

months because of the prevailing economic climate, I see no immediate cause for despair and I am confident that before long we will regain the momentum which we have built up over the last six years.

I should like to share with hon. members the facts of the housing situation as it exists today and at the same time describe the actions which the government is taking and proposes to take to change the situation. Because of rising prices, high interest rates and the reluctance of private lenders to commit mortgage funds, the annual rate of housing starts is substantially lower than the record levels of recent years. We have attempted to improve the supply of mortgage funds in a number of ways. First, through the Assisted Home Ownership Program we have made public funds available to finance housing where it is most needed, good housing for people of low or moderate incomes. In spite of those who cried that it would never work, AHOP has been, so far, the most successful of our new social housing programs. I am grateful to my predecessor for introducing this program and for showing industry and the people of Canada that housing can be built at lower prices.

During the first nine months of this year we committed some \$450 million for the purchase of 20,000 homes for some 80,000 Canadians. About half of these homes were new construction. Because of the remarkable success of this program, the available funds have been taken up sooner than we expected. However, I want to assure the House that as soon as additional funds become available, AHOP will be continued. Before the start of the next building season in the spring of 1975, new initiatives will be introduced to complement this very successful program.

So far this year CMHC has made direct loans amounting to more than \$568 million to finance more than 27,000 homes—about two-thirds of them new construction. I announced a few weeks ago that we were prepared to put up \$50 million at 8 per cent if builders in some of the larger cities would build housing for rent at agreed-upon moderate rates. I said at the time this would not be a panacea but one important initiative in dealing with a complex problem. It is evident, however, that it is not possible to fund all the new housing in Canada with public money.

Earlier this year we secured the co-operation of private mortgage lenders who agreed that high ratio loans should be available only for housing in the middle and lower price range. The lenders agreed that, for more expensive housing, down payments would be at least 25 per cent. At a time when mortgage capital is not readily available, this agreement has the effect of directing our financial resources to the creation of modest housing for more families, a strategy more consistent with our over-all national housing objectives. Over the years, the federal government has introduced many measures to encourage private investment in housing. Under CMHC mortgage insurance arrangements as provided for in the National Housing Act, private approved lenders made some \$1.5 billion in loans to home buyers last year.

Last year legislation was passed to create the Federal Mortgage Exchange Corporation and to permit the creation of private mortgage investment corporations. These

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measures are intended to make residential mortgages more attractive and convenient as an investment and to bring more investors, particularly small investors and a largely untapped source of non-equity foreign investors, into the field. We must continue to seek new pools of capital which can be tapped for housing money, and step up the flow from existing sources. I have always felt that pension funds should be much more active in mortgage investments. I know their participation in housing has increased, partly because of the persuasiveness of my predecessors. But I do not think the full potential of these funds as a source of capital for housing has been reached, not by any means. I am going to pursue that possibility. I think the time has come also when we should consider seeking housing non-equity capital from outside Canada in a more active and deliberate way.

As a further step toward making better use of private resources, our success with the Assisted Home Ownership Program suggests to me that if it is going to achieve its full potential in enabling Canadian families to buy their own homes, ways may have to be sought to make use of private as well as public capital under similar terms and conditions. In this way, assistance could be extended to twice as many families than if we were dependent only upon available public funds. At the same time, the private sector would be further stimulated.

As a general benefit for people who are purchasing modest homes for the first time, the government has proposed a grant of \$500 as a way of offsetting the building materials' sales tax, for people who are most in need of help. This was referred to in the last budget and I anticipate it will be proposed to the House again as soon as resources permit. I believe the proposal to inaugurate a registered home ownership savings plan is in the same category. I have great expectations for this plan, which would give a very substantial tax saving to young people who are saving to make a down payment on their first home. I would also hope that a means could be found to see that these funds, or a substantial part of them, are invested in residential mortgages, to further augment the capital supply and the housing stock and complete the cycle for which that money is being supplied.

We will, of course, continue our support and encouragement of provinces and municipalities for the public assembly of land to which we have committed \$500 million over five years, particularly those projects which promise a quick addition to the supply of serviced land, and on terms which will encourage municipalities to speed up planned residential development. The first of this land will shortly be appearing on the market. We are beginning to see the results of that fine program which should assist us in a major way.

In that regard I propose to reintroduce into the House legislation which will continue to improve the federal program of assistance for sewage treatment facilities. As a means of helping to increase the supply of serviced land, storm trunk sewers will be eligible for assistance for the first time where they help open up new areas for residential development and provide lower-cost housing lots. This legislation continues the forgiveness provisions to the provinces and municipalities.