

*Housing*

nightmare. In the last three months of 1981 the average cost of a home sold in Canada was \$77,900. If we assume a 10 per cent down payment and, \$1,000 in property taxes and accept the general principle that payments of principal, interest and taxes should not exceed 30 per cent of the gross income of a home owner, an annual family income of \$44,500 is needed to purchase an average priced home. How many Canadians who face mortgage renewals make this amount of money? With prices so high, who can really afford to purchase a home today? Real estate agents tell us how depressed their business is because very few people can cope with the high asking prices for homes, to say nothing of the unreasonable and very high interest rates involved in assuming a mortgage.

Unfortunately, there is another great segment of our home owner population who have already purchased homes and are now at the mercy of high interest rates because they are required to renew their mortgages. Over the next two years approximately 1,200,000 families will find themselves in such an impossible situation. CMHC admitted that some 40,000 Canadians may well lose their homes because of continued high interest rates, yet the government refuses to extend any meaningful aid to home owners, no matter how many Canadians lose their homes or their life savings.

Removal of building subsidies in the rental industry is putting increased pressure upon monthly rental levels. The Housing and Urban Development Association of Canada estimated that removal of federal subsidies in terms of investor returns can only be replaced by rent increases of some 60 per cent or more. Because this situation is impractical and unrealistic, it is quite clear that potential investors are staying away from this area. Therefore, the government is killing this very important industry which it says it is trying to help with the bill. The result will be massive unemployment, not to mention a stagnant industry incapable of meeting necessary consumer demands.

I should like to take a brief look at what the government offers Canadians in this bill to show that their sense of outrage and criticism is completely justified. Canadian home owners, collectively, will not be better off because of the bill. To save face, the government will be extending some band-aid assistance to two groups of home owners facing mortgage renewals. The first group, estimated by CMHC to be about 12,500 in number, will receive a once-in-a-lifetime grant of some \$3,000. This grant is designed for those people who have too little equity in their homes to support any interest deferral scheme. The second group, estimated to be about 37,500 in number, face monthly mortgage payments of over 30 per cent of their gross income. They will receive government guarantees of up to \$3,000 which are designed to convince lenders to allow home owners to fend off some of the high interest rates. However, this scheme applies only to those home owners who renewed their mortgages between September 1, 1981 and November 12, 1982, and to those who pay over 30 per cent of their gross income on mortgage payments. The grant and loan plans will only help 50,000 people out of an estimated 920,000 home owners who renew their mortgages during the prescribed time. Of the 900,000 Canadians who will renew their mortgages, 100,000 face the very real possibility of losing their

homes, yet the government will only help directly 12,500 home owners with \$3,000 grants. Canadians left in the cold face the bleak prospect of renewed mortgage rates of approximately 20 per cent or so. It is not something to which one looks forward.

Another disturbing aspect of the bill is that aid offered to home owners in a mortgage deferral program merely puts them deeper and deeper into debt. The leaked government document admitted that interest deferral schemes appeared unlikely to cure the problem faced by Canadians renewing their mortgages. In spite of the leaked CMHC document, the cabinet chose cosmetic relief. It is hoping that lending institutions will agree to provide interest free deferrals with the encouragement of guarantees.

As mentioned earlier in terms of assistance in the area of rental, the government announced a very feeble program to encourage construction of 15,000 rental units costing some \$125 million in low vacancy areas. The program offers free loans of up to \$7,500 per unit. What is really needed to protect Canadians from crippling mortgage interest rates and to prevent them from losing their homes is a mortgage interest and property tax credit similar to the one introduced by the hon. member for St. John's West (Mr. Crosbie) when he was minister of finance. If this program were in place today, home owners would enjoy tax credits of \$1,125 for 1981 and \$1,500 for 1982. The program would have made over \$2 billion of relief available to home owners. At that time we offered \$2.3 billion in relief, while the government only offered \$50 million for this year.

Once again home owners who are on the short end of the stick when dealing with the government are those who insulated their homes with urea formaldehyde foam insulation on the advice and financial backing of the federal government. Anyone who is currently trying to sell or renew the mortgage on their homes with this insulation knows all about UFFI. Their homes are worthless and hazardous to the health and wellbeing of the occupants, yet it took the government over a year, after it banned the use of UFFI from the market, to bring in a relief program to help clean up a very messy situation which it created. The government is taking its sweet time to begin processing applications, obviously wanting Canadians to shoulder the financial burden themselves at a cost which can easily run into thousands of dollars per household. If the government had acted quicker, it would not be faced with so many angry Canadians, not to mention the problem of removing the foam. There is no question that the government has a responsibility to help remove UFFI because it pushed Canadians to use it. It is clear that the most common sense approach would be for the government to own up to its responsibility, to recognize a mistake was indeed made, to stop dragging its feet, and to pay full compensation to home owners involved in this government-sponsored mess.

I believe, as do most Canadians, that shelter is one of our basic rights. Everyone is or should be entitled to a home. However, while it may be a recognized right, we are slowly