

CMHC—and they will have to remain unnamed—that the ministry is seriously considering revising that target, admitting a failure and dropping it to the rate of 186,000 units for the year. If that happens it will be a total admission by this minister that his policy is a failure.

● (1600)

There is also a decline in the departmental budget of the minister in real dollar value because of the rising inflation rate. Those are the components, the characteristics of the housing crisis today. This means that a majority of Canadians can no longer afford to buy a house even with the programs the minister is so fond of reciting when questioned or in debate. Even with those programs the majority of Canadians have been shut out from any hope of owning a house at a reasonable cost.

To qualify for assistance under the Assisted Home Ownership Plan a person has to be earning a salary of \$18,000 a year in Toronto, \$19,000 in Vancouver, \$15,000 in Halifax. To buy a house in Sault Ste. Marie a person would need to earn \$14,000 a year, but the average income in my constituency is only \$10,000. To get AHOP assistance in Sault Ste. Marie under existing tight money and high housing costs one would need to earn \$10,000 a year.

When 80 per cent of families in Ontario have incomes below \$15,000 a year and 60 per cent of families have incomes below \$11,000 a year, then we can see that the minister's pet, the AHOP program, is beyond the reach of the majority of people living in Ontario with the existing housing crisis and mortgage rates. When the average wage in Canada is \$9,000 a year, who can hope to own a house?

The government says that an income earner is not supposed to pay more than 25 per cent of salary for accommodation, that is, to enable that income earner to afford the other necessities of life for himself and his family. In the province of Ontario there are 560,000 people paying over half their income for housing. That is outrageous, unjustifiable, and totally unnecessary if the government—

Mr. Watson: On a point of order, Madam Speaker, I am sure the hon. member for Sault Ste. Marie would not want to leave on the record a statement which is incorrect. He indicated that families in the Sault Ste. Marie area earning up to \$14,000 a year and in the Toronto area up to \$19,000 a year would not be eligible for the AHOP program. The situation is precisely the reverse of what the hon. member stated. Families earning up to those figures are eligible.

The Acting Speaker (Mrs. Morin): Order, please. This is a point for debate. The hon. member may deal with the point if he speaks later on.

Mr. Symes: I am glad the hon. member for Laprairie (Mr. Watson) brought that up. When he looks at *Hansard* he will find that I said under the existing situation in Toronto and Sault Ste. Marie. Granted, they can qualify under the AHOP program that has come up with funding for existing housing. In my constituency they would need to be able to find a new house for under \$30,000. The average income being what it is, and AHOP being designed to help people with incomes from \$9,000 to \$12,500, the bulk of them cannot afford it. They would

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have to be earning over \$10,000 a year to find any housing in the Sault under existing circumstances today. Certainly they qualify, but the circumstances prevent them from taking advantage of the program. So we have a situation that on paper the government program says people can qualify, but the realities of supply and price make it impossible for the majority of Canadians to buy a house.

What is the reaction of the Minister of State for Urban Affairs (Mr. Danson)? In a speech delivered to a real estate seminar in Toronto he said:

Central Mortgage and Housing designed its programs to give more Canadians, particularly those at low and middle incomes, access to good, affordable accommodation.

That is a very fine sounding system, but in reality CMHC policies are just not working. The minister likes to boast of the success of AHOP, but let us examine the workings of that program.

The minister says the program has a budget of \$350 million. As I mentioned a few moments ago, that budget is for new homes only. They have cut out of the budget all funds for the purchase of existing housing. In some cases, of course, existing housing is less expensive than new housing. That is the housing low income Canadians depend on, but it has been cut out of the budget because of the minister's desire to put all the funds he can into building new homes so that he can meet his goal of 210,000 units.

AHOP was primarily for people in the \$6,000 or \$7,000 or up to \$12,000 income bracket, but because of the existing housing situation it is mostly people earning between \$10,000 and \$12,500 who end up qualifying. Where can you get a new house for \$30,000 today? If you earn \$8,000, under the AHOP program you can only afford a house that does not cost more than \$20,000. Where can anyone get a house at that price today? AHOP has frozen out the majority of Canadians who earn less than \$10,000 a year.

The minister's program is not the great success he likes to make out it is. The minister has done nothing to bring down interest rates either. He has subsidized private lenders but has not attacked the usurious interest rates of 11 per cent and higher that we have today.

For example, for a house that costs \$44,900 having a 10 per cent down payment and mortgaged at 11½ per cent over 30 years—that is a \$40,000 mortgage—taking into account the interest rate and the principal, the individual ends up paying \$139,680 for that \$44,900 house. That is just shameful and disgraceful in our society. Yet the minister sits back and allows the interest rate to escalate.

The New Democratic Party says that the government should instruct banks to issue mortgages at 6 per cent for low income families. Bankers should be required by law to set funds aside at the interest rate—they can easily afford it. When we look at their holdings we find that the mortgage holdings of banks represent only 8 per cent of their total assets. In 1973, the last year I have figures for, the banks paid an average interest rate of only 4.7 per cent on all deposits. Under this scheme of 6 per cent mortgages, banks would still be able to make a profit.

If we had 6 per cent mortgages there would be a significant saving for those who need it most. Comparing a 6 per cent mortgage to an 11 per cent mortgage on a \$35,000