

Discussion on Housing

on Thursday were construed as criticism, let me say that I criticized only one particular aspect of the report. I recognize that a tremendous amount of work has gone into the preparation of this report. It is welcome, but I do say that in my opinion the role of the council is not only to study but to make suggestions and if I have a criticism it is that while certain statements are made in the report, suggestions as to corrective measures are not contained therein.

There are some passages in the report to which I would like to refer because I think they should be stressed at this particular time. They are to be found on the pages mentioned by the hon. member for Esquimalt-Saanich, but the complete excerpt has not been read to the house. On page 24 of the report we find the following words in the middle of the second paragraph:

Given the nature of the capital markets—their structure, institutions, and responses—tightening credit—

Not tight money.

—typically tends to fall with an uneven impact across the spectrum of demand, bearing especially heavily on the housing sector. Housing thus, in effect, becomes an "economic regulator" which acts to offset excesses in demand elsewhere in the system.

This pattern of behaviour may be traced to the effects of institutional arrangements in the residential mortgage market, on the one side, and to the relative sensitiveness of the demand for house mortgages to the level of interest rates on the other. A substantial proportion of house purchases in Canada since 1954 has been made under the insured loan arrangements established by the National Housing Act.

Until recently, the maximum interest rate on newly issued N.H.A. mortgages was set by the government at irregular intervals. When this rate was at a clearly preferential level in relation to the rates on competing debt instruments (e.g., the bonds offered by business corporations to finance their activities) N.H.A. mortgages became attractive to institutional investors as an outlet for their funds. This tended to be so when, in a period of emerging economic slack, corporate bond and other debt offerings fell off, in relation to the demand for them, producing a firming of their prices and a corresponding decline in their yields. Alternatively, when other interest rates were rising, N.H.A. mortgages became relatively less attractive to institutional lenders and the supply of mortgage funds under the provisions of the National Housing Act was accordingly reduced. In early 1967, the method of adjusting the N.H.A. rate was altered.

There is another passage in the report to which I would like to refer. Reference has already been made to it. It relates directly to the remarks made by any friend, the hon.

[Mr. Nicholson.]

member for Esquimalt-Saanich, and the passage is very significant. It appears on page 135 of the report and reads as follows:

Of the 200,000 starts projected for 1970, it is estimated that about 80,000 units would represent single detached dwellings, and 120,000 units would be apartments, town houses, and other types of multiple accommodation.

As I have said more than once, therein lies the difficulty. The fact sticks out that 120,000 units, 60 per cent of our total need for housing only four years from now, will be in the nature of apartment or row houses. Naturally this need creates a need for a special type of financing. As has been stated, the government had a responsibility to settle and has established certain priorities. Having regard to the change in the nature of our housing requirements and to the changing conditions that are taking place in Canada, I say that we have established priorities and we are getting encouraging results from them.

● (5:00 p.m.)

A reference to the figures will bear this out. I have picked certain years at random. In 1960 the total investment by the federal government, in the form of loans and direct investment in public housing for low income people, elderly persons, student housing, sewage treatment facilities and urban renewal, was \$38.6 million, \$33 million on the housing side and \$5.6 million on the urban renewal side. Now take 1964, the year in which major amendments to the National Housing Act were made. A total of just over \$100 million was invested, \$87 million in public housing, student housing, etc., and \$13.1 million on the urban renewal side. In 1966, within two years of the amendments to the act, the expenditures in these fields of greatest social need reached \$201 million, \$185 million on the housing side and \$16.1 million on the urban renewal side which, of course, is closely associated with housing and improvement in living standards.

In 1967, with only three-quarters of the year behind us, this figure which was less than \$40 million seven years ago has reached the astounding level of \$400 million in the areas of greatest social need, with \$355 million earmarked for housing and \$45.5 million on the urban renewal side. As I think I mentioned last Thursday, Mr. Speaker, \$300 million of that \$400 million has already been committed, with three months of the year still to come.

This is a field in which all levels of government, but more particularly the federal government, have special responsibilities to assist