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Standing Committee on Public Accounts

Wednesday, October 24, 1979

Chairman: Mr. Mandeville

10:10 a.m.

MR. CHAIRMAN: We'll bring our meeting to order; sorry for being late. We're going to have to check up on some of these other committees and get them out of here on time. We'll make sure we're out at 11:30.

Are there any errors or omissions in the minutes?

MR. McCRAE: Would we just file the minutes, Mr. Chairman? (Inaudible).

MR. R. CLARK: We can always check Hansard.

MR. McCRAE: I would prefer we just file the minutes.

MR. CHAIRMAN: Still, Mr. McCrae, I think we should have the opportunity of asking if there are errors or omissions. If there are, we can bring them to the attention of the committee and have them changed. If there are any errors, Mr. McCrae, maybe you would give them to our secretary and we can rectify them.

MR. McCRAE: We have the transcript anyway.

MR. CHAIRMAN: Right, we have the transcript to follow if there are any errors. Any business arising from the minutes? If not, we'll file the minutes. We're going to get into Housing at the present time. I would like to call on our minister to introduce his staff if he would, please.

MR. CHAMBERS: Thanks, Mr. Chairman. Joe Engleman on my right, president of Alberta Home Mortgage Corporation; Rick Beaupre, executive director of the grants assistance division of the Department of Housing; Murray Rasmusson, acting deputy minister of Housing; Ken Pohlko, vice-president of administration of Alberta Housing Corporation, and acting president now in the absence of Mr. Shelley; Darwin Earl, vice-president in charge of property development; Bud Schaab, vice-president of property management; Bruce McGlashan, director of rural housing and research branch; and I think you all know Sylvia Price, my executive assistant.

MR. CHAIRMAN: If it's the wish of committee members could we get our witnesses sworn in at this time. Then the Law Clerk wouldn't have to stay here during the meeting.

*Messrs. Engleman, Beaupre, Rasmusson, Pohlko, Earl, and Schaab were sworn in.*

MR. R. CLARK: Mr. Chairman, to the minister. One of the areas I expressed interest in was the rural and native housing program I believe the gentleman

responsible for the rural and native housing program perhaps wasn't sworn in. Now there may be some good reason for that.

MR. CHAMBERS: Mr. Chairman (inaudible)

*Mr. McGlashan was sworn in.*

MR. CHAIRMAN: We'll now set our ground rules, committee members, on how we're going to ask questions and how many supplementary questions we're going to be permitted to ask. I think we should restrict our supplementary questions. In our past meetings, I understand we had one question and two supplementaries. Would that be agreeable?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: So that's what we'll do then. We'll have one question and two supplementaries, so we don't get into a long, unnecessary question period in any particular area.

MR. McCRAE: Mr. Chairman, just one point. I'm presuming we'll follow our usual practice of asking our question of the minister and the minister will either answer or designate someone else to answer, as he feels is appropriate.

MR. CHAIRMAN: Yes, the minister has requested that we direct all questions to him, then he'll direct them to whoever he wants to.

Mr. Minister, do you have some opening remarks you would like to make before we start our questioning?

MR. CHAMBERS: Mr. Chairman, in view of the fact that I think I gave a fairly extensive opening remarks a month or so ago before the heritage fund committee, in view of the time frame I didn't really think I would make any opening remarks. I have distributed, though, a copy of the blue covered housing program book that members might find useful. Other than that, Mr. Chairman, I thought I'd rather respond.

MR. CHAIRMAN: Possibly we could just get Mr. Rogers to give a reference to Public Accounts. It's on page 257.

MR. ROGERS: Commencing 256, Volume 2 of Public Accounts.

MR. CHAIRMAN: Would you just give us a brief resume of that?

MR. ROGERS: On page 256, you'll find the index to the set of financial statements.

MR. COOK: Mr. Chairman, I wonder if those members who didn't receive the blue program book could possibly get a copy. Thank you.

MR. CHAIRMAN: Could anyone who didn't receive a blue book put their hand up and Mrs. Price will deliver you one.

