

National Housing Act

already employ such a system, and the minister should endeavour to bring it to the attention of others.

It is up to the Minister of State for Urban Affairs to approach the provinces and the municipalities to improve the situation in this regard. He could do this at the next tri-level meeting on housing and urban affairs.

I am not advocating unrestrained development with no safeguards for the community, of course; but as anyone who has had any contact with the present approving bodies knows, they have a long way to go before their process could be called efficient.

Those two levels of government notwithstanding, I feel the Minister of State for Urban Affairs could go a long way toward unification of his housing programs. With the multiplicity of aid plans and the maze of assistance programs he now advertises, many prospective house buyers are hesitant to attempt to unravel it all without the aid of a lawyer, and we all know how much they charge these days.

The minister cannot possibly say he is happy with the complexity of the present mess. He must develop a comprehensive program, and he must do it soon. Cutting through the confusion surrounding the government's housing policy, and I use the word policy loosely, is a further source of expense to developers. The incentive is not there for them to risk large amounts of capital on plans that may be delayed unreasonably.

Let me refer to a recent newspaper article under the heading "New Housing Index Shows Rising Costs Worse Than Thought". This article refers to Statistics Canada, and it states:

Statistics Canada for the first time has published figures showing the trend of new-house prices in six metropolitan areas of Canada.

The new index confirms what everyone already knew—that new-house prices in Toronto rose almost 80 per cent in the three years ending last August, the latest month for which figures are available.

The selling prices for new houses of equal quality in Montreal rose by 82.5 per cent in the same three-year period, with more than half of this rise occurring in the last year.

The figures also confirm that the "new houses" component of the consumer price index has greatly underestimated the actual rise in selling prices, meaning that the price index has not adequately indicated the rising cost of housing to Canadians in urban centres.

The CPI component for new houses across Canada shows a 40.3 per cent rise in the three years and a 12.5 per cent increase for the year ending last August. This is only about half the increase shown by the figures published yesterday.

The reason for the difference is that the price index for new houses is based on labour and material cost trends and does not include the price of land, which has been the primary reason for rising house prices.

For union workers with wages indexed to the consumer price index, this means their cost-of-living pay increases do not cover the rise in the price of buying a house in the past three years.

There was further criticism of the government's housing plans at a recent meeting of the provincial housing ministers in Ottawa. At that time they stated, as reported in the *Ottawa Citizen* of January 30 this year:

The provincial ministers renewed a demand made by Ontario and some other provinces two years ago for freedom to spend their allotment of housing funds the way they wish.

They said the Central Mortgage and Housing Corp. . . . should be banker handing out federal money for housing programs that provincial governments consider necessary in their regions.

[Mr. McKenzie.]

At the moment, the federal government is directly involved in a number of social housing programs, setting the ground rules under which federal money can be spent.

The provincial ministers were critical of mid-year changes in CMHC budgets reducing spending in some programs.

"The allocation of these priority funds should be at the discretion of the individual provinces," the provincial statement said.

In a further newspaper article in respect of housing under the heading "New Fiscal Policies Needed to Spur Housing" it is stated, and this article is from the *Globe and Mail* of January 16, 1975:

A series of new fiscal and monetary initiatives is still required and should be directed particularly toward Canada's housing industry, since the recent budget measures will tend on balance to deter housing purchases in 1975.

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Though \$500 cash grants are now available from the Central Mortgage and Housing Corp. for first-time buyers of moderately priced houses, this is more than overshadowed by the negative demand effect of the Registered Home Ownership Savings Plan (RHOSP).

This new government scheme permits deductible contributions of \$1,000 a year to a maximum of \$10,000 if applied to the future purchase of a house. This plan will provide a large and expanding pool of savings flows to the thrift institutions. Though the RHOSP scheme is interesting, there are several flaws in its introduction at this particular time. It provides a generous incentive to save and may marginally postpone some housing demand. But as presently constituted, this plan will not likely increase the supply of mortgage funds very significantly. Unfortunately, there is neither a guarantee nor any mechanism to ensure that the bulk of these funds will flow in the desired direction of mortgage loans.

In a recent article in the *Montreal Gazette*, the following was stated:

As for control of federal housing money, certainly Ottawa has an obligation to exercise some direction here. It must make sure the money does not come under the influence of a developer's lobby once it reaches the provincial or municipal level and that it does not go into the development of chronically underfinanced commuter communities.

On policy matters, however, Ottawa does not speak from a position of strength. Its housing non-policy very likely acts as an impediment to provincial initiatives. Until it straightens out the mishmash of programs that has accumulated over the years, the federal government can expect continuing criticism about its housing policies.

A system like this could cut the initial mortgage payments but allow them to rise as a homeowner's earning power increases over the years. Economists at MIT see this as a large step in stimulating the housing industry in the U.S.; the plan might also prove effective here.

The president of the Toronto Home Builder's Association has listed a number of suggestions for lowering the price of houses. I agree with him when he says that lowering standards is not an acceptable method, but some of his other suggestions are, first, a lower quality of services in new subdivisions. He feels there is no need for curbs and gutters in new subdivisions. Small ditches and asphalt roads would be more economical. Second, builders could build different sizes of houses, but co-operation is required from municipalities for this. Third, smaller lots would allow more houses to be built on a given piece of land. Fourth, municipal governments could help keep costs lower by bringing land on stream faster. Fifth, governments could provide more mortgage money at below market rates. Sixth, establish a unilateral building code so that builders would not be required to change drawings and specifications when moving from one municipality to