The size of the "British origin" ethnic group has been decreasing while other ethnic groups have increased, but this process is not as marked as in the city of Montreal.

3) Short-term residence (0 - 2 years) has increased in nearly the same proportion as for the city of Montreal, while long-term residence (over 6 years) has decreased far less sharply. However, medium-term residence (3 - 5 years) has decreased much more sharply than for the city, thus suggesting that the long-term residents are residuals who did not wish to leave the area, but that the trend to shorter residence is dominant.

OWNERSHIP

Table 1 shows the percentages of the total properties owned by resident and non-resident individuals, companies, institutions, and government in 1971.[1] The first three categories of owners in Table 1 are defined as individual owners, although some of them are actually groups of individuals. The different types of individual owners are not concentrated in any one part of the Quartier, but Concordia is dominant in the centre, and the institutions are predominant in the eastern part. Some of the companies have addresses in the area.

Individual owners own 60.4 percent of the total properties. Excluding Concordia (which owns six square blocks) and

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[1]This data was derived from the property rolls in the City of Montreal assessment department.

TABLE 1

NUMBER AND PERCENTAGE OF PROPERTIES BY OWNER TYPES

Type	Number	Percentage
Individuals:		
Resident	157	18.6
Residing in Quartier	59	7.1
Non-resident*	292	34.7
Subtotal	508	60.4%
Organizations:		
Companies (excluding Concordia)	32	3.9
Concordia	245	29.1
Institutions	42	5.0
Government	15	1.8
Subtotal	334	39.8%
Total	842	100.2%

*All but a small number of these live on the island of Montreal.

institutional and government properties, 94.1 percent of the properties are owned by individuals. This means that, except for Concordia, a very high percentage of the housing is owned by individual owners. Seventy-eight percent of these own only one building in the Quartier, and only nine percent own more than two buildings. No individual owner owns more than eight properties in the Quartier. There is no indication of a move on the part of any owner, other than Concordia, to buy substantial tracts of land for redevelopment.

NUMBER OF SALES

The total number of transactions per year from 1945 to 1971 was obtained for three full streets in the Quartier, Aylmer and Lorne in the west and Clark St. in the east. Although the data is not quite complete (as the source, TEELA Market Surveys, did not have some transactions on file), the trends in number of sales per year are clear.

The data for Aylmer and Lorne were combined as they are contiguous streets. Until the late fifties there was a total of 158 buildings on these streets. By the late sixties this had been reduced to 126. In 1947 seventeen percent of the buildings were sold, and thirteen percent were sold in 1951. In other years between 1945 and 1961 the percentage sold fluctuated between 6 percent and 10 percent. After 1961 we see a drop in number of sales. Since 1967 there has been only two or three sales per year. (See Appendix IV.)

The highest numbers of sales on Clark St. were in 1946 and 1952 with 12 percent and 16 percent of the 57 buildings sold. In the other years the percentages ranged between 0 and 9. Since 1958 there has been no more than four buildings sold in any one year, and since 1965 the number of sales per year has ranged from 0 to 2. (See Appendix V.)

In the western part of the Quartier buildings changed hands more often than in the east. On Aylmer and Lorne they sold an average of 2.4 times per building over 26 years, and on Clark an average of 1.7 times per building.

In conclusion, the number of sales per year was greatest in the late forties and early fifties and has been declining since, especially after 1960 when confidence in the certainty of immediate redevelopment waned. The highest increases in price corresponded roughly to the times of greatest sales. The greater number of sales on Aylmer and Lorne is probably an indication of speculation in land and the entrance of Professional

Investors. The larger number of sales in the late forties and early fifties is more difficult to explain, but it may be related to a surge of real estate investment activity following the war. The decline after 1952 could be due to the suburban building boom of that time which took pressure off housing in the city.

AVERAGE ANNUAL INCREASE IN PRICE

An analysis of the price differential for old houses sold more than once between 1945 and 1971 shows that there has been an increase in average price every year. In 100 transactions on Aylmer and Lorne Streets the average price increase is a downward curve from 1947 when it was at a peak of 23 percent in one year. After 1965, it declined steadily from 10 percent to 2 percent in 1970. (See Appendix VI.) The curve for Clark St. is similar, but the peak is not so high (15 percent) and the curve is more even, decreasing in 1970 to 0.25 percent.[1] (See Appendix VIII.)

The times of greatest increase in price correspond with the greatest number of sales. For Aylmer and Lorne, the curve of the average annual price increase is similar to the curve of the annual number of sales. Both curves reached a peak in 1947 and declined sharply after that, reaching almost zero by 1970. Taking inflation into consideration, the average increase in

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[1]Cases of very large price increase in a short period were excluded from the calculation of average annual increase in price, because they caused extreme fluctuations in the curve. Also, as these calculations were done by computer, cases too large to be computed had to be eliminated. The annual percentage of price increase for a house which sold twice within a period of a few months with a price differential of several thousand dollars would be so high as to introduce meaningless distortions into the graph. It proved better to omit such sales and average the price increase over a wider time span.

price dropped almost to zero in 1967 and has been below zero since then, so that in the last three years prices have actually been decreasing.[1] Presently there is a weak market with many owners wishing to sell and few buyers. (Some owners have had "For Sale" signs on their buildings for months or years and have not received any inquiries.) Redevelopment has not materialized to the extent anticipated by the high prices paid, and the properties cannot be sold for present use at prices corresponding to those paid by developers.

ASSESSMENTS

Property taxes have risen drastically in the past ten years due to rising land value assessments. Although the assessment on the old houses is relatively low, ranging from $3,000 to $15,000 (except in cases of extensive renovation), the land assessment is almost always higher, sometimes six or more times the assessment on the building. Land is assessed by block with values ranging from $5 to $17 per square foot. Land assessments are highest in the southwest of the Quartier and decrease to the east and north. The assessments increased sharply between 1964 and 1969, sometimes doubling and tripling. (See Appendix VIII.) Increases of this magnitude cause severe problems for owners and make it more difficult for them to sell, since old buildings become less economically viable as taxes rise.

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[1]The GNP price deflator has averaged 4 percent per year since 1965. See Bank of Canada Review (Jan., 1972), p. 10.

COMPARISON OF SALE PRICES TO ASSESSMENTS

The sample streets are again Aylmer, Lorne, and Clark. Table 2 shows the ratio of assessments to sale prices on Aylmer and Lorne in the years 1959-1961, 1965-1966, and 1967-1971.

TABLE 2

ASSESSMENTS AS A PERCENTAGE OF SALE PRICES:
AYLMER AND LORNE STREETS

Year	Percentage Assessment is of Price	Range	N
1959-1961	60% (Aylmer only)	47% - 92%	17
1965-1966	79%	69% - 89%	10
1967-1971	100%	53% - 139%	13

Ten years ago prices were far above assessments, but after 1966 assessments were increased to the average price level. While prior to 1967 no properties sold below assessed value, four of the five sales since 1968 were at prices below assessments. Thus assessed values are currently higher than market value. The two most recent sale prices were $34,000 and $30,000 for properties assessed at $45,600 and $35,000.

There were eight sales on Clark St. from 1965 to 1971 for which assessment data were obtained. Four sold above assessed value and four sold below. The assessments averaged 100 percent of sale prices and the range was from 83 percent to 125 percent. The most recent sale price, however, was $13,000 for a property assessed at $18,500.

Land values have appreciated in the Quartier while building values have not. This is shown by the assessments and also by properties bought for the buildings receiving prices comparable to those bought for the land alone, i.e. properties later redeveloped. The greatest appreciation occurred in the late forties and early fifties and has been levelling off and even declining since then.

We can see that the Quartier Ste. Famille has been affected by increased demand and anticipation of demand for centre-city land; the pressure caused by speculators and developers has raised the land value tremendously.[1] Assessments rose in a delayed response to the price increases and have not been reduced in response to the present slump in the market. No development is taking place; speculation has dropped off; and owners cannot get their investments out of their properties. Meanwhile, rising interest rates and taxes increase difficulty of operation. Appreciation of land, rise in assessments, and speculation have been greater in the western part of the Quartier than in the east, which is farther from the central business district and the most concentrated redevelopment.[2]

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[1]There were several properties sold twice within a few months to two years where the prices increased astronomically. This happened chiefly in the mid-fifties when investors became convinced that the land could be used more intensively and developers were seeking good parcels.

[2]This discussion refers to the area outside of Concordia's six blocks. That six blocks has of course continued to appreciate to 1971.

BYLAWS

Montreal bylaws were originally written for individual blocks as they were added to the city. It is only recently that bylaws are being rewritten in a comprehensive manner for entire districts. The area immediately to the west of the Quartier Ste. Famille is covered by bylaw No. 3722 designed to protect the southern flank view of the mountain, but there is yet no set of bylaws for the Quartier that treats it as a homogeneous unit in questions of zoning. An employee of the planning department confidentially stated to two McGill student researchers in 1969 that a directive had been issued by City Hall not to initiate any plans for developments, renewals, or changes in bylaws for the Quartier until Concordia began construction.

The code restrictions pertaining to building height, ratio of floor area to lot size, and minimum distance from the street apply to all buildings; they are the only bylaws which govern the Quartier Ste. Famille as a unit. The bylaws place a limit on the size of building that can be put on any one site. In 1967 a very high floor area ratio (FAR) of 12 was introduced for the Quartier.[1] It would appear that City Hall is in favor of the redevelopment.

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[1]This means that the total amount of floor space (above ground) of any building must not exceed 12 times the area in square feet of the site upon which the building is erected.

CONCORDIA

Concordia Estates Holdings Limited has been buying properties in the Quartier Ste. Famille with intent to demolish the old housing and construct a complex of highrise residential, commercial, office, and recreational space called "Cité Concordia." They made the first official announcement of their intentions in 1969.[1] The project was to be completed over ten years in three stages. Between 1958 and 1970 Concordia bought 97 percent of the privately held land in six square blocks in the heart of the Quartier stretching from Hutchison St. to Ste. Famille St. and from Milton St. to Pine Ave. (See Appendix II.) Toward the end Concordia was paying highly inflated prices. Thus, while price increases in other parts of the Quartier were levelling off after the early fifties, the prices in the centre were increasing at a greater rate. The assessments on Concordia-owned land fall about midway between those on Aylmer St. and those on Clark St. (See Appendix VIII.)

MILTON-PARK CITIZENS COMMITTEE

Since the early sixties in the United States and the mid-sixties in Canada, a movement has been gaining momentum to organize citizens at the grass roots level to solve community and social problems. The basic philosophy is that government bureaucracy and established institutions will do little to solve social inequality and poverty, and then only with a great deal of pressure; and that it is necessary for ordinary citizens to

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[1]They have made several official announcements since, but have just begun demolition of some structures in May, 1972.

have a voice in the governing of their affairs, and, if necessary, to organize and operate their own institutions. There are several dozen such citizens' organizations on the island of Montreal.

In late 1968 a group of tenants of Concordia and social workers in the Quartier Ste. Famille discovered the presence of a large developer in their area. They began agitating for citizen participation in the planning process with the intent "to preserve the area from any major change which would displace the present residents, and to work to ameliorate the quality of housing, of the community life and of the services serving the population."[1] After months of negotiation and meetings they discovered that most of the planning had been done years before, and there was little room for meaningful citizen participation. The Milton-Park Citizens Committee, as the group was called, then undertook to organize residents against the Concordia project and launched a press campaign publicizing the destruction of a socially viable community and hundreds of units of low-rent housing. In three and a half years the committee has involved hundreds of people and has progressed from simply protesting to taking positive action for community improvement by way of establishing a medical clinic, a free newsletter, better laundry service, miniparks, a summer street festival, a craft workshop, a community corporation, and other such projects. The basic

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[1]Milton-Park Citizens Committee, Brief on the area of the inner-city bounded by University, Sherbrooke, St. Lawrence, and Pine Ave., 1968 (Mimeographed, available from the citizens committee, 3553 Rue St. Urbain, Montreal 130), p. 9.

aim of the committee is (1) to preserve and rehabilitate the old housing, and (2) to improve community spirit and services. It has been more successful in achieving the second objective.

Since its inception, the committee's free newsletter has been distributed, initially door to door in the six block Concordia area, and eventually to the whole Quartier. The newsletter, which appears several times a year, outlines the activities of the committee and describes the processes taking place in the area. A small amount of door to door and block organizing was done at one time within the Concordia area, and at another time around a pilot project to design improvements for two lanes; but recruitment is chiefly done through involving neighbors and friends of those already in the committee. Most committee members are young (age 20 to 30), students, and professionals, and often part of the counter-culture. Very few of the older established residents of the community and only three or four property owners have been active. Although many committee members are low-income, they are seldom from a disadvantaged social class. The large majority of members have been involved less than two years, indicative of the high mobility of the type of people the committee attracts.[1]

CONCLUSION

The effects of competition for living space in the Quartier can bee seen in the decline of families and the low incidence of resident owners. The entrance of such a developer

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[1]The above is drawn from the personal experience and involvement of the author in the citizens committee.

as Concordia has dramatized the issue of high land values and encroaching redevelopment and has forced residents to notice the changing conditions. The situation becomes less secure for resident owners and for families who would see the Quartier as a long-term place of residence. The large number of non-resident owners, the appreciation of the land, and the many houses subdivided into small units suggest a predominance of owners expecting to make a return on their investment competitive with alternate types of investment.

We can see that there is not only a conflict between redevelopment and established land use, but that anticipation of redevelopment has exceeded actual redevelopment. The Professional Investors entered when the land was appreciating and bought at high prices. Home Owners and Small Investors who sold at that time made a good profit on their buildings. Subsequently the land assessments went up as the city saw an opportunity to reap higher taxes. Redevelopment, however, did not continue to the same extent as in the late fifties and early sixties. The demand for land has been filled (at least temporarily) and the owners are left in a weak market situation, where high taxes and rising interest rates on their large mortgages are reducing their returns. In addition, the increase in the young, single population partially caused by the redevelopment creates more instability of tenants in the Quartier and makes it more difficult for owners to find long-term, dependable tenants. Presently, therefore, all types of owners are "locked-in" to a disadvantageous situation, and unless some major improvement occurs, it may be impossible to generate rehabilitation in the community.

