

moved now, I take it. I suggested that the Leader of the Government make his statement now, and I understood that the senior senator from Ottawa agreed.

**Hon. Mr. Lambert:** If I might explain; I had the impression, from the exchange of remarks between the two leaders, that the second reading of the bill was to be given next Monday evening, and not now.

**Hon. Mr. Aseltine:** I would prefer to make a statement now, on the second reading.

**The Hon. the Speaker:** Does the honourable Leader of the Government desire to change his motion?

**Hon. Mr. Aseltine:** Yes, I withdraw my motion, and now move that the bill be read the second time.

Honourable senators, this has been a rather hectic day for me in trying to arrange matters. We had thought earlier that this bill would be read the second time in the Senate today, and probably passed, but as that is not possible I propose to speak on the second reading now, and there will not be sufficient time for more than that. When I have done so, I suppose the Leader of the Opposition will adjourn the debate, and the debate will continue Monday evening.

In my opinion, this is not a complicated bill; it merely proposes to amend section 22 of the National Housing Act, 1954, in order to provide an additional \$350 million for house building. No other amendments whatsoever are proposed at this time. The section in its present form permits the Government to advance up to \$400 million to Central Mortgage and Housing Corporation for housing loans, and this amount has nearly all been committed for housing loans at different times. The bill proposes that the limit be raised from \$400 million to \$750 million.

The funds provided by this act are used by the corporation for its various lending programs. For example, under section 16 loans are made to limited dividend companies for the construction of low rental dwellings for elderly people and low income families. Perhaps right now I ought to give a little more information with regard to that feature of the act. These projects that I have just referred to are undertaken by community companies which build houses for people who are in the low income bracket, and the organization to which the money is loaned is limited to making a profit of 5 per cent on its investment. The Central Mortgage and Housing Corporation approves the rates of rentals and all that kind of thing. In other words, it is directly under the corporation's control to make sure that these limited dividend companies limit their profit to 5 per cent.

In addition, loans are made to primary producer industries for the construction of rental housing for their employees. The corporation also makes loans to persons in small centres of population who wish to build homes for their own occupancy but are unable to obtain a regular insured loan from an approved lender, such as banks and life insurance companies and others. These lending institutions do not generally approve of making loans in villages and small towns where the population is not very large, and because of that fact the corporation has now been given power to make these loans.

Honourable senators will recall that last spring and summer mortgage money was in short supply, and as a result the pace of house construction slowed down. This shortage affected particularly families with modest means who wished to finance the purchase of homes or were seeking low rental accommodation. Accordingly in the month of August 1957 the Government authorized Central Mortgage and Housing Corporation itself to make loans of public funds to fill this gap. The statutory limit as of that time, under section 22, was \$250 million, of which about \$100 million had already been used or committed, leaving \$150 million available for this purpose.

The corporation arranged for the banks, life insurance companies and other approved lenders to act as its agents in dealing with the public. This is what is known as the agency arrangement, which was made at the time between the Government and these lending institutions. In the eight months since August 1957 during which this agency arrangement has been in effect more than 26,000 new housing units have been financed under it, quite apart from those which approved lenders have financed under the National Housing Act with their own funds. The number of dwellings actually started under the agency plan numbered 20,675.

I would like to give some information with respect to that. During the fourth quarter of 1957 the average cost of single family dwellings under this arrangement was quite a bit less than under insured loans. The cost per unit was \$13,192, which is 13 per cent less than the average cost of dwellings built with insured loans outside the agency, during the same period.

**Hon. Mr. Macdonald:** I do not like to interrupt the honourable gentleman, but why is there a difference between the cost under the two financing methods?

**Hon. Mr. Aseltine:** If my friend will bear with me for a moment, I will explain that later.