MR. ROGERS: On page 256 also appears the Auditor's report addressed to the board of directors of the Housing Corporation, the Balance Sheet, the Statement of Revenue and Expenditure on page 258. On 259 we have the Statement of

Contributing Surplus. On page 260 are the Notes to the Financial Statements. Perhaps the only one I would draw attention to is Note 9 on Commitments, which states:

As at March 31, 1978 the Corporation had contractual obligations with respect to investment in projects for which the amounts could not be determined.

This has been a subject of report on previous years.

Following the Notes to Financial Statements, on pages 262, 263, 264, 265 and 266 are schedules to those accounts.

Mr. Chairman, I believe those are the appropriate references in Public Accounts to the Housing Corporation.

MR. CHAIRMAN: Thank you, Mr. Rogers. Are there any questions the committee wants to direct to the minister, and the minister will direct them to whoever he wants to reply.

MR. R. CLARK: Mr. Chairman, to the minister. Mr. Minister, the area I'd like to ask my first question and my two supplementaries in today really deals primarily with the rural and native housing program we've been on several times in the course of question period and exchange of correspondence between the minister and me. Mr. Minister, I'd like to ask specifically for the department's -- if I could use the term -- explanation for just one area. That would be the purchased subdivision in the town of Lac La Biche. Could we get some sort of history of where the impetus came from to purchase it, why it was purchased, what we paid for it, the status of the subdivision today. The supplementary questions, Mr. Minister, that I propose to ask are in the area of what steps the department has taken to -- albeit the problem is in the past -- kind of shape up the operation. But could we start with the Lac La Biche situation. My understanding is that Alberta Housing Corporation ended up purchasing a subdivision in Lac La Biche. In fact I visited it during the extracurricular activity we had last March, and looked at the subdivision. I understand that one of the basements has been done twice and we're now starting a third time to do it. I would be interested in the occupancy.

But more important than that, where did the impetus come from, who did we buy it from, how much did it cost -- that whole area.

MR. CHAMBERS: Mr. Chairman, I also visited that not too long ago. I'd refer that question to Darwin Earl.

MR. EARL: If my memory serves me right, we became involved in the Lac La Biche subdivision some two and a half years ago. This was at the time when there was a great pressure for rural and native housing, and a great need was identified in Lac La Biche for housing. At that time no land was available for large-scale development; by that I mean in the neighborhood of 15 or 16 houses. So in investigations, the Alberta Housing Corporation became aware of property that was available that a Mr. Tkachuk owned. It was determined that we would purchase this property because of the need to expedite this. Mr. Tkachuk already had approval for subdivision and within the purchase price would service the total subdivision. So the Alberta Housing Corporation entered into an agreement to purchase from Mr. Tkachuk. At this time, I can't tell you the exact price we paid for that subdivision.

The resulting activities and problems that were encountered there I think would take a great deal of time to explain. In summary, we then, based on the fact that Mr. Tkachuk committed to a completion date of the subdivision -- I can't tell you the exact completion date of the subdivision, but this was part of the agreement -- we then put out a tender for 22 rural and native housing units there. The problems began when servicing of the subdivision was not completed on time. We had let a contract to Mario concrete and masonry to build the 22 houses. He entered onto the site before the services were completed. As time went on, Mr. Tkachuk did not complete the subdivision through M & M construction -- that was his company. Also, Mario concrete and masonry, the home builder, did not complete his contract and it is still not complete. Neither one of those contracts is complete. So over the past nine months, the Alberta Housing Corporation has been endeavoring, through legal means as well as through our own forces, to go in and, first of all, to complete the subdivision in terms of servicing. As of this date, curbs are in, roads and sidewalks are in. Paving will have to wait until next year.

However, there are still outstanding problems with two of the houses: one that you mentioned. It is true we have put in two foundations. We've even hired an engineer to assess the problem there. It appears it's located on unstable soil, totally. We may have to move that unit right out of there. Another home is not settled; it was built off-level. So there are still outstanding problems there, and we have asked Mario concrete and masonry to enter into arbitration with us to try to settle this problem.

At the time, the town did not want all 22 houses to be occupied for rural and native housing. So, after discussions and negotiations with the minister at that time, Mr. Yurko, it was determined that only 11 of the homes would be used for rural and native housing. The other 11 homes would be sold on the market and would be financed under the Alberta Home Mortgage Corporation funding. Those other 11 homes are on the market right now and two have been sold. The other homes, the nine that are capable of being occupied -- because of the problems with the two houses -- I believe we have tenants for either seven or nine of the rural and native housing units. I think all nine are allocated.