CHAPTER III

SAMPLE, OWNER TYPES, AND THEIR ATTITUDES TOWARD THE NEIGHBORHOOD

SAMPLE

The major work of this research consisted of in-depth interviews with thirty-three property owners.[1] Two blocks were chosen for interviews with owners, the 3500 block of Aylmer St. (between Milton and Prince Arthur Streets) and the 3600 block of Clark St. (between Prince Arthur and Guilbault Streets). Most of the owners were telephoned for appointments. The blocks were chosen for their type of housing, location in the neighborhood, land assessments, proximity to redevelopment, and type of tenants in order to examine the owners' responses to these major background conditions.

The sample blocks are similar in several ways. The great majority of the buildings are old attached houses. There has been little redevelopment as yet and both blocks maintain the physical character of former times. The buildings on Aylmer St. were originally large two and a half and three storey single-family houses, now subdivided, and those on Clark St. are two storey duplexes containing two flats. Both sample blocks are owned primarily by individual owners, with both residents and absentees well-represented.

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[1]For a note on interviewing method see Appendix IX.

The two blocks were also selected for their differences. The land assessments on Aylmer were $14 per square foot and those on Clark only $5 per square foot. Aylmer St. is close to McGill University and attractive to large numbers of single students, whereas Clark St. is farther away and experiences a less intensive demand from tenants. There has been far more building of highrise apartments near the Aylmer block than the Clark block.

There were sixteen owners interviewed on Aylmer St. and twelve on Clark St. The other five own houses on Prince Arthur, Lorne, Jeanne Mance, and Ste. Famille Streets.[1]

TYPES OF OWNERS

Given the interest in the social and economic effects on owners of old housing in a neighborhood undergoing redevelopment, three main types of owners emerged as most informative. These were the "Professional Real Estate Investor," the "Small Investor," and the "Home Owner."[2]

The Professional Real Estate Investor owns or has owned many properties and makes his living from them.[3] Although not necessarily with a real estate firm, he demonstrates sophisti-

[1]These five were chosen at random and interviewed as a preliminary study before the main body of the field work was carried out. The data derived from them is included in the results and analysis where relevant.

[2]Two owners interviewed in this study do not fit into these categories. Both had inherited their properties less than two years before being interviewed. It is possible that Inheritors could be another type, but there are not many in the Quartier, and no meaningful conclusions could be drawn on the basis of these two.

[3]Most of the Professional Investors of this study own from six to twelve properties, and they usually invest in older buildings.

cation with regard to finances and management. For our purposes this capacity to operate in the public, or national, economy and the evaluation of investment returns in its terms are the key considerations. These Professional owners are middle or upper-middle class. All ten are absentee, and six own rooming houses. Some of these owners personally participate in running their properties by telephoning janitors and tenants, or going to check up, but most spend little time on any one property. They leave the day to day management to hired help. The following is a Professional Investor's description of himself and another Professional who owns near him.

> I have owned many properties in my time. When I got rid of my business many years ago, I went full-time into real estate speculation. I always figured that the return must be at least 25 percent clear in order to make it worthwhile. Now I own only these two. I have liquidated all the rest. I now clear only 10 percent on these houses, but don't quote me on that, because I don't want the income tax people to know that. But I figure you can't lose on centre-city land. Some day this land has to be worth a lot more, with all the redevelopment that is going on around. So I am content to hold them until I get my price. They aren't profitable, but they do OK.
>
> I will sell to a developer. Mme.____ and Mme.____ and Mrs.____ who own next to me will sell with me, so we can sell the whole lot together. Do you know Mme.____? She is an old bear. She is 86 now and she really knows the business. She had 14 rooming houses at one time. And what a dirty rotten mess they were! She never did even the most minor repairs. The one she owned on Hutchison was so full of bugs that you hated to walk in the door. I don't know how anybody could live in there. But she always owned properties in areas which were about to be demolished, so she made a lot of money. I have known her very well for a long time and I know she will sell with me.

The Small Investor owns one to three rental properties to supplement his income. He typically holds a full-time job, but also spends much time in the management and care of his property. Some such owners are sophisticated with regard to real estate management and financing, but many are not. They are upwardly mobile and embark into this area of investment knowing very little of the techniques required for success. They learn rapidly, but sometimes too late. Four of the eight Small Investors interviewed are over sixty years of age. Three are resident and five are absentee.[1] Only one owns a rooming house; one owns flats; and the rest own apartments. Small Investors often invest their own labor time in the building to improve it and increase their capital assets at little cost. They are interested in renovation and good maintenance. The following are quotes from Small Investors:

A There are four of us who own these two buildings. We bought to make money--as an investment. We won't make money now, but maybe in five or ten years. We want to renovate old houses; they are good houses, strong and good to live in. When we get the mortgage paid we will own a valuable piece of property. I calculated that this is a good investment because the income we take in will pay off the mortgage and there will still be some left to make renovations. I really like this street (Aylmer). The houses are beautiful and it is a good location. With the Eaton's development, the city centre moves closer to this area. There is the mountain to the north and the Concordia project to the east and this land is bound to become very valuable for housing. If somebody wants to do development here and offers us the right price we will sell. Otherwise we will just keep raising the rents as taxes rise. People will pay them because they want to live in this area and those highrises are going out of style. Nobody will want to live in them. The one next door will fall down before this building will. But if the buildings on the corner and the one next door go to a developer for highrise, then I will sell too because this property would otherwise be worthless. It could only be used as a parking lot.

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[1]The distinction between "Small Investor" and "Home Owner" is made according to reasons for buying the property, not place of residence. The Small Investors who live in their properties do so only incidentally so as to manage them better or to save on maintenance costs.

B My mother and I thought this neighborhood was a good place to invest in property because of appreciating value of the land and because it is our own neighborhood. I have personal relations with my tenants. I have coffee with them and chat about all kinds of things. They are my friends. I choose my tenants very carefully. I interview them and if they are still interested, I check their age to make sure they are over 21 and check their previous place of residence if possible by talking to the landlord or going to see how they keep their apartment. In 14 years I have had trouble with only four or five tenants. I completely redecorate and paint the apartments after each tenant leaves to get it ready for the next one. Since I bought the building, I have made some wiring changes and installed a new furnace and hot water heater. Some plumbing repairs have been made. Painting and redecorating I do myself, but the other work is hired out.

The Home Owner buys rental housing for the security of a home. Although he may view the property as a means of income when his mortgage is paid off, or he may move and keep the former home as an investment, he typically owns only one rental property and continues to care for it as a home. Most Home Owners in this neighborhood are working or lower-middle class. They buy fairly late in life (late forties) and it is the first home for all of them. Some intend to spend the rest of their lives in it, but others have moved to quieter, less polluted neighborhoods as their financial situation has improved. Ten of the thirteen Home Owners interviewed are over 60 years of age. They thus represent the oldest owners in the sample. Home Owners in the Quartier are usually immigrants. Ten of the thirteen are European and one is Chinese. Nine are residents are four are former residents. All own only one rental property, consisting of apartments and flats; none own rooming houses. The Home Owners in the sample have owned the longest--an average of 16 years (versus 14 for Professional Investors and 11 for Small Investors). The following quotations express the Home Owners' feelings about ownership:

A We wanted a place of our own. We have lived so long as tenants. Always the landlord raises the rent. There is no justice in it. They just want to make money. They won't give you paint or make repairs. So you buy your own paint and fix the place up and then the landlord raises the rent the next year because you have a better place.

B We bought a house because we thought it would be cheaper for us. We figure we live almost rent-free.

C We lived 35 years in this building, but we didn't buy it until 1956. We had a chance to buy it in 1939 when the corporation that owned all the buildings on the street was selling, but we didn't have the money then. The guy next door bought it and we bought it from him.

D We bought it for the children, so we could fix it up and keep it nice. We had some money saved so why not? We chose this area because it is cheaper and it is close to schools and work and shopping. Otherwise we would have had to buy a car.

The chief difference between the three owner types is not residence or occupation, but the type of economic participation that an owner makes with his building. This is related to his reasons for buying, his economic sophistication, and the extent of his resources.

Aylmer St. is owned primarily by investors and Clark St. primarily by Home Owners.[1] (See Table 3.) Five of the Aylmer St. owners are highly educated professional people (two former resident Home Owners, and three Small Investors), but none of the Clark St. owners are in this category. The Clark St. owners and the other seven small property owners on Aylmer St. are working-class, pensionners, and self-employed in small manufacturing and construction work. Clark St.

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[1]For a more detailed breakdown of owner characteristics on the two sample blocks see Appendix XI.

TABLE 3

NUMBER OF OWNER TYPES BY STREET

Street	Professional Investor	Small Investor	Home Owner
Aylmer	6	6	4
Clark	1	1	8
Other*	3	1	1

* includes Lorne, Prince Arthur, Ste. Famille, and Jeanne Mance

owners are typical of the European immigrant who comes to Canada, gets a blue-collar job, and saves until he can buy a house and set up his own business. This geographical distribution of owner types is a function of the type of housing, the demand from tenants, and the land values. Investors and speculators are attracted to Aylmer St. because of small units, the student population, and land appreciation. Home Owners are attracted to Clark St. because the housing is cheaper and a two-unit building is a more managable size.

REASONS FOR BUYING

The reasons for buying in the neighborhood are distinctly different for the three types of owners. The thirteen Home Owners bought chiefly because of neighborhood ties, i.e. they had lived there previously; or because they liked the neighborhood. Other Home Owners said it was close to work and to schools for the children, and convenient for shopping. None mentioned income from rents, return on investment, or specula-

TABLE 4

REASONS FOR BUYING RELATED TO TYPE OF OWNER*

Owner Type	Spec-ulation	Good Income	Neighbor-hood Ties	Other	N
Professional Investor	4	5	0	2	10
Small Investor	2	8	4	0	8
Home Owner	0	0	8	4	13

*Some of the owners gave multiple answers and the number of responses is therefore not equal to the number of respondents.

lation on appreciating land values as factors in their decision to buy in the Quartier Ste. Famille. Seven of the eight Small Investors mentioned good income as their reason for buying, but four had non-economic reasons as well. Five of them had social ties to the neighborhood and a liking for it. Two also mentioned appreciating land values as one factor in their decision. Three of the ten Professional Investors gave appreciating land value as their only reason for buying, and none indicated ties to or liking for the neighborhood. Other reasons for acquisition of property by Professionals were mortgage foreclosure and family obligations.[1]

[1]One Professional owner bought the family home in order to save the aging father the responsibility of operating it.

KNOWLEDGE OF THE AREA

Both the Professional and the Small Investors did not know neighbors and friends in the area, but half of them knew other owners and the rents in other units. Most of the Home Owners knew neighbors and friends and other owners, but again only half of them knew other rents in the neighborhood.

TABLE 5

KNOWLEDGE OF THE AREA BY OWNER TYPE

Owner Type	Neighbors & Friends	Other Owners	Other Rents	N
Professional Investors	0	4	5	10
Small Investors	0	3	4	8
Home Owners	10	10	7	13

Former residents, mostly Home Owners, knew the least about the area. Some still knew former neighbors and had a few friends, but only two out of seven still knew other owners and one out of seven knew other rents.

Home Owners on Clark St. showed a better knowledge of intimate details of their block than Aylmer St. Home Owners, thus suggesting that they were more involved in the social fabric of their neighborhood. Aylmer St. owners were, however, more likely to know about the wider area and what was happening in it (e.g. the Concordia project) than Clark St. owners.

Home Owners thus indicated a more definite sense of neighborhood than investors, but continued interest in the neighborhood is dependent on the owner being resident in his building.

FEELINGS ABOUT THE NEIGHBORHOOD

Though just over half the owners indicated that they liked the neighborhood, few expressed strong feelings of any kind. Five owners of all types did not like the area. A higher proportion of former residents did not like the area as well now because it had deteriorated greatly.

Those owners on Aylmer St. who liked the area said:

A It's not a slum. It's a nice area--a student area--a lot of hippies lately though and that's not so good. The old housing on streets like Lorne and Aylmer is really beautiful. [Professional Investor]

B It's convenient. It's noisy--a lot of cars, and hippies, and students. It's rather shabby, but it's a nice area. I like it. [Home Owner, former resident]

C I think this area should be preserved. It is the best place to live in Montreal. It is historical and it is the heart of the city. It is necessary to preserve residential areas in centre-cities. It provides the roots that people need to identify. You can't just go around tearing up the roots of the people and the city. It is socially necessary to preserve them. [Home Owner]

On the negative side, twelve of the sixteen Aylmer St. owners mentioned "hippies," "draftdodgers," and "panhandlers" as detrimental to the neighborhood. One former resident said,

> During the two hours I was sitting on the front steps tonight I saw only one real man. He was well-dressed and had short hair, but he had a dog--but that was all right. But all this crowd with the bare feet and all, that smoke dope . . .

Seven of the sixteen had had bad personal experiences with "hippy type" tenants who had destroyed the units, stolen furniture, painted walls black, etc. Three were seriously enough disturbed by hippies that bad tenants were a primary reason for wanting to sell. One Small Investor who is resident in the area said,

> There are too many people around. All these people hanging around the streets, leaving empty beer bottles around, and walking around barefoot--they just make me sick! That sort of thing is very obnoxious to me--also loud music at midnight or two o'clock in the morning. If you didn't call the police once in a while, it would never stop.

Two Home Owners mentioned in addition that they felt the houses to be dirty and unkempt. One said,

> Too many owners are just owning to make money and because they don't live here they don't care what goes on or what kind of tenants they get.

All five owners interviewed on Lorne, Prince Arthur, Jeanne Mance, and Ste. Famille Streets mentioned that hippies were a deteriorating influence in the neighborhood, and one also mentioned building deterioration as a problem. (This owner lives within the Concordia six blocks.)

There were no owners on Clark St. who said that they did not like the neighborhood. The non-residents and former residents had no opinion of it. (Only one Aylmer St. owner had no opinion.) Generally speaking, feelings about the neighborhood were not as strong among Clark St. owners as among Aylmer St. owners. They thought it was all right and did not concern themselves about it. This may indicate that more change is taking place on Aylmer St. to which people react with strong sentiment, positive or negative.

Four Clark St. owners mentioned that property maintenance was good and two said that physically the street and buildings are in much better shape than they were 25 years ago.[1] Two felt the area was rundown; these were both non-resident

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[1]i.e. since Home Owners bought from the real estate company

owners who had recently inherited the properties.

Three owners, one a resident and the others former residents, described the area 25 years ago as embodying more community spirit than today. One attributed this to the introduction of machines to clean the street whereas before the residents used to be out with shovels socializing. Other reasons mentioned for lack of community spirit were fewer families, a greater mixture of immigrants who cannot speak each other's language or understand one another in English or French.

