

*National Housing Act*

cent to 19.2 per cent. That indicates to me that the AHOP program is not helping people on low incomes who should be sheltered by public housing. It is giving subsidies to people on moderate and high incomes, many of whom are not entitled to it. The priority should be given to low income people.

There should be a tremendous thrust in public housing. But what do we find? We find the minister hoaxing and coaxing, trying to persuade the builders by adjusting the AHOP subsidies and making interest-free mortgages on rental housing available to them, and by trying to give rental entrepreneurs tax advantages. In a speech on November 3, the minister, in his eloquence, was persuasive and sympathetic. He said the government would see that the banks and private institutions are required to direct their mortgage financing to new and moderately-priced housing and would require an extra \$750 million from them.

● (1720)

We thought he used the word "require" because he wanted to bring in legislation directing the financial institutions to apply part of their investment portfolios to housing. We asked the minister questions about this and he said, "No, we will attempt to persuade them." This afternoon the parliamentary secretary said that the government will set up a review committee to monitor the flow of these moneys. I was happy to hear the hon. member for Winnipeg South Centre (Mr. McKenzie) say, "This very suggestion was in the Hellyer task force report in 1969."

**An hon. Member:** And many other good recommendations.

**Mr. Gilbert:** The government wants to persuade financial institutions to apply moneys to housing. I remind you, Madam Speaker, that earlier in 1975 the minister said he would persuade financial institutions to apply an extra \$1 billion to housing. How much money was made available? He received an extra \$300 million, less than one-third of the amount he hoped to get from our financial institutions. Then he came to this House and said, "I will require them to do this." When it came down to it, he said, "No, I will persuade them and set up a monitoring committee." Even at that, the \$750 million extra will provide no more than 20,000 homes. How will that meet the housing crisis? Will that amount overcome the shortage of supply? Not for a minute, Madam Speaker.

Look at the profits the banks have recorded for 1975. They make me sick to the stomach. They have earned many millions of dollars, but the minister has not the drive, enthusiasm or gumption to make financial institutions toe the line. Is it any wonder some say he has entered into a sweetheart agreement with them concerning their financial commitments?

The government says that it will require lenders to restrict the most favourable credit terms, that is, high ratio, low down payment mortgages, to moderately-priced housing within local NHA loan limits. I suggest that subsidies have not increased supply, but merely price. According to our best evidence, regional limits now imposed on the AHOP program will need to be increased substantially,

[Mr. Gilbert.]

if the program is to work at all. I am sure that only a minuscule amount of help will be forthcoming.

The minister persuaded provincial governments to initiate residential rent controls in line with the federal government's anti-inflation program. The parliamentary secretary told us this afternoon that all provinces have agreed to some form of rent control. If the minister was concerned about residential housing, he should have persuaded the provinces to put restrictions on commercial construction as well. I say this for a good reason. If I know developers, once the provinces impose rent controls on residential construction, they will build commercial buildings as there are far greater profits to be made in that area. We shall see more shopping centres, more commercial construction and developers making high profits. If the minister seriously wanted to tackle this problem he should have persuaded provincial governments to control residential rents and commercial construction. But he did not do so and that is unfortunate.

The talk you hear of the target of one million homes in four years is nothing but a Liberal gimmick. Last time the minister was speaking of one million homes in five years; now we are to see one million homes in four years. How is this target to be met? The government has made some great suggestions concerning mortgages. Apparently the Federal Mortgage Exchange Corporation is to be in place by April 1, 1976. I remind hon. members that the former minister of national revenue, now the Minister of Justice (Mr. Basford), piloted this bill through the House in 1973. My party voted against it, thank goodness. Our studies of the program and conversations with the former president and officials of CMHC confirm one thing: it will not bring down interest rates or increase supply. The corporation will help to package CMHC mortgages in order to permit their more effective distribution to financial institutions; that is all the Federal Mortgage Exchange Corporation will do.

The other half of the bill had to do with setting up a mortgage insurance company. I recall it very well. I do not know if many mortgage investment corporations have been established, but I do know that according to a *Globe and Mail* report the Bank of Nova Scotia lost a great deal of money in the United States. The minister, who then was minister of national revenue, ought to know that the Bank of Nova Scotia lost at least \$150 million in the United States under REIT—Real Estate Investment Trust. As I say, the Bank of Nova Scotia lost \$150 million. Imagine that. The Bank of Nova Scotia showed no social responsibility. It sent its money to the United States and lost \$150 million on REIT because there was a drop in interest rates south of the border. On the other hand, the Minister of State for Urban Affairs says, "Please, fellows, put a certain amount of money into Canadian housing."

**An hon. Member:** "If you don't, we will force you."

**Mr. Gilbert:** What a performance! Let me now deal with the legislation which the parliamentary secretary brought forward today. He said that we are to make great changes in the AHOP program. In the past, in order to qualify a couple needed to have at least one child. This will no longer be the case. The government will see to it that the 12 per cent mortgage rate will be lowered to 8 per cent for