MR. R. CLARK: Mr. Chairman, the first of my two supplementaries, and one has a little difficulty keeping it to just two. But I hope the committee wouldn't consider the question of: can the committee get a copy of the agreement between the gentleman that was mentioned and the Housing Corporation, or M & M, or whatever agreement was reached between the corporation and the builder or the people they bought it from. Can we get a copy of the agreement so we can have a look at it and then perhaps go from there.

Secondly, while we are asking for information, could we also get some indication now what the total cost is going to be of the whole project when it's finished. I'm sure the corporation -- in fact I'm told by officials of the corporation that projections were done by the corporation about what the costs would be initially when the whole thing was finished. I think it would be very interesting to see what in fact the real costs have been. So if we could get that information.

Mr. Chairman, my next concern rests with the question of -- Mr. Minister, what procedure does the department use for giving final approval for the rural and native housing program. I know a number of the homes are built by contractors, or at least some of the homes are built by contractors. Some of the homes I've had a chance to visit very shortly after people have moved into them have, very frankly, been in what I would refer to -- recognizing where we

are -- as bloody poor condition. Does the Alberta Housing Corporation, the Home Mortgage Corporation, or who does the final inspections before some of the people get their last money?

MR. CHAMBERS: Mr. Chairman, I'll ask either Mr. Schaab or Mr. Earl to respond to that. However, the units are tendered of course. Some contractors provide a super-finished product initially, and others maybe take more work to achieve the final end we'd like to achieve. We have the same kind of guarantee that's available through the new homes certification program, through the corporation; in other words, one year on everything and five years of structural. Perhaps, Darwin, you'd like to supplement the answer.

MR. EARL: Mr. Chairman, the Alberta Housing Corporation inspects the units before they are accepted from the contractor. The units must meet the terms and conditions of the contract before we accept them. I was wondering if we could perhaps ask if you have any specific example of very poor conditions, as you say, shortly after the tenants have moved in.

MR. R. CLARK: The Canyon Creek ones.

MR. CHAMBERS: Mr. Chairman, I'd have to say that I looked at Canyon Creek in August. Of course none of the units had been occupied at that point in time. I didn't really see any -- well, there was unit that because of the surface drainage problems in the community had some water in the crawl space. Other than that, they were in excellent condition. I wouldn't see how they could really be improved upon. In Canyon Creek I think two are occupied and two more are in the process of being occupied. If we don't get applicants, we may move one of them out.

MR. R. CLARK: Mr. Chairman, answering the question then, the Alberta Home Mortgage Corporation or the Housing Corporation does its own inspections? Has the Home Mortgage Corporation or the Housing Corporation, during the course of the rural and native housing program, ever gone back to a contractor after the approval has been granted and got the contractor to come in and fix -- I could refer to Faust as another example, where certainly I saw what I regard to be very poor construction and a very poor location I might say too.

But what I want to ascertain is, does the responsibility rest with the Housing Corporation and the Home Mortgage Corporation for this final approval? After looking at a number of the places on two different occasions, I have come to the conclusion -- rightly or wrongly; whether it's shared by the corporation or not -- that somebody is doing a pretty lackadaisical job on the final inspections. We've now been told that the corporation does that. Then I want to find out if the corporation has gone back to any of the people they've given contracts to and gotten money within that first year or within the five years as far as structure is concerned. Has the corporation, one, tried and, secondly, has it been successful?

MR. EARL: Mr. Chairman, the answer to your question is yes. I would like to further elaborate and indicate that in the two communities you have mentioned, Faust and Joussard, were the first projects that the corporation ever built under the rural and native housing program. That was over three years ago. Since that time, many changes and improvements have been made. In the case of the Joussard project, while we only have a one-year warranty we can go back to the contractor on, the particular contractor in that case actually came back

well after the one-year warranty period and spent considerable money of his own to rectify problems that in some ways he really didn't feel were his responsibility, but because he wanted to maintain a good reputation he did come back and spend considerable moneys.

In the case of Faust, there are three phases. It isn't just one project; it's three. The contractor never went back there, but Alberta Housing Corporation did go back to Faust and do extensive remedial work.

