

17. In the course of discussion the following points emerged:

(a) It was suggested that the mortgage lending scheme on new housing under the National Housing Act, in which the banks participated, was of considerable benefit to the middle and higher income groups but was of practically no benefit to families in the low income groups. An unqualified proclamation of the home improvement provisions of the National Housing Act would provide assistance where it was most needed. Wage earners in the low income groups with increasing families generally found it impossible to buy new homes but could, if Part IV of the Act were proclaimed, carry a loan for the purpose of adding to their present homes.

(b) It was pointed out, further, that improvements to existing homes required more labour per dollar spent than did new housing. In addition, much of the work that would be financed under Part IV of the Act could be done during the winter months, while in most sections of Canada it was not possible to construct new housing during the more severe winter weather.

(c) Perhaps one of the reasons why the banks did not favour proclaiming Part IV of the Act at the present time was that, by and large, the loans under this Part would be much smaller than loans on new housing and, since the cost of servicing loans, whether large or small, was practically the same, they would naturally prefer to have a lesser number of loans for larger individual amounts.

(d) Loans for home improvement purposes did not involve the same type of risk as did loans on new housing. The banks were only now learning the mortgage lending business and it might not be quite fair to ask them to enter the home improvement loan field for another year or so.

(e) Everything had been done to encourage the construction of new housing in Canada in recent years. It was expected that total starts would reach approximately 115,000 units during the current year.

(f) It was suggested that, in certain urban centres, there was a tendency to construct too much new housing, particularly apartments, which might result in a serious deflation of real estate values in the event of an economic downturn.

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