On Clark St. only two owners mentioned the presence of hippies and "longhairs"; one thought they were a detrimental influence, the other just did not like the smell of dope. Hippies are not so prevalent on Clark St. as on Aylmer.

ATTITUDES TOWARD REDEVELOPMENT (HIGHRISE APARTMENTS)

Nearly half (14/31) the owners felt highrises to be detrimental to the neighborhood: they are not well built; they bring in too many strangers; the dwelling units are too small and noisy; people in them are immoral, and they have big dogs which mess up the neighborhood. One third (10/31) of the owners felt that the highrises improve the area because they get rid of old dirty ugly buildings replacing them with modern clean ones, and they bring in a "better class of tenant" thereby upgrading the area.

In Table 6 we can see the dichotomy between small owners and large owners, rather than between Home Owners and investors. Large owners tend to favor highrises and small owners tend to oppose them. This is because the large owners,

TABLE 6

ATTITUDES TOWARD HIGHRISE APARTMENT BUILDINGS BY OWNER TYPE

Owner Type	Improve the Area	Have No Effect	Have Bad Effect	N
Professional Investors	5	2	2	9
Small Investors	1	2	5	8
Home Owners	2	2	7	11

the Professional Investors, bought for resale to developers, while Small Investors and Home Owners bought for the use of the existing buildings. Small owners see highrises as having a bad effect on the old buildings and on the neighborhood; such factors do not concern most Professional Investors.

The attitudes toward highrises did not appear to differ between Aylmer and Clark Streets.

ATTITUDES TOWARD THE CONCORDIA PROJECT

Over one third of the owners (13/33) expressed a favorable response to the proposed Concordia project. Seven were negative toward it and nine had no opinion. Four owners had never heard of it.[1]

Half the Professional Investors preferred not to express an opinion on the project, but of five who did, four favored it. Small Investors were also inclined to favor the project. Of the seven Home Owners who expressed an opinion, three were in

[1]Three of these were on Clark St.

favor and four against the project. (See Table 7.)

TABLE 7

ATTITUDES TOWARD THE CONCORDIA PROJECT
BY OWNER TYPE

Owner Type	In Favor	Opposed	No Opinion	Never Heard Of It	N
Professional Investors	4	1	5	0	10
Small Investors	5	2	0	1	8
Home Owners	3	4	4	2	13

Clark St. resident owners thought it would be nice to have a beautiful shopping centre so handy, but they expressed annoyance that the houses had been closed for so long and that the project would exaggerate the low-rent housing shortage. They did not feel that the project would affect them economically in any way, or have any direct effect on their neighborhood. The two investors on Clark St. were both opposed to the project. They said,

A They shouldn't do that because all those people need a place to live and when they move they will have to pay more rent and they can't afford it.

B The average wage earner won't be able to afford it. Individual owners cannot afford to keep their present homes, so it has to go ahead, but I do not think it will be different from other projects and it won't help people. There is a big buck to be made by the owners and the city officials. It will just be a collection of whore houses and the like. You can't have families with children. The centre-city is already overdeveloped.

These investment owners identify with present tenants rather than Concordia because they do not see the project as affecting them directly. Aylmer St. investors, if they felt such sympathies, tended to favor the project anyway because they thought they stood to gain by it. One Aylmer St. owner expressed it this way:

> I think the project is unfortunate, but that sort of thing is coming, and there is not much one can do about it. It will affect the value of the land, but that is not a bad thing because it will make properties like mine more valuable, both for sale and for housing, as people will want older, larger units.

Other Aylmer St. owners were openly in favor because they felt it would make the area more beautiful, raise the land values, and bring what several owners referred to as "a better class of tenant":

A There is a future for small owners in the district and the Concordia project will bring them a better class of tenant and the district will pick up its former character. It will uplift the prestige of the district and drive these hippies out.

B I think it is a good thing. It will improve the land values around here and that will help people to sell. When that project is done, somebody else will want to put one here and then we will be able to sell.

Thus Aylmer St. owners, because they saw the project as having a direct positive effect on the social quality and the economic value of their neighborhood, were more likely to be in favor of and less likely to be opposed to the Concordia project, even when they considered low-rent housing shortage and congestion. Investors did not necessarily support the project, as one might expect. Perceived effect on investment was more important in determining an owner's attitude than investment orientation.

ATTITUDES TOWARD THE MILTON-PARK CITIZENS COMMITTEE

Twelve of thirty-one owners had never heard of the Milton-Park Citizens Committee (MPCC), and most of the nineteen who had heard of it had an unclear picture of what the MPCC did. Only one third of the owners knew enough about the committee to have formed an opinion; four were in favor and six opposed. One Home Owner was involved in the committee, and a Small Investor had gone to a couple of meetings, as he had a keen interest in what goes on in the neighborhood.

TABLE 8

ATTITUDES TOWARD THE MILTON-PARK CITIZENS COMMITTEE BY OWNER TYPE

Owner Type	In Favor	Opposed	No Opinion	Never Heard Of It	N
Professional Investors	0	4	3	2	9
Small Investors	2	2	2	1	7
Home Owners	2	0	4	7	13
Total	4	6	9	10	29

Home Owners were least likely to have heard of the committee. This is because most owners knew about the committee through the newspapers, and since the Home Owners are largely European they seldom read English and French papers.[1] Five out

[1]Fewer French-speaking owners had heard of the committee than English-speaking owners because the committee receives less publicity in French papers.

of six former residents had not heard of the MPCC, whereas most of the residents and non-residents had heard of it, thus providing further evidence that former residents lack contact with and interest in the neighborhood. None of the four Professional Investors with opinions favored the committee and neither of the two Home Owners with opinions were opposed. The Small Investors were evenly divided for and against.

The following quotations express the opposition to the MPCC of the Professional Investors:

A I think that this group is made up of the undesirable element in the neighborhood. They are transients and young idealists and they don't understand the game the way it is being played now. Within our present system there is no way to make their ideas work. Concordia cannot pull out now. Redevelopment will definitely come anyway. What do they think the old houses will operate on? Love? They are just uneconomical. Do they think the government will subsidize them? Personally I don't think it's a good idea.

B I think it's terrible what the citizen's committee has done in stopping Concordia. Concordia was very good to their tenants. The citizens committee has no right to demand that all those roomers be relocated. Concordia are the owners after all; they should be able to do as they like.

C They're battering their heads against a stone wall. There is no way they can stop that project. The city won't support them. That project means greatly increased tax revenue. It is for the good of the city. I don't think that committee has any reason for existence. When that project is built they will just have to live in new apartments or go elsewhere.

Three of the four owners who supported the MPCC were resident owners:

A I do support many of their projects, like trying to do something about the laundromats and that sort of thing. I think these community action things are a very good idea--to build up a strong community organization. But I don't think that such an organization should get mixed up in politics . . . [1] [Aylmer St. resident Small Investor]

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[1]Here he went on to talk about the involvement of the

B I never went to a meeting. I am too old to get involved in that kind of thing. But I think it could work. If they get everybody behind them, they could stop them [Concordia]. We don't have a democracy for all; it is only for individual people. But people could do a lot if they joined together. I would support such a thing. However, it is difficult here because there are so many foreign people and they won't understand. [Clark St. resident Home Owner]

The Small Investor who had gone to a couple of MPCC meetings is worth quoting at length, as his feelings are probably typical of other owners, were they to think about the committee more seriously.

> The committee is just comprised of the young element who are looking for a cause so they can protest. (If you took out American investment, they would be left high and dry.) The citizens committee members do not have that much interest in or feeling for the area because they are only going to be around for three or four years at the most. They did, however, do a good thing in forcing Concordia to relocate tenants. If MPCC members had money invested in the area, then they would have an interest in it and there would be some validity to their opinions. As it is, it is fine for them to make all this commotion, because they do not have to take responsibility for their actions. They will try to destroy a project and then they will move away and leave everybody else with the ruins. My impression is that they are only trying to block the project and they do not have anything constructive to offer. They are having difficulty organizing the citizens because the middle-aged and older people see all these young people and figure that they are not going to do anything for them, that they cannot possibly have the interests of the older people and the low-income people at heart. They feel that they are being taken for a ride at both ends (by the MPCC and Concordia) and they don't want any of it. If the MPCC really wants to do something constructive, it should get to work and invest money in property--the members' own money. There is little possibility of landlords in this area being sympathetic to the MPCC.

It is clear that the citizens committee has made little impact on the property owners, and that were it to do so, it would gain more support from Home Owners than from investors.

MPCC in the municipal election campaign of the Front d'Action Politique. He thought there was little sense in trying to stop Concordia.

CONCLUSION

A large proportion (more than one third) of the owners give very little thought to the neighborhood. Only half of them said they liked the area, but a very small proportion did not like it. Many seemed indifferent.

The Home Owners and Small Investors had more friends in the area and knew more about the neighborhood--neighbors and other owners-- consistent with their reasons for buying in the neighborhood. Home Owners, however, were not likely to be informed of or interested in major forces affecting the neighborhood, such as the Concordia project, or the citizens committee and the neighborhood issues it was raising.[1] Those interested in protecting their investment in property (i.e. the Professional and Small Investors) were far more likely to be informed of and have an opinion about issues raised by Concordia and the MPCC.

When informed, the Home Owners were more likely to favor the citizens committee and to oppose the Concordia project than the investors, who more often favored the reverse. No group of owners appeared strongly interested in the preservation of the present neighborhood. It is possible that the Home Owners could have such an interest, but most of the Home Owners interviewed were on Clark St. and they did not perceive any direct threat to their neighborhood.

[1]This is particularly true of the European Home Owners on Clark St. and may simply be due to their isolation. It would be easy for any interested owner to have heard of the citizens committee because of the many bills posted and the delivery of the newsletter advertising various MPCC activities.

CHAPTER IV

MANAGEMENT AND MAINTENANCE PRACTISES OF OWNERS

OWNERS' DESCRIPTIONS OF BUILDINGS

All except two of the Aylmer St. owners described their buildings as being in good or very good condition, regardless of whether they had done any renovation or kept the building in good repair. Some buildings which look terrible on the outside were described by the owners as being in good condition because of the stone walls and solid construction. One of the two exceptions, a Professional Investor who had bought a fire-gutted property in 1967 and spent $25,000 in renovations at the time, said,

> I would say it is in fair condition for this area. If it were in a better area, I would say it is in very bad condition.

The other, also a Professional Investor, said,

> None of the buildings around here are in good condition. They are bug-infested. The timbers are rotten. They are leaning. I wouldn't say mine are the worst, but they are not in good condition. If you want my frank opinion, I think the whole neighborhood should be torn down. It is just not economic to have two and three storey buildings on such valuable centre-city land.

The Clark St. resident Home Owners all said their buildings were in good condition because they had done so much work on them. Former residents and non-residents were less enthusiastic about their buildings, but they did not feel them to be in bad condition as they do all necessary repairs.

RENOVATION AND REPAIRS

Of the 30 owners asked, 14 had done major renovations--new plumbing, new wiring, aluminum windows, new heating, new roof, etc.--as part of an overall renewal of the building. Four Home Owners on Clark St. had done renovations only in their own flat. Twelve owners just did ordinary maintenance, defined as fixing or replacing structural aspects of the building only when something breaks down. The extent of renovation is highly related to the type of owner. Three-quarters of the Small

TABLE 9

AMOUNT OF RENOVATION DONE BY OWNER TYPE

Owner Type	Major Renovations	Renovations Only In Own Flat	Ordinary Maintenance Only	N
Professional Investors	3	--	7	10
Small Investors	6	0	2	8
Home Owners	5	4	3	12
Total	14	4	12	30

Investors and Home Owners had done major renovations at some time in their ownership, while seven of the ten Professional Investors had not. This is consistent with the fact that small owners think in terms of present land use, while Professional Investors do not.

All eight Clark St. Home Owners had done major renovations, half of them only in their own flat and half in the whole building. The renovations were extensive, including new heating, wiring, new roof, plastering, plumbing, and extras like gyprock walls, new front steps, new galleries, and hardwood floors. Labor was hired, the owners helping when capable. The Aylmer St. Home Owners did not do major renovations because of higher expenses due to higher taxes and bigger mortgages, and also because they have much larger buildings and more units than the Clark St. owners. In addition, two of them are professional people who lived in their properties only a short time and who had little personal labor time to invest in housing. The three Aylmer St. Home Owners who did not do renovation do however appear keenly interested in proper maintenance and make minor renovations when they can afford them.

All eight Small Investors carefully maintain their properties. Six have done major renovations, and the two who haven't nevertheless do all necessary repairs. (Usually they do somewhat more than necessary like fixing balconies and steps and installing aluminum windows.) The two resident Small Investors spend much personal time doing repairs and maintenance work. The janitors are usually responsible for minor repairs of non-resident Small Investors. All supervise their janitors closely.[1]

The renovation and maintenance practises of Professional Investors are in contrast to those of small owners. Only one Professional Investor does more than minimum maintenance. He

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[1]The degree of maintenance and supervision is determined from the owners' own expressions of their concern; there were no objective physical examinations obtained for these properties.

had owned his properties for 25 years and renovated them extensively just prior to Expo. They appeared to be kept in excellent condition still. This owner wants a good return on his rooming houses. He is an example of the multi-parcel owner described by Sternlieb as having a "strong rental policy," substantial equity, and also good maintenance practises. The other two Professionals who had done renovations both bought between 1965 and 1967 when Expo was on the horizon. They bought large houses with small apartments and rooms and made extensive renovations. Presently, however, both buildings look dingy and the owners gave no indication of having made any repairs recently. Both have vacancy problems.

The other seven Professional Investors do only minimum maintenance and have never done any renovation. They all complained about the repairs. One said,

> We do as much repair as is necessary to keep the buildings from falling down. One big problem is that the city imposes a lot of renovations on the property owners, having to do with fire escapes, electrical wiring, and certain other safety aspects which are expensive. This is underhanded and unfair of the city because it raises the taxes on the property. On one building we were forced to put in all new wiring, and we are still paying off a debt to Hydro Québec for that!

Another said,

> I can't do too many repairs. The building won't pay for it. I only do repairs if I am forced to--like a new hot water heater.

Another said she knew her building needed a new hot water heater and that her tenants complained justifiably, but she was not prepared to put any money into such an old building.

Good maintenance practises are related to the owner's having a personal interest in the property, either because he lives there, or because it is his only investment and he must make it pay. Small Investors and Home Owners thus have better maintenance practises than Professional Investors.

