

National Housing Act

The loss settlement payable to the approved lenders when they transfer the foreclosed property to Central Mortgage will contain elements of co-insurance. In other words the payment to the approved lender will average 3 per cent less than the total amount of his investment.

The bill will propose that, as under the present National Housing Act, the maximum rate of interest which may be charged by approved lenders for insured loans will be determined by the governor in council. Such maximum interest rates will be determined within limitations contained in the statute and in light of general interest rate conditions at the time of determination. For this reason it is not possible for me, either now or at the time of the second reading, to indicate to hon. members the actual maximum rate of interest which will be applicable to insured loans. However, I would expect that the monthly carrying charge for the borrower, including the amortization of the capitalized single insurance premium, will produce a lower monthly carrying charge for a somewhat longer period than he would presently pay on a comparable amount of mortgage financing under the present legislation.

Because we have not yet reached the end of the year, and because there are no figures yet available for December and only partial figures for November, I cannot give hon. members the number of houses which will be started in Canada in 1953. However, on the basis of present figures, and assuming an experience comparable to 1952 during the last two months of the year, I would guess that the starts will approximate 105,000 units as compared with 84,000 in 1952, 74,000 in 1951 and 95,000 in 1950.

I now turn to the resolution itself. Hon. members will notice from the resolution that the proposed legislation will be similar to that covered by the existing National Housing Act. It is proposed that much of the existing act will be re-enacted into the new legislation to achieve the convenience of one act only currently in operation.

The resolution deals first with authority to Central Mortgage to insure loans made by approved lenders. This will have application to all types of new residential construction for home ownership, co-operative housing projects and rental housing projects both in urban and rural areas. It will be noticed that the participation in insured loans is in the form of a guarantee, and that the present arrangement whereby 25 per cent of the loan is advanced through Central Mortgage will be discontinued. However, it is proposed that Central Mortgage and Housing Corporation

shall continue to make loans to limited dividend companies and companies engaged in primary industries and, under some circumstances, to persons who are unable to secure loans from approved lenders. The resolution also contemplates the re-enactment of the provisions of the present act relating to guarantees which may be given to life insurance companies and other approved lenders in respect to low cost and moderate cost rental projects which they may undertake with their own funds, and in respect to land assembly projects. It is also proposed that the rental insurance plan will be continued.

Parliament will be asked to enact provisions similar to those contained in the home improvement and home extension part of the present act, but on an insured basis.

It will be proposed that part V of the National Housing Act relating to research and investigation and community planning will be re-enacted, as well as the provisions relating to joint federal-provincial land assembly and housing developments.

It will also be proposed that the slum clearance and redevelopment sections of the act will be brought forward for re-enactment. As hon. members will recall, these sections were revised at the last session of the last parliament.

In closing this brief statement may I again express the hope that this measure can be dealt with expeditiously so that prospective home owners and builders may have the benefit of the proposed legislation as far in advance as possible of the start of the next construction season. To that end, it is important that the bill receive first reading and be distributed before we recess.

Mr. Fleming: Mr. Chairman, I am sure all members of the house recognize the high importance which the problem of housing still occupies in all our considerations. The bill that is to follow the adoption of the resolution, as indicated by the minister in his statement, is one, I think, that will command special interest in the house. It is evident that the bill is going to go beyond a mere matter of a few amendments, and will involve a review and recasting of the present act as well as certain important departures from the whole scheme upon which part I of the National Housing Act has been based throughout its now nearly ten years of life.

It is not my intention tonight to make extended comment upon the resolution. I think anything I might have to say will be better said after there has been an opportunity of reading and reviewing the bill. I will make this comment, however, that I think it is altogether desirable, as the minister