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# The CMHC in Ajax, Ontario: 1948-1950

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### Article abstract

Between 1948 and 1950, the federal crown corporation, Central Mortgage and Housing Corporation (CMHC) sold off most of its extensive holdings in the small Ontario community of Ajax. This process was surprisingly arduous and complex as the CMHC attempted to ensure that the community and the immediate surrounding area had suitable plans to regulate potentially uncontrolled growth. The local federal member of Parliament and residents were among the actors who resisted the CMHC efforts. Ontario governmental officials also played a complex almost duplicitous role in the proceedings. Eventually, the CMHC withdrew from Ajax without achieving most of its objectives. This case study highlights the complications that can occur when three levels of government become involved in a contentious undertaking such as establishing a new municipal government.

# The CMHC in Ajax, Ontario: 1948-1950

by Robert McGeachy

## Introduction

On 9 November 1950, the Ontario Municipal Board (OMB) declared that Ajax, Ontario, a small community located between Toronto and Oshawa, was now the Corporation of the Improvement District of Ajax.<sup>1</sup> In an Improvement District, the local residents lacked a municipal franchise; instead, the lieutenant governor appointed a three-member board of trustees to handle the community's local affairs.<sup>2</sup> These men had the daunting task of creating regulations and bylaws to govern the com-

munity's physical, social and economic life.<sup>3</sup> When the OMB decided that an Improvement District, such as Ajax, had achieved an acceptable degree of maturity, it could declare that the community had achieved municipal status and could then be run by an elected city council.<sup>4</sup> At the time, the major landlord in Ajax was the Central Mortgage and Housing Corporation (CMHC), a federal crown corporation. From a constitutional perspective, this made Ajax an anomaly because, according to the *British North*



*Wartime houses on Queen Street looking northwest, circa 1941. Photo by Turofsky, Alexandra Studio (Ajax Public Library [P070-000-042].)*

## Abstract

*Between 1948 and 1950, the federal crown corporation, Central Mortgage and Housing Corporation (CMHC) sold off most of its extensive holdings in the small Ontario community of Ajax. This process was surprisingly arduous and complex as the CMHC attempted to ensure that the community and the immediate surrounding area had suitable plans to regulate potentially uncontrolled growth. The local federal member of Parliament and residents were among the actors who resisted the CMHC efforts. Ontario governmental officials also played a complex almost duplicitous role in the proceedings. Eventually, the CMHC withdrew from Ajax without achieving most of its objectives. This case study highlights the complications that can occur when three levels of government become involved in a contentious undertaking such as establishing a new municipal government.*

**Résumé:** *Entre 1948 et 1950, la Société canadienne d'hypothèques et de logement (SCHL), société fédérale d'État, vendit la plupart de ses nombreuses propriétés au sein de la petite communauté ontarienne d'Ajaxe. Cette opération s'avéra étonnamment compliquée, la SCHL voulant s'assurer que la municipalité et ses alentours étaient munis d'un plan d'action pour régulariser une éventuelle croissance incontrôlée de logements. Le député et les résidents locaux furent parmi ceux qui résistèrent aux efforts de la SCHL. Des représentants du gouvernement de l'Ontario jouèrent également un rôle complexe, et peut-être douteux, au sein de ces démarches. Finalement, la SCHL se retira d'Ajaxe sans avoir atteint la plupart de ses objectifs. Cette étude de cas met en évidence les complications qui peuvent survenir lorsque trois niveaux de gouvernement s'impliquent dans une opération contentieuse telle celle qui consiste à créer un nouveau gouvernement municipal.*

*American Act*, municipalities were in the provincial sphere of influence.<sup>5</sup> The OMB's action in 1950 was the first step in a process that would eventually lead to the CMHC's complete withdrawal

from its role as landlord in Ajax. This process would eventually lead to Ajax attaining full municipal status, in 1954, when the OMB officially declared it a town and its residents achieved full voting rights.<sup>6</sup>

This article examines the negotiations conducted between 1948, when the CMHC was granted control of Ajax, and 1950, when the community became an Improvement District. These negotiations were conducted between the CMHC, various departments of the provincial government, and residents of Ontario County and Pickering Township. This article is divided into two major sections. The first section briefly examines how various policies of

the provincial and federal governments led to the establishment of Ajax. The second section covers the actual negotiations between the various actors.

During Ajax's formative years the

<sup>1</sup> The OMB held a hearing on 9 November 1950 and issued a decree declaring that effective 1 November 1950, Ajax was now officially known as the Corporation of the Improvement District of Ajax. Ken Smith, "The Improvement District of Ajax," in *A Town Called Ajax*, edited by Archie MacDonald (Ajax, Ontario: Ajax Historical Board, 1995), 66.

