

*National Housing Act*

this house on a free vote, by defeating the amendment, do anything whatever to lessen the effectiveness of our price control.

Section agreed to.

Section 7 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

### NATIONAL HOUSING ACT

#### INCREASE OF RATIO OF LOAN TO LENDING VALUE UNDER PART I, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to present a measure to amend the National Housing Act, 1944, and more particularly:

To increase the ratio of loan to lending value under part I of the act, to include under part I houses having two family housing units, of which one is to be occupied by the owner, to extend the period of amortization of home ownership and rental housing project loans to thirty years, to empower life insurance, trust and loan companies to purchase, improve and sell land to be used for residential housing developments, and to authorize Central Mortgage and Housing Corporation to guarantee to such companies the return of the principal invested in such land and improvements, together with interest thereon at a rate not to exceed two per centum per annum.

Mr. NICHOLSON: I thought the minister was going to make a statement.

Mr. HOWE: This resolution proposes amendments to the National Housing Act. When speaking to this house on February 7 I dealt in some detail with the housing situation. It does not seem necessary, therefore, for me to deal with housing exhaustively at this time. However, it might be well for me to review the reasons for introducing changes to the National Housing Act this year after substantial amendments were made at the last session. The amendments which we now propose are occasioned by changed conditions. The price to the home owner and the cost to the builder of new residential construction is considerably higher today than it was a year ago. On the average, prospective home owners appear to have rather less cash available for down payment than they did a year ago. There is an increasing number of cases where the income of the prospective home owner is insufficient to meet the monthly financing charges and taxes.

We need a larger amount of rental housing. Although there is still considerable demand for

[Mr. Hsley.]

home ownership, the majority of families seeking accommodation are looking for rented premises. I dealt with the need for rental housing in some detail on March 25 when tabling in the house the order in council providing for accelerated depreciation and priorities to stimulate the volume of rental housing. The fundamental reason for the lack of activity in this field is that capital costs appear excessive to the investor in rental housing. It is perfectly true that economic rentals are being allowed by the rentals control for new rental housing. These fixed rentals are considerably higher than rentals on comparable property in the immediate area. The encouragement by way of priorities and accelerated depreciation, as well as our intention to provide a longer term of amortization, make the financing of this type of housing more attractive, but do not overcome the fundamental reservation of the builder or owner that his capital investment will be extraordinarily high in relation to comparable property built a few years ago. The only solution, satisfactory to the owner or builder, is some manner by which these capital costs can be reduced. Such reduction does not seem in immediate prospect.

We fully appreciate that the troubles which beset housing at the present time are physical rather than financial. We also know it is not possible by financial means to create housing if owners and builders consider that the costs are far too high. Nevertheless we do feel that the National Housing Act must be amended in keeping with the present situation and anticipated needs. It is on account of the changed conditions which I have briefly outlined, and because we wish the National Housing Act to be fully effective, that we are introducing amendments for the consideration of the house at this time.

I will now outline the main amendments to the National Housing Act, which will be contained in the bill.

We propose an increase in the ratio of loan to lending value under part I of the act. The ratios at present involve a 90 per cent loan on a \$4,000 lending value, grading down to an 83 per cent loan on a lending value of \$6,000. We propose that where there is some control on the end sale price of the house to the home owner, the ratio of loan on a \$3,000 lending value shall be 95 per cent, grading down to 90 per cent on a \$6,000 lending value.

Up to now, a duplex has been financed under part II of the act as rental housing. We propose to finance the construction of a two-family unit on a home ownership basis, provided that the owner occupies one of the