

Supply—National Revenue

authorized the Central Mortgage and Housing Corporation to offer houses for sale to qualified veterans. However, before the houses could be placed on sale certain requirements had to be met. In the first place the corporation had obtained the co-operation of several cities and other municipalities in providing sites for the houses, and renegotiation with these municipalities had to take place. In addition an assurance had to be received from veterans' organizations and others that there was no longer an acute shortage in a particular city or municipality and that there would be sufficient demand from veterans to buy these houses if they were offered for sale, I might say that when they were initially offered for sale, the sale price of these houses was established on a national basis. But in setting prices for each individual project consideration was given to a series of factors, including the original cost of construction, the age and condition of the houses, their location and their fair market value at the time they were offered for sale. The government was to try, if this could be done in a reasonable way, to recover its full outlay in respect of these houses on a national basis. This policy resulted in sale prices which were somewhat higher than the actual cost in some communities where the market values were higher, and in prices which were somewhat lower in a number of communities where market values were lower. This policy enabled Central Mortgage and Housing Corporation, the instrument of the government concerned, to offer houses for sale in individual communities in the light of existing conditions there.

Because market values in Nova Scotia are quite different from market values in Ontario or British Columbia, you have higher prices in one place than in another. That is not surprising. But if you had sold a house in Vancouver that had gone up in value by \$3,000 or \$4,000, you would have upset the market conditions in that area and you would in effect have been bonusing, to the detriment of taxpayers, including other veterans, all projects in other parts of the country. It was felt they should not offer houses for sale in any city or town at prices likely to disrupt the market too radically.

There was also a serious objection to this program based on the fact that there would be serious speculation in some cities. Houses that might have cost \$10,000 or \$12,000 in 1949 or 1950 had in some instances appreciated in value, due to conditions in that particular city, by as much as \$4,000 or \$5,000.

[Mr. Nicholson.]

It was agreed that if a veteran wanted to buy a house, to prevent speculation they would add right across Canada the sum of \$1,000 per house, which was to be written off if the veteran remained in the house for a five-year period. It was to be written off at so much a year for five years. This technique, I might say, was known as the rebate procedure. I am assured, not only by the officials of central mortgage and housing but by veterans and others that this procedure has worked successfully in connection with projects in many parts of Canada.

Although the agreement with the city of Vancouver covering Fraserview was successfully renegotiated in 1955 to permit the sales program, they were not able to embark on sales immediately because final construction costs for the whole project were not known at that time. The Fraserview project was therefore the last one of the 10 or 15 or more projects throughout Canada that went on the market. The cost reports were completed by the end of 1958, and in February, 1959, the representatives of Central Mortgage and Housing Corporation met with more than 500 of the Fraserview tenants and presented a schedule of proposed prices, together with terms of sale, and that schedule included this \$1,000 mark-up which would be rebated if the veteran held the house for a five year period.

The meeting was in February, 1959, and there was almost unanimous acceptance of this schedule. The houses were offered for sale on May 1, 1959. I might say that the records show beyond a shadow of a doubt that the fair value of the average housing unit in Fraserview was \$2,000 to \$4,000 per unit higher than the actual cost at that time. If they had been sold, it would have meant that every veteran in those houses, in addition to the other benefits he had received would have received a bonus of at least \$1,000, because the \$1,000 rebate would come into the picture if he had sold the house after a five year period.

Throughout this whole program of disposing of houses—this practice has been followed consistently in most parts of Canada—Central Mortgage and Housing Corporation have disposed of thousands of these units under this program. In Vancouver, up to the beginning of June of this year, they had disposed of over 500 houses of the 1,140 or so that comprised this project. But during the whole of this period in every city or community in Canada that had a program of this kind semi-annual reviews were carried on