

Senator LEONARD: May I direct a question to Dr. Bates with respect to the cessation of the Agency program? I notice from the report that loans have been approved for 16,000 dwellings between September and the end of the year. That program appears to be a substantial contribution to the building of houses; now with the cessation of that program how is the demand, which no doubt exists, to be filled?

Mr. BATES: When the program ended we had made 27,000 loans, which of course are in process everywhere across the country today. They are just now beginning to get on the market: I don't know how many have been completed—perhaps 2,000 out of the 25,000 have been completed and sold. Many have been sold, though they are not completed.

So, when we ceased the program following the election, we had something like \$60 million worth of applications in our offices.

Senator LEONARD: That is over and above—

Mr. BATES: Over and above what had been made.

Senator CRERAR: Is that the election of June 10 or of March 31st?

Mr. BATES: That is at April 10th.

Senator CRERAR: 1957?

Mr. BATES: No, 1958.

We went to all the approved lenders, and those who were able agreed to take up some of these loans from us, and finance them out of their own resources. Something like \$35 millions of the \$60 millions were taken up by the banks and some insurance companies, and we were left with another \$24 million or \$25 million sitting on our desks.

When the Government provided us with the funds a few weeks ago, we proceeded and processed these to meet the applications made earlier. But as from that date the agency loan arrangement has stopped. The Approved Lenders had—not all of them, but many of them—put out their money, and when we stopped putting out money they began to put their own money out much faster. In effect, the number of starts which we will have in May or June will not be falling at all, because the Approved Lenders have been taking up this slack. Whether they take up the sack again in September, October, November and December is another point. They will take up some now, and it may be they will have run out of funds by that time, depending on the total capital market.

The total number of starts to the end of May of this year has been 40,000 as against 21,000 last year, or an increase of 86 per cent.

Senator LEONARD: At that rate, how would your program be in relation to your target of 140,000?

Mr. BATES: If we go at this rate the starts will reach 180,000; we expect the rate to taper off a bit in the summer and fall.

Senator LEONARD: But the small home will not be taken care of to the extent that it has been under the agency program?

Mr. BATES: We are still ready to lend on any home anywhere.

Senator LEONARD: But not to the same extent?

Mr. BATES: Yes, to the same extent, anywhere.

Senator LEONARD: The lending institutions would be concentrating as usual on the larger homes?

Mr. BATES: Maybe, but we are prepared to lend anywhere.

Although I may mention that when it was contemplated that we would not renew the agency program immediately we did see the approved lenders across the country, and I think generally speaking the approved lenders agreed