

*War Veterans' Allowance Act*

going to be very grateful to members of this house for consenting to this section of the bill.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Repeal*.

**Mr. Tucker:** On clause 3, Mr. Chairman, something was said today by some hon. member that the value placed on a home would be the assessed value. Under the regulations under the War Veterans' Allowance Act, as I recall them, it is not provided that the value set is necessarily the assessed value and I just wondered if the minister intended to change the regulations or if I am wrong in my recollection of the matter.

**Mr. Brooks:** My understanding is that it has been the practice, and the formula that is used under clause 3 is as follows:

The exempt value is not the market value of the property but the interest which the recipient has in this property. This interest is determined on the basis of the following formula:

"For the purpose of determining the interest of an applicant or recipient in real property owned or deemed to be owned by him, the value of such interest shall be either of

- (a) the assessed value placed on such property by the city, town or municipality in which it is located, or
- (b) the equity of the applicant or recipient in such real property, whichever is the greater."

For this purpose, equity means the capital investment of the applicant or recipient in real property, that is to say, the original investment and subsequent payments on mortgages when applicable, plus the amount of any additional capital expenditures thereon.

That has been the practice of the department, I understand, since June 1956. That was after the hon. member was closely connected with the department as parliamentary assistant.

**Mr. Tucker:** What I was getting at was the fact that it is whichever value is the greater. Somebody in the house is under the impression that it has been changed and that the value now is the assessed value and I just wish to bring it out that it is whichever value is the greater, either the assessed value or the actual equity of the veteran in the house that is its value less the encumbrance against it. I wish to bring that out because it seems to me that when the Canadian Legion made the suggestion it should be raised to \$9,000, and as the value of real property in the case of houses has more than doubled in the last eight years, I wonder if the minister would say why they did not raise the amount at least to the \$9,000 asked for by the Legion. They asked for this two years ago and they repeated this request in this brief they have submitted recently to the government. Why was it fixed at \$8,000 in this bill instead of \$9,000?

**Mr. Brooks:** My understanding is that the fair market value was the formula before 1956. The Legion in its brief asked that it be increased to \$9,000, based on the market value. We are placing it at \$8,000 which is the assessed value or the equity. As I explained this afternoon, the value in property since 1952 when the \$6,000 valuation was set has increased by 32 per cent. We have increased it 33½ per cent, that is to say from \$6,000 to \$8,000. It is really a better deal, I would say, for the veterans with \$8,000 as the assessed value than it would have been at \$9,000 as the market value.

**Mr. Irwin:** If a man owns a house on which the fair market value is \$12,000 and the municipality is assessing it at 75 per cent, that would be \$9,000; but if that man had an equity in that house of \$10,000, so far as he is concerned he would have to take the \$10,000 as the basis.

**Mr. Brooks:** The provision is, whichever is the greater.

**Mr. Tucker:** Greater.

**Mr. Irwin:** You said whichever is the greater, and in any event—

**The Chairman:** Shall the clause carry?

**Mr. Tucker:** Before it carries I should like to be sure about the matter. I have the regulations here now. Sec. 11 (2) (a) is as follows:

For the purpose of determining the amount that shall be deemed income from any interest in real property of an applicant or recipient or, in the case of a married veteran residing with his spouse, of the veteran and his spouse, whether owned or deemed to be owned by the applicant or recipient or his spouse at the date of making application, or acquired subsequent thereto, the district authority shall,

- (a) where it is used as a residence by the applicant or recipient and from which no revenue is derived, consider as income an amount equal to 5 per cent of the amount by which the fair and reasonable value of such property, as determined by the district authority, less the amount of encumbrances thereon, exceeds six thousand dollars—

So, when a person is living in his home the valuation is that which is regarded as a fair and reasonable value of the property. In regard to that, could the minister tell us what instructions are given to the district authority in arriving at that fair and reasonable value. Because if he can assure us that they are not taking the market value or being influenced by inflationary market values but are being governed, probably, by what the veteran put into his home in the way of ordinary investment and improvements, then it would make quite a difference.

**Mr. Brooks:** My information is that a directive was issued to the district authorities in May 1956 along the lines I suggested here