

And ... it is some of these circumstances which I would like to discuss with you tonight.

### Factors in Housing Problem

In my opinion, there probably are enough materials and labour to build somewhat more houses than are presently under way. This leads immediately into the question of what are the obstacles which prevent these materials being put in place in the form of housing.

It has been estimated - and I have no reason to quarrel with the estimate - that municipalities under our Canadian municipal system have the capacity to increase up to 3 per cent per annum without undue strain upon their administrative and financial capacities. By increasing 3 per cent I mean that if a community of 45,000 people has within its boundaries some 10,000 residential housing-units, then it probably is the case that this municipality can arrange to absorb something of the order of 300 front doors per annum.

But the growth in some of our municipalities has been, and is continuing to be, considerably greater than 3 per cent. When we came out of the war, many municipalities had extra services and, indeed a surplus of educational facilities, so that a large number of houses were added without causing any undue strain upon the municipality. The continued growth of residential construction at record levels ate up this surplus, and it was not long before virtually every new house in the average municipality meant new roads, new sewer, new water, new school buildings, and, generally, an extension of the municipality. At the same time, costs were rising, the expense of administration was increasing with resultant effect upon taxes, and in recent years the money markets have not been to the liking of the municipalities. It soon became clear that a small residential unit was indeed a deficit item upon the books of the municipality were a strict cost accounting practice to be followed. Roughly, under today's price structure, it costs about \$2500 in capital expenditure for services and schools to look after each new house which is added to a municipality.

As a result of all this, many municipalities are now requiring that the builder or the owner, at their own expense, install all services such as water, sewer, roads, sidewalk, street lighting, and, indeed, in some cases, even down (or perhaps up) to street signs. Some municipalities are not anxious to see a large volume of new small houses, even if the builder or owner will finance the services in the original instance. Such municipalities are discouraging new residential development within their boundaries. A few municipalities, faced with educational responsibilities which they feel are beyond their power to discharge, are requiring a cash contribution from the builder or owner before the building permit is issued. This cash contribution takes the form of a payment to the local school board to help the municipality finance the capital cost of new schools to meet the needs of children who will live in the new houses to be built.

I appreciate the problem of the municipalities and realize that it is a difficult one. I also know that the municipalities - just as in the case of the Federal Government - are primarily responsible to their taxpayers.