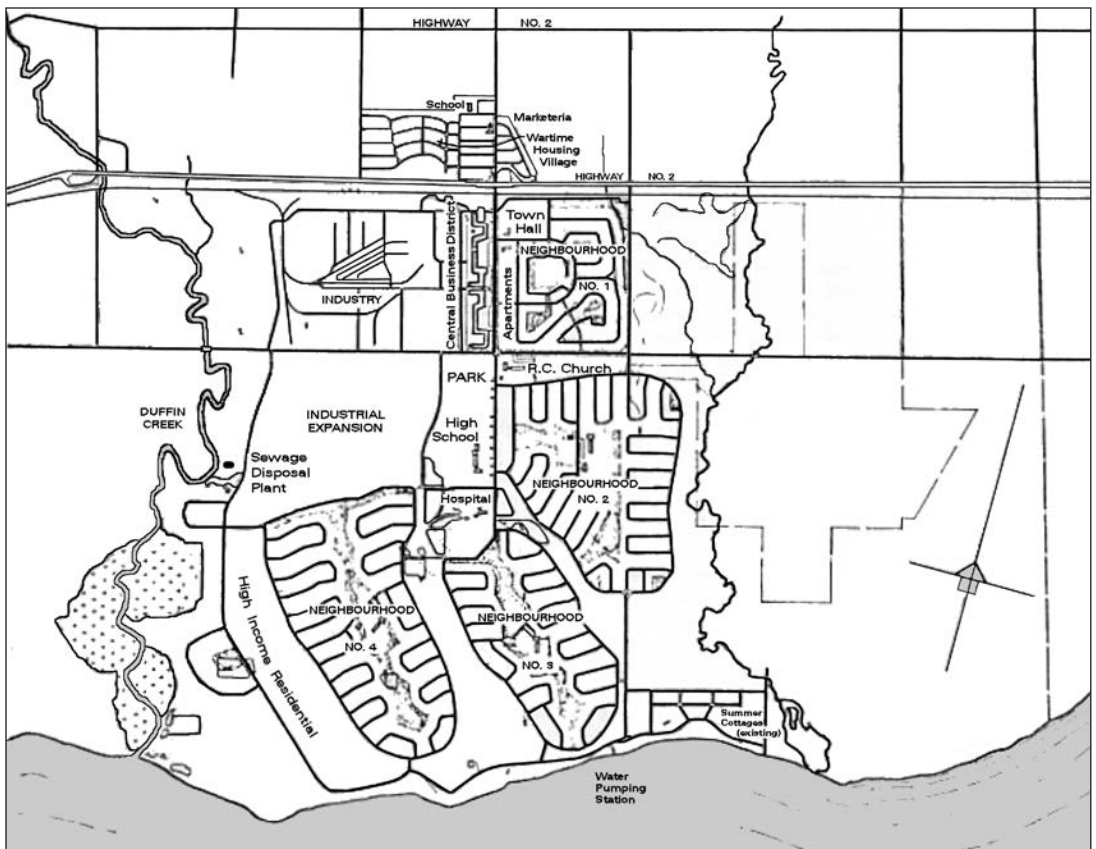
<sup>2</sup> The Lieutenant-Governor in Council appointed a three-member trustee board responsible for running the community's services. The board members were: Chairman Benjamin de Forest Bayly; Vice-Chairman John Mills; and member William Ridewout. Smith, "The Improvement District," 66-67.

<sup>3</sup> Smith, "The Improvement District," 67.

<sup>4</sup> Ajax Historical Board, *The Pictorial History of Ajax* (Ajax: Ajax Historical Board, 1973), 20.

<sup>5</sup> Town of Ajax Website-2004, "History-Creating a Government," <[www.townofajax.com/history/gov.asp](http://www.townofajax.com/history/gov.asp)>

<sup>6</sup> Ken Smith and Archie MacDonald, "The Town of Ajax," in *A Town Called Ajax*, 76



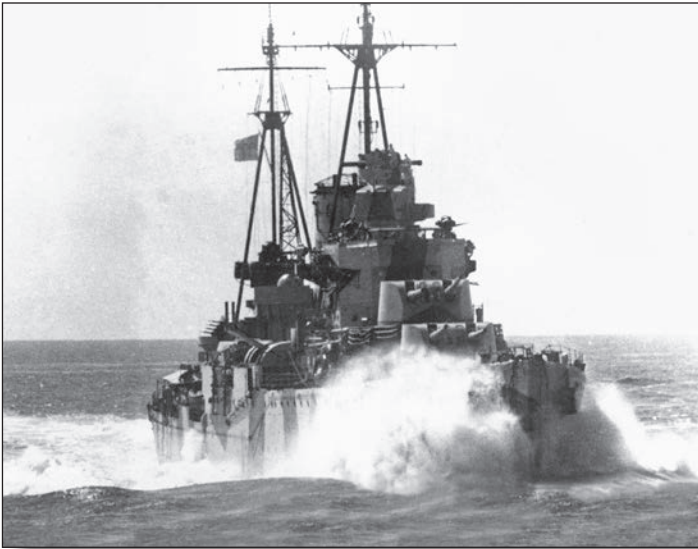
*Plan of Ajax, based upon Kent Barker, "Ajax: Planning a new town in Ontario," Community Planning Review. 1:1 (1951), 6-15.*

federal, provincial, and municipal levels of government interacted intimately and not always harmoniously at the local level. For the federal government, Ajax was a sometimes-uncomfortable aberration from its established policies. Before the Second World War the federal government was reluctant to intervene directly in the housing market and to become involved in the minutiae of city planning. After the war, the federal government tried to return

to its pre-war, less interventionist policies. In 1947, in an article about the dominion government's housing policy, C.D. Howe, the then Minister of Reconstruction (and legendary "Minister of Everything"), commented on the federal government's economic intervention: "it is clear that the extent of the Dominion's direct participation in providing accommodation had been limited and treated as an extraordinary provision."<sup>7</sup> From an historical perspec-

<sup>7</sup> C.D. Howe, "Meeting Canada's Housing Needs," *Public Affairs* (October 1947), 220.





