

We have been working with the builders in the country on this question of low cost housing. We told the builders that while C.M.H.C. is maintaining the Standards, the builders are responsible for the cost of housing. We told them to go out and build us a house, not to the C.M.H.C. Standards, and if it was reasonable we would approve it.

One such house was built in Preston, Ontario, and a very good one; I believe that the builder is contemplating putting one up in Halifax. The cost of the house built in Preston, without the land, was \$7,500. In other words, by abandoning C.M.H.C. Standards completely, they effected a saving of \$450 or \$500, below what would have been the cost on a minimum standard house.

We cannot build an N.H.A. house for \$8,000, excluding land; but we are quite willing to go below that figure and approve the house for loan, if the builder can produce a lower cost house that will stand up.

Senator DUPUIS: And you will authorize the loan?

Mr. BATES: Yes.

Senator DUPUIS: May I ask another question? In the case where a man has a plot of land outside a town, and is required by the municipality to put in the water and sewage services, will the applicant be allowed the cost of these items out of his loan?

Mr. BATES: Do you mean, in the case where the applicant has to put in a septic tank and dig a well?

Senator DUPUIS: If he has to take water from the municipal water supply and tie on to the municipal sewage system, can he take the cost of such items from his loan?

Mr. BATES: Do you mean the cost of building a trunk line from somewhere to his lot?

Senator DUPUIS: Yes.

Mr. BATES: No, we do not go as far as that. We will allow him to put in the cost of the service on the project, that is all the frontal services and the laterals, but the Government will not allow us to finance a trunk line.

Senator DUPUIS: But if these services come in close proximity to the front of his house, the cost of putting them in is part of the loan.

Mr. BATES: Yes.

Senator HORNER: Of course the sewage and water services would mean greater value being placed on the house and land.

Mr. BATES: Yes, of course.

Senator SMITH (*Queens-Shelburne*): I am not sure whether Dr. Bates finished his comments on why there was this great difference in the number of starts over the national picture and the number in the Maritime provinces. Does it have a direct relationship to the fact that the people in the rural Maritime areas have not taken advantage of what you can offer them on reduced specifications?

Mr. BATES: I don't think that is really much of a factor, because if one drives through the Ottawa valley on a Sunday afternoon, one sees very little N.H.A. housing in such towns as Perth. These towns have grown in the past, but are not growing now. This is also true of Shelburne. It is not very different from the picture in the Ottawa valley, as I have seen it.

Senator SMITH (*Queens-Shelburne*): From your point of view, you have no explanation for it. It is a general economic reason, is it?

Mr. BATES: Yes, except as I mentioned earlier, we are instructing our managers to go out and look for business in these areas and see if we can whip up some. Perhaps we may be able to answer that question better in six months time.