When asked about their interest in doing major renovations at the present time, the investors (both large and small) who had not done any said these old buildings were not worth the trouble and they would never be able to get back their investment. The Home Owners were more likely to answer that they cannot afford to renovate, rather than referring to a return on investment.

There was one owner (a resident Small Investor quoted on page 32) who is presently undertaking to renovate his buildings. He figures that in the long run he will make a return on his time and capital invested. He is the youngest owner in the sample and his enthusiasm for renovation highlights the importance of the age of the owners to the question of renovation. Owners who are in their sixties can no longer think about their investment in the long-run and they are therefore reluctant to take on a project which will not produce immediate benefits. Since half the owners in the Quartier are over sixty, spontaneous renewal of the area does not appear likely.

The size of the unit does much to determine the amount of maintenance the landlord does. In the larger units the tenant usually does his own painting and cleaning. In smaller units (bachelor apartments and rooms) the owner usually looks after painting and decoration because the tenants are often short-term, and as one owner put it--"It would take too many coats of off-white to get ready for the next tenant if I would let the tenants paint." Small units have to be painted and spotless in order to rent quickly. Those owners of small units who do high maintenance usually have little vacancy trouble, whereas those who do minimum maintenance (the Professional Investors) have at least one or two vacancies at all times.

Resident and former resident owners who are physically capable do the repairs and maintenance work themselves in both their own and their tenants' units. Non-resident investment owners seldom do. Residence implies better maintenance practises because the owner is always there to see what needs to be done and he does not have to hire someone else to do many of the jobs.

RECRUITING OF TENANTS

Most of the owners selected their tenants. Only seven out of 33 would take anyone who asked. Again, the Small Investors and Home Owners had different strategies from the Professional Investors. Over half the latter would take any tenant while nearly all the former were selective. (See Table 10.)

TABLE 10

CARE TAKEN IN SELECTION OF TENANTS BY OWNER TYPE

Owner Type	Selective	Non-Selective
Professional Investors	4	5
Small Investors	6	1
Home Owners	6	1

Krohn and Tiller found in eastern Outremont that

> Local absentee owners, owning a limited number of other buildings and having long term investment strategies, are quite careful about the tenants they select, even to visiting the tenant's previous flat. Immigrant ex-residents and the local owners with large holdings and less commitment to long term investment, on the other hand, are less careful to check their tenants, and often rely on first impressions.[1]

The owner's view of the time range of his investment also proves to be important with regard to tenant selection in this study. The Professional Investors who choose tenants are those who did not buy with speculation in mind, but who bought for a good return on the present land use. Professionals who do not choose tenants are the ones who bought primarily for speculation on rising land value.

Many owners, particularly on Clark St., select as tenants their own friends or acquaintances or friends of the former tenant. On Clark St. where the units are flats often rented to families, the tenants usually stay several years and the need to find new tenants seldom arises. In all cases where the landlord was non-selective, renting was left entirely to the janitor.

The single most important factor mentioned by several owners in finding good tenants was that the tenants must fit in with the atmosphere of the building. Three landlords wanted single, stable, quiet, working people, and would not rent to any other types. Another owner said his tenants were

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[1]Roger Krohn and Ralph Tiller, "Landlord-Tenant Relations in a Declining Montreal Neighborhood," Sociological Review Monographs, no. 14 (Keele, England, University of Keele, Sept., 1969), p. 17.

all young people and he would not rent to an old lady, for instance, because there would be too much noise and loud music for her. Three liked to rent to students. Four others would not rent to students, either because they move in the summer or because they have too many visitors and stay up too late at night. On Clark St. all owners wanted stable working families. Six owners said they would not rent to hippies and two said they would not rent to negroes.

VACANCIES

With regard to vacancies, the size of the unit is most important. All of the rooming houses have vacancies at all times. Flats are never vacant. Of the six apartments which are never vacant, four are larger units (two and a half rooms and more).

TABLE 11

FREQUENCY OF VACANCIES BY TYPE OF UNIT

Type of Unit	Once a Year Or More	Less Than Once a Year	Never	N
Rooms	7	0	0	7
Apartments	3	4	6	13
Flats	0	1	11	12

The care taken by the owner in managing the property is the second most important factor affecting the vacancy rate. All those who were clearly non-selective in choosing tenants said tenants were a major problem; they frequently had bad tenants and vacancies. They all operated buildings with small units. There were two Professional Investors who, although they did only minimal maintenance, selected their tenants carefully; and they had fewer tenant problems and vacancies than the others. The one former resident who does not select tenants carefully, even though he tries to maintain the property, has many tenant and vacancy problems. Thus, the major difference between these owners and those who find and keep good tenants is the care they take to find tenants who would get along with each other and who live similar life-styles. In short, they establish an "atmosphere" in the building. Low rents or rent flexibility do not make nearly so much difference in finding satisfactory tenants as a guarantee that the tenant can live the desired life-style. On Clark St. with only two units per building, this is less important than on Aylmer St.

LEASES

Nineteen of twenty-nine owners have signed leases with their tenants. Only the rooming house owners consistently do not. In the three cases of apartments with no leases, two of the buildings contained very small units, and the third landlord knew nothing about rental property management and could not keep tenants whether there was a lease or not. The two flats with no leases contained families who had lived in the property nine and more years. Nearly all the leases are one year in length. These short-term leases may be indicative of instability of tenants and uncertainty regarding taxes and repair costs.

FREQUENTLY MENTIONED PROBLEMS

Half the owners said they found nothing particularly problematic about their properties. Problems were proportionally distributed among the three types of owners, but the Professional Investors and the Home Owners experienced markedly different types of problems. The Professional Investors had difficulty finding good tenants and janitors. They have experienced a lot of destructiveness and irresponsibility on the part of their tenants, and it is not uncommon for the janitors to be dishonest, steal the rent money, and be lazy about renting the apartments. The non-resident Small Investors tend to have the same types of problems. On the other hand, the Home Owners, particularly former residents, found rising expenses and constant repairs the source of greatest concern. As one owner put it, "Things are always breaking down. You never know what the next major expense will be." Sternlieb quotes a study of Newark owners which showed much the same results:

> Absentee owners, typically of multiple tenancies, viewed their tenants as their prime problem. Resident owners, on the other hand, ranked taxes and tax increases as the premier difficulty . . . [1]

CONCLUSION

There is a clear difference in management and maintenance practises between large owners and small owners. The Small Investors and Home Owners are good maintainers and have usually done renovations at some time, while the Professional Investors tend to be poor maintainers and do not do renovations,

[1]George Sternlieb, "Death of the American Dream House," Transaction, Vol. IX, n.4 (Feb., 1972).

except when there is a quick profit to be made from it, as in 1967 during Expo. The small owners choose their tenants carefully, consistent with their policy of taking good care of their buildings. The Professionals are less selective, the least selective being those with the most tenant problems. As could be expected, the Professionals have more management problems than do the small owners, as indicated by the fact that finding good tenants is the most difficult problem, while small owners find rising costs most problematic.

Residence and age of the owner emerge as most important in good management and maintenance practises. Resident owners, both Small Investors and Home Owners, are the best maintainers because they have very close contact with their buildings, and likewise they choose their tenants most carefully and have fewest tenant problems and vacancies. Younger owners have the most interest in good maintenance and in making renovations as part of a long-term investment strategy, but unfortunately there is a dearth of younger owners in the Quartier.

CHAPTER V

ECONOMIC RETURN AND STABILITY OF OWNERSHIP

It is commonly assumed that return on investment is the most important factor in property ownership. If the returns are good, tenant problems and maintenance expenditures will not assume positions of primary influence on an owner's belief in the viability of his building. If return is poor, an owner will certainly question whether his investment is worth his time and effort. In this chapter we will examine the owners' conceptions of their return as well as some actual return rates, the relation of financing to return, the effect of management strategies on return, and the degree of economic calculation done by the owners to see whether return plays as important a part as is thought. We will see how the management and maintenance strategies of the different types of owners are reflected in the return rates, and the incidence of desire to sell. Some tentative conclusions will be drawn as to how the economic viability of buildings will affect the owners and the future of old buildings in the Quartier Ste. Famille.

OWNERS' PERCEPTIONS OF RETURN

Only five out of thirty-one owners thought their economic return was good. Fourteen felt it was satisfactory and eleven felt it was bad. Perceptions of return did bear some relation to the owner types. (See Table 12.)

TABLE 12

OWNERS' OPINIONS OF ECONOMIC RETURN
BY OWNER TYPE

Owner Type	Good	Satis-factory	Poor	N
Professional Investors	3	2	4	9
Small Investors	2	3	3	8
Home Owners	0	9	3	12

Nine out of twelve Home Owners felt their return to be satisfactory. The three who were dissatisfied were former residents. Former residents would be more likely to see their return as poor because, not being investment-oriented, it is difficult for them to make rental property pay; mistakes are costly and the return rate is not high enough to cover them. Resident Home Owners are likely to see their return as satisfactory because they do not expect a high financial return. It is less expensive for them to manage the properties because they are constantly there to supervise. When a Home Owner moves out of his building he loses the "psychic return" which home ownership offered him, and he does not realize how much more difficult property management is from a distance. He is thus likely to become disillusioned with ownership of rental property.

The seven investors who saw their return as bad could be classified for various reasons as poor managers (i.e. they did not succeed in keeping their units occupied, or they were incapable of looking after property). Four of them were rooming house owners and a fifth had small high-rent apartments. Six of these owners felt that the area was filled with transient, somewhat degenerate people, and they therefore did not feel it necessary to keep their buildings in good condition. All had transient tenants. The investors who took a close interest in their properties had satisfactory and good returns.

ACTUAL RETURNS AND THEIR RELATION TO OWNER TYPES

Eleven of the thirteen Home Owners, six of the eight Small Investors, and one of the ten Professional Investors gave details of their income and expenses. Table 13 gives return rates calculated three different ways. The first column presents the returns based on the assessed value of the property, without financing taken into account.[1] In column two the return rates are based on the total price paid (excluding financing charges). The returns on the owners' equities are given in column three.

Expenses used in the calculation of return included property tax, water tax, insurance, janitor, maintenance, heat, electricity, gas, advertising, and rental on equipment where these were paid by the owner. Interest on the mortgage was included as an expense in calculating the return rate based on equity (column 3). Income included rent from all rooms, apartments, flats, and garages, including a hypothetical rent on a unit in which the owner was resident. Since most owners do not

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[1]This means that returns were calculated as though no property had a mortgage.

TABLE 13

RETURN RATES ON INDIVIDUAL PROPERTIES BASED ON ASSESSMENT, PURCHASE PRICE, AND EQUITY BY OWNER TYPE AND BY STREET

Owner Type	Surplus x 100 / Assessment	Surplus x 100 / Purchase Price Plus Renovations	Surplus x 100 / Equity	
			Potential	Actual[a]
Aylmer St. (plus Prince Arthur and Jeanne Mance)				
Home Owners	3.9%	4.2%	-1.4%	-8.5% (1970)
	7.1	8.8	8.5	-1.5 (1970)
	6.8	6.1	6.1[b]	
(average)	(5.9%)			
Small Investors	10.1	13.5	21.9	
	7.7	9.2	9.2[b]	
	2.9	3.4	0.6	
	7.7	10.4	11.3	
	9.1	9.4	10.4	
(average)	(7.5%)			
Professional Investor	18.1	13.4	20.5	0.6 (1969)
Total Average	8.2%			
Clark St.				
Home Owners	6.8	4.5	4.5[b]	
	6.4	6.7	6.7[b]	
	6.0	5.8	5.8[b]	
	5.6	9.4	9.4[b]	
	5.1	4.7	4.7[b]	
	5.1	9.8	9.8[b]	
	4.6	6.5	6.5[b]	
	3.3	6.9	6.9[b]	
(average)	(5.3%)			
Small Investor	-1.4	-2.1	-2.1[b]	
Total Average	4.6%			

[a]Where no actual return is given we can assume negligible vacancy loss.

[b]No mortgage

keep a record of their exact income and expenses, the calculations are based on the approximate expenses for items such as heat and maintenance and on the total rental income when all units are occupied. This approximates the actual expenses and income in most cases. In the three cases where vacancies caused substantial loss and the owner had calculated the actual return rates, these are presented along with the potential return rates.

Since financing arrangements and the actual price paid for the property can greatly affect the return, column one based on assessed value provides a comparison of returns on the various properties presented. Comparing columns one and two we can see the difference the price paid for the property makes in the return rates. Where the figure is higher in column two (12 cases) the price paid is less than the current assessment, and higher where the figure is lower in column two (5 cases).

Comparing columns two and three we can see the difference financing makes to the return rates. On Aylmer St. the two Home Owners and one of the Small Investors (i.e. those with the lowest return rates) experience the phenomenon of "reverse leverage" as described by Krohn and Fleming in Point St. Charles.[1] Here, because the interest rates are higher than the return received from the building, the owner's return on his own equity is reduced. One of the Small Investors and the Professional Investor have a high potential positive leverage because potential returns are above normal mortgage interest rates and they have low equity and high mortgages. On Clark St., because even

[1]Krohn and Fleming, p. 14.

the potential returns of most owners are below mortgage rates, the phenomenon of "reverse leverage" would be prevalent were the owners to have mortgages. Most owners cannot afford to carry mortgages and they do not. Those who had them paid them off as quickly as possible.

It is interesting that two of the Professional Investors who bought solely for land speculation had never mortgaged their properties. Since they do not spend much time managing the property and do not see the old houses as a worthwhile investment, they do not want to pay interest rates as high as their rate of return. Eleven of the nineteen owners interviewed on Aylmer, Lorne, Prince Arthur, Jeanne Mance, and Ste. Famille Streets have mortgages presently. (Eight of them have owned for less than ten years.) Half the mortgages were obtained from the former owners, and four were obtained from other private sources. Only two owners obtained them from a public institution, the Caisse Populaire.

Table 13 indicates that Home Owners receive a lower return on their investment than investment owners. (The Small Investor on Clark St. is an exception. She is an old lady who lives in another part of the city and who is too ill to look after the property herself. Her maintenance expenses are very high because she hires professional labor for every minor repair.) The Small Investors with the highest return rates are all resident in their properties and thus put in much personal energy. The Professional Investor on Aylmer St. has far the highest potential return rate of any owner. However, because of vacancies his actual return rate is almost zero.

