

## HOUSE OF COMMONS

---

**Monday, January 30, 1967**

The house met at 2.30 p.m.

● (2:40 p.m.)

### HOUSING

#### ANNOUNCEMENT OF POLICY OF DIRECT LOANS TO BUILDERS

**Hon. J. R. Nicholson (Minister of Labour):** Mr. Speaker, I should like to make a brief statement concerning housing policy.

Additions to the housing stock in Canada reached a record level in 1966, with the completion of 162,192 new dwellings. Construction starts, however, at 134,474 units were down 19.3 per cent, and this decline is reflected in the number of units under construction at the end of the year.

The reasons for the decline in starts and dwellings under construction are well known, I think, to most hon. members in this house. On more than one occasion I have indicated that demands on private capital resources were exerting undue restraint on residential construction in most parts of Canada. For this reason assurances were given that direct lending by Central Mortgage and Housing Corporation would provide for at least as many starts and new dwellings in 1966 as in 1965.

I should like to draw to the attention of members that in actual fact direct federal loans in 1966 increased by more than 10 per cent in terms of units and 18 per cent in terms of dollar volume. With some moderation in prospect this year in other demands on the economy and with an additional source of mortgage funds provided, I hope, by the proposed amendments to the Bank Act, we can, I believe, be somewhat more optimistic concerning housebuilding in 1967. Other incentives should arise from the November amendments to the National Housing Act and from the formula introduced to automatically adjust the interest rate on loans under the act.

However, Mr. Speaker, it will take time for these forces to exert maximum impact in the residential construction field, and the government has authorized Central Mortgage and Housing Corporation to institute a spring program of direct loans to builders. This program will be similar to recent annual fall direct lending activity that was so successful in encouraging winter construction and stabilizing

employment during winter months for workers generally.

Effective March 1, Central Mortgage and Housing Corporation will accept applications from merchant builders for loans to be made in the period April 1 to May 31 inclusive, without a presale requirement. Federal funds will be available for up to 20,000 new dwelling units during that two month period. I would estimate that some 16,000 of these units will take the form of single family dwellings for home ownership and about 4,000 will be rental units in smaller communities and in new resource areas.

While we hope it will be possible to introduce this special program without a quota arrangement, loans to any builder will not exceed his physical and financial capacities nor will lending in major centres be permitted to drain off excess amounts at the expense of resource or growth areas and smaller centres where the need for both home owner and rental housing is acute.

Of necessity, the program will be kept under close review. Its purpose, simply stated, is to ensure immediate stimulation of housebuilding activity.

**Mr. G. L. Chatterton (Esquimalt-Saanich):** Mr. Speaker, I think the minister started off by stating that he was going to make an announcement on housing policy. Well, Mr. Speaker, if the housing policy of this government consists of merely providing 20,000 direct loans, then in my opinion it is no policy whatever.

In the first place, Mr. Speaker, when the government raised the National Housing Act interest rate by a full 1 percentage point last year they increased the cost of housebuilding to the point where today a person with an average income cannot afford to buy a house under the National Housing Act. This cost was aggravated by the 11 per cent sales tax. Because of the shortage of housing there was a tremendous competition for the available housing, and that competition again raised the cost of houses. For many months we have been urging that the government should have made available more direct loans. When the minister raised the interest rate to 7½ per cent he certainly implied that this should make available from private lenders all the money