

*National Housing Act*

Mr. MERRITT: The minister mentioned that the amendment to the act will depend upon the exercise of control over the end price. I understand this is going to be an amendment to the National Housing Act, and that therefore it will not operate as price control under bill No. 104, which has just been passed. I should understand that this would be a permanent provision. Will he explain the nature of this control over the end price, as it is to be introduced into the National Housing Act?

Mr. HOWE: I know of no amendment to the National Housing Act to limit price. The price limitation comes under the integrated housing plan, where the builder agrees with the government, prior to undertaking construction, to make houses available for sale at a certain price, which involves a known amount for contractors' profit. In that case the government guarantees to buy the house from the contractor at his cost, that is, the predetermined cost, in the event that he cannot sell it privately. The contractor agrees to sell to the veteran at another price, which involves a profit which the government considers reasonable. That is the plan to which I referred, providing limited profit.

Mr. MERRITT: I thought I was following the minister closely in his statement this afternoon, and it was my understanding that when he referred to the ratio of loan to lending value he said that this increase of ninety-five per cent for houses with a lending value of \$4,000 and ninety per cent for those with a lending value of \$6,000 would depend upon control being placed over the end price.

Mr. HOWE: Yes.

Mr. MERRITT: Surely that requires an amendment to the National Housing Act.

Mr. HOWE: No; it refers to housebuilding under the integrated plan.

Mr. MERRITT: I see.

Mr. HOWE: My recollection—and I shall ask permission to correct myself if I am wrong—is that houses built under Wartime Housing, in general, are built slightly under their lending value; and houses built under the integrated plan are built at not more than five to ten per cent over the lending value. That is my recollection. I presume it does not apply universally. Private buildings, where there is no cost limitation, depend largely upon the profit that the contractor expects to get through the sale of his house. That is beyond the control of the government. For instance, on the \$6,000 house, which my hon. friend suggests is \$2,000 over the lend-

[Mr. Howe.]

ing value, I would presume that a large part of that \$2,000 is the contractor's profit. Under the integrated plan there can be no such spread as that.

Mr. MERRITT: In effect the amendment will be that the ratio of loan to lending value will be increased in respect of integrated housing but not in respect of normal lending under the National Housing Act.

Mr. HOWE: The lending value will be the same for the same value of house. But, unless it is under the integrated plan, the government has no way of guaranteeing that the house built privately outside the plan will be sold to a buyer at a value which has any particular relation to the leading value of the house. The lending value is based on the cost of the building and not on the selling value.

Mr. NICHOLSON: I was interested in the minister's statement that housing is certainly not a federal responsibility, and I wonder if he would indicate whether it was necessary to have an amendment to the British North America Act in order to pass the first Dominion Housing Act or latterly the National Housing Act? Were those acts regarded as interfering with provincial and municipal rights? Then I should like the minister to make a statement with regard to the government's policy as to subsidies. I understood him to say that he personally was opposed to subsidies, but it appears to me that by these amendments he is providing subsidies to the insurance companies. At least they are being guaranteed that they cannot lose on their investment and if that is not a subsidy I do not know how one could describe it.

Mr. HOWE: I said that under the British North America Act the primary responsibility for housing rests with the provinces, since housing comes within the field of property and civil rights. However there is nothing in the British North America Act that prevents the federal government from assisting in housing. Old age pensions are also a matter of property and civil rights and undoubtedly are the primary responsibility of the provinces; yet the federal government contributes to old age pensions.

Mr. NICHOLSON: Then there is nothing to stop you from doing a really good job if you want to?

Mr. HOWE: There is nothing to stop us from helping to any extent we want to, but that does not reverse the principle that under the British North America Act the primary responsibility for housing rests with the pro-