*The town's namesake, HMS AJAX on the Tobruk run ferrying Polish and Australian troops to and from Tobruk in 1941. Image taken from the stern of HMS LATONA, a minelaying cruiser lost on 25 October 1941. (Ajax Public Library [P120-001-001].)*

tive, Ajax can be seen as one of these “extraordinary provision(s)” for the federal government created and ran a thriving modern industrial town. Until the federal government sold its assets in Ajax, Ottawa was the unlikely landlord for thousands of Ajax tenants. The CMHC would never again attempt such an undertaking. During the 1960’s, for example, when government-funded housing came into vogue and thousands of publicly-funded housing units were built and rented to low-income tenants, the CMHC chose to stay in the background. The federal crown corporation let provincial authorities, such as the Ontario Housing Corporation, take the lead and the headaches of building and managing a vast housing stock and its inhabitants.

The CMHC acquired the land and property that became Ajax from War-time Housing Limited (WHL), a crown corporation whose wartime role was

to expropriate and service land. The WHL had close ties with the Department of Reconstruction and Supply and was essentially a temporary deviation from established federal government economic and social policies. During the Second World War and in the years just after

the conflict, the WHL built and rented thousands of distinct, pre-fabricated bungalows, clumped together in neighbourhoods, throughout the country. Many of these bungalows still exist, a testimony to their design and construction; their permanence is almost ironic as the WHL was to be a temporary and forgettable experiment. Visitors to Ajax can still see robust neighbourhoods of wartime houses, often modified to suit their owners’ tastes.

For the provincial government, Ajax, with its growing population, represented a daunting challenge. Ontario was rapidly urbanizing. City planning was now a top provincial priority and new government structures and departments were needed to cope. No longer was a *laissez faire* attitude to managing city growth deemed acceptable, even to the Conservatives who were then ruling the province. For the federal government, Ajax represented an aberration;

for the provincial government, it came to represent what would become almost a norm: the daunting task of managing a briskly growing community.

At the local level, federally-appointed authorities governed Ajax's local affairs, much to the chagrin of its inhabitants. Many of these inhabitants were veterans who had made substantial sacrifices on behalf of their country and felt hurt that they could not be trusted to run their own local affairs. Ajax's citizens, and even its local federal representatives, embarked on demonstrations against their federal overseers to express their desire for local self-determination. These strands, combined with federal, provincial and local issues and concerns, to make Ajax "an extraordinary provision."

### **Federal housing policies: background to Ajax's creation**

The 1935 *Dominion Housing Act* (DHA) and the 1938 and 1944 *National Housing Acts* (NHA) were the basis of the federal government's housing policy. The main goal of these Acts was to try and make Canada a nation of homeowners instead of a nation of tenants. Through these Acts, the federal government did not want to nationalize

the construction industry or launch a substantial social housing program, but to give potential homeowners assistance in the form of loans either to buy or to build houses.

Ironically, the *Dominion Housing Act*, passed by Prime Minister R.B. Bennett's Conservative Government, would become the basic framework of the housing policy of King's Liberal government and circuitously lead to the establishment of Ajax. This Act, with its reliance on low interest loans, did not initially succeed in its stated objective of providing people earning low wages the opportunity to obtain a house.<sup>8</sup> In depression-ridden Canada very few could afford to construct a house. Paradoxically, those who could did not need government assistance. Furthermore, the available lending capital was limited as only a few mortgage companies participated in the project.<sup>9</sup> Between 1935 and 1938, only 1,885 units were constructed using DHA funds; this amount made only a slight dent in the housing shortage.<sup>10</sup>

In the House of Commons, the opposition criticized the DHA's early shortcomings. MPs from the leftist Co-operative Commonwealth Confederation (CCF) advocated a more interventionist solution to the housing crisis. Liberal M.P. Charles Dunning also called for a

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<sup>8</sup> The government's low interest loan was to constitute 20% of the total house construction costs. An approved loan from a financial institution could provide the remaining portion of the costs. Dominion of Canada, Official Reports of the Debates of the House of Commons, vol. 1, 1935, 390.

<sup>9</sup> John Bacher, "Canadian Housing Policy in Perspective," *Urban History Review/Revue d'histoire urbaine*, 15:1 (1986), 33.

<sup>10</sup> Bacher, 55.

broad, more interventionist, program that would include rent safeguards for low-income families.<sup>11</sup> Mackenzie King, then leader of the opposition, did not fully share Dunning's beliefs, and approved of the DHA's basic principles of limited government assistance and economic intervention.<sup>12</sup> When he became prime minister in 1935, King did not seek to replace the DHA completely, but maintained its basic principles in his government's 1938 and the 1944 versions of the *National Housing Act*.

Wartime Housing Limited, which constructed Ajax, represented an almost complete reversal of King's preferred approach to the housing market. This crown corporation, which operated from 1941 to 1949, constructed approximately 11,000 pre-fabricated, easily-assembled houses.<sup>13</sup> In order to ensure efficient production and aesthetic standardization, the WHL employed a few modest, bungalow-styled designs.<sup>14</sup> During the war, the WHL helped municipalities cope with a severe housing shortage by pro-

viding rental houses for workers in munitions factories.<sup>15</sup> After the war, it helped to provide moderately-priced houses for returning veterans to buy.<sup>16</sup>

During the war, King and his government could justify the WHL's existence; the government was taking extraordinary interventionist actions to deal with wartime conditions. When the conflict ended, however, the WHL's long-term fate needed to be decided. Its president, Joseph M. Pigotti, wanted to maintain the WHL as a regular government program, and to preserve the government's direct role in the housing market.<sup>17</sup> However, in its 1944 report on housing, a sub-committee of the powerful Committee on Reconstruction advocated supporting public and private ownership of homes.<sup>18</sup> The Minister of Finance, J.L. Ilsey, contended the WHL would drive private enterprise out of the housing market, and he made his views known in a 1944 memorandum to C.D. Howe.<sup>19</sup> Ilsey was in favor of the government pursuing a very limited

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<sup>11</sup> Dominion of Canada, Dominion of Canada, Official Reports of the Debates of the House of Commons, vol. 1, 1935, 390.

