

Section 3.—Housing*

Subsection 1.—Government Aid to House-Building

Federal Assistance.—The role of the Federal Government in housing has expanded progressively since the introduction of the first continuing statute in 1935. Although the Government originally entered the housing field in 1919, when it made money available to the provinces for re-lending to municipalities for housing purposes, the first general piece of federal housing legislation was the Dominion Housing Act passed in 1935. This was followed by the National Housing Acts of 1938 and 1944, culminating in 1954 with the present National Housing Act, defined as “an Act to promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions”. Central Mortgage and Housing Corporation, a Crown agency incorporated by Act of Parliament in 1945, administers the National Housing Act and co-ordinates the activities of the Federal Government in housing. The Corporation assumes authority and responsibility for a variety of functions affecting housing in its long-term outlook as well as in its immediate requirements. It is empowered to act as an insurer of mortgage loans, as a lender or investor of public funds, as a guarantor and as an owner of property and other assets. It can also act as a research agency in fields associated with housing and can enter into partnership with both provincial and municipal governments to assist in housing.

In general, the Government, through the successive Housing Acts, has attempted to stimulate and supplement the market for housing rather than assume direct responsibilities which rightfully belong to other levels of government or which could more effectively be borne by private enterprise. In each case the aim has been to increase the flow of mortgage money and to encourage lenders to make loans on more favourable terms to prospective owners.

The volume of house-building in Canada since 1935 has been spectacular. Close to half of the country's present stock of more than 4,000,000 houses have been built since the first covering legislation was enacted; about one-third of these were financed in one way or another under the Housing Acts.

Under the terms of the National Housing Act, 1954 and its subsequent amendments, the Federal Government is active in many ways.

Loan Insurance.—Mortgage loans made by approved lenders may be insured for home ownership and for rental housing. They are normally available from approved lenders to individual home-owner applicants, to builders constructing houses for sale or for rent, to rental investors or to some special groups such as co-operative housing associations, farmers and defence workers. Upon application the borrower pays the Corporation a fee of \$35 per unit to help defray expenses incurred in the examination of plans and specifications, in the determination of lending values and in compliance inspections during construction. An approved lender may require that a home owner or home purchaser provide 10 p.c. of the value of the house from his own resources. For the home owner this equity may be in the form of cash, or a combination of cash, land and labour; for the home purchaser it is in cash. The regulations require that gross debt service—the ratio of repayments of principal, interest and taxes to the income of the borrower—should not exceed 27 p.c. Instances involving higher ratios may be considered on their merits by the approved lender and the Corporation.

The borrower pays an insurance fee which is added to the amount of the loan and is repaid over the term of the mortgage. In the case of a loan for a home-owner unit the borrower pays a fee of 2 p.c. of the loan if mortgage advances are required during construction and $1\frac{3}{4}$ p.c. if the total loan is advanced when construction is complete. On a rental loan the borrower pays $2\frac{1}{2}$ p.c. of the loan if advances are required during the construction and $2\frac{1}{4}$ p.c. if the loan is not required until construction is complete. In some areas, lenders have arranged to make the inspections for progress advances.

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