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NEW HOUSING SCHEME

FOR CHEAP HOMES IN THE TERRITORY

AIDED BY LIFE INSURANCE

REPORT TO ADVISORY COUNCIL

A scheme for cheap homes in the Federal Capital Territory and an easier method of purchase than under the existing housing scheme by the use of life insurance is recommended in a report adopted by the Canberra Advisory Council yesterday.

The committee in its report said its members had carefully considered that possibility of treating life insurance policies as an additional form of security where loans are sought for the erection of homes of limited value on leased land on the lines adopted by the Queensland Government for workers' dwellings on land perpetually leased.

The committee found points of similarity between conditions in the Federal Capital Territory and Queensland where the scheme has been in operation for 10 years. The difference between the conditions is that the ground rent in Queensland is 3 per cent of the capital value as against 5 percent in the Federal Capital Territory and the interest is 5 per cent as against 5½ per cent. There is a difference of 5 per cent in the amount of deposit in favour of Queensland while contingent charges are less.

The committee recommended that provision should be made in the Federal Capital Territory for citizens whose total earnings do not exceed 300pounds per year, to enable them to build up or acquire their own homes up to a maximum value of 800 pounds as distinct from the present provision which permits an advance up to 1,800 pounds.

This could be done by the introduction of life insurance as additional security on the part of the lessees and additional consideration in the direction of cheap land and lower interest charges by the Government.

The primary object of the life insurance scheme is to secure the home free of debt to the dependents in the event of the death of the purchaser. Thus in life or death, both the mortgagor and mortgagee are secured against eventualities.

The committee therefore recommended that special provision should be made for the erection of suitable dwellings of maximum value of £800 in all convenient suburbs for those in receipt of an income of not more than £300 per year and that land should be provided for such dwellings of a maximum capital value of £50 per block, not more than six cottages to occupy one acre.

Such special building loans should be granted on a deposit of 5 per cent, plus usual initial charges and carry interest at the rate of 5 per cent, principal and interest repayable over 25 years, provided the purchaser insures his life for the full amount of the loan and transfer the policy to the Government as collateral security. Failing a public insurance company being willing to undertake the issue of a life policy for this purpose, the committee recommended that the Commonwealth Government be invited to secure its own lessees for home building purposes the same as being done by the Queensland Government.

By adopting the suggestion the commitments on a 25 year term on a £630 cottage for a person 30 years of age would be:-

	Under proposed conditions	Under present conditions
Deposit & fees	75 - 8 - 0	65 - 6 - 0
Monthly repayments	3 - 10 - 2	3 - 19 - 6
Ground rent	1 - 2	8 - 4
Rates	4 - 0	8 - 0 say
Fire Insurance	1 - 5	1 - 5

Life Insurance	9 - 6	
Monthly rent	£4 - 9- 3	£4 - 17 - 3
Weekly rent	£ 1 - 2- 0	£1 - 2 - 5½

The committee said that there are a number of persons who would be glad to avail themselves of a cheaper homes in more desirable localities that say Russell Hill and Molonglo and such as scheme as suggested if adopted offers facilities for acquiring such homes.

If the Government could not adopt the suggestion made, the committee asked that consideration be given to providing land and dwellings on the terms suggested at lower than existing rates omitting the proviso for insurance as such a course would, it is thought, help to do away with undesirable temporary settlements.

Consideration should also be given, in the opinion of the committee, to the provision of blocks of say one to three acres in extent outside the city area on which a small weatherboard house may be erected and on which the owner could engage in poultry farming or other pursuits. Such a provision it was considered would be availed of by persons who through lack of continuity of employment could work on their own blocks to their own advantage when not in employment.