<sup>12</sup> David Hulanski, "The 1935 Dominion Housing Act: Setting the Stage for the Permanent Federal Presence in Canada's Housing Sector," *Urban History Review/Revue d'histoire urbaine*, 15:1 (1986), 25.

<sup>13</sup> Wade, "Wartime Housing Limited 1941-1947: Canadian Housing Policy at the Crossroads," *Urban History Review/Revue d'histoire urbaine*, 15:1 (1986), 57.

<sup>14</sup> John Blumenson, *Ontario Architecture: A Guide to Styles and Building Terms, 1784 to the Present* (Toronto: Fitzhenry & Whiteside, 1990), 219.

<sup>15</sup> Blumenson, 219.

<sup>16</sup> Blumenson, 219.

<sup>17</sup> Wade, "Wartime Housing at Crossroads", 54.

<sup>18</sup> Thomas Gunton, "The Evolution of Urban and Regional Planning." (Ph.D. diss., University of British Columbia, 1981), 21.

<sup>19</sup> Library and Archives Canada (hereafter LAC) RG19, vol. 20, file 203 1 A11, J.L. Ilsey to C.D. Howe, Memorandum, 1944.

form of state involvement by actively helping only the least fortunate. From his perspective, unobtrusive programs, such as family allowances, were acceptable because they did not overtly interfere with the private marketplace.<sup>20</sup> In the end, Ilsey's views prevailed and the government's subsequent housing policy allowed for only minimal state intervention in the marketplace.<sup>21</sup>

When the government decided to liquidate the WHL, renters of WHL houses, in Ajax and in other communities, were given the opportunity to buy their homes. Prices ranged from \$2,500 to \$3,300, with 10% down and a twenty-five-year mortgage. Many of the renters found these terms attractive and became homeowners.<sup>22</sup>

Formed in 1945, the CMHC became the main body responsible for implementing the government's housing policy. It did this primarily by administering the loan provisions of the *National Housing Acts*. As housing expert Albert Rose noted, the crown corporation was "designed to hide the potential iron fist of government intervention

with a velvet glove of respectability or even financed profit."<sup>23</sup> When the CMHC took over Ajax from the WHL in 1948, its leadership was, for constitutional and financial reasons, not enamored with running a municipality and began to seek ways of ridding itself of that responsibility.<sup>24</sup> Thus began what would turn out to be arduous negotiations with various provincial and local political actors to give Ajax some sort of municipal status.

### The opening negotiations

In 1941, the federal government expropriated approximately 3,000 acres of land from Pickering Township, a rural area primarily known for its dairy farming.<sup>25</sup> Many of the farmers whose land was appropriated were unhappy about their treatment.<sup>26</sup> Wartime Defense Limited constructed a shell-filling plant, Defence Industries Limited (DIL) operated it, and Wartime Housing Limited erected 600 houses and some dormitories to rent to the workers, many of whom were women from across Canada.<sup>27</sup> Federal authorities also

<sup>20</sup> *Ibid.*

<sup>21</sup> Wade, "Wartime Housing at the Crossroads," 54.

<sup>22</sup> Dorothy Helms, "Planning in Ajax," in *A Town Called Ajax*, 208.

<sup>23</sup> Albert Rose, *Canadian Housing Policies: 1935-1980* (Scarborough: Butterworth and Company Ltd., 1980), 29.

<sup>24</sup> LAC RG56, vol. 40, file 107-1-2, G. Murchison to D. Bursur, Memorandum, October 19, 1949.

<sup>25</sup> Ajax Historical Board, *The Pictorial History of Ajax*, 22.

<sup>26</sup> Farmers often received little more than \$100 an acre; a sum that they considered inadequate. They were also given only a week to move from their properties. These farms had often been in the farmers' families for generations. Marjorie Ludlow Green, "The DIL Years," in *A Town Called Ajax*, 25, 26.

<sup>27</sup> Ajax Historical Board, *The Pictorial History of Ajax*, 22. The location was desirable because Pickering Township was primarily rural and far enough away from municipalities for safety and security reasons, but had access to Highway 2 and train lines. Marjorie Ludlow Green, "The DIL Years," 25, 29.



*Shell filling operation at Defence Industries Limited, circa 1941. Photo by Roy Mitchell, Alexandra Studio. (Ajax Public Library [P070-000-156].)*



constructed a water purification plant and distribution system, along with a steam plant.<sup>28</sup> This community was named Ajax in honor of the famous light cruiser that had fought at the Battle of the River Plate.<sup>29</sup> Naturally, after the war ended in 1945, the demand for shells dissipated, and the plant was closed. Various officials had to decide what was to be done with Ajax. Until 1948, the University of Toronto offered a temporary solution when it leased some of the community's vacant buildings and conducted classes in them for returning veterans.<sup>30</sup> When the CMHC acquired the area's crown lands, it acquired two main challenges. The first was reimbursing Pickering Township and Ontario County for the municipal services they had rendered to Ajax. The second, more complex challenge, was establishing a community with an official plan that was acceptable to the relevant government agencies.

Before the negotiations could even begin, the CMHC had to settle the WHL's outstanding bills.

