

Government joins with the provincial governments in erecting publicly owned rental housing. As I have already indicated, in some of these public housing projects the rents are subsidized. Even where the rents are not directly subsidized, the use of government funds for building permits lower rents to be charged than would otherwise be possible.

The Minister of Public Works has indicated on several occasions that the Federal Government is prepared to join with the provinces in building additional public housing where it is required, but that the initiative must come from the province and, even before that, from the municipality concerned.

The National Housing Act has undoubtedly been successful in encouraging home ownership. This arises in part out of the fact that the amount of loan available for a property of given value is higher under the home ownership sections of the Act than under the rental sections. Furthermore, some of the Corporation's direct lending programmes have been restricted by government policy to home-owners or to builders building for sale for home-owners. Loans for rental property, for example, were not made in the latter stages of the agency loan programme and, under the new small home loan arrangement, the Corporation is not providing—for the moment at least—loans to finance rental properties. This is by Government policy. This in no way affects the Corporation's special lending programmes, such as the limited-dividend arrangement to which I have just referred. Just the same, the bulk of new rental accommodation built in this country in recent years has been financed outside the National Housing Act.

It will be a surprise to no one that there has been a sizeable increase in the cost of new housing in recent years. This is equally true of houses financed under the National Housing Act and by other means. For example, the average cost of a single-family house sold by builders under the National Housing Act increased from \$10,456 in 1951 to \$13,462 in 1956, or an advance of nearly 30% in five years. During the last quarter of 1957—and this is the most recent figure available—the average price of such a house was \$14,362. In other words the rate of increase is still rising.

The increase in house prices has been accompanied by a fairly sharp rise in the average income of NHA borrowers, from \$4,103 in 1951 to \$5,312 in 1956. By the end of 1957, the average income of borrowers under the Act was \$5,737.

These statistics have been interpreted by some to mean that the National Housing Act is no longer fulfilling its true purpose that is, it is serving a more well-to-do clientele than originally intended. This, Mr. Chairman, is not entirely correct. For one thing, private lenders always accommodate those whom they consider as the best risks and during the last year or so, with mortgage money in short supply, lower income families have found it more difficult to obtain loans.

Undoubtedly, this explains part of the recent rise in the average income figure for NHA insured loan borrowers. Apart from this, however, incomes of Canadians in general have been rising. We have all tended to move up the income scale together, even if some managed to move up a little faster than others. So, on these grounds alone, an increase in the average income of those buying NHA homes might have been expected. The average income of buyers of almost every other kind of product also went up.

It is perhaps worth noting that, at least during the years 1951-1955, the demand for NHA housing increased in all income ranges—that is, among the lower third, the middle third and the upper third. The lower third has never bought more than a negligible proportion of NHA housing.