Finally, the borrower also benefits from the fact that an NHA mortgage for any one property is limited to a government-stipulated maximum. This means that, since the average borrower's equity is reasonably small, successful merchant builders must competitively produce the best accommodation at the lowest possible price.

Investors find the scheme attractive because, in addition to its government-insurance feature, it offers a profitable return in a comparatively stable market. When the loan is made, the borrower contributes an amount equal to 2 per cent of the loan toward a special insurance fund. From this fund Central Mortgage and Housing Corporation undertakes to pay the lender up to 100 per cent of the principal and interest in the event of the borrower defaulting. In such cases the property concerned reverts to the Fund. Very few defaults have occurred since the scheme began in 1954. Before then, the Government's participation in mortgage financing was undertaken in co-operation with private lending institutions and its cash contribution was limited to about 25 per cent of the loan.

The Federal Government provides financial assistance for the building of low-rental public-housing projects, examples of which have either been completed or are in course of construction in municipalities across the country. Under the terms of the Act, the Federal Government may enter a partnership agreement with a provincial government to build and operate low-rental housing for tenants of limited means. The federal authorities contribute 75 per cent of the capital costs, with the municipal and/or provincial authority contributing the remainder. Profits or losses incurred in subsequent operation of the project are shared on the same basis as the initial financing.

There are two basic types of public housing; those in which rents are set at a level sufficient to recover all operating expenses and, at the same time, repay the initial investment; and those in which rents are matched to the tenant's ability to pay. In the latter instance, deficits are borne by the federal and provincial partners in the same 75 percent - 25 percent ratio. In full-recovery projects, where the rent is fixed for each dwelling, families are not admitted if their income exceeds five times the monthly rental. If, after they are in, their income increases so that it exceeds this ratio, or, if their income reaches the upper limit of the lower third of the income band in that area, they are asked to vacate.

The Federal Government may also make loans to limited-dividend companies needing assistance to build low-rental housing projects. Such projects may be rented either to low-income families or to the elderly, whose often limited resources bar them from the general housing market. Either a municipality or a private group of public-spirited citizens may form a limited-dividend company but dividends must be limited to 5 per cent or less of paid-up capital. If the company can show evidence of a need in its locality for a low-rental housing project, Central Mortgage and Housing Corporation is authorized to lend, at a low interest rate, up to 90 per cent of the construction costs. Amortization usually extends over 40 or 50 years.

The clearance and redevelopment of slums and blighted areas is also eligible for government aid. Financially, federal assistance may extend to 50 per cent of the costs of acquiring and clearing the properties concerned. If renovation provides a better answer, the Federal Government may grant up to 75 per cent of the costs. The remaining costs are borne by provincial and municipal levels of government. Federal aid is dependent upon the