In 1942, the WHL and the Township of Pickering reached an agreement regarding Ajax whereby the former would construct the houses and service the land with water, sewage, and heating facilities while the latter, along with the county, would supply municipal services such as snow plowing in addition to assuming the costly burden of social welfare. While the Ontario Department of Education helped with education costs, the township and county, which were primarily rural with small tax bases, still had to make some heavy outlays to cover their responsibilities. And the local ratepayers could not, for constitu-

<sup>28</sup> Green, "The DIL Years," 33-34.

<sup>29</sup> "History: The Town of Ajax and the HMS Ajax," Town of Ajax Website 2004, Retrieved 1/23/2004 from <[www.townofajax.com/history/recognize.asp](http://www.townofajax.com/history/recognize.asp)>.

<sup>30</sup> Town of Ajax Website 2004, "History: The Town of Ajax and the HMS Ajax," 58.

tional reasons, tax the federal government for services rendered. Complicating matters further, Ontario was one of the few provinces that had not passed an enabling Act allowing municipalities to negotiate financial matters directly with the federal government or money to pass between a federal agency and the municipality. Local authorities, therefore, believed they deserved compensation for services rendered during the war but could not collect. Ontario County Clerk M. Manning petitioned Prime Minister Mackenzie King to this effect describing the frustration of local residents who believed the CMHC was not accountable.<sup>31</sup> The residents even formed a committee to approach their local MP, Mr. Sinclair, who unfortunately died before he could take action.<sup>32</sup> It was years before the CMHC compensated the ratepayers. Throughout the ensuing negotiations local authorities would sometimes feel the CMHC had slighted them. Possibly unbeknownst to them, the provincial government did not always support their interests. For example, in a 1950 meeting provincial officials suggest that CMHC discontinue its water supply negotiations with Pickering Township.<sup>33</sup> The CMHC eventually sent a \$24,000 cheque for the county and township to divide.<sup>34</sup>

## City planning in Ontario: The early years

Planning was to become the centre-point of negotiations between the CMHC and various provincial government agents. Ostensibly being part of a rural area, Ajax offered a unique situation; it was an urban community without a municipal government either to initiate or to oppose a planning initiative. Technically, therefore, the CMHC could impose an urban plan on the area. Nonetheless, the CMHC would not be able to completely discount the influence of Ontario County and Pickering Township residents

Although the federal government recognized the need for community planning, it did not do much to activate major planning initiatives before the Ajax project. Urban liberalism, Thomas Gunton has observed, was the mainstay of the government's attitudes towards planning. City planning was supposed to complement capitalism, preserve the existing social order, and counter socialism.<sup>35</sup> There were sections in the 1935 *Dominion Housing Act* and in each of the 1938 and 1944 versions of the *National Housing Acts* calling for city planning research, but little was done to implement any of them.

Municipal governments were also

<sup>31</sup> LAC RG56, Vol. 33, File 107-1-6, M. Manning to Mackenzie King, letter, 18 February 1948.

<sup>32</sup> *Ibid.*

<sup>33</sup> LAC RG56, vol. 32, file 107-1e, G. Murchison, Memorandum to Major General H.A. Young, 28 April 1950.

<sup>34</sup> LAC RG56, vol. 40, file 107-1-2, G. Murchison to D. Bursur, Memorandum, 19 October 1949.

<sup>35</sup> Gunton, "The Evolution of Urban and Regional Planning," 42

beginning to recognize the need for urban planning to help them cope with growing populations. In 1945, the Canadian Federation of Mayors and Municipalities sent out 150 questionnaires to governments of communities with populations over 5,000 to determine how many actually had plans. Only sixty-seven questionnaires were returned, and of these, only twenty-six actually had plans. Most municipalities lacked plans for two main reasons: they were catching up on work deferred during the depression and wartime, or their resources were already committed to ongoing scheduled work and could not be diverted to planning.<sup>36</sup> Municipal governments needed provincial and federal assistance to help them formulate and implement plans.

In keeping with the changing political climate in Ontario during the 1940s, the provincial government took steps to encourage city planning. The 1943 Ontario election was an important political milestone. While the Conservatives, led by George Drew, won the election and began a dynasty that would last until 1985, the CCF also made substantial gains and two Communist Party members were elected.<sup>37</sup> At the same time,

in Toronto, groups such as the Citizen's Housing and Planning Association were forming and calling for increased state intervention in the housing market.<sup>38</sup> Despite the Conservative win, attitudes in Ontario were shifting to the left and Drew felt a need to react. Ideologically, the premier, in the tradition of Sir John A. Macdonald, believed in paternalistic government, where the state, without being socialist, had a duty to help the less fortunate.<sup>39</sup> He also understood the importance of city planning, and his province, with its strong industrial base, had sufficient resources to undertake the needed reforms.<sup>40</sup>

In 1944, Drew formed the Department of Planning and Development to promote urban planning in the province.<sup>41</sup> Legislation passed in 1947 called upon municipalities or groups of municipalities to form planning areas and to draw up plans showing proposed growth and including information about highways, parks and other items.<sup>42</sup> Local authorities were to formulate their plans with the help of provincial expertise and then execute them. Whereas this process was designed to achieve a number of objectives such as slum clearance and the regulation of urban

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<sup>36</sup> Canadian Federation of Mayor and Municipalities, *Municipal Post-War Public Works Projects*, Unpublished Report, 1945.

<sup>37</sup> Jonathon Manthrope, *The Power and the Tories* (Toronto: Macmillan of Canada, 1974), 30.

<sup>38</sup> *Ibid.*

<sup>39</sup> K.J. Rea, *The Prosperous Years: The Economic History of Ontario, 1939-1975* (Toronto: University of Toronto Press, 1985), 16.

