

To facilitate the development of a secondary market in insured mortgage loans the 1954 Act provides that the insurance policy on a mortgage loan made under the Act may be assigned to the purchaser should the loan be sold, provided that the loan continues to be serviced by an approved lender. As a result individuals and other investors who are not approved lenders may invest in insured mortgages by arranging with an approved lender to service the loan. In 1955 approved lenders had sold approximately \$16,906,000 worth of insured mortgages. The Act also authorizes the Central Mortgage and Housing Corporation to buy and sell insured mortgage loans as well as to make loans to approved lenders upon the security of insured mortgage loans. By endowing the insured mortgage loan with a degree of liquidity and transferability not normally present in the mortgage market the potential supply of mortgage funds is greatly broadened.

The National Housing Act authorizes the Central Mortgage and Housing Corporation to make mortgage loans to limited dividend corporations and to companies engaged in primary industries of logging, lumbering, fishing and mining. Loans to limited dividend housing corporations are made at low rates of interest for the construction of low and medium rental housing units. By July 31, 1955, 48 companies had been formed under the sponsorship of business companies or local groups and the financing of some of them was supplemented by municipal grants or contributions from service clubs. Many of the dwelling units constructed by these companies are occupied by widows and old age pensioners. The Central Mortgage and Housing Corporation is also authorized to make mortgage loans for house building in areas where insured mortgage loans are not available from approved lenders. These loans are made on the same basis as those made by approved lenders under the Act.

The Act provides that, following agreements between a provincial government and the Government of Canada, the Central Mortgage and Housing Corporation may undertake jointly with the province the development of a housing or land assembly project. Capital costs, profits and losses of such projects are shared 75 p.c. by the Federal Government and 25 p.c. by the province. The provincial government in turn may require the municipality concerned to participate in the provincial share.

By July 1955 all provinces except Prince Edward Island had passed complementary legislation and projects were under way or completed in six provinces. Under this legislation, three main types of housing agreement have been involved: (1) the construction of houses for rental on an economic or sub-economic basis; (2) the assembly and servicing of residential lots for sale to builders and prospective home owners; and (3) combined rental housing and land assembly projects where a portion of the land developed is used for housing and the remainder sold. Completed rental housing projects are administered by local housing authorities whose members are appointed by provincial Order in Council. Local authorities have been established in 30 municipalities. By July 31, 1955, 73 projects had been approved—28 for land assembly only, 12 for combined land assembly and rental housing and 33 for the erection of rental housing over the whole site. The 45 rental projects relate to 5,428 rental units, 2,986 of which had been completed. The land assembly projects involve the servicing of 12,211 lots, 3,132 of which had been completed and sold to builders and prospective home owners.

Under the land assembly provisions of the Act lending institutions are guaranteed the recovery of their investment and a return of 2 p.c. on land development projects. These projects involved the development of raw land into serviced lots for residential purposes and their sale at prices considerably below the market price for comparable lots. Little activity has taken place under these provisions in recent years.

The National Housing Act provides that, where a municipality agrees to buy and clear an area of substandard housing with a view to disposing of the site for new rental housing or for other public purposes, a federal grant may be made to the municipality amounting to one-half its net loss on the land transaction. By the end of July 1955 a total of \$3,216,937 in grants had been made to municipalities for the clearance of 75 acres of blighted land.