There are two Aylmer St. properties which have exceptionally low potential return rates as indicated in columns one and two. One is owned by a former resident Home Owner and is the only building on the block which has large apartments, actually three flats. This building is simply uneconomic because of the high taxes on this block and the fact that one can not charge sufficiently high rents on three units to produce a return on investment. The other is owned by a non-resident Small Investor who spends too much on maintenance. The building, with ten small apartments can't afford a full-time janitor at $2,000 per year plus a rent-free apartment. The two Clark St. Home Owners with the lowest return rates are both elderly and unable to look after minor repairs themselves. Consequently they have higher maintenance costs and lower return rates.

There are three properties (all on Aylmer St.) for which we have figures to show that the actual return rates are much lower than the potential ones specified above, due to poor management. The Professional Investor's property is managed through the real estate company in which the owner is a partner. Management expenses are therefore high, but the building does not receive the close supervision and care required to keep the small units occupied. The high vacancy rate eliminates all the profit. The other two properties are owned by former resident Home Owners with potential return rates of -1.4% and 8.5% and actual return rates of -8.5% and -1.5% respectively. Their actual return rates are low because of vacancies, tenants skipping out owing back rent, and ignorance of good carpenters, plumbers, janitors, and so on.

The return rates based on the assessed values are comparatively low in the Quartier, if one can draw conclusions on the basis of such a small self-selected sample. The return rates average 4.6 percent for Clark St. and 8.2 percent for Aylmer St. which is below current mortgage interest rates of 9 and 10 percent. Mortgages further lower the return for Home Owners and could cause operation at a loss. Thus, even without allowances for financing and vacancies, ownership in the Quartier is economically marginal for Home Owners. Financing may increase the normally modest potential returns of both Small and Professional Investors, but "respectable" returns are only available to those conscientious and skilled enough to minimize vacancies (via tenant selection) and maintenance expenses. Any waste in maintenance, or "over maintenance" will result in actual losses for investors as well.

Most of the Home Owners are unaware of how low their returns are. Only two keep a careful account of income and expenses. Four do not keep any records at all. They just throw away the bills, once paid, seeing no reason to keep them. Most of the Small Investors and all the Professional Investors claim to keep careful accounts.

Normally, owners count their own time spent in managing a building only when there is an actual outlay. Those who hire a janitor can be said to count some labor time as an expense since they pay someone else to do what other owners do themselves. On Aylmer St. all the non-resident owners hired a janitor. On Clark St. only the Professional Investor did so.

Only one owner counted management time as an expense. For him it was an itemized expense, as the property was managed by his real estate company. Two other owners mentioned their time as an expense, although they assigned no price to it. One, a former Clark St. resident, had never considered the cost of his time until his wife became sick and he had to hire care for her every time he went out. (This prompted him to sell the building.) The other, an Aylmer St. Professional Investor, felt there was "not enough return for the amount of input."

Nearly all the owners on both Clark and Aylmer Streets were reluctant to raise rents to cover tax increases for fear of losing their good tenants. They thus had to accept lower returns than formerly. Sternlieb found this reluctance to raise rents on the part of Newark owners also, but in Newark it was reinforced by fear of vacancies.

DESIRE TO SELL

All four Clark St. Home Owners who had thought about it felt it was financially better for them to keep their houses than to sell and invest elsewhere. The reason was put by one owner this way, "It is better to invest in real property; it doesn't disappear." The question seemed irrelevant to most Clark St. immigrant owners because they were not primarily economically motivated. Their investment was in land and security for their families. They would not have scraped and saved as they had done to invest in other than a home.

On Aylmer St. five owners who thought they were operating at a loss figured they would be financially better off to sell. Those not losing money, although they might increase returns by alternate investment, thought it wiser to stay because land values would in future appreciate and they would sell at a profit that would more than make up for any return lost in the meantime. They felt "You can't lose on centre-city land." (There was one exception to this; an owner who made an 11 percent return but did not consider it worth the time and trouble and was pessimistic about the value appreciating in the near future.)

TABLE 14

DESIRE TO SELL BY OWNER TYPE

Owner Type	Yes, Immediately	Yes, In Future	No	N
Professional Investors	2	6	2	10
Small Investors	4	3	1	8
Home Owners	3	4	6	13
Total	9	13	9	31

The Home Owners are the most stable of all owner types. Nearly half expressed no desire to sell. None of the resident Home Owners want to sell immediately; the three Home Owners who do are all former residents who are having difficulty to make ends meet. The investors, on the other hand, do not see their properties as a permanent acquisition. The Professional Investors are planning to sell sometime in the future, consistent with their expectation of land appreciation and their investment strategy of minimum outlay now and hope for future payoffs from a new land use. Half the Small Investors want to sell immediately. High taxes and interest rates and increased tenant instability are defeating their strategy of maximum input for present land use. Such owners do not have the capital required to sustain losses in hope of future gains, nor are they psychologically attuned to allowing their properties to deteriorate in order to make a profit. The Small Investor is the hardest hit and consequently the most unstable type of owner.

Generally speaking, the fact that nearly one third of the owners in the sample expressed a desire to sell immediately would seem to indicate much owner instability in the Quartier and an uncertain future for the old housing.

This instability would manifest itself more in a stronger market situation. Only four owners (one Home Owner, two Small Investors, and one Professional Investor) want to sell badly enough to accept a price lower than the assessed value.[1] The others are all willing to hold on until the market improves. It is interesting that of the three who operate at a deficit, the two former resident Home Owners are waiting for a price equal to at least what they paid five years ago, while the real estate manager is willing to sell now at a loss.[2] Since the two former residents own only this one property and have very

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[1]Two of these owners succeeded in finding buyers during the time of this study. One sold his property, assessed at $45,600, for $34,000, the same price he had paid for it ten years earlier. The other sold a property assessed at $18,500 for $13,000.

[2]This is another example of differences in economic calculation. The Professional Investor is counting loss of current income on a presumably bad investment, while the former residents are not.

little capital, a loss is a much more traumatic experience than for a Professional Investor who can write it off as a piece of bad luck and carry on with his other properties.[1] The situation thus appears to be parallel to that found in Point St. Charles by Krohn and Fleming. They say,

> There is little urgency in the intentions to sell, and much waiting for the "right buyer" to come along. Also we suspect that some talk about selling is an expression of frustration that will never result in sales, much less sales at prices that are "too low". . . . These owners are also "locked in," and could only get out at "sacrifice prices."[2]

CONCLUSION

The overall picture of return rates on investment in old low-rise housing in the centre of Montreal is not favorable. From reports of all types of owners, the returns are lower than they used to be, and more owners would like the government to lower taxes than do anything else.

Good returns (i.e. 10 to 12 percent) come only when the owner puts a great deal of time and labor into management and maintenance, and then only in buildings converted into small apartments and rooms. Resident Small Investors get the highest returns and work the hardest for them. Investment owners who do not manage their properties carefully get what they consider poor returns. Owners who are not economically sophisticated or physically capable of working on their buildings obtain very low returns or actual losses. That half the owners in the Quartier are over sixty years old may indicate many such

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[1]It is also possible that this owner made up for any loss during Expo year when he was able to obtain higher rents then presently, and there were no vacancies.

[2]Krohn and Fleming, p. 16.

low-return owners.

Dissatisfaction is not as severe as one might expect with such low return rates because most owners do not count their time and labor as an expense and many do not even calculate their return rates at all. It is easy to see why Concordia was able to persuade 96 percent of the property owners in six square blocks to sell. It was only necessary to show them that they could make at least ten percent annually on the price of their building by putting it in the bank and have no bother or work to do. If buyers existed for such properties in the rest of the Quartier one can imagine that there would be much selling and instability.

When there are no buyers and a weak market, it is the resident Home Onwers who are most satisfied with their economic return, even though it is very low. They receive in addition a "psychic return" in the form of security and pride in home ownership for which they accept a reduced return on investment. The Professional Investors are the next most satisfied. Although they complain about their return not being high enough, they do succeed in making what they consider a minimal return (i.e. 10 percent) by allowing the buildings to deteriorate.[1] The non-resident Small Investors are most disturbed by the low economic viability of the houses. They have neither the psychic return of the Home Owner nor the economic return of the Professional Investor because they cannot afford the risk of allowing the buildings to deteriorate.

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[1]We can assume that the Professional Investor who gave figures indicating his return rate is atypical, and that other Professionals make returns of at least 10 percent as indicated by the one quoted on p. 31.

Were it not for the faith in eventual land appreciation held by all types of owners and the hope for market improvement, the situation would be much worse and owners would sell at "sacrifice prices" possibly to the type of professional "slumlord" who would allow the properties to deteriorate rapidly.

CHAPTER VI

OWNER TYPES AND NEIGHBORHOOD ECONOMIC CHANGE

This study attempts a further sophistication of a typology of housing ownership being developed by a research program in Montreal. Land appreciation produces the Professional Investors, a type of owner not found in large numbers by Tiller and Fleming in their respective studies of economically declining and stable areas. We can tentatively conclude that the entrance of Professional Investors into an economically marginal form of rental housing causes deterioration of both the buildings and the neighborhood, since good maintenance and long-term investment strategies are not economically rational for such investors.

In this classification of owner types, their reasons for buying the property proved most important. Ethnicity, residence, age, and extent of holdings are of secondary importance in identifying them. The owners' economic relationship to their properties is implied in their reasons for buying. Owners who buy for a home and security pay little attention to the economic yield of their buildings and do not expect to make a profit. They are willing to invest capital in the building regardless of whether they can get it back through increased revenue. Small Investors who want to make a profit on one, two, or three buildings must manage them carefully and invest in repairs and renovations to be assured of a return. The Professional Investors, although they also expect to make a return on the present use of the building, are speculating on sales to developers and therefore allow the existing buildings to deteriorate.

The three types of owners distinguished in the Quartier Ste. Famille differ markedly in their relationship to the neighborhood, practises of tenant selection, extent of renovation and maintenance, and calculation of economic return. Professional Investors have little concern for the social quality of the neighborhood, as they are always absentee. Small Investors and Home Owners do most to maintain a good neighborhood, keeping up the buildings and finding responsible, stable tenants. Most owners select tenants in some fashion, but Professional Investors are less selective than other types. Renovation is done by Professional Investors when there is assurance of immediate return from it, as for Expo. Otherwise they have low maintenance standards and are unconcerned about building depreciation. With low returns, good maintenance requires that the owner have a personal interest in his building, as do the small owners. Most owners only roughly calculate their return. Professional Investors are most likely to do so and many Home Owners do not do it at all.

Quality of building maintenance and tenant selection differs between resident and absentee owners in the Tiller, Fleming, and Duff studies as well as this one. Residents are consistently better managers and they provide better housing at cheaper cost than absentee owners because they contribute their own labor and skills without proportional economic benefit.

The type of housing, the population characteristics, and the land use pattern in a neighborhood will determine the types of owners present. Professional Investors, who demand a high return with little input, will invest in old housing only in areas of high demand for living space by an exploitable population or where the land is appreciating. Thus, in the western part of the Quartier Ste. Famille, where both these conditions exist, we find Professional Investors in relative abundance. There is a large student and young professional population which makes possible increased potential income from old houses through subdivision into rooms and small apartments. Proximity to the central business district of the city also makes highrise apartment development viable. In the eastern part of the Quartier (Clark St.) where the demand is less strong we find more Home Owners and fewer investors.

Professional Investors entered the area when the market was strong, in the late forties and early fifties, and number of sales and prices in the western section were high. We find few Professional Investors in the eastern Outremont and Point St. Charles study areas, which are respectively depreciating and stable (but weak), because there is little economic attraction for them. In his study of the St. Louis area, Duff found one Professional Investor who bought when it looked as if land would appreciate because of an urban renewal project in the vicinity, but the expected appreciation failed to occur and other speculators left the area.

Small Investors are drawn to stable or appreciating areas where return is assured through good tenant demand or through resale of an improved building. We find many such investors in the Quartier Ste. Famille and the St. Louis area.

Home Owners are more successful than investors in areas of low returns and weak resale market because of their non-economic orientation and high degree of personal involvement. Thus we find Home Owners (resident and former resident) predominating in eastern Outremont, Point St. Charles, St. Louis, and Clark St. in the Quartier Ste. Famille. When an area has been rapidly appreciating because of more intensive land use, as has the Quartier Ste. Famille, home ownership becomes much more difficult. Rising taxes make operation uneconomical for Home Owners and population changes in the neighborhood make it less desirable for family living. As they leave, there are few replacements for them because the buildings have increased in price so that it is necessary to borrow at national interest rates to finance them. The low-income Home Owner who buys old rental housing cannot afford these rates of interest and still maintain the property as a home. Thus we find that at most only 18 percent of the owners in the Quartier Ste. Famille reside in their buildings and many of them bought primarily for investment and are not strictly Home Owners.

We have seen two concurrent processes taking place in the Quartier which cause problems for owners of old housing. Redevelopment is conflicting with established land use causing changes in population, ownership, prices, and assessments. This has been compounded and complicated by the fact that anticipation of redevelopment has been greater than actual redevelopment and owners have become "locked-in" to the resulting weak market. (See Diagrams 1 and 2.)