<sup>40</sup> *Ibid.*

<sup>41</sup> Committee on the Organization of Government, *Report* (Toronto: King's Printer, 1959), 274.

<sup>42</sup> Comay Planning Consultants Ltd., *Subject to Approval: A Review of Municipal Planning in Ontario* (Toronto: Ontario Economic Council, 1973), 59.



*The first houses built in Ajax after the Second World War, circa 1948. Oshawa Times. (Ajax Public Library [P130-002-001].)*

growth, in actuality, it achieved little.

Being new, the Department of Planning and Development did not have enough clout to carry out its mandate fully. Initially, Drew had planned to supplement his duties as premier by also being the Minister of Planning and Development, but instead decided to become the Minister of Education.<sup>43</sup> Without his personal intervention, the Department of Planning and Development was just another department competing for revenues. It also came into indirect competition with the powerful and established Department of Muni-

pal Affairs since both dealt with cities. As a result of the Department of Planning and Development's shortcomings, municipal politicians complained that their plans could not be implemented for lack of provincial help.<sup>44</sup>

According to provincial guidelines, a petition of local adult residents was required to establish an Improvement District. An organization was then needed to collect and spend money for the area's services and to draw up a plan.<sup>45</sup> In Ajax, the CMHC would have difficulty determining what constituted an Improvement District and planning area.

<sup>43</sup> *Ibid.*, 157.

<sup>44</sup> Department of Planning and Development, *Community Planning Conference: Proceedings of the Conference Held in Toronto, Ontario, January 29-30, 1947* (Toronto: The King's Printer, 1947), 21.

<sup>45</sup> LAC RG56, vol. 29, file 107-1, "Guidelines for Establishing an Improvement District."





*The Ajax steam plant in 1941. Photo by Turofsky, Alexandra Studio (Ajax Public Library [P070-000-045].)*

### The CMHC's objectives

Envisioning the gradual development of heavy industries, the corporation's leadership wanted to control as large an area as possible around the community. A "green belt" was to surround Ajax allowing the CMHC to control unseemly developments on the area's fringes.<sup>46</sup> Ajax reflected the federal government's conservative attitude towards planning with residential neighbourhoods segregated according to the relative affluence of their inhabitants.<sup>47</sup> CMHC administrators wanted to attract what they considered desirable industries to Ajax. When Defence Industries Ltd. closed in 1945, Ajax was left with-

out an industrial base. Local federal official, George Finley, played a prominent role in developing the community's industrial base as he sought modern high-tech industries, rather than traditional heavy industries. He was especially interested in attracting British firms to Ajax, though Canadian firms were also welcome.<sup>48</sup> One of the first to locate in Ajax was the English firm Pye Electronics. Another was the Canadian company, Dowty Equipment, which produced parts for the CF100 fighter project.<sup>49</sup> As of 1951, nearly 1,000 people were employed in Ajax's new industrial area.<sup>50</sup> Yet, Ajax had trouble coping with its success, as it needed more serviced land for new industrial projects.<sup>51</sup> The CMHC took steps to solve this problem by contracting firms, such as Slough Estates from England, to construct and rent factories to interested industries.<sup>52</sup> Ajax's indus-

<sup>46</sup> LAC RG56, vol. 28, file 107-1, Kent Baker, "Report to the Advisory Committee: Part One, Planning, 1948."

<sup>47</sup> *Ibid.*

<sup>48</sup> Ken Smith, "Industry in Ajax," in *A Town Called Ajax*, 175.

<sup>49</sup> Muriel Snider. "Ajax Growing to Plan," *Industrial Canada* (September 1952), 49.

<sup>50</sup> *Ibid.*

<sup>51</sup> The Ontario Housing Advisory Committee, *Background Report: The Housing Production Process in Ontario* (Toronto: Queen's Printer, 1977), 17.

<sup>52</sup> Snider, "Ajax Growing to Plan," 50.



trial growth did not please everybody. Since Pickering Township was still primarily a rural community, its residents were concerned that urban sprawl would destroy the countryside.

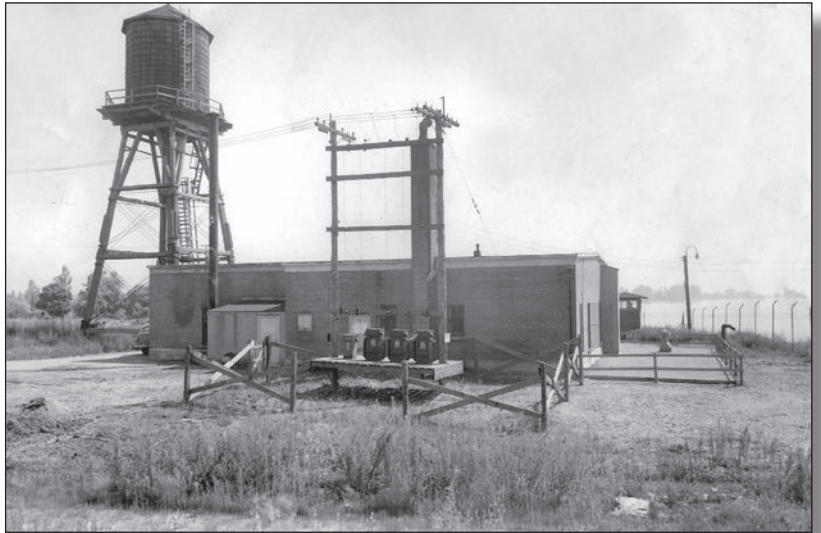
The Ontario Municipal Board (OMB) had the final word on whether or not the CMHC succeeded in establishing Ajax as a municipality. The OMB was a cabinet-appointed board with narrow, but very strong, responsibilities. Nominally, it was responsible to the Department of Municipal Affairs, but in reality, it was almost completely autonomous.<sup>53</sup> In short, the OMB acted as a court of final appeal in municipal matters and decided which communities

should have municipal status. During the CMHC negotiations with provincial authorities, the OMB was a key player.

