

Mr. Chairman, this concludes our brief. If there are any questions you wish to ask on the subject, I suggest that they be directed to our president, Mr. L. A. Rice, who is a builder, and whose day by day work brings him into contact with most of the problems involved.

The CHAIRMAN: Thank you, Mr. Clements for a very excellent brief.

Gentlemen, the meeting is now open for questions which you may wish to direct to Mr. Rice in connection with the brief.

Senator SMITH (*Queens-Shelburne*): Mr. Rice, I am interested in the statement on the first page of the brief in which you point out that some lending institutions refused to recognize the increase to 27 per cent of a debt ratio basis. Have you noticed that is happening in a large number of instances, or does it happen only once in a while, where a mortgage company still insists on a ratio of 23 per cent?

Mr. L. A. Rice, President, Toronto Metropolitan Home Builders' Association: Senator Smith, I can't say this is happening with a great many companies, but we know of one instance where it does happen; they take the attitude that with agency funds they can take a greater risk, while with their own funds they would rather not take what they think is a greater risk; therefore, they insist on the 23 per cent ratio being maintained.

Senator SMITH (*Queens-Shelburne*): I can understand why some companies would do it. My question is, does it happen often enough to make it an important factor?

Mr. RICE: I don't know. This is something which came to light only recently. Maybe if we pursued the subject further we might find some other companies taking the same attitude.

Senator CRERAR: Mr. Chairman, the assembly seems a bit quiet; I have one or two questions to ask. For instance, Mr. Rice, on page 3 of your brief, in the third paragraph from the bottom of the page, you speak of the need of a steady and dependable supply of mortgage money. You refer to it as the "raw material" of the building industry, and you say that the shortage of this raw material lowers efficiency and adds to the cost of homes built. You say, "We do not presume to suggest how this situation might best be overcome."

You point out that there is a situation existing that is impeding house-building but you have no suggestions to make as to how it can be overcome. I suggest that it would be useful to the committee if you could offer some suggestions as to how it can be overcome.

Mr. RICE: That is a very good question, Senator Crerar, but I do not think that I am qualified to answer it. It would take a lot of study to find the answers. I am sure, however, that there are many men employed by the Government who could probably work out the solutions better than we could.

Senator CRERAR: Also in your brief you make about the same kind of comment which we had before the committee on a previous occasion as to the cost of supplying sewers, sidewalks, storm sewers, watermains, as being one of the real barriers to the building of houses by members of your organization, and everybody claims that they have no suggestions as to how it could be overcome. Is it your idea that the federal Government should make contributions to the costs of these services?

Mr. RICE: Senator Crerar, I am not an authority on the subject but I understand that quite a number of years ago the federal Government did contribute under some scheme and I understand that scheme is still on the books, that the Government contribute up to about one-third of the cost to a municipality to roadbuilding programs and so on. That might be a partial answer.