

was no question in this period of any shortage of mortgage funds under the joint lending provisions of the National Housing Act, or under the conventional lending operations of institutional mortgage lenders. The construction industry rapidly increased its output during this period.

But increased construction output could not all be devoted to residential purposes and in the post-war years up to and including 1949 house building had to share the capacity of the construction industry with construction demands in other important fields.

In 1947 the Central Mortgage and Housing Corporation was empowered by Parliament to make direct loans to home owners in areas where lending institutions did not carry on a lending business. This measure was intended to extend the benefits of the N.H.A. lending terms to borrowers in outlying areas of the country that would otherwise have denied the benefits of a statute that was intended to have national application.

In 1948 the rental guarantee provisions were introduced to establish incentives for rental entrepreneurs and in part to provide them with mortgage loan assistance. At this time there was a need for increased rental accommodation and this section has been useful in helping to meet the demand.

In 1949, after we consulted each Provincial Government, the Federal-Provincial rental housing and land assembly provisions were enacted by Parliament. Up to 1949 the Federal Government by means of war workers' houses and the veterans' rental programme had provided the only significant supply of new low rental housing. It was considered that municipalities and Provincial Governments should be provided with statutory arrangements for providing housing, and particularly rental housing, where needs could not be met by private enterprise alone working either within or outside the provisions of the Act. There seemed also to be a need to assist in the provision of serviced residential land, which was a developing obstacle in the path of a high level of house building. The Federal-Provincial housing and land assembly provisions were designed to cope with these problems.

Towards the end of 1949 the capacity of the construction industry had reached a point where the number of prospective house purchasers could be increased without too great a risk of inflated prices. For this reason, at the same time as the Federal-Provincial housing arrangements were introduced, provision was also made for increasing the amount of loan to home owners under the Act by one sixth, subject to contract and sale price limitations on the completed houses.

Within a year, however, the outbreak in hostilities in Korea served notice that a major defence build up was necessary and the way had to be cleared for a heavy defence construction programme. Because of the prospect of rising prices and shortages of building materials, notably those with steel content, the one-sixth additional loan provision was withdrawn in February 1951.