

raised in both 1956 and 1957. In March 1956 it was increased by one-quarter per cent to 5½ p.c. and in January 1957 there was a further increase to 6 p.c. Despite these increases, mortgage loans under the Act became less attractive to investors than other forms of investment. During 1957 many of the institutional lenders also experienced a reduction in the rate of growth of their total assets which was reflected in reduced mortgage portfolios.

The chartered banks entered the mortgage-lending field under the National Housing Act of 1954. In that year and in 1955, they were in process of building up their mortgage portfolios, in which they were aided by the relative liquidity of their assets and by the marked asset growth they were experiencing. In 1956 and 1957, however, the growth in the assets of the chartered banks was only moderate and, in addition, they were faced with heavy demands for business loans. As a result, the mortgage-lending activity of the chartered banks, all of it under the National Housing Act, declined by more than 50 p.c. between 1955 and 1956. In March 1957, the Governor of the Bank of Canada received assurances from the chartered banks that they would approve mortgage loans for \$150,000,000 in 1957 an amount that represented little change from 1956.

In August 1957, the Government acted to ease the shortage of funds under the National Housing Act by making available \$150,000,000 for loans under the Act for small homes. The arrangement provided for approved lenders to act as agents of Central Mortgage and Housing Corporation in making the loans.

By mid-November, agency loans in process and approved amounted to over \$132,000,000 and in December a further \$150,000,000 was provided. With a reduced flow of mortgage funds under the Act from private investors, there was an increase in the use of public funds for direct loans, particularly in 1957. Mortgage loans made directly by Central Mortgage and Housing Corporation increased by nearly 200 p.c. from mid-1956 to mid-1957. During 1956 and 1957 loans to limited dividend companies increased over 1955. In 1956 loans were approved for 1,620 rental housing units in limited dividend projects compared with 1,419 units in the preceding year. During the first nine months of 1957 there were approvals for 2,800 units and loans to primary producers were approved for 416 units.

**Building Costs.**—The costs of housing construction increased by 8 p.c. in 1956 and 6 p.c. in 1957. Most of this increase reflected higher wage costs; building material prices rose in 1956 but changed little in 1957 and land costs continued to advance. In 1956 the average price paid for lots for single-family dwellings financed under the National Housing Act was \$2,041 compared with \$1,819 in 1955. In the first half of 1957, the average price was \$2,254.

In addition to increases in construction and land, higher costs also resulted from an increase in the average size of new dwellings. In housing financed under the Act, average floor areas went up from 1,102 sq. feet in 1955 to 1,138 in 1956 and to 1,169 in the first half of 1957.

As a result of all these changes, average total costs of houses financed under the National Housing Act, including land and construction, went up from \$12,847 in 1955 to \$13,960 in 1956 and \$14,598 in the first half of 1957.

**Urban Renewal and Federal-Provincial Projects.**—Interest in urban renewal continued to grow throughout 1956 and 1957 and several cities applied to Central Mortgage and Housing Corporation for assistance in carrying out renewal studies. The results of earlier studies were published during 1956-57 by the Cities of Halifax, Winnipeg, Saint John, Toronto and Vancouver.

Construction commenced during 1956 on a 733-unit federal-provincial project in the Regent Park South area of Toronto. This project is being built on a 26-acre site, which is being cleared for redevelopment. Construction also started on a federal-provincial project at Lawrence Heights in Toronto, designed to provide 1,081 dwelling units. Clearing of substandard units from a Montreal downtown area was started in 1957 as part of the plan to renew 20 acres and provide an 800-unit low-rental federal-provincial project.