

*National Housing Act*

respect of housing, particularly to buy housing. Many people who want to buy a house have a cash flow problem. I think these programs go a long way to assist them in that regard.

I think it is important that the focus of this program is on lower and medium-income housing. Many speakers have said this. I am concerned about the things that are happening in some areas which are similar to the one I represent. They are, perhaps, very different things from those which may be happening in some smaller towns such as represented by the previous speaker, or in the heart of the city such as represented by the critic for the New Democratic Party. However, living in a community such as Brampton-Bramalea, I find there is a very dynamic increase in housing, largely to support the city of Toronto. There is the same situation around any large municipality and I think we are fast getting to the point where it is almost impossible for these municipalities to stand on their own from a municipal tax base.

What is happening is that higher income people from the cities are moving out to places like Brampton-Bramalea. Perhaps they are able to afford higher-cost housing than many people. The community then becomes truly a bedroom community for a larger city. The objective, that there should be a good balance between residential and industrial assessment to keep municipal taxes under some kind of control, is very difficult to maintain; the cost of housing becomes so high that industry is not interested in locating in such areas because the workers they wish to attract cannot afford to live in these communities. We find that around most of the larger cities there is quite a belt which is made up of municipalities where people who work in the cities live. This housing action program as set out by the government will deal with that problem by forcing or motivating the construction of a great many houses for the lower and medium-income sectors which people can afford.

Another thing which is of very great concern is the tremendous resistance both by municipalities and groups within municipalities to the construction of this type of housing. Municipalities object to it because for most of them it is just a money-losing proposition to build this many new houses. That is why I am glad the housing action program allows the government to pay the municipality on a per unit basis, making it possible for the municipality to break even in this regard. Not given that break, the municipalities would either face a serious tax problem in the years ahead or, more seriously, they might refuse to build this type of house and the needs of many people would not be met.

In my area I am most concerned about the very tight rental situation. We have a housing industry, but many people are forced to rent. Figures for the city of Toronto show that very close to half the people living there are in rental accommodation as opposed to owning their own accommodation. There are real problems in the rental housing industry. In many areas with which I am familiar there is virtually no construction of rental housing accommodation; the economics of it are not very good. Also, there is tremendous resistance from people who own single-family homes to having multiple dwellings built anywhere within the area where they might be affected.

[Mr. Milne.]

Another matter which is of real concern at the present time—and I think this program will help alleviate it to a degree—is the tremendous rent increases which many people are facing. These rent increases are very hard to absorb and for many people they are very hard to understand, but predominantly they are caused because much of the rental accommodation in Ontario was built five years ago, or a little more, on very short term money, five-year mortgages and ten-year mortgages. I suspect this is true across Canada. At that time interest on mortgages was 6 per cent, 7 per cent and 8 per cent. These buildings have to be refinanced, perhaps at the present time, with money which is much more costly. So in order for owners to survive the refinancing of their buildings, they are forced to pass on very substantial rent increases to their tenants. The response to this has been rent controls, and this works against more building activity. I am sure the rental situation in most municipalities is very critical.

During this debate I think everyone on this side of the House who participates will say that they enthusiastically applaud the assisted rental program, and hon. members opposite will say that it does not go far enough. I think both viewpoints are correct. It is a good program, but I am concerned that there is not enough money anywhere to put into this program so that we can adequately cover it. I do not know how much money should be applied to this program, because the need is very great. One of the significant changes in the program is the loan approach, or the roll-over provision, whereby the money that is lent will be repayable and reusable by other people when the term of the mortgage is up, if the building is sold or if the building should be refinanced in any way.

The Assisted Home Ownership Program has probably been one of the most successful housing programs ever, mainly because it gets people into houses. I said previously I was concerned that in a country like Canada, with so much land and so much potential for housing, a high percentage of Canadians live in rental accommodation. This percentage is increasing all the time, mainly because people cannot accumulate enough money to raise the down payment on a home or cannot early in their marriage afford a home. Of all the benefits the Assisted Home Ownership Program may bring, that would be the greatest. Last year AHOP helped over 16,000 people to get into houses.

I say to the minister and to the government that an assessment of the limits on house prices under the Assisted Home Ownership Program should be very carefully considered. At the present time, the limits are set on a fairly wide basis. They may be based upon a city and that city's area may take in quite a large surrounding area. I urge the government and the minister seriously to consider setting the upper limit of this program on almost a community by community basis. There may be a community within 30 miles or so of a large city. The forces playing on the market in that community are really caused by the dynamics of the housing industry within the city. There may be another community 50 or 60 miles from the same city, which operates independently. The dynamics of the housing market then are very different. So I think that under the present laws, the limits that apply to large areas may be acceptable in one community and in another community