

Supply—Labour

conditions now justify the use of the formula which parliament has authorized.

The new formula and the resulting rate, with the additional inducement of the N.H.A. insurance feature, should and I am sure will assure a substantial upswing in the volume of lending just as the move earlier this year got results. What happened last year was that at the end of March the prevailing interest rate dropped. Lenders did not have the possibility of operating under any ceiling. If people in business were getting a rate of $7\frac{1}{4}$ per cent they knew it would drop to 7 per cent, and it did drop. As a result there was great activity in that field during February and March but when the rate was at the 7 per cent level during early May and June there was no movement to speak of.

It is a question whether we really want housing and will pay the market price for it, or a reasonable price, or whether we go without needed housing. Most of this borrowed money goes into multiple dwellings—apartment blocks—and people who build apartment blocks do not build them just for the pleasure of providing people with accommodation; they do so for profit. They are in business to make a profit. Why should they not pay the same rates as anyone else in business for profit must pay?

I should like to point out, too, that this new formula which is, as I have said, permitted under the act, will allow approved lenders to choose any rate not in excess of the maximum rate that they deem appropriate for the type of housing to be built or having regard to the location of such housing. They will not necessarily fix the maximum rate. In the light of discussions that I have had, discussions not only with builders but with representatives and senior officials of the lending institutions, the banks, mortgage companies and trust companies, I am confident that this new arrangement will create funds for rental projects, multiple dwellings, in the large urban centres where accelerating growth is creating the most urgent need.

Let us see what happened to the money that has gone into housing. I am sure hon. members, and particularly the hon. member for Winnipeg North Centre in the light of his comments last night, will be interested to learn that the expenditure of the federal government in the field of housing in 1967 will be in excess of \$900 million, by far the largest disbursement in history, approximately three times what it was when we took office just over four years ago.

Some hon. Members: Hear, hear.

Mr. Nicholson: Actual commitments this year already are well in excess of \$750 million and up to the end of August more than \$500 million had been allocated in direct loans for home ownership and rental housing. This is double the direct assistance that was made available in 1966 which, incidentally, was a record year.

Unfortunately, the rate of expenditure is one which cannot be continued indefinitely, since the allocation of funds for housing must be considered within the framework of the government's total social obligations, in addition to this \$500 million for direct housing loans, the government has committed very substantial sums to assist in areas of housing which were neglected when hon. members opposite were responsible for the government of the country—areas which did not exist. We have committed substantial sums to those areas of housing where federal authorities have their greatest responsibilities, namely, housing for low income families, housing for senior citizens and students, and loans and grants for urban renewal.

All these activities, regardless of any economic pressures from outside, require vastly increased government programs. It is in this sector that government housing effort is most justified and it is the government's intention to devote a growing portion of federal aid to these vital social aspects of housing.

The following figures will, I believe, be of interest to all hon. members. Nearly \$150 million has already been provided this year for public housing projects throughout the ten provinces. A further \$21 million has been made available for the construction of low rental accommodation for senior citizens. Almost \$54 million has been allocated for student housing. Municipal programs to eliminate blight and enhance general living conditions have been assisted through urban renewal loans and grants totalling upwards of \$55 million, while another \$29 million has gone to improving municipal sewage facilities. In this field this year more than \$300 million has been allocated to areas of the greatest social need—more than the whole annual program of the party opposite when they were in power, more in nine months of the year than they did in their whole program in a full year, including direct loans, I might say.

Some hon. Members: Hear, hear.

Mr. Nicholson: The amendments to the National Housing Act which were approved by parliament in June, 1964, have encouraged provinces to incorporate their own housing