Diagram 1

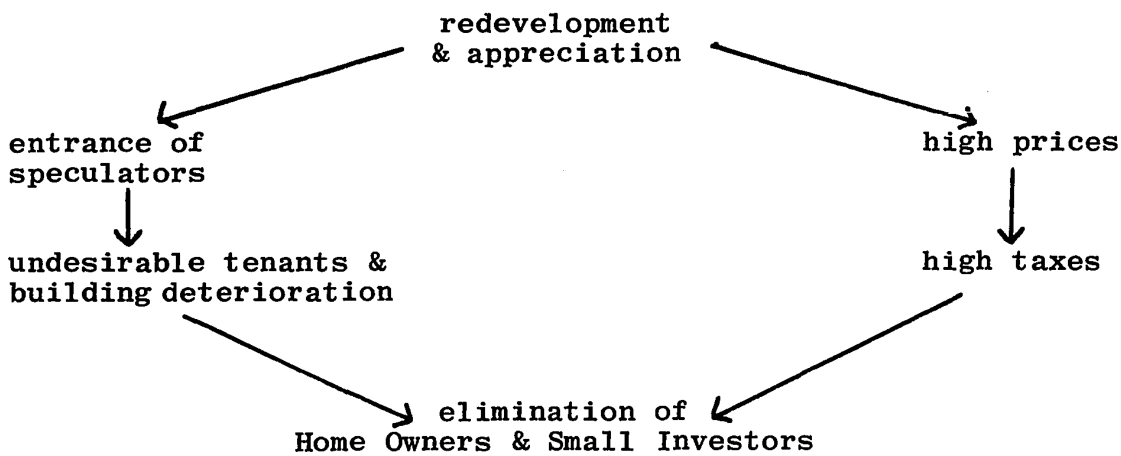
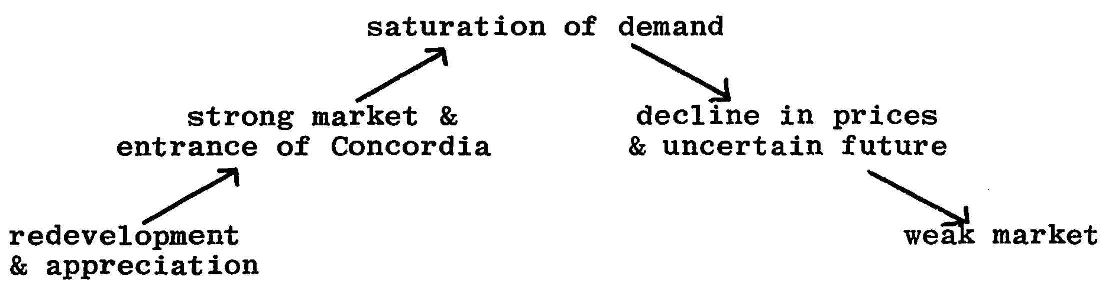


Diagram 2



Following the second world war the high demand for housing greatly increased the sale prices of the old houses. In addition, the central location of the Quartier combined with the possibility of building highrise apartments caused the land to appreciate rapidly in the 1950's. Speculators interested in resale to developers began buying old houses. These Professional Investors bought buildings yielding the highest return, rooming houses and small apartments, so as to be assured a current return while waiting for resale. At the same time, this appreciation caused difficulties for small owners because the resulting higher taxes lowered their return. Small owners entering the Quartier bought at prices equal to those paid by developers. To make returns high enough to pay the interest on the mortgages they had to subdivide and to minimize vacancies through careful tenant selection and high maintenance standards. Unsophisticated small owners sustain losses because of their inability to do this, and those who do succeed make little profit.

The absentee Professional Investors are indifferent to the neighborhood as a social unit. They allow their buildings to deteriorate to the dismay of other owners in the area, and they will often rent to "undesirable" tenants, making it more difficult for other owners to find good tenants. As long as there is continued faith in the eventual appreciation of the land, they are not concerned about the quality of the buildings or the neighborhood because they see a very limited future for them.

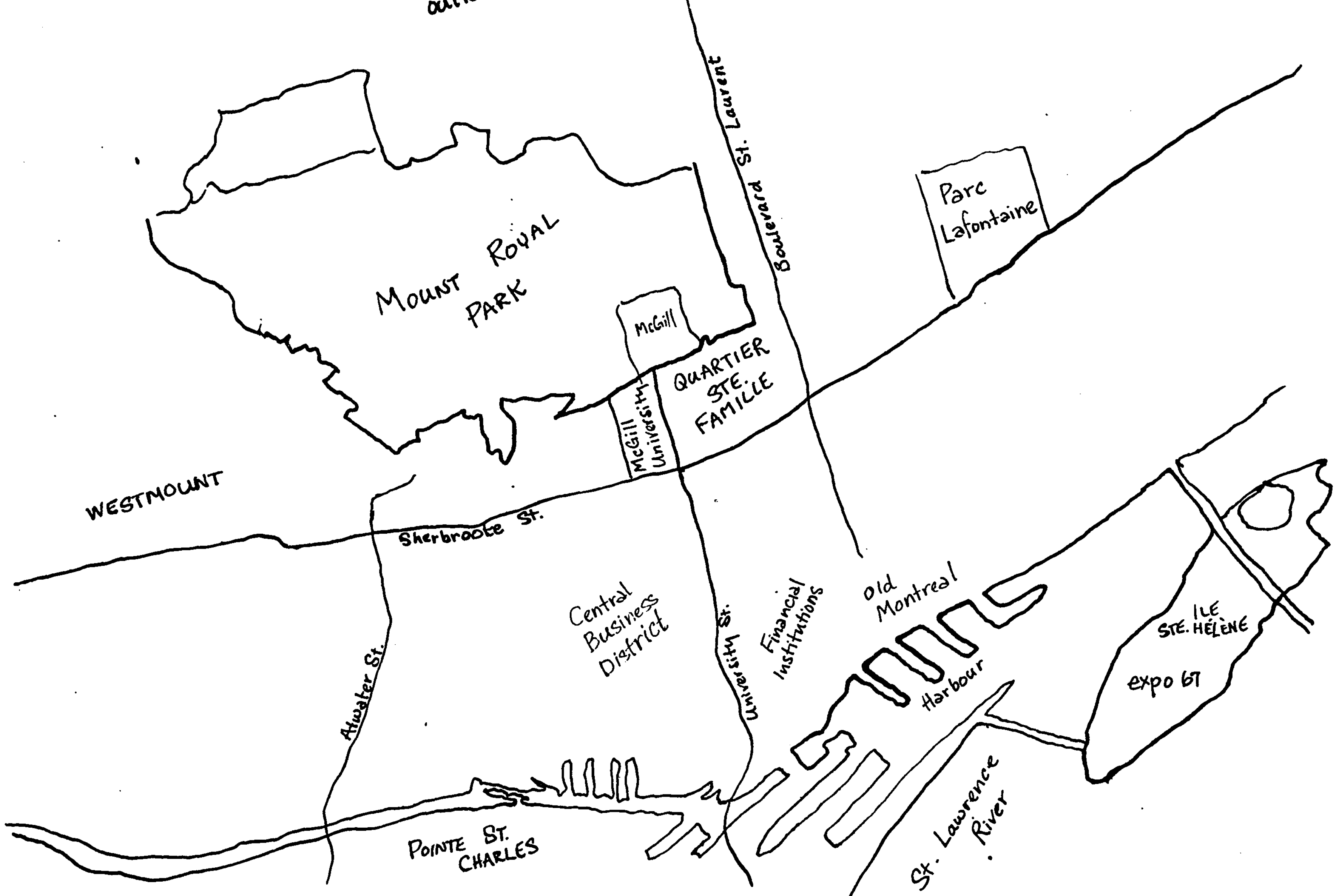
We can see the difference in practise between Professional Investors and Home Owners sharply contrasted between Aylmer and Clark Streets, one dominated by Professionals and the other by Home Owners. The physical quality of the buildings on Clark St. has been improving over the past 25 years as Home Owners have bought and renovated. On the other hand Home Owners have been leaving Aylmer St. and the housing has been deteriorating.

After enough redevelopment took place to fill the demand for highrise housing, the boom in the market ended. Since 1969 there has been no initiation of redevelopment. Potential developers will wait to see what happens to the Concordia project before they invest in the Quartier. Thus at the present time there is a weak market. Sales dropped almost to zero after 1967 and there has been a decline in prices. Assessments are now higher than market value and many owners are in a position of having paid more for their properties than they can presently sell them for. All types of owners are "locked in" to the Quartier, as they resist selling at a loss. Some owners have begun to lose faith in the appreciation of the land, but most investors still hope that prices will rise again in the next few years and that they will be able to sell to developers.

Most owners in the Quartier will hold on to their properties as long as possible in the hope for future appreciation, or at least recovery to the prices of a decade ago. If taxes remain stable, the only owners who may be forced to sell at low prices in the meantime will be the non-resident Small Investors. The Professional Investors will remain in the Quartier making their returns at the expense of the buildings. The resulting deterioration will cause the few remaining Home Owners to lose pride in their neighborhood, and unless some major new impetus for preservation occurs, there is little hope for regeneration of the old housing. Home Owners are a dying group, particularly in the western section, but even on Clark St. the housing is too expensive for new Home Owners. As the buildings in the western section deteriorate more, there is even less likelihood of new Home Owners becoming interested.

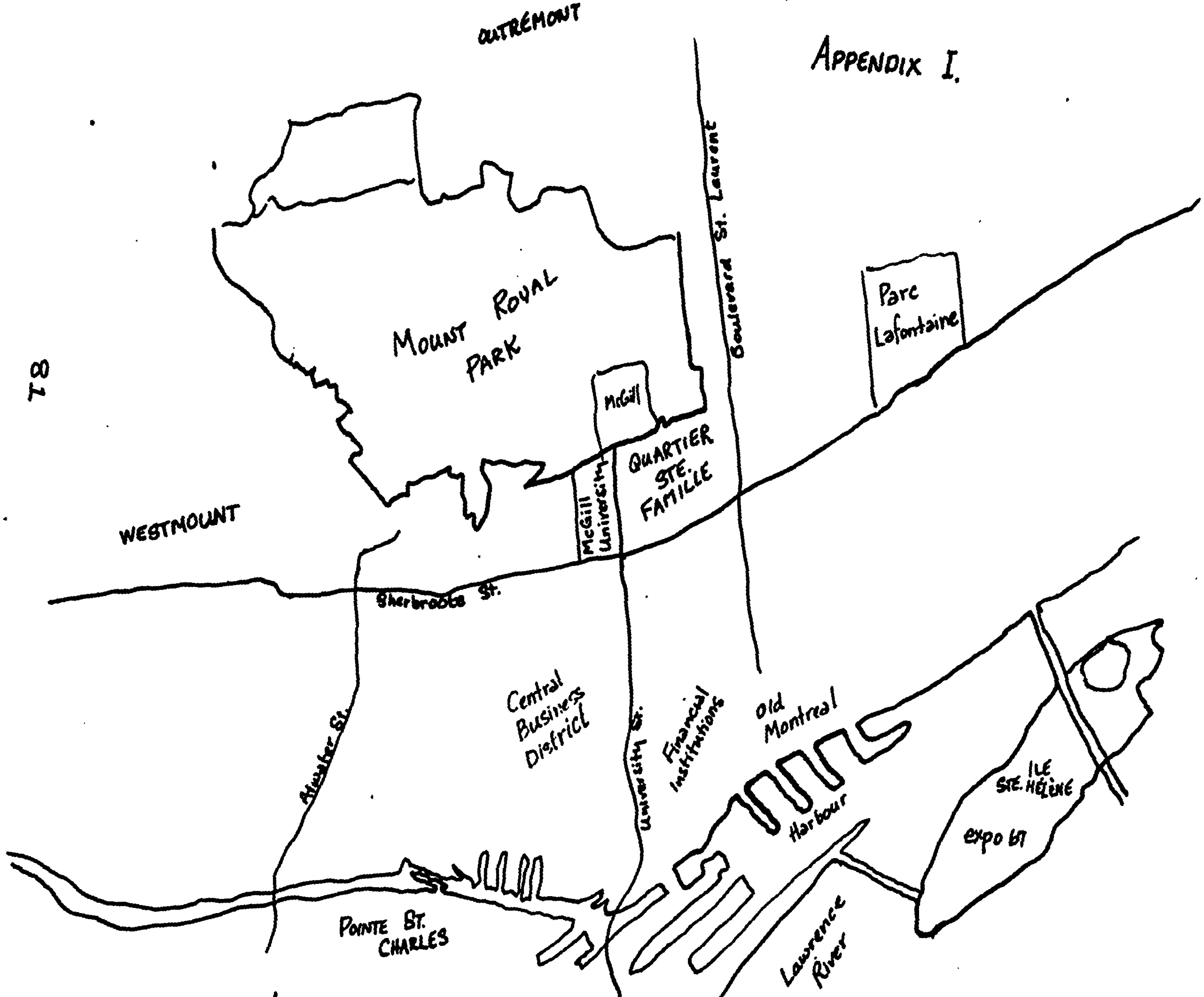
The city government has effectively signed the death warrant for the old neighborhood by raising taxes so high, by encouraging redevelopment with the introduction of a high floor area ratio for new buildings, by not creating restrictive bylaws, and by supporting the Concordia project. Without government support, there appears little hope for the preservation of the old housing in the Quartier Ste. Famille. As this economically marginal form of real estate is converted from a non-rational to a rational use of capital, building management and maintenance suffer, causing deterioration of the neighborhood and demoralization of owners who would make strong non-economically motivated inputs. For preservation, it is necessary to prevent speculators from buying and neglecting the properties, and to find some means to plan redevelopment so as to prevent rapid price increases on old housing. Whole blocks should not be reassessed on the basis of limited high price land sales. The government should recognize the large social contribution in the form of good maintenance and low rents made by small owners, and it should penalize speculators who reap economic benefits at a social cost. It is beyond the scope of this study to present policy recommendations, but I would suggest that it is important to find a way to tax owners on the basis of their total contribution to the city so as to prevent the sacrificing of social benefits to economic return.

APPENDIX I.



