

right up to the requirements of the municipalities. I have made inquiries and I can find no cases in recent years where there has been a difference of opinion between ourselves and the municipalities in that respect. Our local construction staff have worked closely with these municipalities for a great many years, and I believe that all the difficulties on that score are resolved.

On March 12, Mr. Adamson asked "Is there any method of checking as to the relative cost per cubic foot for defence construction and comparing it to cost of civilian construction in the same area generally. The houses used for married quarters would be the best comparison, perhaps the only comparison?"

As I indicated to the committee when I was before it last year, we keep track of the cost of married quarters in relation to our operations under the National Housing Act. Generally, the cost of married quarters ranges from about 95 per cent to 105 per cent of the lending value which we would put on comparable civilian housing. I refer to the actual construction cost in that comparison because the matter of ground services is quite different when you get into married quarters than it is in the civilian field. A few examples might indicate how close they are. In Toronto there are units being built at Downsview and the average cost per square foot is \$8.25. In North York we selected a housing project financed under the N.H.A. which we believe is comparable. The lending value was \$8.22. Another house in Etobicoke, \$8.45 a square foot. And in London the bungalow type house for the Department of National Defence cost \$8.52 as compared with one we selected at \$8.70 under the National Housing Act. In the case of the storey-and-a-half houses at London our cost was \$7.48, which by the way is much lower than we are getting generally, and compares with something around \$8.10 which we would allow under the terms of the National Housing Act. I would think, Mr. Adamson, that the answer to your question—and it must be qualified because they are not absolutely comparable—is that the cost of the married quarters is in the range of about 95 to 105 per cent, depending on location and number of units. If we have a project in an outlying area, for instance in Chilliwack, all the tradesmen have to be brought in from Vancouver to Chilliwack because Chilliwack has not enough sub-tradesmen to look after a large project. The same would apply at Comox. The cost is higher at Chilliwack than you would expect in the greater Vancouver area. The range I think is 95 to 105 per cent and the ceiling established by the Department of National Defence for the cost of these houses is at about 110 per cent of the lending value that would apply under the National Housing Act.

By Mr. Adamson:

Q. You mentioned that the civilian house was about \$8 a foot as lending value. Now, what is the relationship of lending value to the actual cost of construction?—A. It is our best estimate of the actual cost of construction in that area after allowing a reasonable profit to the builder, and that is the basis of the National Housing Act, and upon that lending value we will lend 80 per cent under the ordinary National Housing Act loan and 90 per cent in the case of a defence worker.

By Mr. Fleming:

Q. What is a reasonable profit to the builder?—A. I think something of the order of 7 to 9 per cent under today's conditions.

By Mr. Applewhaite:

Q. May I ask a question in that connection? Is the lending value never brought down because you consider the cost of construction is abnormally high at the time or in that area.—A. There are a number of areas where