



# THE ROYAL BANK OF CANADA

## MONTHLY LETTER

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### *On Owning Your Home*

OUR standard of thinking in Canada has risen above regarding a house as a roof over our heads. We require that it be capable of becoming our home, our castle.

To have a home of your own means building a secure haven where your family may have peace in the midst of the world's tumult; where the art of living together works itself out in co-operative effort as well as in affectionate feelings.

The rewards of becoming a home owner are great in terms of happiness if the project is handled wisely and well. Most of the troubles associated with building or buying a house arise from ignorance and insufficient planning. When you know what to look for, it is possible for you to avoid the troubles and secure the greatest benefits.

A good house is one that is adequate for the size of the family and that provides a maximum amount of comfort for the dollars spent. It should be in keeping with the financial status of the family, suitable to their social outlook, and it should, as far as possible, anticipate changes in size and composition of the family.

A careful study of every member of the family (which will be found interesting in itself) to ascertain needs and desires, shaken up with a good measure of common sense, imagination and ingenuity: that is the first secret of home-building.

Not all people are home-owners because of sentiment, though the aspiration to own one's home is still a strong factor. Some seek ownership because of the enhanced standing it gives them in society. Others look upon home ownership as the only way to keep their families together and to bring up children according to the ancient codes of parental responsibility.

Many go in for home ownership because of the economic advantages they see. A house that is clear of

mortgage, or on which the mortgage has been substantially reduced, is a defence against adversity. It is a valuable possession in old age.

A family is not wise if it tries to raise its apparent social status by building a stately mansion beyond its means. Many hundreds of years ago, Cicero, the great Roman writer, put it this way: "the master ought to bring honour to his fine seat, and not the fine seat to bring honour to its master."

#### *Who should build?*

After a man reaches the point where he feels his family simply must have a home of its own if it is to enjoy contentment and satisfaction, he becomes money-minded. Can he afford it? There have been many ways prescribed for finding out, but no general prescription fits all cases. One thing is certain: burying your head in the sand doesn't help. You must face the facts.

As a general rule, if you can make the required down payment, and if all the carrying charges and the upkeep of the house can be covered by a monthly payment no larger than the rent you can afford, then the investment is within your means.

It is wise to make as careful and well-informed estimate as you can of what the costs will be. More home builders have come to grief through taking on more than they could afford than through any other cause. It is not good enough to accept a general estimate that a man is able to buy property up to two-and-a-half times his yearly income, or the rule often quoted that you can afford to spend up to 23 per cent of your gross annual income on the repayment of the loan, including interest and payment of taxes. What you can afford must be figured out in relation to obligations you already have, your plans for your family's future, the sort of social life you wish to live, with its attendant expenses, and the cost of living.

If you are to avoid headaches and heartaches, you should check these points before buying a house: have you reasonable stability of income and good prospect of its continuance? Is your income adequate to buy a house suitable to your family's needs and prospective needs? Have you a reserve fund for extra expense and temporary distress? Take into consideration, too, your family's habits, thrift, ambition and expectations, the probable burdens members may be called upon to bear, and the economies they will make.

### *Booklets to help you*

Every person who is giving serious consideration to building a house should study the guide books and handbooks that are available freely.

A series of booklets illustrating attractive houses designed by Canadian architects especially for Canadian requirements may be obtained free of charge from the Central Mortgage and Housing Corporation or from any approved lender. The booklet on bungalows and split-level houses has pictures and plans of 72 houses, and the booklet on two-storey and 1½-storey houses has 47 pictures and plans. The booklet *Building Standards* is similarly available. A C.M.H.C. list called *Publications Presently Available* suggests 28 booklets and leaflets covering many aspects of building and ownership. Two booklets, *Mortgage Loans for Home Building* and *Home Improvement Loans*, issued by this Bank, tell how to finance your new home or improve your old home under the National Housing Act, 1954.

In addition, there are scores of helpful booklets available from commercial companies, such as hardware, lumber, cement, electrical, plumbing, house furnishing and building firms. These booklets, examined before you start to build, will save dollars and add satisfaction to your house.

### *Government action*

Our shortage of houses has been accumulating since the early years of the century, but it did not reach acute proportions until the last ten or twelve years. Our birth rate, which was 20.4 per thousand in the five years preceding the war, has not been below 27 per thousand since 1945, and has increased steadily until in 1954 it was 28.5 per thousand — about three per thousand higher in every year than the United States figure.

Formation of new households, each demanding living space, has been added to by immigration, but marriage and births and immigration are not the only factors involved. People become dissatisfied with their present living quarters. New materials and methods make new houses more attractive. The open spaces around cities beckon. Improved highways make commuting easier. Better economic conditions and low

terms of payment bring home ownership within reach of thousands who in other times would not have thought of building.

