value, but also a relocation expense should be allowed. Then there is the compulsory taking aspect. At one time there was a 10 per cent allowance for this, but now it is not allowed. Judging from the experience we have had in Broadview, no wonder people are not jumping into some of these urban renewal projects. They are being offered prices which are at least 25 per cent below what they would have to pay for comparable homes in another area.

It is very disappointing when we see the Minister of Finance (Mr. Sharp) bringing forth his budget in which he asks for a reduction of 10 per cent in government building, and only a small reduction with regard to private capital in housing. The statement of the minister on May 3 with reference to the 15 per cent reduction in connection with direct loans for the year 1966 is very disturbing. When one looks at the Central Mortgage and Housing Corporation report for the year 1965 he finds there were 166,565 housing starts compared to 165,658 for 1964, an increase of .5 per cent compared to 11.5 per cent in 1964 and 14.2 per cent in 1963.

It is obvious that the trend is downward, and this should not be. When you add the 15 per cent reduction this year, it becomes a very disturbing picture. As a new member I looked upon the Minister of Labour (Mr. Nicholson) as a man of concern and compassion. I happened to read an article concerning a speech he made in Toronto in December 1964, when he said:

For all the talk about what we intend to do, for all our efforts, nearly 100,000 Canadian families live every waking moment of their lives under housing conditions that are really appalling—a disgrace to the communities in which they reside. The same 100,000 families cannot find other accommodation on the open market at rents they can afford to pay, and 20 per cent of all our occupied dwellings have very primitive bathing and toilet facilities. This, I suggest, is real poverty.

And quite apart from the despair and degradation of blight and decay, these neglected areas impose an unnecessary drain on the civic economy. Municipal services and other facilities cost more to provide, while assessments must decline. The extra overhead is subsidized by the taxpayers of the entire municipality—assessments must be increased in good areas to offset diminishing tax revenues in the run-down neighbourhoods.

This is a statement made by the minister in 1964. You get the picture for 1965 of a .5 per cent increase, and now he is asking for a 15 per cent decrease from the 1965 picture. Not only that, but the cost of houses financed under the act increased in 1965 as it has in each year since 1961 because of the increase in the price of materials and wages, and the high cost of land. In 1965 the average cost of an N.H.A house was $17,402 as compared to $16,478 in 1964, an increase of $924.

The president of Central Mortgage and Housing Corporation in his report indicated that the average income of a borrower under an N.H.A. loan was $6,655; the average age was 35 years and the borrower had two children. How many Canadians earn $6,655 per year and can qualify for a loan under the provisions of this legislation? I suggest that these provisions are too restrictive.

• (8:30 p.m.)

The ceiling on N.H.A. mortgages was increased from $15,600 to $18,000 last year. That is an increase of $2,400. The interest rate is now $6\frac{3}{4}$ per cent, having increased in the past years from 5 per cent. The interest rate on conventional loans now stands at $7\frac{3}{4}$ per cent, or 1 per cent higher.

The president of C.M.H.C. indicated that 65 per cent of all new houses were being financed by conventional loans from insurance and trust companies, whereas 35 per cent are financed through N.H.A. loans. It seems to me that this situation should be reversed, and that 65 per cent should be financed under N.H.A. and 35 per cent by conventional loans.

When one realizes that an individual who has a mortgage of $18,000 at an interest rate of $6\frac{3}{4}$ per cent would have to pay $1,200 per year in interest or, as the last speaker mentioned, if a worker earns $100 per week it represents three months' work per year, he must also realize that housing costs are too high. In most cases housing mortgages run for a period of from 20 to 30 years. A man now 40 years of age who wants to buy a home will be 60, 65 or 70 before he has paid for it, and will have paid twice the original cost of his house as a result of the high rates of interest.

The lack of a housing program on the part of the government gives little or no opportunity for elderly people to purchase houses. People who have reached the twilight years of their life are being forced to live in rooms at high rents. The government should take the initiative to make sure that these senior citizens are taken care of in their latter years.

It is obvious that the average income in Canada today is so low that the majority of