

Limited Dividend Projects:

In the rental field, cheap money is already available in the form of loans to Limited Dividend Companies, whether they be profit-making concerns or charitable organizations. To ensure that no unnecessary frills are installed in these projects, Central Mortgage and Housing Corporation closely examines the location, need, and preliminary plans for each project. It is felt that low rental accommodation, financed under this section of the Act, should provide the minimum accommodation, commensurate with health, safety and good design.

Rentals for these projects are geared to the actual operating costs and mortgage charges. In cases where a profit is required, 5% return on the equity invested is the maximum which is allowed.

Rental ranges obtained by free enterprise Limited Dividend Companies have proven to be well below the market rentals for the areas. For example, in Montreal rents of \$68.50 a month for a 3-bedroom apartment have been obtained.

Similar accommodation in other cities have rented for:—

\$70.00 in Ottawa, \$62.50 in Winnipeg, and \$67.00 in Edmonton.

Federal Provincial Projects

Under Section 36 of the National Housing Act, the Federal Government, in partnership with the government of any province may provide rental accommodation for persons of low or moderate income. In such cases, 75% of the cost of the project is borne by the Federal Government and 25% by the Provincial Government.

Projects constructed under this arrangement may be either completely self-supporting or partially subsidized by the Federal Provincial partnership.

In the case of the self-supporting projects, the rents are set at a level which covers maintenance and operating costs, including taxes, plus full recovery of capital costs over a period of fifty years. These are so-called full recovery, self-supporting projects.

Subsidized projects are designed to provide accommodation for an even lower income group. The rentals obtained in such projects do not meet the operating costs and this deficit is absorbed by the Federal Provincial partnership on the same 75%/25% basis. Rentals paid by individual families are varied according to income and family size. These rents are reviewed periodically.

Up to the end of 1957, Federal Provincial partnerships had been responsible for 29 full recovery projects and 26 subsidized projects situated in six of the ten provinces.

What Can Be Done To Reduce The Cost of Housing:

The element of control by the Corporation is far less in the field of home ownership than in the case of rental accommodation. Here, the market dictates what the builder provides. The consumer and not the Corporation is the ultimate judge of whether the product is satisfactory or not. Certainly, structural limitations are applied in the form of the Housing Standards, compliance with which is mandatory for any loan made under the National Housing Act, but the general public, for some years past, has been demanding more and more. This trend has forced the price of housing up far more than any increase in building costs.

To reduce the end cost of the product a process of subtraction must take place. In other words, to achieve low cost housing in the present market, there must be a change in the end product. This would also enable the public to see what they are, in fact, paying for housing luxuries. This change can be brought about in several ways.