

those who qualify so that they may have a fair chance to buy a house. Further, in the case of a family with two or more children which cannot meet the 25 per cent ratio governing payments, the government will increase its allowance from \$600 to \$750. This will really be of great help. To those who do not qualify within these limits, the government will say, "We will give you an interest-free loan for five years, after which you will begin repayment at the prevailing rate of interest." The government hopes that this will help the AHOP program to succeed.

What is our position, Madam Speaker? We say that subsidies in themselves will not solve the housing problem as they are given to the purchaser and passed on to the financial institutions. Really, that is all that happens. The government is saying, "We will make sure that your effective interest rate is 8 per cent. We will give you a subsidy of 4 per cent which you will pass on to the financial institutions." Would it not have been far better if the minister had said to this country's financial institutions, "Interest rates shall be 8 per cent"? That is all the minister had to say. I suppose our institutions would have said, "But we cannot lend money at 8 per cent interest." Madam Speaker, is it not Canadian money? Surely, financial institutions are under the social obligation of providing Canadians with mortgages at decent interest rates. Considering their high earnings, such mortgages would make only a slight dent in their profits.

● (1730)

Again, Madam Speaker, the AHOP program, with the subsidies entrenched in it, helps people with moderate and high incomes. To qualify for a mortgage in Toronto under AHOP you have to earn at least \$19,000. I am sure there are many in the riding of the hon. member for Spadina who do not earn that amount. A higher income will be necessary if the price increases above \$43,000. I have heard it will be at least \$48,000 in Toronto. This legislation will not do a great deal with regard to increasing supply and it will not help people with low incomes.

We need public housing. In this respect we had a substantial drop to 19.2 per cent in the 1974 budget. I think the government reached the height of this inadequate program when they suggested special capital cost allowances to persons who are not developers but who invest in rental projects, permitting them to charge investment losses against their incomes and thereby reduce taxes. I am sure the hon. Member for Davenport (Mr. Caccia) and the hon. member for Spadina (Mr. Stollery) want to hear just what this capital cost allowance is all about. I did a little work on it. Here is an article which indicates the gouging that goes on. It says Winnipeg-based Richardson Securities of Canada sold an issue in September for private investment in a low-income, multiple-unit housing development. For an investment of 15,000, in the first year someone in the 60 per cent tax bracket could get a reduction in income tax of \$15,000 because of the shelter. This is the capital cost allowance provision. If you are in the 60 per cent bracket and you invest in this and get a capital cost allowance, you have a saving of \$15,000 on an investment of \$15,000. If that is not a rip-off in favour of the rich, I don't know what it is.

What is this going to cost the Canadian people? An official of CMHC says the program will ultimately cost

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between \$50 million and \$60 million a year. I do not have the figures—we will get them in committee—but I would wager that \$50 million or \$60 million far exceeds any of the subsidies under the AHOP program. The minister threw a few tidbits to the municipalities. He said, "We will give a \$1,000 grant to municipalities which approve medium-density housing within the reach of AHOP, and assisted rental price limits." This will be of little or no help to the big cities, though it may be of some assistance to the small cities.

This idea was presented before the provincial representatives on housing and they showed little or no enthusiasm for it. We were told, "We are going to give loans and grants to municipalities for water treatment facilities and to municipalities where they are needed to open up land for housing." So what does the parliamentary secretary to the minister do? This could help the development of raw land. He said, "We are going to put a limitation on it to April 30, 1980." Why the limitation? I hoped the parliamentary secretary would have told us how much money they were going to give to it. There was no mention of the amount of money which was to be put into this program. But they put the limitation on.

Hon. members have a right and a duty to ask what we in the New Democratic Party would do. The first thing we would do would be to strike at the fundamental causes of the high cost of housing. We would strike at high interest rates. We would strike at land costs and we would make sure we had an adequate supply of housing, especially public housing, co-operative housing and non-profit housing. We would see to it that the financial institutions were legislated into applying a percentage of their investment portfolios to housing on the simple reasoning that they have a social responsibility to all Canadians to see they are decently housed at reasonable cost.

Mr. Knowles (Winnipeg North Centre): Hear, hear!

Mr. Gilbert: We would do it not only to the financial institutions but to the pension funds. I have always noticed that the minister has talked about pension funds. The pension funds have money, and if that money can be applied to housing, they should not come under the umbrella. With regard to land costs, we are in the grip of the developers. I have pointed out how necessary it is for the government to get right into the land development business and acquire those lands, control them and release them when they are needed. This would bring down the high cost of land. Then again, we in the New Democratic Party would set up a building corporation. At the moment, we are still at the mercy of the builders. A building corporation could see to it that the main needs of people in the low income group were taken care of.

I heard the minister say he had visited Europe, and so forth, and that we in Canada are very fortunate to be so well housed. Madam Speaker, I have been in England, I have been in France, Germany and Sweden. The main thrust in housing in those countries has been in the direction of public housing. In London, the county councils build public housing for people, at reasonable rates. You get it in France, Germany and Sweden. What do we do here? We give a low priority to public housing and we try to sugarcoat the people who are buying AHOP properties