way as one-quarter of one per cent of 85 per cent of the estimated cost of the project.

The governor in council is empowered to place a limitation on the maximum guarantee that may be given. This limitation may be expressed in terms of room cost or unit cost. On the basis of $80 a month for a fully serviced unit, the limitation will be approximately $7,000. The limitation per room would be $1,750.

The new section 8A provides that this insurance shall take the form of a contract between the corporation and the builder-owner, and that the guarantee may be given after completion of the project. In order to enable the builder to obtain financing during the course of construction, subsection 2 empowers the corporation to give to a builder an undertaking that the insurance will be provided if the project is built in accordance with the terms of the section. In practice, the builder will submit his plans and specifications and other relevant detail to the corporation before he commences construction, and at that stage will be given a commitment that if he goes through with his project as outlined he will be given an insurance contract.

Clause 2 of the bill also adds section 8B to the act, enabling approved lending institutions—

Mr. FLEMING: Could the minister deal with the next section 8B separately? I am sure that hon. members will have a number of questions to ask, and the two sections are not interdependent at all.

There are several questions I have to ask which arise out of the minister's explanation. It is quite clear that the corporation will have the real effective power in determining rentals and that two per cent is to be the extent of the guarantee. I gathered from the minister's statement that this is a fixed and determined rate and it is not the intention to vary it at any time. If that is the case, why should the percentage rate not be set out in the statute instead of being left to be determined by the corporation?

The next question I have to ask is perhaps broader in scope than the other questions which relate to the form of the section. I recall the amendments that the house dealt with a year ago. We then had some hopes that they would result in the building of houses. At that time the lending institutions were given certain guarantees of returns in connection with land assembly, in the hope that thereby they could encourage people to come into schemes of a substantial extent. The lending institutions would then have the benefit of lending on mortgages on the houses constructed on the property. But our hopes have been dashed because very little use has been made of the powers conferred by those amendments.

Mr. HOWE: I must challenge that statement. It has taken care of a good many hundreds of thousands of dollars worth.

Mr. NICHOLSON: How many units?

Mr. FLEMING: It certainly has fallen short of the expectations some of us had as a result of the discussions in the house and committee. The results obtained have not measured up nearly to the hopes we formed. This leads me to ask the minister what assurance there is that the proposal of guaranteed rentals will receive wide acceptance and will interest many builders. I take it that it will have to be builders of some substance who would be able to erect the necessary units. Have there been such conferences as would give the administration or the corporation substantial assurance that this section will interest a number of builders?

Mr. HOWE: There have been strong indications that this will encourage a good deal of building by the professional landlord investor. Should there be no building, it will cost this parliament nothing.

Mr. ROSS (St. Paul's): The minister said that the insurance would be limited to 85 per cent of the economic rental. It says here that the contract with the builder will guarantee an annual rental sufficient to meet the charges and provide a two per cent return on his equity. I cannot co-ordinate those two things in my mind.

Mr. HOWE: Of course the two per cent is a bare minimum. The economic rental provides for a larger return than two per cent, but the amount we will insure includes only two per cent.

Mr. ROSS (St. Paul's): The owner is guaranteed either two per cent of his equity or 85 per cent of the economic rental?

Mr. HOWE: Yes. It is the same thing, I think.

Mr. ROSS (St. Paul's): Will these have to be new projects? In Toronto there are a number of old houses which could be converted into apartment houses of eight or ten units. Could the conversion of such houses be carried on under this measure?

Mr. HOWE: No, they must be new projects.

Mr. ROSS (St. Paul's): That would be a splendid way of doing something in the centre