

This responsibility may be considered to be greater than any obligation there is upon the municipalities to support rapid residential development.

Nevertheless, this condition is perhaps the main reason that housing starts in 1951 were 72,000 as compared with 93,000 the year before, and it is also the reason why housing starts in 1952 are at the level of about 75,000. Certainly it is the big reason why starts are down in the greater Toronto area, for example, at a time when the national housing-picture is improving. A number of you here tonight come from the Greater Toronto area, and I'm sure that for you I need not labour the points which I have made.

By these remarks I don't mean to imply that the home-owner, by reason of having to install these services, is having to pay for something which he does not have to pay for when the more traditional method of installation of services prevails, and these services are repaid by municipal-improvement taxes. The new system, however, requires a large amount of working capital, which is only practical for the larger builders, and even for them is making the development of new housing more difficult.

#### Government Action

You might well ask me if the Federal Government can do something about this, in spite of the fact that matters of this kind are within the provincial jurisdiction, both constitutionally and administratively. My answer to this is that we have done something about it. In 1949, when this difficulty first became apparent, Parliament enacted Section 35 of the National Housing Act. Besides the traditional public-housing portion of this amended legislation, there is provision for land assembly. Briefly, the Federal and Provincial Governments, in partnership, with respective shares of 75 per cent and 25 per cent, can put together water, sewer, roads and other municipal services provided the municipality wishes it done and provided the proposal is initiated by the province. Up to date, some 3,500 acres, involving 14,000 lots are being prepared for servicing under the provisions of Section 35.

The puzzling thing about this problem of lack of serviced land, so well known to builders, home-owners, to municipalities and indeed to Provincial Governments themselves, is that there have not been more proposals to do something about it under Section 35. I can only say that every one of the 19 proposals received from the provinces for partnership assistance in the assembly of land for subsequent residential construction has been entered into by the Federal Government, through its agency, Central Mortgage and Housing Corporation. The provision is there in the Act and we are anxious that it be used to remove what is a real obstacle in the way of more housing.

#### Interest Rates

Another matter which has received some public comment during the last few months is the increased interest rates for loans under the National Housing Act to home-owners and owners of rental property. You will recall that until the end of August the rate payable by home owners or owners of rental property was 5 per cent. On September 1, 1952, this rate was changed to 5½ per cent.