

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
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NORTHWEST TERRITORIES

SESSIONAL PAPER NO. 16  
(First Session, 1966)

PROPOSED AMENDMENTS TO THE TERRITORIAL  
MORTGAGE PROGRAM

DISPOSITION

Accepted as Read.....  
Amended.....See Text  
Rejected.....See Text  
Deferred.....See Text  
Not Considered.

PROPOSED AMENDMENTS TO THE TERRITORIAL  
MORTGAGE PROGRAM

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You will recall that in December 1964, it was thought that if the level of the Territorial First Mortgage Loan was increased we might be duplicating the services already offered by private mortgage companies and Central Mortgage and Housing Corporation. We have been studying this matter and have now reached conclusions.

Since 1964, construction costs have risen. It is now not possible in most areas of the Northwest Territories to build a house under \$7,500 that would meet the needs of the average northern family. Our studies show that many, and probably most, N.W.T. families cannot secure C.M.H.C. loans because of insufficient income, unclear land title, or lack of services.

For these reasons the Commissioner proposes to amend the Ordinance to permit first mortgage loans up to \$8,000. This would make, with the \$1,000 second mortgage, a total of \$9,000 available in all, and with the 5% equity requirement, would raise the minimum value of the house to almost \$9,500. Such loans would be provided only to a low income family or to persons who cannot obtain a loan from C.M.H.C. or from approved lenders. Raising the loan by this amount should help to meet the increased construction costs and enable low income families to build houses suitable for their needs.

In order that people with higher incomes will not make use of the Territorial program rather than the C.M.H.C. program, and will be encouraged to make an investment in the community commensurate with their incomes, the Commissioner proposes that the second mortgage \$1,000 grant be limited to those persons building a house with a value below \$10,000. In this way we will be encouraging people with adequate incomes to build National Housing Act homes and the community will benefit by the higher taxes generally levied on the larger houses. Furthermore, the development of local industry is directly linked to the standard of homes constructed; the more NHA homes that are built, the more the economy of the north will prosper.

Many low income families will not be able to afford the monthly repayments over twenty years required for a loan of \$8,000. In order that they be able to take advantage of the larger loan amount available and obtain a larger house, that may be more suitable to their family needs, the Commissioner intends to provide that the maximum repayment term of the loan be increased from 20 to 25 years. The N.W.T. program would then be closer to that of C.M.H.C. who have a legal maximum of 35 years for repayment, but who usually restrict the loan to a 25 year repayment period.

The Government of the Northwest Territories cannot undertake this enlarged loan program without federal support. Discussion with federal authorities is now being done. The Commissioner will be in a position in the next few months to give Council another report, - and carry the matter further. Probably the amending legislation can be introduced at the July session.