

has the dominion Government anything to do with holding up a plan for one or two years? They have nothing to do with lot sizes, other than the Central Mortgage and Housing Corporation requires certain definite sizes and these other things that are referred to in detail.

Mr. CARON: They are strictly municipal affairs.

Senator BRUNT: I have one other question and I would just like an explanation about it. Starting at line 7 on page 6 of the brief it reads: "Moreover, the saving of even \$1,000 in construction costs through new designs, materials and techniques may easily be wiped out by an increase—" and I am not going to read the next three words because I understand about that—"in interest rate." I would like a further explanation as to that.

Mr. CHUTTER: We have had several examples in recent years when the interest rate has been increased. If you take the overall cost of a home you have to take the whole 25-year period of the mortgage. I remember that in the 1954 hearing there was material supplied by C.M.H.C. showing the effect of increases or decreases in the interest rate spread over a 20, 25 or 30-year mortgage. An increase of $\frac{1}{2}$ per cent say, from $5\frac{1}{2}$ per cent, would amount to an additional \$1,000 or more over a 25-year period.

Senator BOUFFARD: This is a carrying charge?

Mr. CHUTTER: This is the overall cost.

Senator BRUNT: Does the average house buyer ever inquire about the overall cost?

Mr. CARON: Only in so far as his monthly disbursements are concerned. We do get the occasional person who is an auditor or a would-be auditor who works it out and says, "My gosh, instead of paying \$10,000 back I am paying \$14,000 back."

Senator BRUNT: And that increase in the overall cost does not in any way prevent the sale of a house with respect to a man's income?

Mr. CARON: Only in this respect, that it is within the realm of possibility that if a loan, say at $5\frac{1}{2}$ per cent were made it would require a certain capital payment to amortize, and that, multiplied by 12, equals the annual. Then it is increased to 6 per cent. As I say, it is possible that a man's income might be close to the line and he is no longer eligible for an N.H.A. loan on the 27 per cent of income carrying charge basis. Then the lending institution makes a particularly careful credit investigation of that man and I would say that for the most part the advantage is given to him.

Senator BRUNT: That is all, thanks.

Senator MOLSON: It seems to me there is one aspect of this question we have not touched upon, and that is the actual cost of houses in general. I would like to ask Mr. Caron how the cost per square foot of these houses has varied in, say, the last five years? We have been speaking about inflation and the limitations of people to buy houses, but how has the cost of these houses changed?

Mr. CARON: Take a bungalow which sells for \$11,500, \$12,000 or \$12,500, exclusive of the land. Taking the area once and ignoring the basement, that house costs roughly \$10.50 a square foot. Five years ago it cost about \$8.50. What has taken place, Mr. Chairman, is that the builders have become more efficient. They have used more power tools, for instance. The price of materials have recently come down but the price of labour has crept up a little so that it is almost even-Steven. It is a little more expensive now per square foot than it was.

Senator MOLSON: You have said \$2 more per square foot.

Mr. CARON: Yes, roughly \$2.