Mortgage money was not a serious obstacle. The companies providing the bulk of private institutional mortgage funds were peculiarly disposed at the end of the War to look favourably on the mortgage field. They came out of the War with heavy portfolios of low-yield Federal Government securities and greatly reduced mortgage holdings. To the extent that Federal Government bond prices were maintained, these institutions were ready and even anxious to convert them to other investments, including mortgages. Moreover, a ready channel for these funds for mortgage purposes was provided through the National Housing Act, 1944, the principal instrument of government policy in the housing field. This Act made it possible for the borrower to obtain mortgage loans with relatively low down payments, 20- or 25- year amortization and convenient monthly payments in constant amounts. To the lender, the legislation offered an attractive interest return and guarantees against losses that greatly diminished the risk in the event of default. The National Housing Act also contained provision for financing low-rental houses through limited dividend companies, for grants to municipalities undertaking slum clearance projects, for loans to primary industries for the construction of employee dwellings, and it set aside funds to promote research into social, economic and technical housing matters, both by government and outside agencies. Central Mortgage and Housing Corporation was established, by Act of Parliament in 1945, as a Crown agency to administer federal housing policy. A new National Housing Act was introduced in 1954.

Demand remained strong throughout the whole postwar period and, except in the early postwar years, the capacity of the house-building industry and of its suppliers has not limited the output of houses. The limits on house-building, particularly since 1950, have come rather from tightness in the capital market, or from shortage of serviced land or from both. These particular restraints directly reflect the two basic problems of new housing in any period—how much to build and where to build it.

The amount of money invested in mortgages from year to year is subject to the constraint imposed by the total volume of savings available, domestic and imported, and the competing claims for their use. Through the capital market, mortgages and therefore housing must compete for funds with other investment outlets. Important changes were made in the National Housing Act in 1954 to enable mortgage borrowers under the Act to compete more effectively with other borrowers for available funds. The chartered banks of Canada and the Quebec savings banks were empowered to make mortgage loans under the National Housing Act. Furthermore, the guarantees against loss to the lenders were attached to the mortgage rather than to the original lender, so that the resulting mortgage would be more easily negotiable. This was done to facilitate sales of these mortgages so that pools of savings not formerly available for such purposes could serve as a source of mortgage money. Whatever the degree of institutional or individual freedom in the investment of funds, the mortgage market will, however, always be affected by developments in the general capital market, and can never be held free from the effects of business, institutional and government investment in other fields. Shortage of mortgage funds need not always constitute the main immediate limitation on house building, but it has done so over much of the past seven years.

The amount of land ready to receive new housing is also affected by the availability of investment funds. Most residential land in urban Canada today must be served with water and sewer mains and roads and with the attendant trunk lines, arterial traffic routes, and municipal plant and services that these frontage facilities imply. The basic municipal plant and trunk facilities are financed in large measure by the municipality but the cost of fronting services may be financed by the municipality, or may be capitalized in the price of land to the purchaser and paid for with mortgage funds or purchasers' savings. If financed by municipalities or by mortgage lenders, the provision of these services is limited by the constraints of the capital market. If, on the other hand, their costs are met in cash by the purchaser, their market is limited by the availability of liquid assets for down payments.

Two factors in recent times have tended to increase the cost of urban services. Canada's postwar housing program has been based largely on demand generated by comparatively easy mortgage-lending terms for home owners. In addition, the private