

that even with the easier financing arrangements which would result from these changes, current asking prices in some areas dictate that not all prospective homeowners will be capable of realizing their hopes in the new-house market.

In every city, however, it is possible to buy well-constructed older homes considerably below the going price for new dwellings. And it is to facilitate such purchases that another important recommendation would increase N.H.A. assistance available from the current maximum of \$10,000 to a much more realistic ceiling of \$18,000. Beyond the increase itself, it is also proposed to withdraw the present requirement that a minimum of \$1,000 of the loan proceeds be utilized for repairs or improvements.

This higher level of loan will be made available not only to prospective buyers but to those who already own their house and want to undertake major improvements as well as to builders intending to buy, renovate and sell existing dwellings.

By itself, the offer of higher loans, both for new and existing houses, would imply substantially increased mortgage payments. To a large extent, however, this will be offset by a further proposal to lengthen the repayment period to a term of up to 40 years. We must remember, too, that the more generous N.H.A. assistance will reduce the need for borrowers to turn to expensive second mortgages. This will be of particular consequence in the case of older homes. Obtaining a suitably high first mortgage on such dwellings is often difficult. Many buyers have had to resort to secondary financing with the result they have been forced to make substantial payments on first and second mortgages at the same time.

If we are to be assured a volume of mortgage funds sufficient to support the rapidly expanding housing programs so that the federal Government could devote an even higher proportion of its funds to the urgent social areas of housing need, it is imperative every effort be made to encourage an increasing and steady flow of private investment funds into the residential market.

Government action late in 1967 on the ceiling interest charge on N.H.A. mortgages was a factor that contributed greatly to the improved mortgage supply situation which made last year's impressive housing program a reality. This measure, honourable senators will recall, established the maximum rate at 2½ percentage points above the average yield

of long-term Government bonds and allowed adjustment to be made quarterly.

But in spite of the improvement which followed this move, there have been drawbacks to this system. The lenders' reaction to the quarterly adjustment has often resulted in serious interruptions in the flow of mortgage funds to the detriment of would-be homeowners. For this reason it is now proposed to free the rate entirely and allow it to become fully competitive in the money market.

Another decision of consequence to borrowers will reduce by 50 per cent the mortgage insurance fee collected by C.M.H.C. to guarantee loans made by the approved lenders and those extended by the corporation. At present, the charge in the majority of cases—where loan advances are being made during construction—is 2 per cent of the loan amount. The new reduced fee will, in effect, mean a saving of about \$175 on an average Canadian home.

Honourable senators, all of the recommendations I have discussed to this point concern measures contained in the bill which could beneficially influence future activities under the National Housing Act in the area of open-market housing. One additional amendment has significance in this area, although it is a matter of clarification rather than change.

Condominium housing is attracting growing interest as a form of housing which seems to hold a real potential for aiding our efforts to produce more housing for home-ownership and at lower cost. No reference is made in the present act to this type of accommodation but the provisions seem wide enough to allow its support. Indeed, many of the projects undertaken to date have been built with N.H.A. financing. What the proposed change does then is state clearly and specifically the eligibility of such developments for assistance under the act. It is our hope that this step will serve to make both lenders and potential sponsors more aware of the advantages of this new type of housing.

I turn now to the proposals contained in the bill which have as their purpose the stimulation of current efforts to meet our most difficult housing needs—the needs of those in the lower-income ranges.

As I stated earlier, much was accomplished toward this end in 1968 through developments carried out in all parts of the country under the sponsorship of municipalities, limited-dividend companies, and many churches, service clubs and a variety of other philanthropic organizations.