

under the land-assembly provisions of the National Housing Act and provincial assistance is available in some areas. The provision of major services in the larger cities, however, is excluded. An extension of the provisions of the National Housing Act, outright grants for a limited period and low-interest rate loans have been suggested as possible alternative courses of action. Any assistance along these lines would be most helpful in overcoming a serious barrier in many centres to residential construction, especially of a low-cost nature.

(iii) It is recommended that N.H.A. provisions for multiple-unit projects should be made more attractive to investors.

Notwithstanding the advocacy of encouragement to home ownership in (i) above, it must be recognized that it is desirable that more rental projects be built in urban areas in Canada. Approximately 70% of Canadian dwellings are owner occupied. This percentage ranks with the highest in the world and demonstrates the preference for individual houses held by Canadians. At the same time, the relative shortage of serviced land and the expensive problems of "urban sprawl" in most of our large cities inevitably mean that greater emphasis will have to be given to apartment blocks, row housing and semi-detached houses, in such area.

In general, private funds are available for high-rental projects where there is a demand for this type of accommodation and the provisions of the National Housing Act for limited-dividend companies are available for low-rental projects where the tenants are subject to income qualifications. The latter type of project, however, is not designed to attract investment funds in the ordinary way; sponsors are usually service clubs or other non-profit organizations.

Whereas the size of the N.H.A. loans available for individual houses was increased last year, no accompanying increase was made in the size of the loans for rental projects. Moreover, it is recommended that the Federal Government give consideration to the granting of loans for low-cost rental units on a similar basis to the previous agency loans available for this type of project in cities where there is a need for this type of accommodation.

It is also noted in passing that multiple-unit housing projects need not be on a rental basis. Home ownership and a more economical use of land are both possible and it is likely that there will be an increase in this type of arrangement for multiple units.

(iv) The National Housing Act provisions for public housing and urban redevelopment are considered to be satisfactory in their present form.

The C.C.A. advocated as a social measure, a modest program of subsidized, low-rental housing prior to the major revision of the National Housing Act in 1949. The Association believes that the present provisions are quite satisfactory and notes that the Municipal and Provincial Authorities are becoming increasingly aware of them.

(v) Interest rates should be kept under constant review.

The present rate of interest on insured mortgage loans under the National Housing Act is 6% and is related to the rate on long-term Government bonds. It would seem that the 6% rate is necessary at this time in order to attract investment funds from the private lending institutions. The Association would like to stress to members of the Committee, however, the very important effect that changes in the rate of interest have when calculated over the life of a mortgage. An increase of $\frac{1}{2}$ % will run into four figures of dollars on this basis. Expressed the other way, a reduction of $\frac{1}{2}$ % in interest rates would be the rough equivalent of adding another room at no extra cost. Even if new techniques brought about really substantial savings in construction costs, a reduction in interest rates of $\frac{1}{2}$ % or 1% would likely bring about larger savings in total costs, when considered over the life of the mortgage.