

Since the introduction of the 1954 National Housing Act, extensive changes have been made that greatly broaden the scope of federal assistance for housing. In recognition of the fact that housing needs are constantly growing broader and more complex, the statute embraces public housing, housing for the elderly, redevelopment programs, sewage-disposal systems and housing for both single and married university students. A preferential interest-rate applies to NHA loans in support of such undertakings.

NHA mortgages

For both borrower and lender, there are several advantages to a National Housing loan. The mortgage is insured by the Government, and since an NHA mortgage may cover up to 95 per cent of the lending value of the property, the down-payment is usually smaller than that required for a conventional mortgage. The 5 per cent equity each borrower must provide from his own resources may consist of cash, land or his own labour, or a combination of these elements.

Insurance companies, banks, trust companies and other lending institutions find NHA mortgages attractive because, in addition to the Government insurance feature, they offer a good return in a comparatively stable market. When the loan is made, the borrower pays a fee of about 1 per cent into a special mortgage insurance fund. From this fund, the Corporation undertakes to repay the lender up to 100 per cent of the principal and interest in the event of the borrower defaulting. In such cases, the property concerned reverts to the fund. The percentage of defaults has been very low since the scheme began in 1954.

Formerly, the maximum interest-rate of an NHA mortgage was set by the Government and adjusted quarterly according to an established formula.

In 1969, the NHA maximum ceiling interest-rate was abolished, with a view to avoiding the fluctuations of NHA mortgage flows that had occurred periodically when the interest-rate was fixed. As a result of the Government guarantee, NHA mortgages still tend to have a lower interest-rate than conventional mortgages.

Public housing

The Federal Government, through the Central Mortgage and Housing Corporation, offers two forms of assistance for the production of public housing. In such housing, the rents are proportionate to the tenant's ability to pay.

Assistance may be extended:

- (1) Through federal-provincial partnership arrangements, with capital costs being borne 75 per cent by the Federal Government and 25 per