Unlike the government of Shakespeare's time which tried to keep population within bounds by outlawing new buildings and prohibiting the sub-division of old ones, the Canadian Government has made impressive efforts to stimulate housing construction.

Action started in 1935 with the Dominion Housing Act, which offered financial assistance to those building houses for owner occupancy. The purpose was twofold: to build more houses, and to provide jobs and incomes. Central Mortgage and Housing Corporation was set up as a Crown Company in 1945 to administer a revised Housing Act, to undertake jointly with provincial governments the assembly of land and the construction of housing projects; to own and manage rental housing units built for war-workers and veterans; to conduct housing research and to co-ordinate community planning in Canada. Some provincial governments have aided housing by independent or joint measures.

There were 58,000 new housing units started in the first half of this year, an increase of 25 per cent over the same period last year. Much of this increase was achieved by extending the opportunities of ownership down the income ladder, and by making mortgage loans available at any bank.

### *Mortgage loans*

There is nothing derogatory about having a mortgage on your house. Of the 1,654,045 owner-occupied dwellings counted in the census, 478,740 had first mortgages and 38,265 had both first and second mortgages.

A house costs more today, comparatively, than it did a generation ago, largely because it has ceased to be a simple shell. Look at the conveniences, perhaps taken too greatly for granted, that have been added: bathrooms, electric wiring, oil burners, kitchen cabinets, and so on down the line to weather stripping.

It is not so easy, now, to save the money to buy a house for cash, and so home ownership involves a decision to undertake a long-term credit purchase. By pledging your proposed house and land as security you may obtain a National Housing Act loan from a government-approved lender with these features: an amount equal to a high proportion of the value of the property; a moderate rate of interest; a repayment period of at least 25 years, and convenient monthly payments.

Details and examples of the payments on various-sized houses are given in *Mortgage Loans for Home Building*.

## *How to go about it*

There is more to building a house than is indicated by a picture and a floor plan. We have to start at the foundation, not at the cornice.

Neither Central Mortgage and Housing Corporation nor the lender undertakes to recommend contractors. You have to make your own investigation into the quality of the work a contractor does, his financial responsibility, and his record of performance.

A written agreement should be drawn up, telling the agreed price and the method of payment, the specified time of completion, rights and responsibilities of both parties, methods of settlement for incomplete or unsatisfactory work, liability insurance and any other details that your architect or your solicitor may advise.

There should be a clear statement in writing about "extras". The wisest plan is to have one person responsible for ordering them, and he should put in writing to the builder the specifications and agreed price. Costs can be increased frighteningly by little changes and additions, like moving a piece of plumbing several feet from its planned location; enlarging a window; building an extra cupboard or counter in the kitchen; using special hardware, and so forth.

Your house represents a major investment, and no stone should be left unturned to avoid hazards. Your purpose is to obtain the maximum of advantages and happiness with the minimum of unpleasant features. If you are compelled to make compromises with your ideal, do so with your eyes open.

### *What do you want?*

Your preliminary survey should not be skimped. This is the time to make sure that your house, your property, and the neighbourhood will be as near as possible to what you desire.

Do not jump to conclusions regarding your needs and wishes. Tradition, past environment, personal ambition: all these affect your decision, but they must not be allowed to depose common sense. You need to think primarily in terms of the usefulness to you and your family of the new house. It must fit your personal life pattern.

Here are some factors to be considered when choosing the location and type of house: has it attractive surroundings and a good appearance? Is there play space for children, safe and untrammelled by rules to be careful of flowers? Will your children be satisfied, in their contacts with neighbouring children, with the allowances, the clothes, the furnishings, you can afford? Are your neighbours your sort of people? Can you enjoy social life in that neighbourhood without becoming involved in too expensive entertainment?

These are fundamental questions, inescapable facts of living, that are far more important than whether the house has sliding walls and rooms that can be extended by the mere pulling of a zipper.

Now you are ready to talk to an architect. He will be pleased to learn that you have definite ideas about what you want. His expert assistance will help you to avoid irreparable mistakes. He will advance his own ideas and show you some of his plans. What he tells you about the possibilities of gaining your heart's desire in your house may be disappointing, but now is the time to discover what is wrong with your ideas.

### *Style and size*

Good taste in the choice of a house is as obvious as good taste in dress. Both will emphasize convenience and comfort.

Most home-owners prefer single detached dwellings (66.4 per cent at census time). Whatever style of house is selected, it should be well-proportioned and pleasing to the eye. The materials in it should conform to the types found most weather-worthy in your part of the country. Stock plans may be used (NHA plans may be bought for as little as \$10 a set) and trimmings and painting can give your house individuality without gouting too obviously for novelty.

He is a wise builder who takes into consideration the probable future needs of his family. A house with two bedrooms may be adequate now, but how about additions to the family: children or a dependent relative?

