

Interest rate is  $4\frac{1}{2}$  per cent per annum, calculated semi-annually.

### Co-operative Housing

Joint loans are also available on the same basic terms for projects by approved co-operative housing societies.

### Loans for Rental Purposes

Joint loans may also be made for rental housing projects such as apartments, but the loan may not exceed 80 per cent of the lending value (85 per cent of the estimated cost where rental insurance is in force) and the repayment period is limited to 20 years for projects to be built in an unplanned area and for which rentals are not determined and approved in advance, to 25 years for projects to be built in a planned area and for which rentals are not determined and approved in advance and to 30 years for projects to be built in any area, provided they meet joint loan regulations prescribed by order-in-council.

To stimulate the construction of rental housing, a rental insurance plan was introduced in 1948. The purpose of the plan, which authorizes Central Mortgage and Housing Corporation to guarantee an annual rental return to the builder-owner of a rental housing project, is to protect the investor who, because of present high costs, fears that he will be unable to compete with projects built a few years hence when costs may be down.

As noted above, lending institutions are authorized to make loans up to 85 per cent of the estimated cost of a project to be covered by rental insurance. These, however, are direct loans by the lending institutions and not joint loans under the Act.

The amount to be guaranteed is 85 per cent of economic rentals, a figure which will assure the investor of an amount sufficient to meet financing charges, taxes and operating expenses and to provide a 2 per cent return on his equity investment.

## OTHER LOANS

### Direct Loans

To ensure that lending facilities of the National Housing Act are available throughout Canada to the fullest extent, the Corporation is also authorized to make direct loans if joint loans are not available. Terms and conditions of direct loans are made on a joint basis.

### Loans to Limited-Dividend Companies

Central Mortgage and Housing Corporation is also authorized to make direct loans to limited-dividend companies to assist in the construction of low-rental housing projects. Such loans may be for 90 per cent of the lending value. The period of amortization extends 50 years, and the interest rate is 3 per cent.

### Slum Clearance Grants

The Act provides for slum clearance grants where land is sold to limited-dividend companies for the construction of a rental housing project. A grant of this kind, amounting to \$1,150,000, to assist in the clearance in City of Toronto was approved by the Governor in Council in 1948.

### Loans to Primary Industries

If stable and permanent employment is to be provided in out-lying areas where primary materials are produced, it is recognized that a fairly large proportion of married men must be employed. Married men can be