High ownership percentage

Canada has a strong agrarian heritage. The country was pioneered by owner farmers rather than tenant farmers, and the leaseholds and "lifetime" mortgages found in Europe were almost unknown. So it is not surprising that 1971 figures indicate a high proportion — more than 60 per cent — of Canada's total housing stock of about six million units is owner-occupied.

Home-ownership is facilitated by the relatively high income-level of Canadians (second only to that of their neighbours in the United States), which permits them to accumulate more easily the capital required to purchase a home. Almost universal automobile ownership has given the average city worker a much higher degree of mobility, permitting him to commute daily from his home in the suburbs. Another factor contributing to the popularity of home-ownership is the relatively small differential between the monthly carrying-charges required for apartment rental and for home-buying under the National Housing Act (NHA) mortgage system.

To the average man, the cost of a house represents about two-and-a-half times his annual income, and not many can afford to make such an expenditure in cash. Usually a house is purchased by means of a mortgage, a long-term loan made on the security of the property itself. Loans of this type are made by a variety of institutions, such as banks, life-insurance companies and loan or trust companies. Mortgage loans may be made by credit unions, fraternal organizations and, in some cases, even by private individuals. The Federal Government and some of the provincial governments also help families to own their own homes. In fact, 39 per cent of the 3.3 million housing units started since 1954 — more than one million dwellings — have been financed by the National Housing Act.

In recent years, federal participation has been increasingly directed to the needs of families with incomes as low as $4,000. In 1972 alone, the Federal Government provided for the construction of more than 37,000 units for families in the lower third of Canada's income range.

Amortization

Most mortgages are amortized. The borrower agrees to repay, in equal monthly instalments, part of the principal with the interest due on the amount still owing. In this way, the loan is fully repaid at the end of the mortgage period. There has been an increasing tendency to lengthen the repayment period. In 1972, more than 85 per cent of NHA mortgages were amortized over a 25-year period, as opposed to the five- and ten-year mortgages that were formerly common. Mortgage loans from both federal and private resources are available for the construction of rental properties.