

National Housing Act

installing sewage and water systems. Clause 14 removes income and family-size stipulations regarding AHOP loans. If I may speak for some parts of the area that I represent, may I say that AHOP loans are not much of an innovation in the housing field because a lot of the considerations which in fact are a hindrance in my area are not addressed by this bill. I refer, of course, to the cost of maintaining and heating a house and the provision of water, sewers and other utilities.

The clause providing for \$1,000 grants to municipalities respecting the servicing of land is a very important and most significant innovation and will help smaller communities defray some of the cost of servicing land, particularly in areas of northern Canada where it is very expensive to instal services. Even though this provision is subject to the approval of some provinces, I do not expect it will be difficult for the minister to achieve their co-operation.

Clauses 15 to 19 make no mention of the Governor General's recommendation. They provide for the smooth merger of Central Mortgage and Housing Corporation and the Department of Urban Affairs. I do not recall the House discussing this subject before. This merger between CMHC and urban affairs is a recent proposal; as I have said, I do not think that the president of CMHC and the acting deputy minister of urban affairs have let anyone in on the secret yet. It will be interesting to see what happens. The actual merger, presumably, will be carried out by order in council.

Clause 15 establishes the position of chairman of the board of Central Mortgage and Housing Corporation. This position must be filled from within the public service, and undoubtedly the deputy minister of urban affairs or the acting deputy minister, our friend Mr. Teron, will assume the title. The title of president will be retained, but the new chairman will take over his voting role on the board of directors. This interests me particularly in light of some of the things that have been said about this particular person, who will now assume this all-powerful position.

The provision in the bill regarding lending institutions directing another \$750 million into the financing of new low and moderately-priced houses is, of course, a farce. The barons of the housing industry, and more importantly the barons of the financial institutions who are the approved lenders to Central Mortgage and Housing Corporation, on whom the government depends for its national housing program, will see to it that the flow of private institutional capital will always be at a time and at a volume that is in the best interests of these institutions, and that interest rates will remain excessively high so that private capital is not attracted to this housing market.

As the minister himself, as well as opposition critics, have pointed out, this requirement is not accompanied by legislative sanction; it is simply a suggestion. A committee will be established to monitor the performance of private lending institutions and the minister has told the House that he is all-confident that this will indeed take place. I say to you, Madam Speaker, and to my colleagues that this is, of course, just a dream of the minister which will not be fulfilled.

The government's centralized power structure is, and will remain, painfully apparent in the field of housing as

[Mr. Oberle.]

long as people like the present president of CMHC and the deputy minister of urban affairs are at the controls. The provision of housing in a country like ours is more than just an essential component of an accepted lifestyle; it is an effective tool to stimulate or to retard the economy. It can be a tool to direct the socioeconomic development of the various regions of our country.

On looking at this bill and at legislation that we have discussed previously, it almost seems as if the government is still set on moving 95 per cent of our population into the larger urban centres. In none of these measures is there any sign that the government is going to follow the desire of Canadians and decentralize large centres, populating the rural areas of our land.

We on this side of the House have repeatedly made proposals that would have the effect of attracting small private investors to the housing market. Having lowered down payments and made it possible for Canadians to purchase homes, we must protect young families against the impact of high mortgage rates. This can be done in many different ways and has been effectively applied in many countries. My colleagues and I have spoken about this before and it is something that has been traditionally tried and accomplished in the United States. First, we could allow excessive interest rates to be deducted for the purposes of taxation. This should not upset the lending institution too much since they would continue to enjoy their high levels of interest rates because the subsidy would come from the public purse.

● (1620)

A better solution, however, would be to allow small investors to place money in the domestic housing market and deduct their interest earnings for the purposes of taxation. This would have the effect of giving us 7 per cent or 8 per cent interest rates in the domestic housing market. What difference would it make to small, private investors, who would still be getting 12 per cent on their money invested in stocks and bonds, as between paying interest on that 12 per cent or lending the money for the domestic housing market at an 8 per cent interest rate on which they would pay no income tax? The result would be the same, but the difference would be, of course, that we would have interest rates that would stimulate housing investment in this country. Other countries are offering savings plans to investors who are preparing young families to move into new houses some time in the future. Often, parents in those countries help their young people prepare for this event.

The bill makes reference to the Federal Mortgage Exchange Corporation and I should like to say a few words about that. The establishing legislation for this corporation has been in existence for over three years. The Progressive Conservative party has pressed for this organization to be made operational for almost that long. The purpose of the corporation will be to buy and sell mortgages, thereby enabling smaller investors to enter the mortgage market. This operation could do much to increase the liquidity of second mortgages as an investment vehicle, but their credibility at this point is somewhat lacking.

The corporation's operations has been promised for three years. What, if anything, is there to indicate that this is not