

*National Housing Act*

extends subsidies or grants for mortgages to certain groups, for builders of rental accommodation, for sewerage systems—acceptable, in so far as they go. But subsidies do not solve the problem. They may relieve the pressure momentarily on one sector of the population, but the real problems are high mortgage rates and the high cost of housing, and these problems are not being dealt with.

The reasons for the high cost of housing are evident: increased cost of serviced land, building materials and labour, and an acute shortage of units in a period of increasing demand. And yet with the extraordinarily high interest rates on mortgage money there has been a slump both in the building industry and the real estate market. Over 95 per cent of the wage earners in this country without a home cannot afford to buy one. Moreover, the vacancy rate in rental accommodation in our major urban centres is frightening, ranging from zero to under 2 per cent. Canadians are caught in an inescapable bind. Shortage of rental accommodation, and inflation, have driven up rents beyond the financial capacity of many families, yet prohibitive mortgage rates are preventing them from buying accommodation.

Also, the vice is tightening for the many trapped in this bind as we learn that there was a disastrous decline in urban housing starts during the last quarter of 1974, from 1973—well over 30 per cent—and a further decline predicted for 1975. What more incisive commentary could there be on the failure of current housing programs than the inadequacy of AHOP to meet the government's objectives? What better example of the panicky, reflex policy-making decisions of this government than their midstream switching of AHOP's original aims?

This program was introduced by the government in July, 1973, to assist low income groups to own their own home. But in September, 1974, the objective was switched from one of providing opportunities for social housing to that of a stimulus to housing construction. Henceforth, AHOP applied to new dwellings only. Did the government really think this shortsighted and limited measure, changing a program designed to aid home ownership to one of increasing housing construction, would work? Obviously, as the 30 per cent reduction in housing starts in the last quarter of 1974 shows, it had no effect.

Moreover, this sudden switch had serious consequences in another area where accommodation is a problem—that of rental units. Most new dwellings are well beyond the reach of those families eligible for AHOP assistance. Figures produced by CMHC show the average cost of a new house in most urban areas to be well beyond the ceilings set in the program, largely due to the land component cost. Yet if families found an existing dwelling they could afford, they were unable under the new regulations to get the assistance needed to finance it. Consequently, many were forced to stay in rental accommodation, aggravating the crisis in the shortage of this type of unit. The minister would do well to consider a change in this aspect of the program. Extended AHOP presented by the minister today is designed to attract more moneys for mortgages from the private lending sector. But we are still dealing with a subsidy program. Given the limited success of AHOP to date in resolving or even touching on the housing crisis, what expectation is there that this extension of a restric-

tive program will be any more effective? I greatly fear that the effectiveness of this new program will not be proportionate to the ballyhoo accorded it by the minister.

Subsidies are obviously not the solution. One step we on this side of the House have advocated for some time is to make a proportionate amount of municipal property taxes and mortgage interest payments deductible from the federal taxable income of home owners.

The bill before us does little to relieve the problems in housing—the high cost of materials, the high cost of labour, the high cost of money and the high cost of land. Time and time again our party has urged the government to deal with these economic and labour problems. They are not isolated. The main ingredient in all of them is inflation which, as every Canadian knows, is not being dealt with by this government. Housing and its related industries are significant factors in all these areas. Figures recently released by Statistics Canada, based on a new index including the price of land, show that the price of houses has increased by up to 80 per cent in three years in some major centres. Since the land component in housing was not previously included in calculating the consumer price index, these new figures mean that the consumer price index really should be higher by 2 per cent, so that the real inflation rate for 1974 would not be 12 per cent but 14 per cent.

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The Economic Council of Canada, in a report representing 2½ years of growth entitled "Towards more Stable Growth in Construction", has pinpointed the importance of achieving stability in the over-all housing sector of the economy. In the words of the Economic Council:

More stable growth in housing would significantly retard further increases in housing costs.

The Economic Council goes on to state:

With increased stability in residential construction, more and better housing could be financially accessible to the poor and all participants in housing construction itself would probably benefit.

Yet over the past ten years, residential construction has been extremely volatile, resulting in a costly waste of men unemployed and materials unused, and an unnecessary spiralling increase in the cost of housing. According to the Economic Council, the Liberal government is largely to blame. A good part of the instability stems from the instability of government monetary policy in particular. It is time the federal government stopped using its investment in construction as a valve of the economy, stepping up construction like a lever and then abruptly cutting it off when inflation threatens. We need, and should have, a long-term, co-ordinated policy designed to ensure stable and continuous growth in housing supply. A coherent supply policy on housing would do more to fight inflation than all the "on again, off again" programs of the present government.

The government must publicly spell out its targets for long-term capital flows and must then gear its over-all fiscal and monetary policy to establish those targets. What we are talking about is a national investment policy. In such a policy, housing must play a prominent role—and we did not hear about that from the minister today.