

*National Housing Act***GOVERNMENT ORDERS**

[English]

NATIONAL HOUSING ACT AND CENTRAL MORTGAGE AND HOUSING CORPORATION ACT**AUTHORIZATION FOR CMHC TO MAKE INTEREST REDUCTION GRANTS, CASH GRANTS, ETC., TO ENCOURAGE HOUSE CONSTRUCTION**

The House resumed, from Wednesday, December 3, consideration of the motion of Mr. Sharp (for the Minister of State for Urban Affairs) that Bill C-77 to amend the National Housing Act and the Central Mortgage and Housing Corporation Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, last evening at six o'clock I was discussing housing and subsidized housing available in rural Canada, specifically in the province of Ontario where I have had some experience as former reeve of a small municipality. I was commending the Ontario government on the money available and the various projects it had completed. I know a great many projects are under construction at the present time.

I checked with the Minister of Housing for Ontario to get his comments on this federal bill. He informed me he did not have too much knowledge of it. He said he met with the Minister of State for Urban Affairs (Mr. Danson) in Ottawa some weeks ago and had received the statement of the minister, but he had some concern that they did not have the exact details. I had hoped to get more information from him this morning, but I understand he has been tied up. I am speaking of Mr. John Rhodes, Minister of Housing for Ontario. He did tell me, however, that the federal program as outlined leaves the Ontario government in a quandary concerning how well its action program will be accepted. He admitted that the federal interest rate for those qualified for the subsidy is lower, at 8 per cent, than the rate in Ontario, which I believe is 10 ¼ per cent.

A few days ago, when members of the committee were discussing the estimates of the minister, I had the opportunity to question the minister and also the president of CMHC. At that time I was dealing with one program in particular, the limited dividend program in respect of housing and apartments. I commented that this certainly was a good idea. I brought to the attention of the president of CMHC and the minister that a great many experienced builders who ordinarily would have taken advantage of a program such as this were not jumping into it 100 per cent; in other words, it did not sound too good.

I mentioned that several smaller builders thought it was a good idea and that it would be an opportunity for them to diversify. For this reason they had contacted the authorities. Back in May of this year the branch manager of CMHC in the city of North Bay was contacted in this regard. They had been negotiating back and forth in an effort to get a project off the ground. Prior to the opening of this House, I believe in the first or second week of October, I checked into this matter and was informed everything was in order. However, again there were delays

[Mr. MacEachen.]

for almost another month before the project finally received approval. Now the owner and the builder are faced with winter weather, which in northern Ontario will mean a great deal of additional cost.

I asked Mr. Teron whether he did not feel the department has a responsibility to make this information more available to prospective clients, and whether it would not be a good idea, in the interests of good public relations, to advise them of all the pitfalls and steps which must be taken. In this particular case the owner did not know it was necessary to have a soil test. From May until November 1 nothing was done about it, and then CMHC said a soil test was necessary. A soil test was taken and it was found there was a considerable amount of rock. I understand that blasting is still being carried on.

It seems to me that CMHC should instruct its officials to advise these people that they will have to conduct soil tests on whatever is required. I do not believe this would involve a great deal of expense. I hope CMHC will see that their branch offices are instructed to do this. I checked with one branch office and was told it is not their function to do this; their only function is to check, and if the project does not come up to the requirement, those concerned will be told what they have to do. I do not think that is a very good position for a government agency to take.

There is another matter I should like to raise, for which CMHC should be commended. Persons who qualify for grants for housing have available to them plans that are approved by CMHC. Therefore, they are not faced with the additional expense of hiring an architect. I wonder, in respect of some of the smaller apartment projects, whether CMHC could also make plans available for the types of apartment buildings which meet their specifications. Perhaps they could be used for a building which could be constructed economically? In this way, the proposed owner or entrepreneur would not be put to the additional expense and trouble of hiring an architect, who in many cases does not look too seriously into things and sometimes substantial changes have to be made in the plans, causing additional expense. This matter was brought very forcibly to my attention because of the case to which I referred.

● (1520)

There is another great cost of which I have spoken before, and I suppose I will continue to speak on it, with regard to housing. As hon. members know, we in this party strongly recommended the removal of the sales tax on building materials from 1972 onward when a great many of us entered the House.

In checking on this matter, I find that Walter Gordon was the minister of finance who imposed the 11 per cent federal sales tax on building materials back in 1963, I believe. Its effect was to increase immediately the cost of houses by up to 17 per cent. It also had the effect of slowing down building starts, leading to the present housing shortage. The failure of the government to put a ceiling on interest rates also added greatly to the cost of houses both old and new. The present government created the housing shortage and now they try to solve the problem with a patchwork quilt of half measures, hoping perhaps that the problem will go away of its own accord.