

National Housing Act

We have seen over a period of years that there has been a great decline in the number of houses which have been made available to people in the low income brackets. It does not matter where you get the figures from because they date back to 1946 and the figures would be the same, but the ones I have in mind are for the fourth quarter, Canadian housing statistics, 1957. These statistics indicate that in 1946 people in the income bracket of less than \$3,000 per year accounted for 79.8 per cent of the applications for homes under the National Housing Act. In 1950 this declined to 31.3 per cent, and by 1956 it was down to .4 per cent. This shows the gradual decline in the number of people in the income bracket of less than \$3,000 who were able to participate in home building under the National Housing Act.

We have seen, too, the gradual increase in the interest rate. I believe the original interest rate under the act was about $4\frac{1}{2}$ per cent; the exact figure escapes me for the moment, but it was about $4\frac{1}{2}$ per cent. However, there has been a gradual increase in the interest rate on money available under the National Housing Act to the 6 per cent which was announced some time in January, 1957. With the increase in interest rates applicable, with the increase in the cost of homes and with the inflation applying to it, and with the relatively large number of our wage earners in Canada still being in the low income brackets, it is evident that these people have found themselves in a squeeze between the amount of their income and the rising cost of homes.

I return to figures I placed on *Hansard* last year, and which were given to me by Central Mortgage and Housing Corporation. These figures relate to what a 6 per cent interest rate means to borrowers. I was told that as a result of the manner in which interest is calculated on N.H.A. borrowings, it amounts to an additional \$919.42 for every \$1,000 borrowed. If we apply this to an average loan of \$10,960 which was the average for 1957, we find that a person is immediately in debt to the tune of some \$21,000 for a home which probably sold for \$11,000 or \$12,000.

Now, there are two approaches that can be taken toward providing houses. One of them can be on the basis of supplying the need for houses, and the other can be on the basis of meeting the effective demand. In the past I think we have tended toward considering this effective demand for houses more than we have tended to look at the requirements or needs. Effective demand has been interpreted to mean the number of new homes which people are prepared to buy and are financially able to buy. Certainly in 1933, 1934 and 1935, as well as in later years,

there was a need for new homes, for additional housing facilities, but certainly no effective demand because of the economic conditions in the nation. There is relatively little effective demand for housing from people in the low income brackets; they simply cannot afford housing. There is certainly a need for housing for these people in the low income brackets, this 62 per cent of our population that falls in the class earning less than \$3,000.

I suggest that this government should take a new look at this question from the point of view of having the housing legislation satisfy the need, and get away from looking at the effective demand for these particular houses.

I am sure the minister does not need anyone to continue to remind him of this particular question. Inasmuch as he just came back from the most glorious part of Canada, I am quite sure he will be in an even more humorous and an even more generous mood to do things of this sort. In one way or the other we must bring these people who are in need of housing into this effective demand group, though they may not now be in a position to afford these high cost homes or see their way clear to do so at 6 per cent a year—or 6 per cent semi-annually, I believe you should call it—and cannot see their way clear to go into this kind of debt to buy homes. The government can do a number of things, inasmuch as it is the major participant now in the field of home building and construction in order to ensure that the needs of people in the low income groups are met.

The suggestion has been made that interest rates be lowered. That is a suggestion to which I subscribe. I think the 6 per cent interest rate is far too much to expect a person to pay, especially when we are lending him his own money back in order to buy a home.

The argument we have heard from the minister is this. If we were to lower the interest rates we would in effect then dry up private mortgage money; that the private financial institutions including insurance companies, banks and other lending institutions would find that it was not profitable enough to lend money for housing at less than 6 per cent, and would consequently channel their money in some other direction.

We can offer these lower interest rates and, if need be, we can allow a lower interest rate to people who are in the lower income brackets, who are not now able to borrow one way or the other, either from the banks or private lending institutions or directly through C.M.H.C. because of the interest rates and because they are in a low wage