MR. R. CLARK: Why were they accepted?

MR. EARL: Alberta Housing Corporation accepts all units if they are deemed to be built according to the terms and conditions of the contract agreements. In those cases, those houses did meet the terms and conditions of the contract.

MR. TRYNCHY: Mr. Chairman, to the minister. First of all, I would like to say how pleased I am with rural and native housing in my constituency. I have a number of units. In one community I have a little over 30. All of them are very good. So I want to compliment you on that.

The question I want to ask, Mr. Chairman, is: what type of support do you have with Environment? I speak in regard to Niton Junction where you've had some property going for three years and we can't get a sewer program in because of the high water level. We have people on the waiting list. Is that being too specific? I'd like to see if we can get some co-ordination between Environment and you. Are you having some difficulty? If you are, what is it? Why can't we move?

MR. CHAMBERS: Someone here may be able to answer specifically with regard to Niton Junction. It is a difficult area. In other words, some communities, for example, High Prairie, has all the amenities so you can build a house there. Of course there's no difficulty with the sewer, water, natural gas, or other services. However, we've tried to respond to construction of housing where the demand is, whether it be Faust, Grouard, High Prairie, Niton Junction, or wherever. In some areas it just isn't economically feasible to put in a sewer and water plant. One is looking into millions of dollars. If you're going to build three or four houses, it really isn't feasible to put in a central sewer and water system.

That of course creates some difficulties. In some areas, we have to use seepage mounds or evaporation mounds, perhaps outdoor facilities; in other words, the type of facility that is probably being used in the community as it now exists.

So in terms of services there are significant differences, depending upon the community the house is built in. Darwin, are you familiar with the specifics of Niton Junction?

MR. EARL: Yes. In Niton Junction I believe we have a small subdivision of something like 10 or 12 lots.

MR. TRYNCHY: Sixteen

MR. EARL: Sixteen. In this particular case, Niton Junction isn't serviced. Since we have just this small subdivision there, it was determined that all we could do was rebuild it to the current standard of the rest of the community. When we go into a community of that size, we really can't do anything other than meet and work with the community. We don't have the mandate or the

resources to go in and provide services for the full community. We're mainly interested in just the subdivision we're dealing with. But certainly if the community wanted to work on a municipal improvement system, we would be interested and willing to pay our share of servicing the area we're developing ourselves.

MR. TRYNCHY: Supplementary. I think we're missing the question. I wasn't asking the department to put in a water and sewer service. I wanted some type of program where these lots -- 16 for rural and native housing, and a few more lots for the ordinary citizen. Could you not provide a pumpout station, where one or two lots could be tapped into one pumpout station, or a mound system? We can't seem to get co-operation with Environment for any program. I'm not looking for a town system. That development in that community is the largest of the community, so it would be a pretty major thing. But could we get into a mound system, an evaporation system, or a pumpout station that could be approved and we could move ahead. I guess that's the question I'm asking.

MR. EARL: I think your suggestion is well taken. I think it's something we could look into, to see whether there is something that could be worked out with Environment, and the costs associated with that sort of thing.

MR. CHAMBERS: I would underline, though, Mr. Chairman, the difficulty and the variation from community to community. It depends on water tables, what Environment is perhaps willing to permit, in terms of whether a field may be used or you have to use an evaporation mound or a pumpout cistern, or whatever. So there are going to be significant differences between communities.

MR. TRYNCHY: The last comment, Mr. Chairman. I wonder if the department really checks out the situation and the land location before they move in. If we have trouble with a high water table, why do we locate there? Why don't we move in conjunction with Environment? That's the kinds of things we might be able to do away with in future. If we run into a spot where we're going to put some housing, check it out before we really move. Is that the way your department has been working?

MR. CHAMBERS: I appreciate the advise, Mr. Chairman. I think we do that. Of course land isn't always readily available. In fact, it's often a problem to acquire the right property at the right time. All property isn't perfect; for example, the Lac La Biche situation. One doesn't normally do deep drilling to determine structural stability. Normally in a community you don't encounter those problems. But we have with that one particular basement.

So, again, with land sometimes you have problems, mostly you don't. It depends a lot on what's available in the community at the right price at the right time.

