

Mr. Hignett: Generally, when we speak of low-income people in CMHC, we are talking generally about those in the lower half of the income ranges of Canadians, and specifically those in the lower third.

Senator Bonnell: What is the lower half and the lower third?

Mr. Hignett: On a national basis, the lower half of family incomes in Canada is about \$10,000. The lower third is about \$7,500. This varies from province to province. Incomes in Ontario and B.C. are higher than those in other parts of Canada, and incomes in the Atlantic provinces tend to be lower than in the other parts of Canada. But it is surprising how narrow the spread really is among provinces. There are some groups within these, like the Indians and Métis, who are very low income people, and, of course, these are unusual, difficult and specific cases.

Senator Bonnell: Is every Canadian in that lower half, and lower third entitled to get a loan through CMHC, or does he first have to be rejected by two or three trust companies before he comes to CMHC?

Mr. Hignett: One of the activities that CMHC conducts is that we take the position that any Canadian who cannot get a loan from an approved lender is entitled to apply to CMHC. Now generally this means that CMHC tends to take care of Canadians who live in rural areas, in very small places, or in frontier places. But in conducting that activity we are very much in the same position as an approved lender. Until this act becomes law, we have no special aids to help families who cannot afford current housing costs and current mortgage rates.

Senator Bonnell: In other words, if somebody has a poor credit and is turned down by the trust companies, CMHC will take them on?

Mr. Hignett: He may be turned down by CMHC for precisely the same reason, if his credit is really bad.

Senator Bonnell: It seems to me that we should have a policy that if we are in a certain income field we should be entitled to the same benefit. It should not be determined by whether or not we are turned down by a trust company. If your credit is poor, you will end up with the CMHC. If your credit is good and you have paid your bills all your life, the trust companies will take you on and CMHC will not. Therefore you would have to pay a greater interest rate than you would with CMHC, is that correct?

Mr. Hignett: I do not think that is a serious problem. Generally speaking, the lending institutions, trust companies, life companies and the chartered banks, pick up the total demand in the cities of Canada, and where CMHC meets the requirements of Canadians tends to be in the very small towns, crossroads, frontiers and rural places. For example, CMHC has made many loans in Happy Valley, Labrador. Certainly no chartered bank has ever done that.

Senator Bonnell: I notice from this legislation that we are getting involved in remodelling, rebuilding and reconstructing old houses. For the lower income group, that is a good thing and is probably something worthwhile. Is there a limit on how much you will pay for an old house before it can be reconstructed? Can I go out and buy a

\$30,000 home in Ottawa and have CMHC help me finance the reconstruction of it, or are there limitations?

Mr. Hignett: There are about six million houses in Canada. About two-thirds of those have been built since World War II and about one-third were built prior to World War II. About one-third of our houses in the country are 40 years old or older. Some of them are 100 years old. These houses tend to be in the inside built-up neighbourhoods of cities. There are thousands to be seen in places like Montreal and Toronto. They tend to be lived in by low income families and they tend to be substandard. The intention here is that substandard housing be rehabilitated and that it be rehabilitated to the point where it meets the by-laws of the city in which the housing is located. The proposal is that there be loans and grants for this purpose. The grant is to be established by regulation, but at the moment the thought is that a grant by the federal government to a homeowner may be \$2,000. This can be built on by municipalities and provinces as they wish. Perhaps you know that the province of Quebec already has a law which allows them to make a grant of \$1,000. The city of Montreal has a law which allows them to make a grant of \$600. Together with this legislation, it is possible that grants for rehabilitation, federal, provincial and municipal, may run as high as \$4,000. But the intention is not to renovate relatively new housing, but to bring up to a decent standard those substandard houses in Canadian communities.

Senator Bonnell: If your house is not substandard, you cannot apply for this loan?

Mr. Hignett: If it is not substandard you go to the bank for a home improvement loan.

Senator Bonnell: Under CMHC, is it necessary that all lumber used in the construction of homes be approved by CMHC?

Mr. Hignett: Not by CMHC. Some years ago there was introduced into Canada a general system of lumber grading. Lumber is graded one, two, three, four, et cetera. I am by no means an expert on this subject, sir. The building standards require that only lumber of a certain grade be used and that all lumber used in housing be grade stamped, so that the quality of the lumber can be determined very quickly by the corporation's inspectors.

Senator Bonnell: Do you think this regulation puts the cost of housing up for a lot of people in the low income brackets and makes it a very expensive house; whereas in some of the rural areas of this country they could cut their own lumber and build their own houses, but because it is not stamped they have to go to Vancouver to get the lumber stamped, and the cost of their home goes up because of this regulation?

Mr. Hignett: In the beginning there was much discussion about this, because when lumber grading was first introduced into Canada it was introduced not by CMHC but by forestry and the lumbermen's organizations in the country. In some places it was difficult to have grading inspectors at mills, at the cutting sites, to grade lumber as it was produced. This has been in effect for some years and the difficulty has been largely overcome. I am not aware of any difficulties of this kind in the last few years.