

National Housing Act

It is impossible to say at the moment just what will be built on the lots but certainly it will not be expensive houses.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. HOWE: I promised to answer the hon. member's request for information about lending values in Vancouver. I would point out that allowance in lending value is made for varying types of houses, depending upon the type of construction, quality and other factors. For instance, in the case of bungalows in Vancouver, our basic costs used by the corporation as a basis upon which lending values are determined, show a range from \$4.10 to \$5.60 for a bungalow of frame and stucco, with hot air heating, open fireplace, and tile or equal bathroom floor with no garage. Generally the larger the size of the bungalow, the lower the basic cost per square foot. These figures are adjusted in accordance with the quality, suitability of layout, and even location of the residence. I would point out to the hon. member that the agreed sale price under an integrated agreement is a maximum of 110 per cent of the lending value. The amount of the repurchase price under the government guarantee to the builder amounts to 100 per cent of the lending value plus carrying charges between the time of completion and the time of the implementing of the guarantee.

Pressures continue to be placed upon us to increase lending values. However we feel that included in today's actual costs are a number of items which should not properly be capitalized into long-term mortgage debt. For this reason we are unwilling to raise our lending values even to the level of the agreed sale price under the integrated plan.

The hon. member has also asked for our estimate of present building costs as compared with the pre-war level. With all the unusual items which today add to present building costs, this figure can be established only in general range. As at February, 1947, we believe that the average cost of residential construction is of the order of 157 per cent to 173 per cent of the 1935-39 base. I recall that the hon. member suggested that I said building costs had risen 150 per cent. That is, of course, not the case. The index stood at 150 per cent instead of 100 per cent as of the 1935-39 range. My statement was that costs of building had increased 50 per cent. It has now increased from 58 per cent to 73 per cent of the 1935-39 base. This wide range

[Mr. Howe.]

indicates a varying amount of increase by areas. I may say, however, that, although the absolute cost of small residences per square foot is not as high in Vancouver as in other sections of the country largely because of climatic conditions, nevertheless the ratio of increase in the present cost level over the 1935-39 base is probably higher on the Pacific coast than in any other section of the country.

The hon. member has asked whether the increased ratio of loan as provided in the new legislation applies to all National Housing Act loans, or whether its application will be limited to houses upon which there is some control on the end sale price. The latter is the case, and the use of the increased ratio of loan to lending value will be subject to regulations established by the governor in council.

Mr. MERRITT: I believe I asked one other question. What was the actual cost per square foot of building a similar bungalow in Vancouver? I have the lending value per square foot. Can the minister give an approximation of the actual costs?

Mr. HOWE: I said that under the integrated plan the sale price is 110 per cent of lending value, so that the cost must be close to the lending value. The sale price allows for a profit to the builder. It depends, however, on the builder. There are builders in Vancouver who are quite willing to sell under the integrated plan at 105 per cent of lending value. Other builders cannot approach that by a considerable margin. In other words, it depends to a good deal on the skill of the builder.

Mr. MERRITT: The proposed increase of five per cent to 7½ per cent will not assist anyone other than the builder under the integrated scheme. Has the minister any figure on the going cost per square foot of an ordinary home under the National Housing Act, not under the integrated scheme?

Mr. HOWE: The sale price of houses built under the National Housing Act without price limitation is running about 126 per cent of lending value. Of course we have no way of knowing what the builders cost is, but we believe there is quite a considerable margin of profit in the price.

Mr. REID: Under the old act, if the minister will remember, many statements had been made and cases had arisen where the corporation would lend in one city or town and not in another. During the time I was home at Easter, complaints were made to me that no one could, under the Central Mortgage and Housing Corporation, procure