

National Housing Act

Prospective home owners were finding it almost impossible to finance a home. The ordinary citizen, who was in the low third of our income groups, could not finance a home. The rapidly worsening employment situation was aggravated by the falling off of home construction. In spite of this, nothing was done of a serious nature at that time to stimulate the construction industry, long recognized as the bulwark and one of the most important methods of increasing employment.

Under section 22 of the National Housing Act, 1954 the previous government authorized the lending of \$250 million. When the Diefenbaker government took office three years later, only \$100 million of this amount had been granted for mortgage lending. The policy of the previous government restricted the regulations under which central mortgage could lend to certain selected areas, as the authorities on the other side of the house are so well aware. As a result of this, the need for small homes for families in the lower income group in our great metropolitan areas was sadly neglected. When this government took office we immediately released the additional \$150 million then available under the National Housing Act to foster the building of small homes.

Under the new small home loans program we gave careful consideration to the problems of the lower income group. We felt then, and I would say rightly, that loans should only be approved for units that did not exceed a certain size limit. We amended the 1954 act so that National Housing Act loans could be granted for 90 per cent of the first \$12,000 and 70 per cent of the balance up to \$12,800. This had the effect, generally, of increasing loans and thereby reducing the down payment necessary on a house. The government was more concerned with the requirements, as I say, of borrowers in the low income group who had modest housing intentions than with the requirements of the more fortunate and wealthier people who could afford to do their financing through conventional channels.

The housing situation at the end of 1957, as a result of the new policy of the government and the manner in which it was put into force, stood in dramatic contrast to what we found on coming into power in June. The rate of house-building, for instance, had increased from a first quarter annual rate of 86,000 units to a record rate of 150,000 units in the final quarter so that there were 122,000 starts in 1957. Employment opportunities in the winter of 1957-58 had been greatly brightened by the 14,000 additional housing starts under the small homes loan program in the fall of the year. New opportunities,

for the first time, presented themselves for people of modest means to obtain their own homes. This had a tremendous effect on the morale of tens of thousands of people who wanted to have their own homes. The earlier lacklustre pace of the industry had changed to one of unprecedented activity, and the uncertain midsummer outlook had changed to one of vigorous confidence.

The great success of this, to which I give due credit to the distinguished Secretary of State for External Affairs who formerly was the minister reporting to the house on this program, was proven beyond a doubt when before the end of 1957 the remaining \$150 million available under the 1954 act had been taken up by builders and home owners. In December of 1957 the government, therefore, increased, with the consent of this house, the total amount of money available under the act from \$250 million to \$400 million, and in May of 1958 the amount available under the act was raised again to \$750 million. I do not need to tell hon. members of the house, because on the opposite side I can see two or three authorities who know this full well, of the great improvement in home construction which resulted from this fillip to the building industry, which helped to provide jobs for hundreds of thousands of Canadians. I think all those on the other side of the house will realize in retrospect that this courageous program was one of the most important factors in the recovery of our economy from the 1958 recession.

May I now report very briefly on 1959, the year which has just passed. As a whole, it was a good year for housing, a very good year, with housing starts numbering 141,000. This is a figure that no one ever heard of before 1957, and is the second highest on record. The completions for the same year amounted to 145,000, higher than ever before. In order to finance this program, and that is what we are here to do, the government again amended section 22 of the National Housing Act on March 20, 1959 and again increased the amount available under the act to \$1 billion. Although 1959 was considered a most successful year in housing I feel that I must point out that during the latter part of the year there was a progressive and steady withdrawal of private lenders from insured lending under the act. This resulted in a very serious problem which faced me when I took over this portfolio at the end of August, 1959. As this country recovered from the recession a rise in personal expenditure and the demand for long term funds to finance our increased economic activity caused a considerable drain on the funds available for mortgage lending. This

[Mr. Walker.]