MRS. OSTERMAN: Mr. Chairman, as the minister is well aware, Airdrie is in my constituency. Of late, I've had many calls about the co-op housing program, CHAP. I understand there are 80-some families going to be in the process of soon beginning their homes. First of all, I wonder if the minister will comment on the success of this program around the province. Secondly -- I'll add one supplementary already -- I would like to know how much land is set aside in Airdrie for the continuation of this program if it's going to be as successful as these people seem to think it is.

MR. CHAMBERS: Mr. Chairman, in general terms, the program has been extremely well accepted across the province. We're now into 70-odd communities. The demand for the program is very high. It's a program I'm really pleased with. I think it's philosophically very acceptable to every member in this House. It's a self-help program, an opportunity for many young people to get into a house that they would normally never be able to acquire, or at least not yet. The response we have from the people who get involved with CHAP is really terrific.

As for Airdrie, it's progressing well. We've had a good summer weatherwise, fortunately. I'd ask Murray Rasmusson to give a specific update with regard to progress and number of lots.

MR. RASMUSSON: Thank you, Mr. Chambers and Mrs. Osterman. With respect to Airdrie, on the east side of the highway we have 170 lots that will be allocated to the co-operative housing program: 85 in what we call Big Spring Estates, Airdrie phase two; 85 in what we refer to as Airdrie three, the Borger property. Across the highway, on the west side, the lots will be developed next year. There are 279 lots to be developed there; half will be allocated to the co-operative housing program.

So, in total, 160 on the east side and 140 on the west side are slated for CHAP in Airdrie.

MRS. OSTERMAN: My last supplementary, Mr. Chairman. Is the program flexible enough that, for instance -- I'm led to understand by some of the people there who have made application that their understanding is that there are lots now set aside for what we would call mobile or modular housing that are not being applied for; in other words, a quota has been set aside and there just are not the applications coming in. Are we going to be flexible enough to put some of these lots into the co-op housing stream, so if there is a large demand -- if the figures I was given by these young people are accurate, in total, including their lot, they are going to be putting out something like \$50,000 for an 1100 square foot house. Looking at the way they're building it in terms of insulation and the general structural requirements, I feel this is a very high standard home, structurally certainly. To me, it would seem to be absolutely necessary if land is in short supply and we have one program that is not filled to look at some flexibility in that area.

MR. CHAMBERS: Mr. Chairman, we would of course exercise that flexibility, if required. At this point in time, we have adequate supplies of lots for CHAP. We're not sure the other program won't be fully subscribed. But, sure, we'd exercise that kind of flexibility. We monitor that sort of thing on an ongoing basis.

MR. CHAIRMAN: Just before Mr. Clark gets up, they're recording our, or it's going to all be on transcript here and they'll be having some problem. I wonder if I could ask committee members and witnesses if they would stand in their places when they make their comments. That would make it much easier for the recording. Mr. Clark from Drumheller, followed by Mr. Cook.

MR. L. CLARK: Thank you, Mr. Chairman. My question is on native housing and the need for some type of housing for older people on some of our reserves. I would like to ask the minister is his department has looked at the feasibility of placing a supervised senior citizens' lodge on any of the Indian reserves throughout Alberta.



MR. CHAMBERS: Mr. Chairman, since the member is talking about reserves, the answer of course is no. We're not involved at all on the reserves.

MR. L. CLARK: Mr. Chairman, I realize there are problems involved at the federal jurisdiction, but I wonder if anything is doing to be done in the future, in your estimation, to overcome some of these so there is some way some type of senior citizens' lodges could be placed on the reserves.

MR. CHAMBERS: It's my recollection that there are ongoing negotiations with the federal people in this area. Personally, I would hope the day would come when we would be able to provide the sort of facility the member talks about.

MR. COOK: Mr. Chairman, I'd like to try to put the rural and native housing program in some perspective. Mr. Minister, could you indicate how many families have taken up subscription on this kind of program, what their average family income would be, the rough distribution of that program in terms of the northern regions -- I'm thinking particularly around the Slave Lake area -- then through the rest of the province. I'm just trying to get a feel for where your active -- for example, would it also include southern Alberta?