LOCATION OF QUARTIER STE. FAMILLE
WITHIN DOWNTOWN MONTREAL

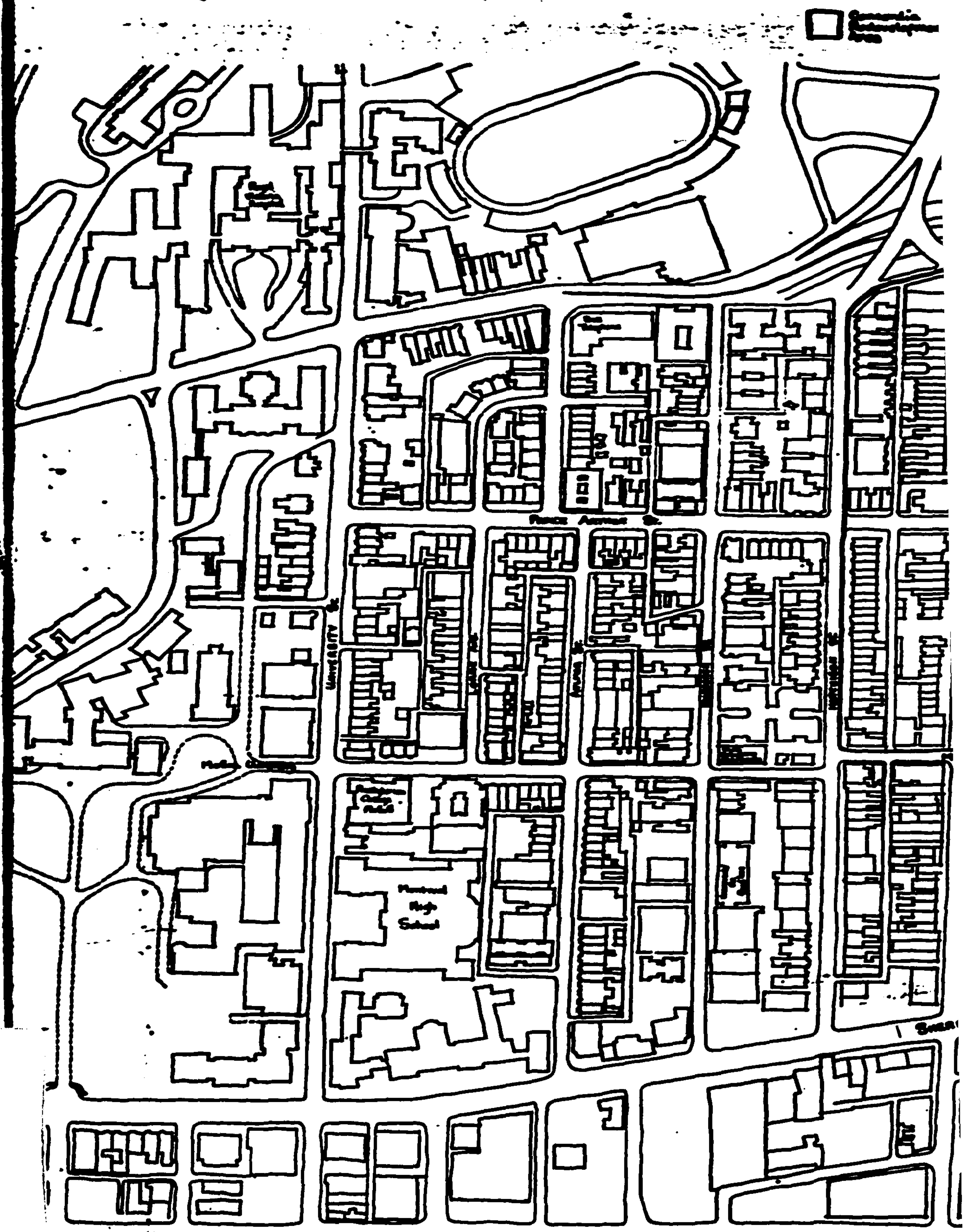
Appendix I.



Location of Quartier Ste. Famille within Downtown Montreal

APPENDIX II

THE QUARTER STE. FAMILLE



Appendix II

Ste. Famille
Pine Ave.
Park Ave.
Jeanne Mance St.
Ste. Famille St.
St. Urbain St.
Clark St.
St. Lawrence Boulevard
Milton Street
Sherbrooke Street

Appendix III

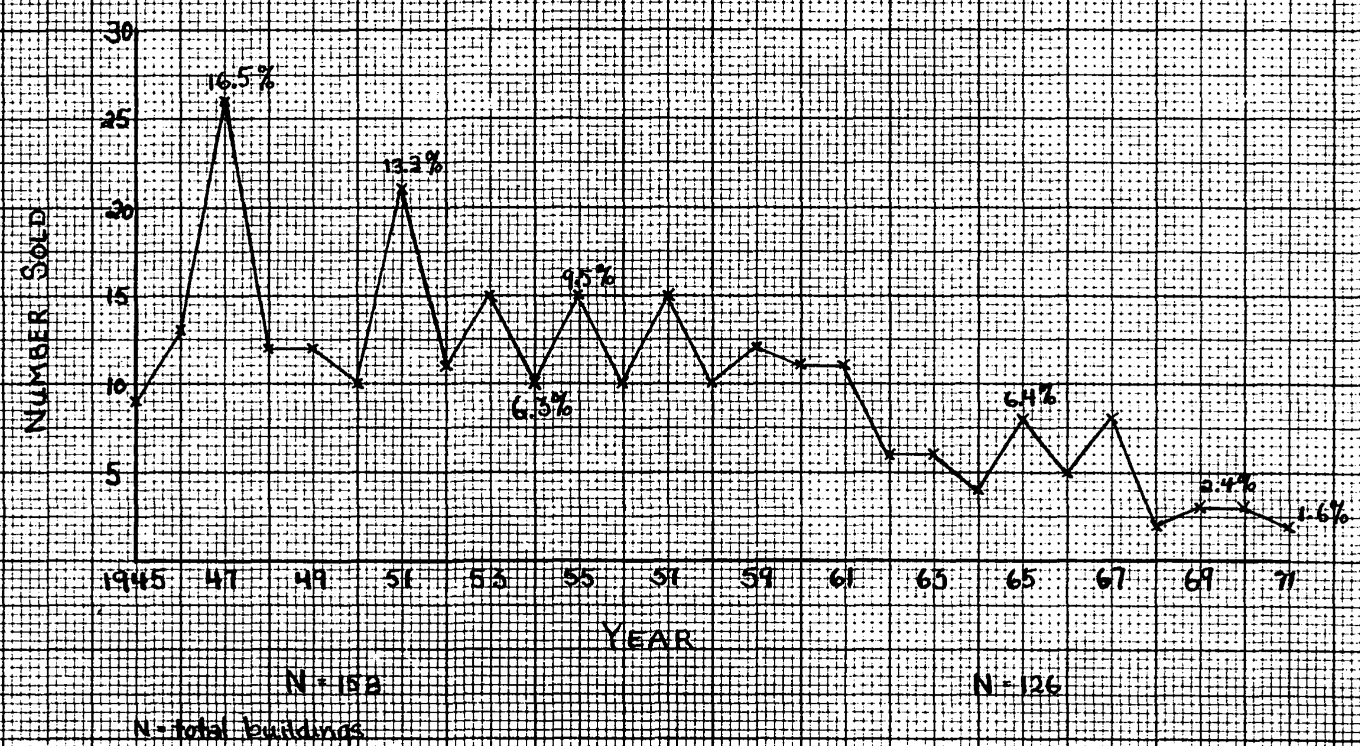
PERCENTAGE OF POPULATION IN EACH AGE CATEGORY FOR TRACTS 119, 120, and 121* AND THE CITY OF MONTREAL IN 1951, 1956, 1961, AND 1966

Date	1951		1956		1961		1966	
Age	119-121	Mtl.	119-121	Mtl.	119-121	Mtl.	119-121	Mtl.
0-19	14.0	32.1	11.1	32.7	12.1	34.5	11.7	33.9
20-24	9.3	9.0	8.9	8.2	10.7	7.9	18.6	9.4
25-34	20.9	17.6	22.6	18.0	22.1	16.2	25.4	14.7
35-54	35.9	27.0	36.1	26.8	30.2	26.0	25.8	25.5
55-64	10.5	8.0	12.9	7.9	13.1	8.4	9.7	9.0
65+	6.4	6.4	8.5	6.5	11.7	7.0	8.8	7.6

*Census tract 119 is the area bounded by University, Pine, Durocher, and Sherbrooke Streets. Tract 120 is the area bounded by Durocher, Pine, Park, and Sherbrooke; and tract 121 is the area bounded by Park, Pine, St. Lawrence, and Sherbrooke. Together they make up the Quartier Ste. Famille.

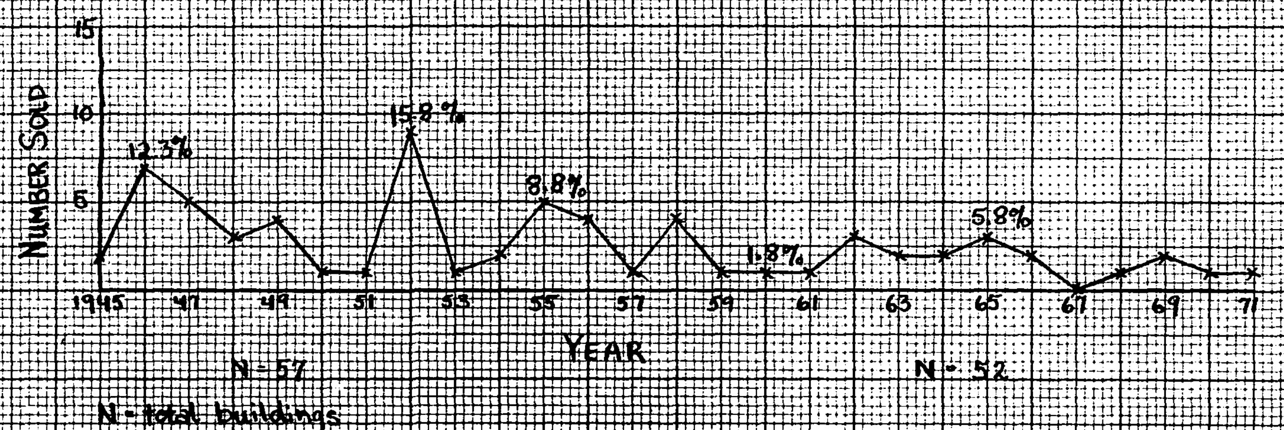
APPENDIX IV

Number of Properties Sold Per Year: Aylmer and Lorne Streets



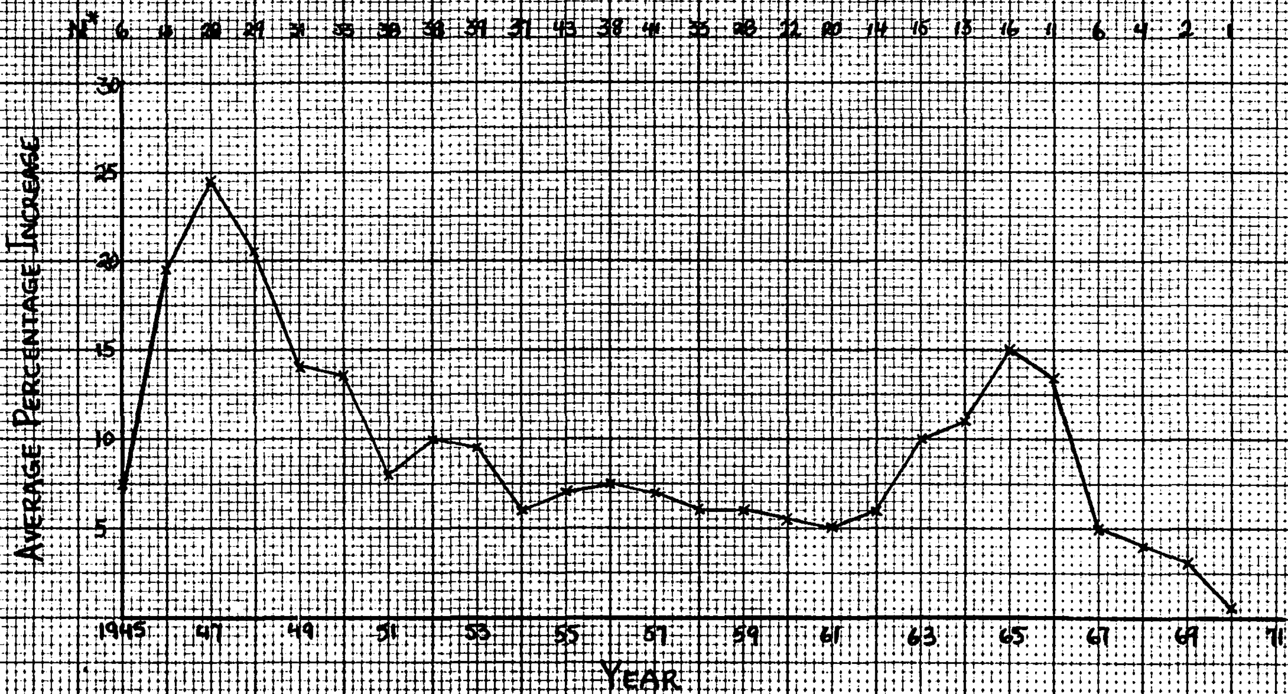
APPENDIX V

Number of Properties Sold Per Year: Clark Street



APPENDIX VI

Average Annual Increase in Sales Price: Aylmer and Lorne Streets, 1945-1970



*N = NUMBER OF HOUSES INVOLVED IN CALCULATION

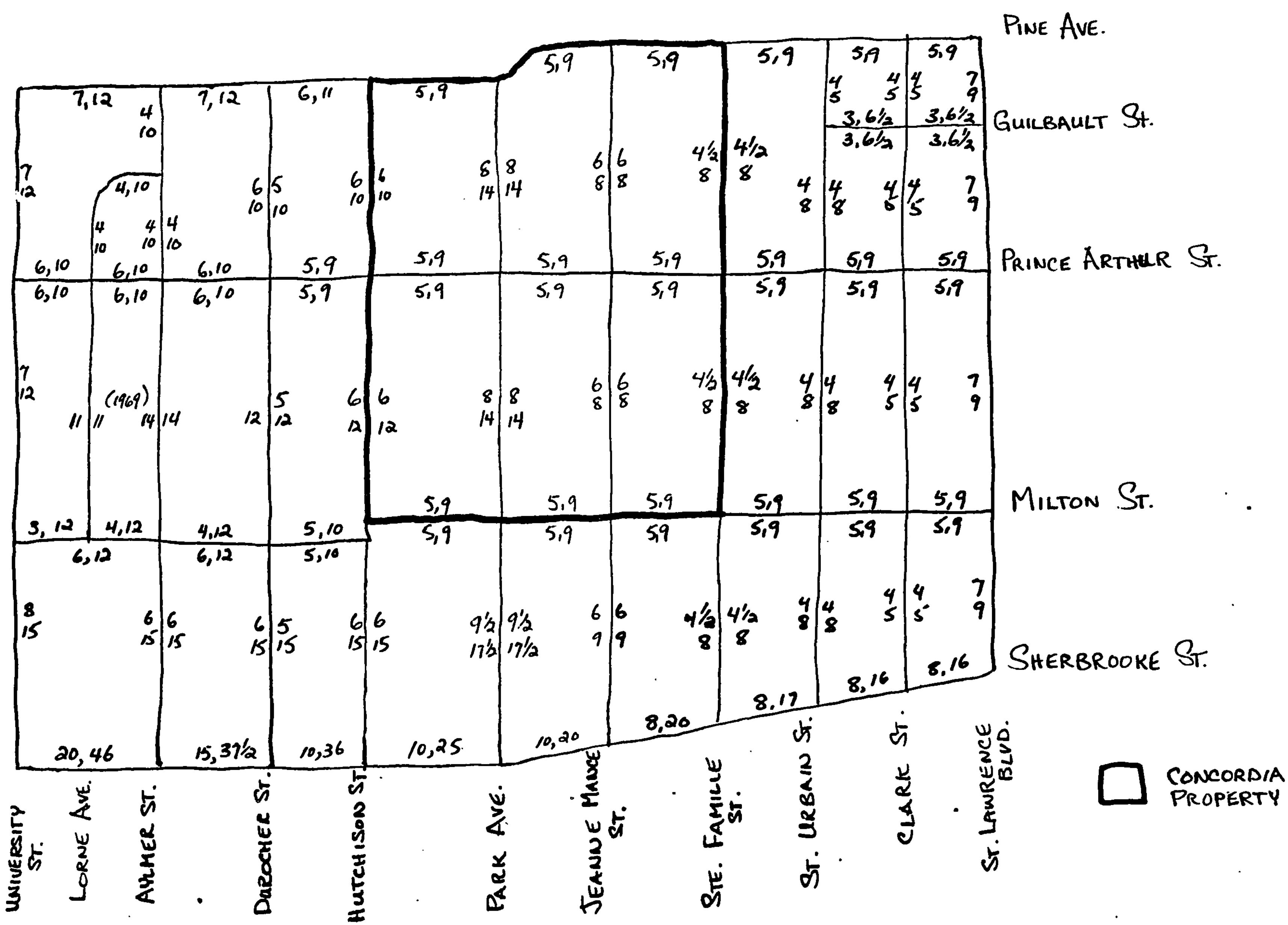
APPENDIX VII

Average Annual Increase in Sales Price: Clark Street, 1945-1970

*N = NUMBER OF HOUSES INVOLVED IN CALCULATION

APPENDIX VIII

Land Assessments in Dollars per Square Foot: 1964 and 1969



Appendix IX

Contact and Interviewing Method

The owners were sent letters of introduction to the project from Dr. Roger Krohn at McGill University and they were then telephoned for an appointment. Of 23 owners contacted by this method on Aylmer St. 7 refused to be interviewed. Of 19 owners contacted on Clark St. 7 refused to be interviewed. An overall total of 68 percent agreed to be interviewed.

