

*Housing*

moderate priced houses for sale to home owners. They also may take the form of rental projects, in which event the dominion and the province would seek local management for the completed project.

During our conversations the provinces favoured the first two forms of project. They appreciated that there is a demand for redevelopment and slum clearance. However, with the present high cost of acquisition of land for redevelopment, the high cost of construction for centrally located fireproof residential development, as well as the difficulty in rehousing families now occupying land suitable for redevelopment, there is reason for the conclusion that, whereas rental housing of this kind may be desirable, now is not the time to proceed on a large scale. I would point out, however, that the terms of the enabling legislation will be broad and flexible enough to enable arrangements with the provinces which would include rental projects either on an economic or a subsidized basis. Subject to the very real difficulties which I have just mentioned, the dominion is prepared to proceed with rental housing projects in co-operation with the provinces.

With safeguards that the residential units to be built are of a modest type, the legislation contemplates agreements between the dominion and the provinces to enter into projects in municipalities where need exists, and where suitable arrangements can be made with the help and co-operation of the municipality. Under the agreement both the dominion and the province would have to be satisfied with the nature of the project, whether it takes the form of land assembly, houses for sale, or rental units. All costs of any project developed under this joint arrangement would be a charge against the project. In developing a project each of the two senior governments would be responsible for those operations which they are best able to handle. The province would see to the acquisition of the land and make arrangements for services. The province would receive requests from municipalities and other bodies for public assistance in housing. This meets the wishes of the provinces, and it is appropriate that they should deal directly with their own municipalities.

The dominion as its share of the joint undertaking would see to the planning, design and construction of the projects. It is recognized that a number of operations within the spheres of the dominion and the province will overlap. For that reason it is contemplated that there would be joint management of the development of each project by the dominion and the province. Generally each partner would contribute managerial assistance within its own sphere.

[Mr. Winters.]

Funds for the financing of each project would come 75 per cent from the dominion and 25 per cent from the province. The project would be charged with a rate of interest slightly higher than long-term dominion rates in respect to the dominion's share of the investment. In respect to the province's share, its long-term interest rate, with a like differential, would be a charge against the project. Amortization of the original investment by the province and the dominion over appropriate periods would be a charge against the project. In the case of land being assembled for sale to private builders, and in the case of houses for sale, it is likely that the investment by both governments would be relatively short-term. Where the project takes the form of rental units, appropriate amortization periods ranging from thirty to fifty years would be established.

The annual profit or loss resulting from each project, whether land assembly, home ownership or rental units, would be shared 75 per cent by the dominion and 25 per cent by the province.

It is proposed that the municipalities would receive as a payment in lieu of taxes an amount equivalent to taxes received by them on the basis of normal assessments and normal tax rates for comparable property. The level of these payments in lieu of taxes would be determined upon the advice of the department of municipal affairs and the municipal board of the province concerned. If a province felt that municipal financial participation in the project were necessary or desirable, arrangements could be made by them for the municipality to assume a portion of the province's share of 25 per cent. In any event, the arrangement between the dominion and the provinces would be unchanged.

There are a number of details still to be worked out, but I have outlined the general proposal. We feel that it would be a desirable partnership between the two senior governments. The proposal is flexible and would enable the senior governments to provide assistance where necessary. We feel that the provinces are better able to deal with land, services and municipalities than is the dominion. As a result, the operations should be considerably more efficient than if the dominion were operating in the field alone. Care would be exercised to see that the operations of the senior governments in this field supplement rather than replace the activity of private endeavour upon which we place the greatest reliance for large volume of house building.

The legislation to enable the dominion to enter into these arrangements with the provinces is being brought forward at this session