

circumstances of the moment also apply to the major source of money—that is the money being made available by the home owner himself. Referring again to "Mortgage Lending in Canada", you will notice that home owners provided 28 per cent to supplement financing of various kinds. In addition another 23 per cent of the total expenditure for residential construction was provided by owners who made full payment for their houses, without mortgage financing.

Nevertheless, a shortage of mortgage credit does have an effect upon the number of new starts. Mortgage companies, with rather less money to invest than applications offering, quite naturally are inclined to limit their activities to the larger centres in which they consider risks to be better and where it is cheaper for them to do business. As a result, builders and prospective home owners in the smaller communities feel the tightness of mortgage credit rather more than their counterparts in the larger communities.

In the annual report we mentioned that some of the large builders were unable to secure forward commitments to look after their full 1952 program. A large builder, whose organization is geared to three or four hundred units a year must, in order to plan his year's activity, know where he stands in respect to mortgages on his whole project. At present, lending institutions are generally unwilling to give forward commitments for large projects. This condition, together with problems of serviced land, has had a marked effect upon new housing in metropolitan areas.

While housing would be increased by a freer flow of mortgage credit, I do not think that the increment would be as large as many people believe. My opinion, and again my opinion only, is that if mortgage credit were flowing as freely as it was in 1950, the number of starts would not be increased by more than 10,000. In my opinion, the other reasons for the decline in new residential starts are more important than the present mortgage situation.

Now I would like to move on to perhaps the most important reason for the change in the level of new residential starts. I refer to the difficulties being experienced by builders and home owners in securing serviced land upon which to build houses. It will be recalled that since 1945 about 500,000 new houses have been built in Canada. This is at a rate unparalleled in earlier history of the country and represents a major accomplishment towards meeting the needs of the Canadian people for new housing. But the development of such a large number of new houses has, in itself, absorbed the stock of already serviced land. During the years up to 1951, the municipalities had kept pace with the heavy residential construction not only from this stock, but also by developing new services such as streets, roads, sewers, water and perhaps most important of all, schools. As we came into 1951, municipalities were continuing to make these services available to meet new residential expansion in their fringe areas. I would like to remind the honourable members, that to provide services for a lot upon which a small house is to be built, the municipality—or someone else—is faced with a capital expenditure of about \$2,000 to make all the services, including schools, available. With less favourable money markets the municipalities were forced to review their willingness and ability to finance such services. I think it is fair to say that a number of municipalities are not too anxious to see continuing rapid residential expansion take place in their fringe areas. Therefore builders are having increasing difficulty in coming to arrangements with municipalities so that sub-division development may take place. Various devices are being used, one of which is the municipality asking the builder to finance all services. In certain areas, it has reached a point where builders are being asked to make a contribution towards the capital cost of schools. The builder of course has to pass these charges along for his purchaser to meet by a capital payment rather than by annual taxes as in the past. It is a difficult situation but one which must be solved because it is an important deterrent in the promotion of new residential development.