

*Housing*

ing a house was emphasized by all provincial governments. The down payment is the difference between the purchase price and the mortgage financing. The provincial authorities felt that the number of potential home owners could be increased if sound financing facilities were provided to reduce the down-payment requirements. It was recognized that larger mortgage loans might well tend to increase sale prices, and there was general agreement that if additional financing for this purpose is arranged, steps should be taken to guard against inflationary effects.

The shortage of serviced land is a very real obstacle in the way of an increased volume of housing building. The abnormally rapid urban growth of recent years has been placing important financial burdens upon municipalities. Many are experiencing difficulty in producing funds to finance roads, sewers, water, sidewalks, etc., for the current house building program. The provinces and the dominion feel that this is a field in which the municipalities may need assistance from the senior governments.

During the conversations several of the provinces expressed the view that assistance to co-operative building projects was an important way in which housing might be increased. It was felt that in the medium and smaller communities, particularly in those provinces where co-operative building is customary, it would be possible to further the development of local interest, particularly among people who are anxious to use owner-labour as their equity in their homes.

It was felt that although heavy reliance should be placed upon private endeavour to produce large quantities of housing over the years to come, it was desirable to take steps which would enable the provinces, joining with the dominion, to develop projects either for home ownership or for rental. The housing deficit is so great in certain municipalities and the obstacles facing the municipalities so severe that early steps to remedy the situation may well require that projects be sponsored by the dominion and the province. It is recognized by all concerned that care must be exercised to ensure that such projects do not reduce the flow of new housing by private endeavour.

As a result of these discussions, it is proposed to seek amendments to the National Housing Act this session to provide financing facilities to assist home owners in down-payment requirements. It is considered that such financing facilities would widen the band of potential home owners. It is proposed that the present level of loans to house builders would be little changed. However, it is proposed to seek amendment to the act extending authority to Central Mortgage and Housing

Corporation to make a loan to the home owner purchasing the house from the builder in an amount of one sixth of the loan which has been made to the builder, provided that the sale price to the home owner is fair and reasonable. This would have the effect of providing financing for the home owner to the extent of approximately half of his present down-payment requirements. Because of the danger in such an arrangement that the increased loan to the home owner would have the effect of increasing the sale price of the house, the provision of such extra financing for the home owner would be limited to houses which have been sold at a fair and reasonable price. There would be no restrictions upon the builder as to the price at which he may sell the house. However, the extra loan would only be made to the home owner if at the time of application for such extra loan, we were satisfied that the sale price was fair and reasonable. Although this larger National Housing Act loan would take the form of two advances, the first to the builder and the second to the home owner, the original mortgage deed under which advances would be made to the builder would be written at an amount sufficient to avoid additional registration and legal costs if a further loan was made to the home owner.

The same principles would be applicable to individuals who are making arrangements to construct their own homes and are not buying them from builders. Larger loans would be available to such individuals, provided that the cost to the home owner of building his house was fair and reasonable.

A number of technical matters remain to be determined. I shall be able to give a fuller statement concerning these arrangements at the time the resolution is being considered by this house. We are not asking the provinces to participate financially in these measures to encourage home ownership by reduction of down payments.

It is proposed also to seek changes to the section of the National Housing Act dealing with co-operatives. In the light of present conditions this section is not effective. Investigation is now going on in three provinces where co-operative housing is general, and I am hopeful that at the time other amendments are introduced we will be ready to proceed with amendments to the co-operative section of the National Housing Act.

We also propose to introduce legislation to enable the dominion to enter into agreements with the provinces for publicly sponsored housing projects. These projects may take the form of the assembly of land and services to enable an increased volume of housing by private builders. They may take the form of the dominion and province proceeding with