

I found myself as a trustee of the pension fund in our Corporation, unable to buy one of our own loans because of some technicality in the National Housing Act. So, we had to sell the loan to the Bank of Montreal, which is an approved lender, and it re-sold it back to the pension fund.

The principal reasons for lack of activity under this section are that the life insurance companies generally invest for holding purposes; the banks, by policy, do not sell mortgages until insurance policies have been issued; and the Corporation has made no active effort to purchase loans from approved lenders.

The Corporation holds mortgage assets in respect of joint loans made under earlier legislation and also as a result of loans made to individuals or corporations under various lending provisions of the National Housing Act. We also hold mortgages and agreements of sale associated with sale of Corporation property. Statements IV and V on Page 31 of the Annual Report show the distribution of these assets.

Under Section 36 of the National Housing Act and complementary provincial legislation, the Government of Canada and the Government of a Province may enter into agreements for the construction of houses for rent or for sale. This is known as the Federal-Provincial arrangement. To the present time, activity under this Section has been limited by policy to rental projects—no houses for sale, only rentals.

Capital costs are borne 75% by the Federal Government and 25% by the Provincial Government. The Provincial Government may require the municipality to participate in the 25% Provincial share. Amortization of capital costs is spread over periods not exceeding 50 years. The rates of interest at which the Federal and Provincial Governments advance money are based on their current long-term borrowing rates. On completion of a project, the capital recoveries from rentals are shared by the governments. Any operating deficits are shared in the same way as original costs.

These rental housing projects are of two types. The scale of rent is decided according to a man's income and the number of children he has. For instance, a man may live in a four-bedroom unit and pay a rental of only \$25 a month, while another tenant in the same project with fewer children and a higher income may pay \$75 a month, and his subsidy may be nil.

In full recovery projects—that means recovery of capital and interest, where the project pays its own way—rents are set at a level sufficient to amortize capital costs and to cover operating expenses. Federal-provincial housing projects are initiated by the municipalities which submit applications to the province.

On much the same basis, Federal-Provincial land assembly projects are intended for the provision of serviced lots in areas where the lack of fronting services is impeding house construction. Cost of land assembly projects are financed 75% by the Federal Government and 25% by the Province. The Province may require the municipality to bear part or all of its 25% share. Municipalities are responsible for the initiation of land assembly projects.

The Minister of Public Works may enter into agreements with municipalities to assist in the clearance, re-planning, rehabilitation and modernization of blighted and substandard areas. The assistance is by financial contribution not exceeding one-half of the cost of acquisition and clearance of the area, paid either to the municipality or to the municipality and the province jointly. The Corporation acts as agent of the Minister for the purpose of such agreements.

In 1956, Parliament broadened the provision of this Section. Whereas cleared sites formerly had to be used for a low cost or moderate cost rental housing project or for public purpose, like a public park, the cleared area