The CMHC made its first application for the establishment of an Improvement District on 30 June 1949. The corporation sought to create a green belt around Ajax and to retain control of the community's water intake system, pumping and filtration plant, and steam-heating plant. Ajax, the

CMHC reasoned after discussions with provincial officials, was not yet developed enough to run its own services.<sup>54</sup> Despite initial appearances of calm, CMHC's application would soon cause a controversy in the Ajax area.

On 10 October 1949, Reeve W.H. Westey sent a detailed letter to the



*The original water purification plant located west of Pickering Beach Road on the lakeshore, 1941. Photo by Turofsky, Alexandra Studio (Ajax Public Library [P070-000-043].)*

CMHC leadership outlining the perceived advantages and disadvantages of Ajax separating from Pickering Township. A separate Ajax, he wrote, would create a clean and desirable cultural break between the urban community and the rural township. With Ajax paying for itself, a heavy tax burden would be removed from the shoulders of rural ratepayers. He also noted some of the disadvantages. If Ajax separated, the

<sup>53</sup> Committee on the Organization of Government, 274.

<sup>54</sup> LAC RG56 vol. 32, file 107-1-2, "Application for the Establishment of an Improvement District Including the Wartime Housing Project and Industrial Area of Ajax, June 30, 1949,"

township would lose precious industrial tax revenues and, if the township later wanted an industrial base, it would have to build its own. It would also lose the means to control growth around Ajax's borders. Somewhat ominously, Westey observed, the CMHC controlled the water system and hence could force the township to follow its lead.<sup>55</sup>

The CMHC's 1949 application to the OMB was controversial because of its proposed green belt around the community. The farmers included in the belt worried they could be considered urban residents and be taxed accordingly, yet, until Ajax achieved Improvement status, they would effectively be disenfranchised. Their ability to sell land could also be restricted if the CMHC made the preservation of the zone's pastoral ambience a priority. Alternatively, the CMHC might also force farmers to sell land to make room for a housing project. Without a municipal vote, green-belt farmers worried they could not effectively protest CMHC restrictions. Meanwhile, farmers residing outside of the district did not experience the same restrictions.<sup>56</sup>

In 1950, Pickering Township's population was 9,724, while Ajax's was 4,734.<sup>57</sup> There were enough people in

the township opposed to the CMHC's plans to warrant the OMB's attention. Publicly, the OMB favoured the farmers and township residents. CMHC attorney W.V. McLaughlin outlined what he believed were the reasons for the OMB's position. While the OMB may have actually favoured the CMHC controlling a large area, complete with the green belt, political realities prevented the provincial agency from supporting a federal crown corporation over the wishes of a sizeable number of local citizens.<sup>58</sup> As a result of McLaughlin's advice and objections raised at a 16 October 1949 meeting, the CMHC withdrew its application.<sup>59</sup> The corporation reassessed its strategy and tried to find another way to jettison Ajax in an acceptable manner.

The corporation's control of the local water supply would prove to be an important bargaining point and an unlikely stimulus for provincial-federal cooperation during the ensuing negotiations. Throughout 1949 and 1950, the CMHC tried unsuccessfully to reach a water supply agreement with Pickering Township. The crown corporation wanted the agreement to contain a clause forcing the township to draw up an official plan or at least to estab-

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<sup>55</sup> LAC RG56, vol. 32, file 107-1e, Reeve W.H. Westey, Document concerning the projected advantages and disadvantages of Ajax becoming an Improvement District.

<sup>56</sup> LAC RG56, vol. 32, file 107-1e, W.V. McLaughlin, Letter to Argus McClusky, 19 October 1949.

<sup>57</sup> Department of Municipal Affairs, *Municipal Statistics, 1951* (Toronto: King's Printer, 1951), 11, 51.

<sup>58</sup> LAC RG56, vol. 32, file 107-1e, W.V. McLaughlin, Letter to Argus McClusky, 19 October 1949.

<sup>59</sup> LAC RG56, vol. 32, file 107-1e, W.V. McLaughlin, Memorandum to Gordan Murchison, 3 November 1949.

lish restricted zoning to control urban growth. Eventually frustrated with the negotiations' ponderousness, it wanted to find a way to end the talks.

The Department of Municipal Affairs would play a murky role in the ensuing proceedings. In April 1950, G. Murchison, the CMHC Chairman of the Advisory Committee on Ajax, had a meeting with Mr. Carter, an official from the Department of Municipal Affairs. During the meeting, Carter presented an intriguing suggestion: the CMHC should discontinue talks regarding the water supply. Meanwhile, the Department of Planning and Development could apply the pressure necessary to convince the township to establish a planning district. Near the conclusion of the meeting, the provincial official startled his CMHC audience by stating that the Department of Planning and Development and the OMB would approve the corporation's application if the corporation would enlarge the area it was intended to include in the final comprehensive city plan for Ajax. The province wanted to have as much of the Ajax area as possible planned according to provincial authorities. Pickering Township would be responsible for developing the rest of the area. Evidently, the province was not confident in the township's planning ability. Murchison suggested that a senior CMHC official, Major General H. A. Young, contact

the Minister of Municipal Affairs, Mr. Dunbar, to clarify the situation.<sup>60</sup>

## Vigorous protests against the CMHC

The sudden cessation of the water talks in the spring of 1950 did not produce the desired effects for either the CMHC or the province. Pickering Township residents vigorously protested what they perceived to be needlessly heavy-handed tactics. Even the local Liberal MP, W.C. Thomson spoke at a protest rally and sent a strongly worded letter to the federal Minister of Resources and Development, Robert Winters, stating: "a club was being held to the head of the township to make bylaws in keeping with the conception of the superintendent of Ajax."<sup>61</sup> To Pickering Township residents, the CMHC was acting outside the restraints of representative government.