A survey reported in Lillian D. Millar's book *Homes for Canadians*, published in 1946, found that one-third of all owners planned to make additions to their houses to meet the needs of their families. One urban house in eight had someone sleeping in rooms other than bedrooms; in many houses the living room became a bedroom at night.

This does not mean that a builder must anticipate future needs to the point of providing now all the rooms that may be needed then. Instead, he may choose a house plan that provides a way of adding rooms without spoiling the style or convenience of the house and without excessive costs due to structural difficulty.

### *A house is to live in*

Think over the activities that go on in your home, and plan what space will be needed.

Members of your family have conflicting interests. Some activities will be noisy, like wood-working or saxophone playing; some will require quietness, like study, listening to hi-fi music, reading, writing; games and dancing have their own space requirements. The nearer you come to satisfying all desires in some degree, the better chance you have of building a home that will keep your family together.

Your kitchen is the focal point of much of the activity that takes place in your home. Some advocate the compact "planned" kitchen, while others desire a spacious room. Well, as Dunham and Thalberg say in their book *Planning your Home for Better Living*, "It is true that a chef in a dining car performs wonders in the close confines of his tiny workroom, but we doubt very much that any woman would be happy with this type of kitchen in her home if she could arrange to have a larger one."

One thing is certain: ample counter and cupboard space is desirable. Few housewives complain about having too much. Herein a fundamental mistake is being made: the space allotted to kitchen storage is being related to the available wall space instead of to the actual requirements. Principles of efficiency commonly applied in building factories and offices could well be carried over into kitchen planning, using function and efficiency as the points of judgment.

Storage is a major problem. Miss Millar remarks that some new houses have tiled bathrooms, built-in bathtubs and pedestal basins but have not nearly enough storage space to keep household and personal belongings out of the way and in good condition. Some have no spot to keep a baby carriage, a garbage pail, a vacuum cleaner. While 80 per cent of urban families who have rugs own a vacuum cleaner or a carpet sweeper, only 15 per cent have a proper place to keep it. How many houses have provided for the children's bicycles and express wagons? Some garages are filled with such things, while the car sits outside. In the living room, there is no space out of sight for card tables, phonograph records, sheet music, ash trays, musical instruments, flower containers not in use and games.

In earlier days people used basements and attics for storage of out-of-season clothes and for furniture not needed at the time. Today, attics are merely under-the-roof air spaces, without adequate access, and basements have other uses. Many home owners look upon the basement as a place for recreation or hobbies. Indeed, for some people, Thoreau may have been right when he said "The house is still but a sort of porch at the entrance of a burrow."

### *Quality and lastingness*

The quality of material and workmanship going into your house are worth watching. Personal attention, frequent visits to the building site, will assure the owner that he is getting the best for his money.

A house is an assembly of many bits and pieces, about 30,000 different kinds. There are levels of quality in all these things, just as in wool blankets or office equipment.

You do not have to buy the best, with all the fancy trimmings, but you should take all reasonable precau-

tions to see that you get the best your money warrants. It may hurt to put your money where it doesn't show — in the water pipes and furnace, for example — but you will save in the long run because of freedom from the trouble and expense of ripping open your house to replace the equipment at some future time.

This brings up the matter of repairs, responsibility for which is one of the disadvantages of home ownership. Some people dislike house maintenance because of its intrusion on other interests, while others enjoy it because of the sense they gain of contributing something personally to their home.

Repairs that require special knowledge and skill should be performed by qualified persons, but many repairs can be undertaken by anyone who is handy with tools or is willing to learn. Maintenance may become a hobby, and there are many books leading the novice step by step through the work.

Some people are unduly worried about the "aging" of a house. It is right to choose materials with lasting qualities, and to care for them by cleaning and painting at the proper periods, but normal aging is rather attractive. It is not a sign of dilapidation when the clapboards weather, the shingles become streaked, and the bricks blush from exposure to the sun. A well-built house that is the seat of gracious living is like a fine person in its ability to grow old gracefully.

It is wise to make regular inspections of vulnerable places and equipment, so as to anticipate trouble and apply remedies. According to *Care and Repair of the House*, a publication of the United States Government Printing Office, there are 42 essential parts of a house to be checked periodically.

### *More than a shelter*

Your home is not just a pile of bricks and lumber fashioned into a shelter from the elements. It can be a stack of dreams come true, a place of contentment and serenity.

All the dreams will not come true suddenly or perhaps soon. They will materialize from time to time as the result of planning and work by architects, builders, craftsmen of many sorts, the people who finance your costs, and you yourself.

Basic to your success in achieving the home you desire is planning. Whether it be an old-time cottage with flagstones and eaves, a fireplace for the winter and a little garden for the summer, or a big house suitable for many children, set in spacious grounds and with luxurious appointments and room for guests, you must plan it. We hope that this *Monthly Letter* will help in that planning.