new homes have been built, of which number 225,000 were financed under the provisions of the National Housing Act. Approximately half of these were financed by direct loans made by Central Mortgage and Housing Corporation, and the balance of 125,000 were by loans from life insurance companies, loan companies and trust companies, but all loans by such approved lenders as loan companies and trust companies were insured by the Government. The remainder were bigger houses built with private capital by people with substantial means. It is a fact that since 1957 the government agency has committed $1.1 billion in mortgage loans.

It has been the policy of the Government to direct its National Housing Act financial assistance largely to the lower-income families. This objective has been achieved in several ways. At one time Government mortgage loans were available on a residual basis only to borrowers in municipalities of a population of 55,000 or less. Subsequently, physical limitations were imposed on the size of house that could be financed by C.M.H.C. loan. During much of 1960 there were limitations as to incomes of prospective applicants for these loans. In addition, there has been much activity under section 16 of the National Housing Act, which provides for rental accommodation for lower-income families and for elderly persons; other families in similar circumstances have been helped under the federal-provincial housing arrangement.

These steps, in my opinion, have constituted a wise and judicious policy. They have not only provided a very substantial volume of new housing for Canadian families, particularly in the lower-income groups, but have been instrumental in bolstering employment in one of Canada's great influences on the national economy—the house-building industry. At the same time, I should point out to honourable senators that these vast sums of money are not being given away. They are being repaid every day for reinvestment with other moneys in the same category.

I should like to speak briefly of the events of 1960. Following an increase in the National Housing Act interest rate to $6\frac{3}{4}$ per cent in December 1959, legislation was introduced in March of this year to increase by $500 million to $1.5 billion the amount that may be advanced from the Consolidated Revenue Fund to the Central Mortgage and Housing Corporation for direct-lending operations. However, it was stated at the time that the amount was intended to last for some time and that only about $175 million would likely be committed during 1960. As a matter of fact, that is approximately the amount that has been used in this year. The prophecy was that there would be around 125,000 starts, and I understand that the starts in 1960 will amount to about 110,000.

To ensure the intention of reducing Government mortgage lending from the record level of the year before, and to adhere to the policy of assisting families in the lower-income group, Central Mortgage and Housing loans became available only to those with annual incomes of $5,000 or less, with certain upward revisions according to size of family, the maximum being, I believe, $5,600.

When the income limitations were introduced there was no indication that a gradual change in the demand situation was taking place. However, it became apparent a little later that houses built under the direct lending program of the previous fall were not moving as quickly as expected, and that soft spots were developing in some parts of the country. The practice of keeping a watchful eye on an extremely sensitive situation was, therefore, followed with particular care during the ensuing months.

By July 1960 the rate of activity no longer encouraged the belief that there was a large volume of immediate excess demand for new housing. For this reason the Government increased the income limitation to $7,000, with the same upward adjustments for family size, up to a maximum of some $7,500. Then, with life insurance and trust and loan companies lending at an active rate, and new evidence that the allocation of Government funds was more than enough to meet the demands of the under-$7,000 income groups, the Government was prompted to lift the income restrictions and make direct loans available to any eligible prospective borrower, regardless of income. This was done at the beginning of October this year.

Other steps were taken. The interest rate on loans to limited dividend companies building rental accommodation for lower-income families and elderly persons was reduced. The home improvement loan program was extended to rental housing, including apartment houses, and builders became eligible for two direct loans each to assist them in preselling Government-financed houses.

I now come to the new legislation we are to consider. Its purpose is threefold: to provide some generous borrowing terms under the National Housing Act, to incorporate into the act three entirely new lending concepts, and to throw the full weight of fresh, dynamic forces into the frontal attack on unemployment.

The first of the proposed amendments has to do with borrowing terms. As you will notice from the bill, the Government seeks to increase the loan ratio for home owners and builders from 90 per cent to 95 per cent of the first $12,000 of lending value, plus 70 per cent of the remainder. We believe that this will stimulate house building. You will recall that at one time prior to 1957 the loan ratio for homeowners and builders was