home-purchaser is providing at least 5% 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 and interest plus municipal taxes to the income of the borrower — should not exceed 30%, but 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 seven eighths of 1% to 1.25% of the loan, according to type of unit and timing of mortgage advances. The NHA interest rate is free to find its own level in relation to the open market.

In 1973, loans for new housing, including condominiums, were allowed for up to 95% of value. For open market rental accommodation the ratio was up to 90%. The loan maximum for new and existing single-family units to be held under freehold, leasehold or condominium tenure and condominium types in apartment form was $30,000; for rental accommodation, single-family units $30,000 a unit, for multiple-unit apartments $20,000 a unit, and for hostels and dormitories $10,000 a person accommodated. The period of repayment could extend up to 40 years for new home-ownership and rental housing. For existing housing this period was the lesser of 40 years or the remaining life of the building.

In June 1974, loan maximums for home-ownership were set by CMHC on a national, regional or local basis. They vary from $30,000 to $40,000 and cover 95% of the first $31,850 of lending value plus 75% of the balance up to the applicable maximum. For rental accommodation maximum loan levels are: single-family dwellings $30,000, apartments $20,000 a unit, hostel beds $10,000 and student hostels $8,000 a person accommodated. Maximum loan levels are reviewed quarterly by CMHC. The period of repayment may be up to 40 years for new home-ownership and rental housing. For existing housing this period is the lesser of 40 years or the remaining life of the building.

The investment of $1.4 billion by the approved lenders for new construction in 1973 was 17.7% below the $1.7 billion invested in 1972. Loans made in 1973 involved 70,422 units and 4,204 hostel beds, a decrease of 28.2% from the 98,993 units and 4,936 hostel beds financed a year earlier. This decrease in investment by approved lenders is the result of loans to merchant builders dropping by 13,621 units, rental loans being up by 11,196 units, and home-owner loans having decreased by 28,571 units. Approved lenders increased their financing of existing housing from 20,882 units in 1972 to 22,666 units in 1973.

Home improvement loans. CMHC is authorized to give a limited guarantee to chartered banks or approved instalment credit agencies in return for an insurance fee paid by the borrower on loans made for additions, repairs and alterations to existing houses and apartments. A home improvement loan and the balance owing on any existing NHA home improvement loan on the property may not exceed $4,000 for a one-family dwelling or $4,000 for the first unit of a duplex, semi-detached or multiple-family dwelling, plus $1,500 for each additional unit. Loans are repayable in monthly instalments over a period not exceeding 10 years. The maximum rate of interest is restricted to 2.25% above the long-term government bond rate adjusted quarterly to the nearest one eighth of 1%. In 1973 chartered banks and approved instalment credit agencies granted 5,861 loans for home improvement totalling $16.2 million, compared to 7,434 loans amounting to $19 million in 1972. These lenders reported $24 million as the outstanding debt on these loans at the end of 1973.

Non-NHA mortgage financing. Conventional and other forms of financing in 1973 grossed $5.04 billion for 250,879 units as compared to $2.80 billion for 175,151 units in 1972.

14.2.2 Neighbourhood improvement, residential rehabilitation and urban renewal

Neighbourhood improvement. The Neighbourhood Improvement Program (NIP) authorizes the Corporation to make contributions and loans to municipalities or their agencies to improve the amenities of older run-down neighbourhoods and the housing and living conditions of the residents. It is intended that rehabilitation of the existing housing stock, for which assistance is available under the Residential Rehabilitation Assistance Program, should be an integral part of any project undertaken through NIP.

The Program is operated on the basis of annual agreements with the provinces which set out the criteria whereby municipalities and neighbourhoods may participate. In general, however, it is expected that participating neighbourhoods will have the following charac-