

*Adjournment Debate*

304,000. Both had similar costs and revenues. The revenue-cost ratio was 28 per cent. However, the Ocean served an all-Canadian route, whereas the Atlantic passed through U.S. territory and was therefore chosen for termination.

The actual travel time from Halifax to Montreal on the Ocean route is only a few minutes longer than by the old Atlantic route. It is recognized that residents of southwestern New Brunswick will have to backtrack to Moncton to catch the Ocean, but the connection is a good one, with the Ocean departing for Montreal 30 minutes after the arrival of the train from Fredericton and Saint John.

● (2210)

HOUSING—SALE OF HOUSES HELD BY CANADA MORTGAGE AND HOUSING CORPORATION (B) SALES TO INVESTORS AND SPECULATORS

**Mr. Don Blenkarn (Mississauga South):** Mr. Speaker, on October 22 last I asked several questions of the minister responsible for the Canada Mortgage and Housing Corporation. The first question was with respect to the selling of repossessed townhouses and apartments to purchasers on the basis that the minister would cause the corporation to take back first mortgages. The second question was in connection with the manner of the sale.

It has become apparent to me and others that the minister is insisting on one price for townhouses or apartments to the ordinary purchaser, but is prepared to deal wholesale with the speculator or investor. Indeed, in one case he is prepared to offer apartment townhouses to tenants and others at \$38,000 on average, and presumably prepared—indeed, we understand he has a back pocket sale lined up—to sell 150 units to one speculator at an average price of \$31,000.

Dealing with the first issue, two years ago Canada Mortgage and Housing Corporation ran into serious problems and was required to borrow some \$200 million from the government in order to re-establish its insurance fund. It is on that basis that the minister says, "I cannot take back mortgages and hold mortgages in Canada Mortgage and Housing Corporation." We in this House have to remind the minister that he is in charge of a corporation called the Canada Mortgage and Housing Corporation, and it is his business to hold mortgages. Certainly at a time when the mortgage rate on the open market is 19.5 per cent, 20 per cent and 21 per cent, it is his obligation to do what he can with his limited stock of housing to lead the way and give decent low-cost mortgages to people. I do not suggest he give these units away. This is not to be a giveaway program, but the rates should be 10 per cent, 12 per cent or 14 per cent at the most—something that people can afford to pay.

What is this minister doing with his repossessions? Is he saying to the proposed purchaser, "pay me all cash?" Having regard to the one project at 3120-3170 Kerwin Avenue in Mississauga, the minister is saying to the tenants who have leases with CMHC that they can buy their suites for \$38,000 cash. He will take them down to the Toronto-Dominion Bank and arrange a 19.75 per cent first mortgage for them. He

might, under certain circumstances, be prepared to pare down the mortgage by 3 per cent so the face of the mortgage will only look like 16.5 per cent. He will work a bonus deal with them. That is a bit of a scabby system, but that is the kind of thing this minister is prepared to do.

The most scabby thing this minister wants to do is to send around a girl to talk the tenants out of picking up their options. He says, in effect, "You people really cannot afford to pay \$38,000 all cash for these apartments, can you?" It has to be all cash; he cannot take terms. He can then sell them to an investor for \$31,000.

I want the minister or his parliamentary secretary to give a couple of undertakings to the House tonight: First that he will sell his condominium and townhouse apartment repossessions on the open market using real estate brokers on an open listing, and that he will take back mortgages for 85 per cent of value at 12 per cent or 13 per cent, and that is all, on a fair basis, and let people have a chance at these units. My second request of the minister or the parliamentary secretary is that he will under no circumstances do what he did at 570 Darcel Road, Malton. At that time, as shown in an answer to an Order Paper question on June 17 to the House, the minister declared the details of the sale of 570 condominium townhouses to four numbered Quebec companies. The companies did not even have enough sense to give themselves a name. They were numbered companies. These companies can be incorporated by writing an application for incorporation to the Quebec government and it will assign a number. Four numbered companies bought 570 units at a price slightly in excess of \$20,000 each.

● (2215)

I want the undertaking from this minister that the speculators are out and that never again, at any time, will he sell houses in the region of Peel en bloc to speculators, and that he will sell them on the open market and hold mortgages on reasonable terms.

**Some hon. Members:** Hear, hear!

**Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport):** Mr. Speaker, I should like to comment on matters concerning the sale of houses held by Canada Mortgage and Housing Corporation.

As the hon. member is aware, CMHC is responsible for the administration of the mortgage insurance fund known as MIF. The recent unprecedented number of claims against the fund has resulted in the MIF encountering substantial losses. To replenish the fund, CMHC has accelerated the sale of its real estate holdings. The fund itself, while it sells the real estate it acquires, lacks the liquidity to finance these sales. Accordingly, these sales are effected with private mortgage funds, at private institutional mortgage rates. In the sense that CMHC does not provide direct funding, units are sold to individuals on a cash basis. Purchasers may, in certain cases, benefit from NHA insurance by arranging financing through an approved lender.