

Housing

by the owners must be considered income in calculating eligibility for assistance.

The guarantee will begin on the date on which the mortgage matures and continues for ten years but is discontinued when the property is sold or the mortgage is fully paid or until such time as the equity in the property returns to the same level as at the mortgage renewal date. The grants will be paid to the lender on the borrower's behalf in monthly instalments of up to \$250 and are not taxable income. The grants will begin on the date on which the mortgage matures and continues for 12 months or until the property is sold, the mortgage is paid in full, or mortgage payments fall into serious arrears.

What about AHOP recipients? The maximum level of support available under the proposed Canada mortgage renewal plan is \$3,000 annually. The government has increased the level of contributions available under the extended AHOP contribution program from \$1,500 to \$3,000 per annum. Current recipients of AHOP contributions will be eligible for assistance under this extended AHOP plan rather than the proposed Canada mortgage renewal plan. AHOP home owners who receive interest reductions loans under AHOP, rather than contributions, will be eligible for the proposed Canada mortgage renewal plan.

By focusing assistance to those home owners who need it most, CMRP provides a fair and equitable response to the renewal program. CMRP recognizes that home owners have significantly higher incomes than renters—\$28,000 as against \$17,000—and much greater wealth—\$72,000 in net assets for owners as against only \$9,000 for renters. A general and therefore high-cost program of mortgage renewal assistance would simply have transferred income—and wealth, in the long run, because of real house price increases—from less wealthy households to more wealthy households.

The government's program takes into account home equity and the proportion of income used to meet housing costs. There is general acceptance of the need for the explicit consideration of these factors. Without this, the mortgage renewal plan would not assist those who need assistance and would not ensure that federal tax dollars are used appropriately.

Beyond the questions of equity and fairness, the cost associated with a universal program would have been prohibitive and impossible to reconcile with fiscal restraint and the budget objective of bringing down inflation and interest rates.

It is obvious, Mr. Speaker, that the Canada mortgage renewal plan was designed with forethought and compassion for Canadians who are experiencing difficulty with current interest rates. It is meant to assist those Canadian families and individuals whose payment for shelter exceeds 30 per cent of gross income.

I believe that this program has another important facet with respect to administration. Although the federal government will administer the plan through Canada Mortgage and Housing Corporation, the lender will initiate applications for assistance. I believe that this is very important because the plan will not alter the essential close relationship between the

mortgagee and the mortgagor in any way. Also, the participation of lending institutions in the administration of the plan reduces the administrative and financial load which the government would have had to bear under a strictly governmental program. It allows the government to administer the plan without establishing a vast bureaucracy. The participation of lenders is restricted to screening applications and advancing the moneys. Financial institutions will not derive direct over-all benefit from the plan.

It is vital that the government not act as a middle man in this situation. Instead, the government chooses to offer financial assistance to those Canadians who are really in need.

We believe that this is equitable and fair. We also believe that it is more cut and dried than the current situation in Saskatchewan where the provincial government's assistance plan is mired in legal confusion. On the other hand, Manitoba's position closely follows the rationale of the federal government plan.

But these programs alone will not solve all the problems. For this reason I would like to acknowledge certain other elements contained in the amendments to the National Housing Act. One of the most disturbing aspects of the current situation is its volatile nature due to the increase in uncertainty regarding the future of interest rates, which affects both lenders and potential home owners. It almost goes without saying that such measures dampen both the effective demand for housing and the supply of investment capital.

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It is obvious the changes to the National Housing Act would allow the CMHC to be even more responsive to consumer needs and to the concerns of the lending industry, builders and experts in the mortgage field by removing the loan guarantee restraint. They would also permit the government, through the CMHC, to widen the choice of mortgage options available to home purchasers. What this country needs is action by government, not complaints about perceived shortcomings in the proposals which do not take into account the current fiscal climate in this country. That is why it is very important that Bill C-89 be adopted by the House without further delay. The principles of equitable and targeted assistance are set out in the Canada mortgage renewal plan. That is what Canadians need.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, several times the previous speaker mentioned encumbrances. After his remarks I would say that he is the legal encumbrance of his wife.

Bill C-89 is evidence of the centralist attitude of this government. It is taking more and more of the national product and sharing less and less with the provinces and municipalities. With respect to housing, nowhere is the centralist attitude of the government better illustrated than in its decision to scrap the community services contribution program. I understand that funds for this program run out this month and that when they do, the program will be terminated. I think this is very