

The Budget—Mr. Gilbert

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.

Mr. Speaker, you would agree with me that this is not a bright picture. In the 1965 annual report by the president of Central Mortgage and Housing Corporation he stated that residential construction increased in 1965 but the increase was small compared with gains of previous years. It reflected a high level of housing starts in the first half of the year followed by a decline which almost completely offset the early gain. He claims that the fall was attributable to the shortage of mortgage funds as a result of a heavy demand for investment funds for other purposes. Housing starts for 1965 were 166,565 units compared with 165,658 for 1964, an increase of .5 per cent compared with 11.5 per cent in 1964 and 14.2 per cent in 1963.

The cost of houses financed under the National Housing Act increased in 1965 as it had in each year since 1961. This was largely because of rising prices for materials and rising construction wage rates and to some extent because of larger houses. These factors, together with supplementary costs such as legal fees, combined to raise the average cost of N.H.A. financed houses to \$17,402 in 1965 from \$16,478 the previous year.

He said that the characteristics of persons buying N.H.A. homes remained relatively unchanged from the previous year. The average borrower's income was \$6,655; he was 35 years of age and had two children. He also noted that more than 65 per cent of all housing started in 1965 was financed by conventional mortgage loans by life insurance and trust and loan companies and that N.H.A. loans were increased on single dwellings from \$15,600 to \$18,000. He stated that the demand for housing remained at a high level throughout the year and if funds had been more plentiful in the latter part of the year 1965 could have ended with another substantial increase in housing starts, particularly in starts of dwelling units.

He also noted that amendments to the National Housing Act which were made in 1964, aimed at elimination of slum and blight areas and to meet the housing needs of the

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aged and the poor, were finding acceptance and development by provinces and municipalities. We in the New Democratic Party welcome these changes and hope for an increase in the use of these provisions by the provinces and municipalities.

What are the changes needed to have an active housing program to fill the needs of all Canadians? The fundamental problem with regard to Canadian housing policy under the National Housing Act has been the almost exclusive concentration on loans for new houses. Although there is nothing wrong, and indeed much can be said for a federal agency to lend money and ensure mortgages at fair and reasonable interest rates to buyers of new homes, this attacks only one small part of Canada's housing problem. The problem is that only people who are fairly well off can afford to buy new homes even at the N.H.A. mortgage rate, currently 6½ per cent, which is about 1 per cent below that usually paid for conventional mortgages.

The result of this can clearly be shown by a look at the average income of borrowers under the National Housing Act. The average income of N.H.A. borrowers was \$6,375, far above the national average income. Thus those who had most benefited under the National Housing Act were in the higher income brackets, a situation which Professor James Murray, in a study for the Ontario Association of Housing Authorities, called "socialism for the rich and private enterprise for the poor." For the person in the higher-middle income bracket the National Housing Act has been a fair success.

For those in the lower income groups, however, housing policy in Canada has been a total failure. Since public housing plans were started in 1949, a total of only 10,625 public housing units had been completed to the end of 1964. In 1964 C.M.H.C. approved only 790 units in federal-provincial housing projects. This was down from the 989 units approved the year before. But what is the need in Canada? Professor Murray's study estimated that by 1981 the need will be for 1 million low income dwelling units and an additional 1 million units for so-called moderate income persons earning between \$3,000 and \$4,800 a year. The output to date has not even scratched the surface of the needs for publicly assisted housing in Canada.

In addition, special problems also exist with regard to housing for our elderly people. This group in some cases consists of lower income people. Recent studies indicate that