

Housing

I would simply wish to point out to the minister that something is really unacceptable to the population as a whole, because these loans were granted at an interest of 10% per cent over a 50-year period. Mr. Speaker, I should like to suggest to the minister that all possible efforts be made so as to permit such grants to be made to these organizations, be they at the municipal or cooperative level, but that such loans be granted at a lower interest rate because if it is calculated quite objectively and with impartiality, we will see that on a 50-year period \$400,000 and \$500,000 loans at 10% per cent will compel these corporations, these organizations to pay \$1,500,000 in interest, thus trebling the construction cost, not taking into account maintenance, requisites, normal expenses to be made to keep such houses in good condition. Then no wonder, Mr. Speaker, that with such excessive rates of interest, low income people are in a difficult position even though they might receive two old age pensions. Directors cannot perform miracles. They have to ask more so as to be able to give as much as they are asked. I see, Mr. Speaker, that you are standing and that you want to interrupt me. I thank you. I still would have a lot to say but I want to give other members the opportunity to talk.

• (1410)

[*English*]

Hon. Barney Danson (Minister of State for Urban Affairs): Mr. Speaker, I welcome this opportunity to respond in the debate on the motion introduced by the hon. member for Kingston and the Islands (Miss MacDonald) which directs itself to the provision of decent housing for Canadians at prices they can afford. So our objectives remain precisely the same and our programs support those objectives. Indeed, the total thrust of the housing program of the government is to provide decent housing at a price Canadians can afford.

We have come through a cycle when there was a lot of housing, when housing starts were at record levels but at prices people could not afford. They assumed the obligations in an inflationary period, but at last, my goodness, people have said that they have been paying too much and will not pay any more. They say that when interest rates rise too much, they will not pay those rates. The government has responded to that very positive reaction of people, which is essential if we are to deal with the inflationary spiral and the continuing escalation of need that we have been getting away with for so long.

The suggestion that the government is neither concerned nor aware is not dealing with the facts. As hon. members know, housing is a high priority with this government. The new legislation that was capable of bringing \$1 billion of private sector money into the mortgage market was held up day after day and week after week by opposition members in the committee.

Some hon. Members: Shame!

Mr. Danson: I pleaded with the members of the committee to deal with the subject, not to get away from it and not to duck out from under it. I said I would sit 24 hours a day, seven days a week, all weekend if necessary, to deal with this legislation. That has been a cause of the delay which is unfortunate indeed, because in the meantime

[Mr. Lambert (Bellechasse).]

there has been a change in the money market which, as my hon. friend knows, has affected the flow of money into the mortgage market. But, again, our programs are directed at bringing those funds out, supplying more funds and subsidizing those rates so that Canadians can afford houses that are needed for people in the moderate and low-income groups especially, because they must have priority.

The fact that these programs are working so well seems to annoy some members of the opposition. I was quite surprised to receive some recent figures which indicate how well these programs are being received by the building industry and the lending institutions. The insured lendings in April were encouraging construction at a rate of over 4,000 units. If you translate this into an annual rate, it indicates an annual rate of some 60,000 units. In the same jargon, last year it was only 25,000 units. That does not really translate itself into the direct start figures we are talking about, but it does indicate that people in the industry recognize the value of NHA programs under CMHC and are not only prepared, but anxious to become qualified and to become insured under NHA legislation.

The remarkable success of AHOP, I know, is something which really gets under the skin of the opposition.

An hon. Member: There is too much red tape.

Mr. Danson: As of May 15, under the Assisted Home Ownership Program we committed \$216 million for low-cost loans to families to enable them to buy their own homes. Another \$84 million was being processed at that time, as of May 15. This means that we are very close to having committed our entire AHOP budget of \$350 million. If that suggests red tape, I really do not know what we could have loaned out if there was not red tape.

The suggestion is that there are unrealistic regulations on income, on standards and on housing prices; unrealistic in the sense that the building industry said before that it could not build houses at these prices. They referred to the average, as did the hon. member for Winnipeg North (Mr. Orlikow), given by the real estate board in respect of the cost of houses. We are building for the average. A lot of builders were stuck with those so-called average prices. They said they could not build at those lower prices for the low income groups. What happened? Last year, when the program was started by my predecessor with \$300 million and a further \$150 million, or a total of \$450 million, they found they could build for those income ranges, at those price ranges, although previously they never thought they could. The success this year is showing how great the reception is in that area.

• (1420)

Consider our accelerated rental program or the limited dividend program. I know that perhaps they are awkward for the rich developers in Alberta who want to build luxury housing.

Some hon. Members: Oh, oh!

An hon. Member: That is not true.

Mr. Baker (Grenville-Carleton): Don't play games with a serious subject.