MR. CHAMBERS: Mr. Chairman, to the end of July, 467 units existed, and we're estimating about another 100 to be completed; mobile homes 443, another 30 coming on; transitional 14, with another 110; rural home assistance 101, with another 77. So that would add up to something in the order of 1600 rural and native, including total existing units and planned and under construction.

In regard to the other questions you ask, I'll refer those to Mr. Beaupre.

MR. BEAUPRE: Mr. Chairman, I guess the question left is the actual distribution across the north. With respect to income, I don't believe I could answer specifically today. I could after a bit of research in a couple of days, if you wish. The maximum income guidelines on the program are at present \$15,000 per annum. So the average income would probably be somewhere around \$10,000 to \$11,000. That has increased in the last year and will probably continue to increase next year.

With respect to distribution, we've covered actually four programs here: the rural and native specifically, the mobile home program, the transitional housing, and the rural home assistance are completely throughout the north, north of Highway 16, from units in probably the most eastern Metis settlement of Elizabeth and Fishing Lake to the most western and northern settlement of Paddle Prairie, including other communities such as Wabasca, Calling Lake, Fort Chipewyan; then as far south as Wildwood. I think that's basically the general distribution. Almost every community has one of the four programs in it.

MR. COOK: Mr. Chairman, I've travelled through some of those communities and some of the conditions a few years were pretty appalling. Is it fair to say you're working on a priority system, trying to handle those individuals who are in greatest need, and you're working your program up through the income scale? Secondly, do you work in conjunction with the Department of Social Services and Community Health in identifying those kinds of communities and follow-up programs after?

MR. CHAMBERS: Mr. Chairman, if the hon. member thinks conditions are appalling now, I suggest he should have been driven up through some of those areas a few years ago. The 1600 units that have gone in I think have significantly upgraded the life style of a major part of many communities in northern Alberta, not only the rural and native houses but the mobile homes, the emergency units we have provided on an almost instant basis if somebody has a fire or health problem related to the structure they're living in; the rural home assistance program, the self-help program -- all of these I think have contributed substantially to the upgrading of these areas. Sure, there is a long way to go, and we plan to continue to endeavor to further upgrade communities and help the people.

I'm sorry, Mr. Chairman. I wonder if the member could repeat the other part to his question.

MR. COOK: Sure. I was just trying to put it in perspective. If you like, I congratulate the minister for what I think is a pretty good program, and you've succeeded in doing that. Thank you very much.

MR. CHAMBERS: I recall now. I think it was in regard to health and social development. Yes, our counsellors of course refer any problem they identify to health and social development, or AADAC, or whatever the appropriate organization may be.

MR. PENGELLY: Mr. Chairman, my questions are directed to the Alberta family home purchase program. Could the minister inform us as to how many approvals have been made this year?

MR. CHAMBERS: Perhaps, Mr. Chairman, I could refer that to Mr. Engleman.

MR. ENGLEMAN: Mr. Chairman, I just have figures as at the end of September this year. Total units approved were 1,848, for a total amount of \$88,230,000. In addition, we had another 486 units in process of which a good number would be approved since. So approved and in process, we had over 2,300 units for about \$112 million.

MR. PENGELLY: Mr. Chairman, my first supplementary: how many do you estimate will be approved?

MR. R. CLARK: Mr. Chairman, on a point of order. I'm rather reluctant to raise the point because I may be one of the ones who before long will be reminded of the very point I'm making. But I would point out to the Chair and members of the committee that rather than getting into predictions of how many we're going to approve this year, the prime function of this committee is to look at the operations over the past, in 1977-78. Now I know that for all members it flows into last year and sometimes this year. But it seems to me the flow has almost got to a river when we get to the point of asking the corporation for the projections it has for this year. I have no objection to the information being provided; we'd all find it useful. But I just make the plea to members that if we hope to get finished today in this area, we try to make the main focus of our questions in those things which took place in '77-78, or at least '78-79.

SOME HON. MEMBERS: Agreed.

MR. PENGELLY: Mr. Chairman, with due regard to all that advice, my second supplementary to me is very important. With the cost of lots and building materials, I would ask the minister if they can still build a house for \$62,000.