All owners with French names were sent letters written in French and were called initially by an assistant who spoke French. Five of these owners were interviewed in French with the aid of an assistant. The others were interviewed in English.

A tape recorder was not used during the interview and the interviewer took few notes so as to be able to carry on a freeflowing discussion. The interview was written down immediately afterward from memory. An interview schedule was drawn up covering factors influencing acquisition of the property, relationships with tenants, feelings about the neighborhood, attitudes toward redevelopment, maintenance standards, and income or return on investment. (See Appendix X.) The interviews were relatively informal and conversational and they did not necessarily conform to the questions as outlined in the schedule. The interviews were free-flowing as much as possible in order to allow the owner to expand on topics of most interest to him. They conformed quite closely to the "interview-conversation" as described by Blum:

> At the preliminary stages of the field work, interviews were administered in the usual fashion. But in the attempt to create a permissive atmosphere I found myself becoming involved in a conversation during which I told the interviewee several things out of my own life. This departure from the regular interview procedure led to a notable change in atmosphere and a greater facility in obtaining information. This was a chance observation which led to the systematic development of the interview-conversation.[1]

The length of the interview varied from three-quarters of an hour to two hours, depending on the interest and the inclination of the interviewee.

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[1]Fred H. Blum, "Getting Individuals to Give Information to the Outsider," Qualitative Methodology: Firsthand Involvement With the Social World, ed. William J. Filstead (Chicago: Markham Publishing Co., 1970), p. 86.

APPENDIX X

INTERVIEW SCHEDULE FOR OWNERS

1. Address of building:

2. Owner's address:

3. Place of residence:

4. Name:

5. Nationality/ethnicity:

6. Building type:
   (no. & type of dwelling units)

7. How would you describe the condition of this building?
   very good
   good
   fair
   poor

8 Age of building:

9. Lot size:

10. Land assessment:
    Building assessment:
    Total assessment:

11. Age of owner:

12. Marital status:

13. Do you own this building independently?

14. When did you acquire this building?
    How did you acquire this building?

15. (If RL) Where did you live before?

16. (If RL or AL previously resident) What made you decide to buy a house/ home?

17. Why did you choose to own in this area?

18. Did the previous owner live in the building?

19. What services do you supply?
    heat (kind)
    hot water
    electricity
    parking (garage)
    storage space
    use of garden
    refrigerator
    stove
    furniture
    janitor
    washer & dryer
    other

20. Are there some things about operating a property such as this that are more of a problem than others? (List those which seem the most important.)

21. What types of jobs do the majority of your tenants hold?
    Now?
    In the past?

22. How long are the leases?

23. How long have your present tenants lived here?

24. Did former tenants usually stay longer?

25. Do your tenants pay water tax?

26. Are your tenants mostly Canadian?
    English
    French
    Other

27. What rents do your tenants pay?

28. Would you describe your relationship with your tenants as businesslike, or also personal? Do you prefer it that way?

29. Do you ever have vacancies between tenants in this building? How often?

30. How do you recruit tenants?

31. How long does it take to rent an apartment from the time that you first advertize it?

32. Has the time it takes to rent an apartment changed in recent years?

33. When you acquired the building, how did you decide what rent to ask for?

34. Do you know the rents for similar buildings in the area? How do they compare to yours?

35. Do you normally decide beforehand how much rent you want for an apartment, or are you prepared to give or take a few dollars depending on the circumstances?
    A. What about the length of the lease?
    B. What about redecoration and repairs?

36. What repairs have had to be done to the building (and the apartments) since you bought it?
    Check:
    Work you hired
    Work you did
    Work done by tenants

37. Since you acquired the building, have you converted any of the dwelling units from one type of use to another?

38. Have you considered doing full-scale renovation on this building?

39. Do you make a point of keeping up on whether the apartments are being kept in good condition?
    How?
    How often?
    If not, why?

40. How much of your time does it take to operate the property?

41. (If RL) With how many of your neighbors do you have a friendly talk fairly often? How often would this be?

42. (If RL) Are you thinking of moving in the near future?
    When? Any specific reasons?
    Check: location
    space, facilities, services
    neighborhood character
    tenants
    financially better
    other

43. (If RL) Would you then sell this building?

44. (If RL) How do you like this district as a place to live?

45. (If RL) Do you have close friends and/or relatives in this area?

46. How would you describe this neighborhood?

47. Would you say the character of this neighborhood has been changing in recent years? How? What about property maintenance?

48. Do you know owners or other persons with whom you discuss property ownership matters?

49. Do you belong to a relevant association?

50. Do you also own other rental property? Note: number, kind, and location.

51. (If not) Have you ever owned rental property in the past?

52. How do the returns compare?

53. Then you make (don't make) your living from real estate holdings?

54. What kind of job do you hold? (If retired, do you get a pension?)

55. Do you intend to sell this property? (If yes) Why? When? Do you expect to make a profit on the sale? Would you take a loss?

56. (If intending to sell) Is the building listed with a real estate company?

57. Are there many interested buyers? What type of buyers are they? Do you think you can get your price? Why, or why not?

58. How much did the building cost you originally?

59. Did you take out a mortgage at the time?
    Downpayment:
    Mortgage:
    Interest rate:
    Amortization:
    Lender:
    Check renewals and second mortgages.

60. What are your current expenses with the building (per year)?
    Fixed expenses:
        mortgage payments
        property tax
        school tax
        water tax
        insurance
        janitor
    Operating expenses:
        maintenance
        heat
        electricity
    Others:
    Total:

61. Your gross rental income is how much per year?

rooms	______
apartments	______
flats	______
garages	______
Total	______

62. So this leaves you with a net surplus or deficit of _____ .

63. (If RL) What do you think you would have to pay in rent for your flat?

64. How much of your own money do you figure that you have invested up to now? (equity)

Alternate questions for 58 to 64.

A. Do you keep careful account of income and expenses for the building?

B. When you balance your income from the rents against your expenses do you end up with a surplus or a deficit?

C. Do you calculate foregone interest on your equity to arrive at a net profit?

D. Is your mortgage paid off?

65. Originally, how did you expect the building to work out financially?
Note: resale intentions?
expected level of return?

66. Do you expect your present return rate to increase (decrease) over the coming years? Note: considerably? to what level?

67. When you bought the building, were you considering resale after a few years? Probe: for a profit?

68. Do you expect property values to change within the next few years?

69. (If RL) Do you feel that staying here works out better financially? Do you think that you would be financially better off to sell your house and invest elsewhere?
Note: ever thought about this in detail?

70. If you were to make renovations on your property, where would you turn for financing? Would you expect difficulty in getting it? Why?

71. (If AL) Is the resale market such that you can get the money invested on improvement back? With a profit?

72. If you improved the property, could you get an adequate return through increased rents? With a higher net return?

73. How much have your taxes gone up since you bought the property? How much have you raised the rents? Do you intend to raise them (again)? Why? If discrepancy between tax and rent increases, how has this affected you? Check: spends more on the property
spends less on maintenance

74. Is there anything you think the government(s) should do with regard to this area? Do you think it lacks adequate services of any kind? Do you think government attitude to this area needs to change in any (other) way?

75. Has anyone ever approached you to ask you to sell?
Check: group, individual, company?
how many times?
when?
for what reason?
What was your response?

76. There are new buildings over on ____ and ____ Sts. Do you think they affect the area? How?

77. Do you think this new development means anything for the future here?

78. Are you familiar with the proposed Concordia redevelopment scheme?

79. What do you know of it?

80. What do you think of it?

81. What effect do you think it will have on the area?

82. Have your plans for your property changed since you heard of it?

83. Have you heard of the Milton-Park Citizens Committee?

84. What do you know about it? How do you know about it?

85. What do you think of it?

86. What in your opinion should such a group be doing?

87. (If RL) Would you be interested in participating in an organized effort to improve the community? Why, or why not?

88. Is there anything I haven't asked you that you would particularly like to comment on?

89. Is there anything that you would like to ask me?

Addenda

Date:

Times contacted:

Type of building:

maintenance — very good / good / pass / poor

work needed

comments

Description of interviewee:

Reception: Check: initially unwilling / hesitant / willing

Rapport: overall / on finances

Check: guarded / equivocal / open / confiding

comments

change during interview

Other persons present (effect on interview):

Special problems encountered:

Topics of greatest interest to landlord:

Language spoken:

Points of special interest:

Appendix XI

Description of Owners on Aylmer and Clark Streets

Aylmer St.

Age: Half the sixteen owners interviewed were over 60 years of age. Twenty-five percent were between 40 and 60 years and twenty-five percent were between 20 and 40 years.

Ethnicity: On the sample block there was a total of 28 owners. The ethnic breakdown is as follows:

Ethnicity	No.	%
English	8	28
French	16	57
European	3	11
Other	1	4
Total	28	100

Tract 119 in 1961

British	43.4%
French	19.9%
Other	26.9%

(Source: DBS)

The ethnic distribution of the owners interviewed is as follows:

Ethnicity	No.	%
English	4	25
French	8	50
European & Other	4	25
Total	16	100

The ethnic distribution in the sample corresponds roughly to that of the block.

Residence: of the eight resident owners in the sample block, four were interviewed and three refused. One owner, who maintained a small single-family dwelling on a very tiny lot, had a strong attachment to the home and felt home ownership to be very important. Another resident owner lets small apartments thereby using rental housing as a means of owning her own home. The other two residents interviewed bought as an investment and live in the buildings only incidently, in order to maintain them properly. Two other owners are former residents and the rest are all non-residents.

Length of ownership: Over half (9/16) of the sample have owned for more than ten years. Four owners have bought within the last five years, three of these in 1967. Two have owned for more than twenty years. The average length of ownership for the Aylmer St. sample is 12.2 years.

Number of rental properties owned and means of livelihood: Five of sixteen owners own only one rental property and it is the only one they have ever owned. Six own more than three rental properties. Of the 16 owners in the sample, six make their living from real estate holdings; three are pensionners; three hold working-class jobs; and four are professional people. All four of the professionals own only two properties and reside in one. Two of them are former residents who are unable to sell at a satisfactory price and the other two own the second property as an investment. All six of those who own more than three properties make their living from real estate holdings. All of the Aylmer St. owners (except the one who owns a non-rental property) can be said to own rental property for the purpose of deriving a revenue from it.

Type of Units: Seven of the sixteen owners interviewed own rooming houses. Eight own buildings which are divided into self-contained apartments. Five of the six owners who make their living from real estate own rooming houses. None of the resident owners own rooming houses; they all own apartments.

Clark St.

Age: Half of the twelve owners interviewed are over 60 years of age. Four are between 40 and 60 years. Only one is under forty. (The age of one owner is not known.)

Ethnicity: On the block chosen for the sample there was a total of 26 owners. The ethnic breakdown is as follows:

Ethnicity	No.	%
English	3	11.5
French	0	0
European	22	84.6
Other	1	3.9
Total	26	100.0%

Tract 121 in 1961

British	19.8%
French	39.1%
Other	41.1%

(Source: DBS)

This block is not typical of tract 121 as it contains a much higher proportion of immigrants than the rest of the tract.

Of the twelve owners interviewed on this block, eleven were European immigrants and one was English-Canadian. The Europeans consisted of three German, three Ukranian, two Polish, two Russian, and one Yugoslavian. Seven of them have lived in Canada longer than 30 years. Only two of them have children at home and these came after 1950.

Residence: Only the European owners on this block are resident owners. Half of the European owners presently reside on the block. Many of the others are former residents. Six of the owners interviewed are residents. Three are former residents. All of the resident and former resident owners bought because they wanted to own their own home and they felt that it would be cheaper for them and more convenient than renting. They all bought fairly late in life.

Length of Ownership: Two-thirds (8/12) of the owners in the sample interviewed bought over ten years ago. Two have owned for less than five years; both inherited the properties. One third (4/12) have owned for more than 20 years. The average length of ownership for the Clark St. sample is 17.6 years.

Number of rental properties owned and means of livelihood: Five of the Clark St. owners interviewed own only one rental property. All of these are resident. Only two own more than three. One of these is the English-Canadian investor and the other is a second generation European who inherited three properties from his father. Three of the owners are pensionners. Five hold working-class jobs, and four are self-employed. Only two owners presently own for the purpose of deriving revenue from the property.

Type of units: All of the units on Clark St. are flats.

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