

builders feel that the cost of construction, as represented by the lending value, is completely unrealistic because it is too low.

Q. Who is?—A. The lending value. During recent years the cost of construction has risen so continuously that there has not been a reduction in our level of lending values since the end of the war.

Q. And are you satisfied that your lending values today are up to the actual cost of construction?—A. Generally I think yes, because our lending values form the basis of the maximum sales price, as you know, for some 80 per cent of the loans made under the National Housing Act. A higher loan is made providing the builder will sell within our maximum sale price. That maximum sale price is based on our lending values. Eighty per cent of the houses being built for sale are sold under that maximum sale price, and that is the reason why I believe, if anything, the lending values are rather higher than they might be because I believe that the builders are doing extremely well.

By Mr. Adamson:

Q. You mentioned \$10,000 cost in which is included an 8 per cent profit, which is, taking a hypothetical case, \$800. Therefore the value of your house excluding the building cost is \$9,200, and 80 per cent of that, which is lending value, is \$7,360.—A. No, our lending value, sir, is the \$10,000, and the 80 per cent loan would be \$8,000.

Q. It includes that. Then you take \$8,000, therefore when you are building a defence construction it is done on the usual profit of the builder, that is approximately the same ratio as the ordinary civilian housing project?—A. I think that the average builder who is doing married quarters is probably shooting for 10 per cent and is probably getting something in the range of 6 to 8, maybe as high as 9. Now, I cannot prove that Mr. Adamson. That is just my feeling. I may say that builders are not very anxious to disclose just how they do on each one of our projects, but that is my impression and feeling.

Q. Serviced land is completely out of it?—A. Yes.

Q. And in civilian building as in military building?—A. Yes, Mr. Adamson. In order to give you what we felt was a reasonable comparison we felt we had to take out the serviced land because the circumstances are so different.

Q. I quite agree. I think you have to do that. I just wanted a comparison.

By Mr. Hunter:

Q. That is just the pure cost of construction other than land services?—A. It is the actual cost of construction, footings, foundations, framing and completion.

On March 17, Mr. Pearkes asked a question: "Mr. Davis referred to 'the apartment type of accommodation' which is being provided for married quarters. Could he give the committee any idea as to the relative cost of building the apartment type and the cost of maintaining the apartment type in comparison with the type which is more general, that is, individual houses?"

The individual houses as I mentioned earlier are \$10,670. The apartment type is \$13,500. I might say, Mr. Chairman, that in that apartment type, provision is made for conversion into barrack accommodation if occasion should arise, with the result that extra plumbing and electrical work is roughed-in so that such electrical and plumbing work will be there should such conversion be necessary. There might be something of the order of \$500 extra in that price of \$13,500 on that account.

The second part of the question deals with the cost of maintenance of the apartment type in comparison with the type which is more general, that is the individual house.

On the basis of the experience of the Central Mortgage and Housing, I would think that in the early years there would not be a great deal of