for subdividing. At the present time there is so little land available for immediate servicing that a "sellers' market" exists in regard to raw land prices.

May we also point out that the cost of developing land today has become a major financing operation because most municipalities demand that these services be installed before construction of houses is started. This restricts land development to those with large capital resources. As a result there is danger of this work falling into the hands of a few big companies.

We submit that another urgent need is for a steady, predictable supply of mortgage money. The recurring shortage of this "raw material" of house building impedes long range planning, keeps the industry in a chaotic state, lowers efficiency and adds to cost. We do not presume to suggest how this situation might best be overcome, but we do believe that this problem should be kept uppermost when government housing-finance policies are being formulated. Provision for the entry of the chartered banks into the mortgage lending field has already been a most encouraging move—as has the NHA residual lending plan.

We notice that under the present regulations, direct, residual loans are available to home-owner applicants in centres with populations in excess of 55,000. Speaking particularly for the Metropolitan Toronto area, this Association submits that mortgage loans of the home-owner applicant type do not lend themselves to the best use of the funds which are available. They are not in accord with accepted practice among home buyers.

The subdivider sells lots wholesale to the merchant builder who uses production type techniques to keep costs and sale prices at a minimum. In these circumstances the individual finds it almost impossible to buy a single lot. Even if he were able to do so it would be of doubtful advantage to him. The place for home-owner applicant loans would appear to be in the $20,000-and-over price bracket. Here the owner can usually afford to pay the price for custom styling and building. But this is a field for conventional rather than NHA financing.

In seeking means by which costs can be reduced, the mortgage insurance fee charged by CMHC and which is added to the amount of the mortgage, has received some scrutiny. However, this Association would concur with the opinion that against liabilities of $1½ billion, the amount of $30 million now accumulated in the fund cannot be considered as excessive. We would agree that it is prudent to allow the 2% rate to remain and that the situation should be reviewed when the default position is better known and the fund has reached an improved ratio in respect to liabilities.

Finally, may we stress the heavy cost of the rules, regulations and requirements which are imposed upon house building by a variety of boards, councils and commissions; each with its own special objectives and each with the power to enforce them. The most disturbing thing is that they tend constantly to increase; sometimes, we feel, without due regard for the eventual cost to the home buyer. Excessive lot size requirements are a typical example.

We appreciate the value of the National Housing Act to the home buyer and to the home builder. Furthermore, the Act has been kept up-to-date and administered in a manner that has earned our respect. At times differences of opinion arise but they are usually settled reasonably and to the best advantage of the home purchaser. Nevertheless we submit that the inclusion of a builder on CMHC's Board of Directors, to take his place with representatives of architecture, social service and labour, would further co-ordinate activities.

No one is more interested than the merchant builder in providing the best housing at the lowest cost. With an adequate supply of land and mortgage finance he can and will meet the need.

All of which is respectfully submitted.

Toronto Metropolitan Home Builders' Association.