

1949 AMENDMENTS TO THE NATIONAL HOUSING ACT

In December, 1949, Parliament approved Bill 142, "An Act to Amend The National Housing Act, 1944". Four changes were embodied in the amendments: two of these were of a minor nature and related to financing by co-operatives and an increase in loans available under the Home Improvement and Home Extension section of the Act.

The other two amendments authorize (1) an increase loan for home builders or home purchasers and (2) Federal-provincial-municipal housing projects. The legislation in respect to the latter is broad in scope and is designed to be comprehensive in character. For example, it can be utilized for a land assembly scheme; that is, making unserviced land ready for a housing development by providing water and sewers and the other necessary services. Alternatively, it can embrace a housing project including the provision of land and services and the building of houses for sale on a lease-purchase arrangement. If a province makes a request for a public housing project in the low-income bracket, authority exists in the Act to implement that proposal, too.

The essence of the Federal-provincial plan is that the federal government is prepared to consider any proposal which might be put forward by a provincial government. Under such a plan the federal government, through Central Mortgage and Housing Corporation, will assume 75 per cent of the initial cost; the province 25 per cent. If the province so desires, it may pass on some of the 25 per cent to the municipality concerned. Operating profits or losses on any of the projects will be assumed on the same basis - 75 per cent Federal and 25 per cent province.

LOANS AND GRANTS AUTHORIZED BY NATIONAL HOUSING ACT

Basically, loans are of two kinds - joint loans made in conjunction with approved lending institutions (life insurance or trust and loan companies) and direct loans made by the Corporation itself. In addition, investments by life insurance companies for land assembly and rental housing, and loans by chartered banks and approved instalment credit agencies for home extension purposes are guaranteed by the Corporation.

JOINT LOANSLoans to Prospective Home-Owners and Builders Building for Sale

Under the Act, loans are made jointly by the Corporation and approved lending institutions to prospective home-owners and to builders building houses for sale. They are called joint loans because, under the 1949 amendment, from 64 per cent to 75 per cent of the money is furnished by the lending institution and from 25 per cent to 36 per cent by Central Mortgage and Housing Corporation.

There are two types of loan available - the basic loan and the higher loan. The basic loan enables a prospective home-owner or builder to borrow up to 80 per cent of the appraised value of the proposed house and lot. The higher loan enables him to borrow the basic loan, plus an additional amount of one-sixth of the basic loan, provided that the sale or contract price is considered fair and reasonable by Central Mortgage and Housing Corporation. The additional one-sixth loan is made only when the house is satisfactorily completed and title is in the name of the purchaser.

The maximum loan obtainable as a basic loan is \$8,500; as a higher loan, \$9,916 - if the appraised value of the house is \$10,625 or more.

Period of repayment may be 20, 25 or 30 years, depending on circumstances. After the initial down payment, the borrower pays monthly instalments on the loan: \$6.30 a month per \$1,000 in principal and interest over 20 years; \$5.55 per \$1,000 over 25 years; and \$5.04 per \$1,000 over 30 years.