

He said: Honourable senators, I would like to take a few minutes to explain the purposes of Bill C-135 now before us. The essential purpose of the bill is to improve the Canada Mortgage Renewal Plan by making it more appropriate to the current needs of Canadian families and to make its benefits available for another year.

As honourable senators will recall, when this plan was first described by the Minister of Finance in November 1981 the situation confronting homeowners was quite different from what it is now. Mortgage interest rates were very much higher; but that was not the only problem. They were rising so quickly that homeowners had little chance of making the necessary adjustments in their household budgets to anticipate the new charges that would be levied when their mortgages came up for renewal. Many people found themselves in difficulty when their monthly payments rose by 25 or 30 per cent, or more, virtually overnight.

The Canada Mortgage Renewal Plan was introduced, not as the ultimate solution of all the country's housing problems, but simply as a way of giving some temporary help to those Canadians who were hardest hit by high and volatile interest rates. The plan fulfilled a promise made in the Throne Speech which opened that session. A commitment was made, in the words of the speech, "to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided."

There was a good deal of discussion, at one time, as to who were the people most in need of help. In order to define such individuals, the government applied a well established criterion. Assistance would be offered to those who, upon renewing their mortgages, would have to make monthly payments that exceeded 30 per cent of household incomes. There was speculation at that time—a year ago—about how many Canadian households would meet that criterion and qualify for help.

I recall that the minister who was then responsible for Canada Mortgage and Housing Corporation said that the number of families qualifying would depend very much upon what happened to mortgage interest rates. At that time they were ranging around 20 per cent, and the minister said that if rates remained at about that level for the next 12 months there would be about 50,000 households whose mortgage payments and taxes after renewal would represent more than 30 per cent of their household income.

I am happy to say that that particular scenario did not prevail. Mortgage interest rates did not remain at such high levels throughout the following 12 months. They are now substantially lower than that and have been dropping consistently during recent weeks. Applications for assistance under the Canada Mortgage Renewal Plan now amount to about 10,000—not 50,000—and involve a commitment of just over \$4 million.

As honourable senators may be aware, assistance under the plan was offered in two forms: as an outright \$3,000 grant for qualified homeowners who had little or no equity in their property, and as interest-deferral guarantees for those who had

5 per cent or more of equity. The interest-deferral guarantees gave some homeowners the opportunity to make use of the equity in their homes to keep monthly payments to a manageable level during the time of high interest rates.

Deferring interest, however, was not a permanent solution. The unpaid interest was added to the principal amount of the mortgage and the debt was increased. As the price of houses declined in the ensuing months, however, and as owners saw their equity in their property being reduced, many people felt that deferring interest payments was not the best solution to their particular problem.

This preference was recognized in the budget speech of June 29 when the Minister of Finance announced his intention to withdraw the interest-deferral provisions of the plan and to make the outright \$3,000 grants available to everyone who qualified for assistance under the plan, regardless of their equity. At the same time, it was announced that the plan would be extended to the end of 1983.

Those changes are, of course, the ones we are asked to approve by passing the bill now before us, and I hope that honourable senators will see their way clear to give effect to this legislation as quickly as possible. There are some 6,000 people waiting to receive assistance under the plan and CMHC cannot issue the cheques without the authority of Parliament.

It is just as important, however, to remember the thousands of additional families who will qualify for this assistance during the coming year—people who bought their houses confident that, with hard work and some sacrifice, they would be able to make their monthly payments and enjoy the pride and security of owning a place of their own. Through no fault of theirs, many of these families now find that the terms have changed, that monthly payments have risen to a level that threatens to deprive them of their home.

For these people, the Canada Mortgage Renewal Plan represents the difference between giving up and hanging in for another year. They will still have to work hard and make sacrifices, but the \$3,000 brings their hopes and dreams back into the realm of the possible.

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I believe that the Canada Mortgage Renewal Plan is a sensible and practical way of helping many Canadian homeowners to help themselves, and that is why I will support this bill and ask for your support. The mortgage renewal plan, however, does not stand by itself. It is part of a comprehensive package of measures which address the whole range of housing needs.

The Canadian Home Ownership Plan provides \$3,000 grants to help Canadians acquire a home. The Canadian Rental Supply Plan encourages the construction of housing for rent in areas across the country that have the lowest vacancy rates. The Non-profit, Co-operative and Rural and Native Housing Programs are designed particularly to bring assistance to people who, for whatever reason, are not able to provide for themselves. The Residential Rehabilitation Assis-