

Government Orders

The co-operatives have been killed. The ILM, indexed link mortgage, is a popular financing mechanism for co-operatives. While the federally subsidized co-operatives unfortunately might be finished in this country there are opportunities for co-operatives and other social housing groups to look at ILMs as a feasible mechanism.

I understand that even the Canadian Bankers' Association supports the ILMs. I am wondering if the minister would care to comment because in one of those by-laws the ILM may very well be mentioned. I am wondering whether that review of those by-laws is not absolutely necessary for CMHC to ensure that co-operatives are functioning within the mandate of the federal government's policy with respect to social housing and market housing.

Mr. MacKay: I think there may be a valid distinction to be made with respect to the charter and the by-laws. In any event, my colleague mentions the ILM mortgage. We are still involved, as he probably knows, in discussions with officials in the omnipotent Department of Finance. There may well be a light at the end of the tunnel or there might even be a tunnel at the end of the light.

I can assure the House and my colleague from London East that this is an ongoing issue. We are looking very closely at the future of ILM mortgages.

Clause 9 agreed to.

Clauses 10 to 16 inclusive agreed to.

On Clause 17—

Mr. Joe Fontana (London East): Mr. Chairman, clause 17 deals with this new amendment to the National Housing Act, section 15.1, that will essentially authorize CMHC to make loans, just like the approved lender loans for housing where CMHC will be providing financial assistance to setting operating agreements. This is a relatively new authorization that will allow CMHC to directly finance social housing and similar projects.

I would like to know what the criteria will be for writing those loans directly. As the minister knows, there are present agreements that will in fact come due. There are federal-provincial agreements that are in place now. How and when will CMHC directly intervene in financing that specific social housing program?

There are a number of groups, namely the Canadian Housing Renewal Association, and even co-operative groups, the Co-operative Housing Federation, as well as some municipalities that have some questions as to

whether and when CMHC will decide to directly finance those projects.

Hon. Elmer M. MacKay (Minister of Public Works): Just scanning this I think that clause 17 to which my colleague refers is really concerned with the title. Clause 18 is the clause that has the substance in it. Insofar as the criteria are concerned it is as he would expect. It is where we can expect to get the proper financial backing. Of course we must go by reputation. It is not going to affect to any extent the existing arrangements that are made with financial institutions with which we have been used to doing business.

I cannot give him an exhaustive or even an exact definition of all the criteria. However, the reputations and capacity of the designated lenders with which we will be dealing are something that will be looked at very carefully.

Mr. Fontana: Mr. Chairman, I do apologize. Clause 17 is the title so I will make my comments with respect to clauses 17 and 18.

How will that criteria be established? Will it be done by regulation? Will it be done by CMHC directly?

While I am at it, one of the benefits that CMHC has indicated will accrue because of direct financing is that the government may save some \$150 million over five years.

I am wondering whether CMHC intends to use those funds for the purposes of rehabilitating the public housing programs the minister, my colleague, the member for Don Valley East and I spoke about, which are in need of serious repairs. Is the \$150 million going to be a dividend that is going to be paid to the government or will an additional mandate be given to CMHC in order to regenerate those funds for more useful purposes in terms of providing more housing and making sure those public housing units that CMHC now manages are maintained to the standards to which everybody else has to maintain them?

Mr. MacKay: We would hope that at least a portion of the savings that we are reasonably confident about can be achieved by this direct method of financing, which is another option as well as the delegation to direct lending, which I think my colleague would agree might save us as much as 50 basis points under some circumstances. We would be able to take some of those funds and use them, as he and other members have suggested, to refurbish existing public housing. That is a very good suggestion and one we hope to explore and to carry out.