According to public opinion, the non-elected CMHC was the villain. Privately, however, the Department of Municipal Affairs supported the corporation's strong tactics. Both organizations wanted Ajax to be developed into a municipality and the CMHC to withdraw. Yet, the provincial department evidently did not want to appear to be cooperating too closely with a federal crown corporation, especially during the water and boundary disputes. Perhaps provincial officials cynically preferred to play

<sup>60</sup> LAC RG56, vol. 32, file 107-1e, G. Murchison, Memorandum to Major General H. A. Young, 28 April 1950.

<sup>61</sup> LAC W.C. Thomson, Memorandum to Honourable Robert Winters, May 22, 1950, RG56, vol. 26, file 107-1,

the role of saviour and “rescue” Ajax from the federal menace, believing that, afterwards, the Department of Planning and Development could impose a plan on the community.

## Resolution

On 2 May 1950, the CMHC submitted a successful application to the OMB. The corporation reduced the size of the area under consideration and avoided antagonizing the township residents, but it still owned the water intake, pumping, and filtration systems. The high- and low-level storage tanks were handed over to the Improvement District. The crown corporation declared its willingness to enter into an agreement with the Improvement District concerning payments in lieu of taxes on its property. In return for such an agreement, the CMHC expected the Department of Municipal Affairs to prevent the Improvement District from making undesirable financial undertakings.<sup>62</sup> In essence, the CMHC gave the Improvement District limited autonomy while maintaining control over the water supply, relying on provincial authorities to ensure that local authorities would not abandon sound city planning principles. The CMHC was finally finding a way to exit Ajax.

It is unclear what, if anything, Pickering Township gave up to resolve the water dispute. It did not immediately establish a zone to control urban growth around Ajax. In 1951, urban affairs writer Kent Baker complained about the uncontrolled growth around the Improvement District. He was especially concerned about the influx of small groceries around the community's northern boundary.<sup>63</sup> The CMHC, apparently anxious to reach a settlement with the OMB, decided not to try and force Pickering Township to produce a plan.

Full town status would eventually come to Ajax. In 1953, concerned residents formed the Ajax Citizens' Association to urge the OMB to upgrade their community from Improvement District to Town.<sup>64</sup> The OMB granted their request, municipal elections were held on 11 December 1954, and on 1 January 1955, Benjamin de Forest Bayley took office as Ajax's first mayor.<sup>65</sup>

The following year, the CMHC sold its water installations to Ajax<sup>66</sup> and, a year later, sold its final interests in the town, such as undeveloped land that was not already privately owned, to Principal Investors, a private development firm operated by Lou and Ray Charles. The CMHC still managed to control the de-

<sup>62</sup> LAC RG56, vol. 32, file 107-1e, Angus McClaskey, Letter to Lorne Cumming, 2 May 1950.

<sup>63</sup> Kent Baker, “Planning a New Town in Ontario,” *Community Planning Review/Revue Canadienne D'Urbanisme*, 1:1 (1951), 7.

<sup>64</sup> Town of Ajax-2004, “History-Creating a Government,” <[www.townofajax.com/history/gov.asp](http://www.townofajax.com/history/gov.asp)>.

<sup>65</sup> Ken Smith and Archie MacDonald, “The Town of Ajax,” 76

<sup>66</sup> LAC RG56, vol. 33, file 107 1-5, pt2, S. Sales, Memorandum to Honourable Robert Winters, 3 May 1956.

*Wartime house in 2005.  
Photo by the author.*

velopment of these lands.<sup>67</sup> In 1958, the CMHC transferred its Ajax staff to its Toronto offices.<sup>68</sup>

## Conclusion

The federal and provincial governments learned from their Ajax experiences. This experience discouraged the federal govern-



ment from again substantially interfering in the housing market or becoming involved in the minutiae of urban planning. The provincial government began to fully realize the need to manage city growth and to find ways to effectively carry out this complex task.

The Ajax development project was an example of how national public policy was applied in a local community. With three levels of government involved, these proceedings were quite difficult. As with almost all political processes, compromises had to be made. The CMHC established its Improvement District, but did not obtain the sought-for green zone around Ajax. The provincial government appeared to gain the most as it attained a virtually ready-made community without

the cost of developing it. The township residents, especially the farmers, won a moral victory that proved to be somewhat limited. They forced the CMHC to pay them well-deserved compensation, blocked the corporation's attempt to establish a green zone, and apparently found a reasonable solution to the water dispute, gains that could, in some measure, be attributed to the provincial government's lack of experience with the art and science of city planning. Despite these successes, Pickering Township did not have the resources to solidify its position and Ajax still controlled the source of water. Perhaps the residents of Ajax gained the most. They finally achieved their long-desired objective: full municipal status and the right to elect their own municipal government.

<sup>67</sup> Ken Smith, "Central Mortgage and Housing Corporation," in *A Town Called Ajax*, 65.

<sup>68</sup> *Ibid.*