

However, as the evidence given to the Committee was to the effect that there is now no source for borrowing money for the construction of university residences, in the further study of this subject consideration might well be given by Central Mortgage and Housing Corporation in conjunction with the educational institutions and the provincial departments concerned, to a suggestion that loans on such residences by approved lending institutions be qualified, subject to reasonable conditions, for insurance under that part of the National Housing Act providing for insurance of loans.

4. Financing of Municipal Services

Your Committee heard evidence with respect to this matter but is not prepared to make any recommendation on the subject.

5. Low-cost Housing

The Committee feels that a proper definition of the terms "low-cost housing" and "low income groups" is appropriate at this time. It is recommended that the following definitions be adopted:—

Low-cost Housing

Any single family dwelling, the cost of which, including structure, land, services or septic tank and well, does not exceed a total cost of \$9,000. Such a house must conform to the minimum housing standards for National Housing Act construction (See Exhibits 3 and 4)

Low-income Groups

Any family, in any area, whose annual income falls in the lower third of the local income group.

(At the present time, the national average family income at the top of the lower third, amounts to \$3,600 per annum.)

Your Committee considers that home ownership for this group of our population should be encouraged as much as possible. A greater provision of houses at a cost not exceeding \$9,000 would provide homes for many people of modest income. An example of such a house follows hereunder:

Cost of house and land	\$9,000
Down payment	900
NHA loan	8,100
Insurance fee	162
	8,262
Monthly repayments at 6% over 25 years	53.00
Assumed taxes	15.00
Total monthly payment ..	68.00

At a repayment ratio to income of 27 per cent a home owner earning \$3,022 per annum could afford to acquire such a house.

The Committee heard, with interest, of the plans of Central Mortgage and Housing Corporation to prepare designs for modest dwellings in the remote and outlying areas. It is to be hoped that this work will be extended to encourage a better standard of construction in these areas.

Evidence has been heard on the need for providing low rental accommodation. The Committee feels that the present facilities offered under the National Housing Act are adequate and that amendment for the purpose of extending these facilities is not warranted at present.

The Committee hopes that the fullest possible resources of Central Mortgage and Housing Corporation will be directed toward encouraging the provision of low-cost homes, the expansion of low rental accommodation, and the raising of standards of construction in the remote areas.

6. Shortage of Mortgage Funds

From the evidence presented, it is apparent that the flow of mortgage funds during the last few years has been both insufficient and erratic. Concern has been expressed by various witnesses about the future supply of mortgage funds. It is evident that there is a need for a close study of the problem of increasing the supply of mortgage funds and stimulating the sale of insured mortgages.

Your Committee recommends, therefore, that an organization be set up under the leadership of Central Mortgage and Housing Corporation to carry out a close study of this problem. This body would contain representatives of the Bank of Canada, the Department of Finance, chartered banks, life companies and other approved lenders. Its terms of reference should be confined to two aspects:—

- (a) Increasing and stabilizing the flow of mortgage funds.
- (b) Stimulating the sale of insured mortgages and encouraging the resultant sale funds back into the mortgage market.

7. Private Lending in Remote Areas

Evidence was given which suggested that a reluctance exists on the part of many approved lenders to lend in the remote areas. It appears that, although these loans carry the same guarantee as insured loans in urban centres, the administrative costs and greater difficulty of resale do present greater problems to a lender than loans in the urban centres.

While direct loans by Central Mortgage and Housing Corporation are, of course, available in these areas, the Committee does not consider that the Corporation should provide facilities which can be equally well supplied by a private institution.