

National Housing Act

or are in the process of passing it. It is my hope that the approved lenders will support its use on a substantial scale. Condominiums can do much to extend home ownership to many families, including some who might not otherwise be able to afford homes.

Bill C-192 deletes references to loan-to-value ratios from the statutes and incorporates them instead into the regulations. This will enable the government to respond more quickly to changing circumstances. By regulation we recently increased the maximum NHA loan for the ownership of new houses from \$18,000 to a more realistic \$25,000.

To complement this increase a regulation will be drawn setting the loan ratio at 95 per cent on the first \$20,000 of value and 80 per cent of the remainder up to the maximum loan. These actions will have the effect of measurably reducing down payments and eliminating much of the secondary financing which can produce very high monthly payments.

Also, to maintain monthly payments at a lower level, the bill extends the amortization period on loans for both new and existing housing to 40 years. At the same time the mortgage insurance fee is being cut to 50 per cent of the present charge. This will save \$150 to \$175 on the average single family home.

The new proposals contained in this bill comprise a much broadened approach—an approach offering vastly improved financing arrangements which will enable many families to again contemplate home ownership.

A major element, Mr. Speaker, of our federal housing policy has been the system of mortgage insurance provided under the National Housing Act. We must continue to look to private lending institutions for the bulk of our housing capital. The flow of funds from these sources must remain adequate. Canada's housing requirements demand a greater volume of private lending than ever before.

Preliminary indications and contacts are encouraging regarding the flow of mortgage funds from the capital market. But to confirm that this will be the case I intend in the very near future to hold discussions with the approved lenders.

At the present time the interest rate ceiling on NHA loans made by private lenders and insured under the act is established by the governor in council at $2\frac{1}{4}$ per cent above the long term Canadian borrowing rate and is adjusted at the beginning of each quarter.

[Mr. Andras.]

This quarterly variation has produced irregularity in the mortgage flow, often to the disadvantage of the borrower. For this reason the bill proposes freeing the rate entirely.

Certain of our lending institutions borrow investment funds on a relatively short term basis and it is common practice in their conventional mortgage lending to use five year terms. A recent change in the regulations permits NHA insured loans for a five year term with a longer amortization period and these measures will encourage additional private investment in housing. Accordingly, Bill C-192 amends the act to allow for an increase in the aggregate amount of loans which may be insured under the act from \$11 billion to \$15 billion. We feel that this adjustment will be adequate for the full participation of the lenders under the National Housing Act until 1971.

I have talked at length about housing and briefly about urbanization. These are inextricably linked. These two subject matters cannot be dealt with in isolation, being related to one another. Hon. members are aware that there has been much discussion in recent months about urban renewal programs in Canadian cities. It will be recalled that the urban renewal section of the National Housing Act was amended in several important ways in 1964. The legislation was extended to include blight of all kinds. Not just housing, but commercial and industrial property as well. The 50 per cent participation of the federal government was extended to include the cost of replacing all obsolete streets, underground services, and federal loans were provided to cover two-thirds of the municipal cost share of the work.

• (3:30 p.m.)

Following the enactment of the 1964 amendments, the provinces and municipalities responded enthusiastically and federal commitments for urban renewal since 1964 have been \$170 million. Urban renewal projects are under way or contemplated in every major Canadian city and in a large number of smaller communities as well.

The task force reported that too often housing is being demolished in urban renewal projects to make way for commercial or public uses of various kinds. The task force asked whether it is proper to demolish existing housing in the face of the need for a greater stock and for its more flexible use. The current legislation fails to make provision for the rehabilitation of existing housing and thus prolonging its useful life.