

## 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 1918, 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 (CMHC), 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 has the 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 also acts as a research agency in fields associated with housing and assists provinces and municipalities in many aspects of urban growth.

In general, the Government, through the successive Housing Acts, has attempted to stimulate and supplement the market for housing rather than assume direct responsibilities that rightfully belong to other levels of government or that could be borne more effectively 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 home owners.

The volume of house-building in Canada since 1935 has been spectacular. Close to half of the country's present stock of approximately 5,000,000 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 new home-ownership and rental housing and for existing dwellings in approved urban renewal areas. They are normally available from approved lenders (chartered banks, life insurance, trust and loan companies) to individual home-owner applicants, to builders constructing houses for sale or for rent, to rental investors and to special groups such as co-operative housing associations and farmers. Upon application, the borrower pays CMHC 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 requires evidence that a home owner or home purchaser is providing 5 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 may be in cash or labour. The regulations require that gross debt service—the ratio of repayments of principal, interest and municipal taxes to the income of the borrower—should not exceed 27 p.c., although instances involving higher ratios may be considered on their merits. The borrower pays an insurance fee which is added to the amount of the loan and is repaid over the term of the mortgage; the fee ranges from 1½ p.c. to 2½ p.c. of the loan, according to type of unit and time of mortgage advances.

For home-ownership housing, loans may be up to 95 p.c. of the first \$13,000 of lending value and 70 p.c. of the balance but may not exceed \$15,600 for a house with four or more bedrooms or \$14,900 for a house with fewer than four bedrooms. Loans for rental houses may be up to 85 p.c. of the lending value, subject to the same maximum loan amounts.

\* Prepared in the Information Division, Central Mortgage and Housing Corporation, Ottawa.