

I believe it is entirely possible that the rise in the price of houses has forced some prospective borrowers out of the market. We know that under the agency loan programme the average income of borrowers has been consistently lower than under the insured loan arrangement. Monthly payments have been lower and the houses smaller. Both have tended to bring new buyers into the market.

The average income under the agency arrangement was under \$5,000 as against the \$5,700 I mentioned earlier against the N.H.A. So we have got down to a slightly lower income band.

The rise in the cost of houses during these years resulted from many factors. About one-fifth of the increase between 1951 and 1957 was attributable to an increase in the size of house built. The average floor area of houses under the National Housing Act has increased from 1,091 square feet in 1951 to 1,185 square feet in 1957. A very substantial average increase in the size of house. These figures do not include the floor areas of houses financed under the agency arrangement, since they were limited in size by regulation.

An additional one-third of the increase has been owing to higher land costs. The remainder (44%) arose largely out of increased construction costs. In other words, higher wages and higher material prices accounted for less than one-half the increase in the cost of new houses during this period.

Of all these influences on rising house costs, the most troublesome is, in our opinion, land—particularly in our urban centres. Acre after acre is swallowed up each year—yet the demand continues inexorably. And this is one reason, of course, for our problem—scarcity, even in vastness that is Canada. There is lots of land, but to be of use for new construction, water and sewer installations must be provided. This brings about the second problem—increasing costs of underground services. Thirdly, the average standard of these services has improved—adding still further to the costs. Then, to an increasing extent, services formerly paid out of local improvement taxes are being capitalized and charged to the borrower. Finally, there is no provision within the terms of the National Housing Act for financing trunk services to a new subdivision.

Some have pointed to the septic tank as a solution. We do not agree, Mr. Chairman; we have witnessed too often the almost disastrous results of a heavy concentration of septic tanks. We do believe, however, that there must be an answer and the search for an answer is a task we have set ourselves.

I am convinced that a major contribution the Federal Government has made towards improving housing and living conditions in Canada has been its encouragement to new house building by extending financial assistance to home-owners and builders and rental investors under the National Housing Act. More homes have been built than would otherwise have been possible and in this way the Corporation, through its operations, has helped to ease the housing shortage and to reduce overcrowding.

The Federal Government's program has also had a considerable impact on the quality of housing built. By insisting on sound building practices and on the use of good materials in all NHA houses, the Corporation has, I believe, raised the general standard of house building. NHA building practices are being adopted by an increasing number of builders, irrespective of how the houses they are erecting are being financed. Both the public and the lenders are demanding a higher standard of construction because of their familiarity with NHA building requirements.

The Corporation is also concerned with maintaining the quality of existing houses. It encourages owners to improve and modernize their properties by using the facilities afforded by the Home Improvement Section of the Act.