

The Address—Mr. Fleming

Let me review briefly the unhappy story of the way this government has befuddled any federal efforts to cope with this problem. Do I need to take you back, sir, to the general election campaign in the spring of 1949, when the government was just full of promises of the way they were going to grapple with this housing problem? If they were returned to office they were going to do so many things that they had failed to do in the post-war years when they had power; if the people would give them one more chance they would grapple with this housing problem and defeat it. Unhappily the people took this government at their word. Then came the fall of 1949 and we had a great display in this house of a government proceeding, with loud trumpeting, to put its election promises into the form of statutory enactments. We had the Minister of Resources and Development introducing amendments to the National Housing Act, of which two were the most conspicuous. The first had to do with provision for an additional one-sixth on the mortgages provided under the National Housing Act. The second was to introduce a new section 35 to provide for what was in effect, although the government still does not call it that, subsidized housing.

What was the background of those two measures which had general support in the house? The house welcomed those amendments; the house supported them unanimously; and the house called upon the government to put them to work.

Sir, the background of that one-sixth additional loan was legislation of the province of Ontario; because in 1948 the government of which my leader, the leader of the opposition (Mr. Drew), was then head introduced in the legislature of Ontario what proved to be extremely beneficial legislation. The province stepped into a gap left by federal legislation; because the great weakness of the National Housing Act in this respect, as became so clearly demonstrated under conditions then obtaining, was that there was too big a gap between the prevailing prices of houses—taking account of the high cost of construction—on the one hand, and the amount of mortgage available under the National Housing Act, on the other hand. This gap had been widening by reason of the increase in the cost of construction. It became an increasingly difficult problem because more and more of the people who could afford to make a high down payment had already been in the housing market, and the people who were then wanting to enter the market were those who had less money to put into houses by way of down payment.

The province therefore, meeting a gap existing under federal legislation, under the eyes of the federal government, stepped in and introduced this beneficial legislation under which the province made available second mortgage loans to the extent of one-half of that gap between the cost of construction and the mortgage available under the National Housing Act, with a limit of \$1,250 on any loan.

The extent to which that legislation assisted in the construction of houses in the province of Ontario is best attested by the fact that before it went out of effect at the end of 1949 it had provided ten thousand loans and a total of \$13 million by way of second mortgage at an interest rate of 3½ per cent which, as you will see, sir, was substantially below that at which the federal government proposed to make such money available. The federal government on this occasion in November, 1949, was following a good example. We did not criticize them for doing so; on the contrary, we commended them. So the federal government in the fall of 1949 made its belated move to close this gap which had existed under federal legislation. Amendments to the National Housing Act were enacted to increase the mortgage loan available by one-sixth, at an interest rate of 4½ per cent. That legislation came into effect at the end of 1949, and the province of Ontario accordingly was obliged to remove itself from that picture.

The second feature, sir, of the amendments of 1949 was, as I have said, the enactment of section 35 under which provision was made for federal contribution to the deficits that might be incurred in the construction of houses intended to be rented where the provincial government would contribute, either themselves or with the municipalities, the additional 25 per cent, provided the projects were approved by the federal government. In that legislation the federal government laid down the firm provision as to the cases in which federal money would be available under section 35: every project had to be approved by the federal government.

Running through all the lending provisions of the National Housing Act and the outstanding provision made for the additional one-sixth loan was this feature which proved to be the joker in the manner the government applied the legislation. It all applied on the lending value; and it remained for the government, with the aid of Central Mortgage and Housing Corporation, to determine what would be the lending value. Some of us speaking in the debate on the amendments