

Loans to Limited-Dividend Housing Corporations.—A limited-dividend housing corporation is a corporation or group of persons who decide to erect a large-scale low-rental housing project from which they will receive not more than 5 p.c. profit per annum on their original investment.

Let us assume that they wish to purchase a tract of land and to erect on it two or three hundred low-rental houses. The total scheme will cost, say, \$1,000,000. The corporation can borrow up to \$900,000 from the Central Mortgage and Housing Corporation for their purpose—provided, of course that the Government is satisfied as to the soundness of the project both from a financial and from a constructional point of view.

The corporation will pay 3 p.c. interest per annum on the loan, the period of which is the life of the project up to a maximum of 50 years. After that period the project must be disposed of according to pre-determined arrangements. Meanwhile, the limited-dividend housing corporation will have been permitted to make only 5 p.c. profit per annum on their original \$100,000 investment.

Guarantees to Life Insurance Companies.—By provision of the National Housing Act, life insurance companies may invest up to 5 p.c. of their total assets in Canada in the purchase of land and the erection thereon of low-rental and moderate-rental housing projects, including accommodation for retail stores, shops, offices, etc., but not including hotels. Any life insurance company so investing may receive from the Dominion Government a guarantee of a net return of 2.5 p.c. per annum of the cost of the project for the period of the project's useful life, up to a maximum of 50 years.

If the company chooses to accept this guarantee on its investment, it must retain ownership of the project, and it must also establish a reserve comprising all net earnings in any year after its completion in excess of 6 p.c. per annum on the cost of the project. Out of this reserve any advances made under the guarantee must be repaid.

In addition to insurance companies, any approved lending institution may be declared by the Order in Council to be eligible for the advantages available under this particular section of the National Housing Act.

Slum Clearance.—Let us suppose that a municipality wishes to clear an objectionable slum area with the assistance of the National Housing Act and to rebuild it with low-cost housing. First, it must buy the land and properties concerned. Then, having cleared them, it must sell the land to a limited-dividend housing corporation or to an insurance company that intends to construct a housing project of the kind previously referred to. The municipality may then obtain a grant from the Dominion Government of 50 p.c. of the amount by which the cost of acquiring and clearing the land has exceeded the price obtained for it from the insurance company or corporation, provided that the remaining 50 p.c. is borne by the municipality, either alone or with the help of its Provincial Government.

Housing Research and Community Planning.—Provision is also made under the Act for the following kinds of research and specialized public services: (a) investigation into housing conditions and measures to be taken for their improvement; (b) preparation of plans of low-cost houses; (c) public education on the subject of community planning, etc.; (d) research into all aspects of building; (e) studies of land utilization in co-operation with municipalities; (f) technical development.