

*National Housing Act*

presenting in statements by Mr. Robert Campeau, a noted developer in Ottawa for 25 years.

**An hon. Member:** And Bill Teron.

**Mr. Clarke (Vancouver Quadra):** Well, that other gentleman has a different position now. Mr. Campeau says that private enterprise should be given the responsibility for providing homes for Canadians. He recognizes that this is, indeed, a responsibility.

You may wonder, Mr. Speaker, why I am giving so much attention to rental housing. Most tenants would, I am sure, love to be home owners but the government does not help them to become so. In some areas, Montreal for example, 80 per cent of the population lives in rental housing. The province of Quebec introduced rent control in 1973 in an attempt to satisfy those Quebeckers who were tenants—some two-thirds of the population. However, even the tenants themselves reached the conclusion, ultimately, that rent control was a dismal failure.

The Quebec justice minister, Mr. Choquette, said recently, as reported in the press, that the people of Quebec faced either higher rents or the possibility of a housing crisis within a few years. Housing construction declined in 1974, he stated, and the presence of the rental control board encouraged developers to look elsewhere. We shall encounter this type of situation increasingly as the government steps in and interferes with the normal process of supply and demand, whether in the field of housing or in some other area. Such interference gums up the works and in the end it is the tenant, the purchaser or, inevitably, the taxpayer who pays.

I can show that the actions of the government, and even those of CMHC, have made things more difficult for home owners and would-be owners. Inflationary policies pursued by the government have brought about higher interest rates. Look at interest rates in 1936. The government was able to sell 3 per cent perpetual bonds. In times of inflation like the present, an investor cannot lend out his money at less than the inflation rate, which is around 10 per cent, plus a return on his investment. A few months ago the chairman of the Bank of Montreal said savings would have to yield 17 per cent per annum before the average taxpayer could get ahead of inflation which is running at an annual rate of 10 per cent.

Governments speak of profits made by speculators in housing and say land banks are necessary. Well, speculators will not make profits if there is no demand. The increased value of land only reflects the demand. For example, in Ottawa today houses are selling for less than they did last spring. Demand has fallen because of high interest costs, lack of mortgage funds and other reasons. What did the government decide to do? It decided to add to the existing demand for land a further component, that of government bidding. The federal agency would have to outbid all other potential buyers. In case anyone should think this is only a theoretical argument, I should like to read a clipping from an Ottawa newspaper of last November in which the opposition in the Ontario legislature is reported as attacking the government of Ontario on the ground that the Ontario Housing Commission was paying inflated prices for land and had been a major contributor to the high cost of suitable sites. One opposition member

[Mr. Clarke (Vancouver Quadra).]

of the legislature said it was a clear case of the province throwing away the taxpayers' money. Cases of this kind are bound to arise when the situation I have described is allowed to occur.

I can give further instances of actions by government which have the effect of increasing the cost of housing. Twenty years ago I built and moved into my first home. There was a gravel road in front of it, storm ditches, a septic tank and few other amenities. As time went by, CMHC decided that people should not be allowed to live in places which they themselves found to be satisfactory but, rather, that they would be obliged to live in situations prescribed for them by the corporation. For example, all subdivisions were required to have pavements, curbs, street lights, underground wiring and storm and sanitary sewers before becoming eligible for loans.

I have already explained the way in which these costs are passed on to home buyers. But let me read, now, what Ottawa's Mr. Campeau wrote a year and a half ago while working to achieve a breakthrough in house construction costs. Discussing ways by which costs could be reduced, he had this to say:

First, services should be installed by the city and not by the developer who passes the cost on to the buyer. The municipality could borrow the money 2 to 2½ per cent cheaper than the buyer gets when he takes out a mortgage.

The cost of servicing a typical lot is about \$4,000. On a 10 per cent mortgage a buyer is borrowing \$3,600 to pay for servicing his lot.

● (1640)

What he means is a 10 per cent down payment and a 90 per cent mortgage.

Two per cent interest on this money can mount up during a 40 year mortgage.

He went on to say that municipalities would take the initiative and service suitable land, it would reduce the scarcity of building lots and hold down land prices. He gave as an example the city of Montreal, where lots are a lot less expensive than here in Ottawa. A second move suggested by Mr. Campeau was a reduction in the number of agencies which must approve subdivision and other plans. He claimed that there were about 90 agencies and that it took about three years to get approval of a plan from all of these agencies.

This brings me to another factor in the high cost of housing, Madam Speaker. One of the often unseen causes of increase is the increase in government costs as a result of the bureaucracy which is required to run these various programs. Every department and every program has its own bureaucracy. Latest figures indicate that the total number of federal government employees is 443,000 as at December 31, 1973. That is over a year ago, and heaven only knows what the number is now. However, the percentage is probably the same and amounts to 4.6 per cent of the total labour force; the percentage has remained the same since 1968.

Those employed in these bureaucracies feel that they are doing a good job and that their employment is justified, though sometimes they wonder whether the job they are doing is absolutely necessary or even desirable from the country's point of view and from the point of view of the taxpayer. However, recently an official from one of