

builders building for sale moderately-priced houses or duplexes on land which they own. Principal features of the plan include a maximum, pre-determined sales price, a larger loan, recommended priorities, veterans' preference and a guarantee by Central Mortgage and Housing Corporation to purchase within a specified period any house which the builder is unable to sell.

Co-operative Housing

Joint loans are available to co-operative housing groups formed for the purpose of building houses or apartments for occupancy by members of the group. Loans may also be made to a co-operative housing association to assist in the construction of a rental housing project which the association undertakes to operate.

Loans for Rental Purposes

Joint loans may also be made for rental housing projects such as apartments, but the loan may not exceed 80% of the lending value (85% 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.

There is in Canada today a very great need for rental housing. Yet more than 70% of the residential units built in 1946 and 1947 were for home-owners. As a result of this low level of new construction in the rental field, the Canadian Government has taken steps to encourage the construction of privately-owned rental accommodation.

In 1947, three-fold action was undertaken: An allowance of depreciation at double the normal rates for a period of 10 years when applied to projects comprising four or more family dwelling units which meet the official requirements; approval of a longer period of amortization under the National Housing Act for loans on approved types of rental housing, and extension of priorities for materials to assist in the construction of approved rental housing.

As an additional incentive, a rental insurance plan was introduced in 1948. The purpose of the plan, which authorized 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% 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% 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% return on his equity investment.

OTHER LOANS

Direct Loans

To ensure that lending facilities of the National Housing