MR. CHAMBERS: The answer to that, MR. Chairman, is yes. In fact at the last meeting of the Home Mortgage Corporation we raised the limit to \$64,000 for new and \$54,000 for existing. Looking at the number of applications, the houses that are being constructed all over, including Calgary and Edmonton, we feel those limits are about right. Of course that's always a matter of conjecture and is something the board of the mortgage corporation examines on an ongoing basis, every meeting almost. The problem obviously is that if one raises the price too high, the cost of the house tends to rise to that level quite promptly thereafter. Looking at the level of construction that we've seen and the current high demand for homes under the family home purchase program, I would think the numbers we have now are about right, recognizing that perhaps in the non-major metropolitan areas the \$64,000 would allow for a single-family unit and in Edmonton and Calgary we're probably talking about some sort of town house or something of that nature, which of course are in fairly high demand in the major metropolitan centres.

MR. WEISS: Mr. Chairman, my question is directed to the minister. While I can appreciate the AHC's investment and overall investment in the community of Fort McMurray, I am very concerned, Mr. Minister, with the lot costs both in relation to the individual lots and the development costs with the mobile park. Would you please advise me, Mr. Minister, of the costs in relation to your investment, and are they comparable to what we might see in areas further to the south?

MR. CHAMBERS: Mr. Chairman, I think it's fair to say that Fort McMurray by its very nature, when one considers the topography and the fact it's bisected by rivers and streams, springs, and hills, and so forth, is of essence a high cost construction area. Even with nominal land cost, our lot prices -- you know, they were originally perhaps in the \$35,000 range. More latterly they've been coming down perhaps in the order of \$25,000, reflecting the availability of contractors and contracts at better prices over the past year, since the completion of Syncrude, than was available before. But I think it's fair to say it will always be a high cost area in terms of lot development, although those costs taking into account the land component difference of course compare favorably to what you would have in the major metropolitan centres.

MR. WEISS: Supplementary to the minister, Mr. Chairman. In the new town of Fort McMurray we're presently concerned that we do not have adequate lots for the private developer or for private homes. Can the minister foresee the expansion in the involvement by Alberta Housing Corporation in the immediate future in the new town of Fort McMurray?

MR. CHAMBERS: Mr. Chairman, the next major area of development in Fort McMurray, the hon. member from Fort McMurray will be familiar with, is known as Timber Lee and is located on the west side of the river to the north of the Thickwood Heights area. It's a major area, involving 3,500 acres and would house 15,000 to 20,000 people I suppose. We plan to proceed with the design of that this year. We're interested in knowing how much of it, if any, the

town would like to do and how much the Housing Corporation -- it would obviously be the difference. We're flexible in that area. We've had some conversations with the town board chairman recently in order to ascertain what, if any, and how much the town would like to develop and, therefore, how much the corporation would develop. I don't have an answer to that question yet, but we're flexible in that area.

MR. WEISS: A supplementary, Mr. Chairman. As for timing, when would the minister project that these lots would be coming on the market?

MR. CHAMBERS: I assume the design could be completed this winter and taking into account the vagaries of the weather and so forth, one would expect the construction to proceed next summer.

DR. CARTER: Mr. Chairman, in the interests of Mr. Clark getting a chance to have another question, I'll ask my information directly of the minister afterwards. Thank you.

MR. R. CLARK: Mr. Chairman, to the minister. Mr. Minister, I'd like to move on to the rural and native housing program in Grouard. The minister says he thought I would, and I'm pleased not to let him down. But, Mr. Minister, what are those final costs? And, Mr. Minister, what's the situation with regard to the mortgage documents?

MR. CHAMBERS: Okay. The costs worked out to \$86,150 per house. Of course in that area there were no services, so we had to build the infrastructure as well. So if you add the infrastructure -- roads, sewer and water systems; other than the house itself -- that brings the total cost divided among the 26 houses to \$101,907. That of course results in a substantial over-run. Our average selling price is \$40,996, which we have assumed to be the fair market price of those houses. They range between \$33,000 and \$47,500, depending on the size of the house, number of bedrooms, and so forth.

I might add that 90 per cent of the tenants have indicated a desire to purchase these units. The vast majority of the people seem to be very happy with them. In fact, having looked at them, I would have to say they are very fine houses. The workmanship is good and they are very attractive.

For the benefit of members who perhaps aren't aware, Grouard was an experimental stack-wall housing project, designed by the architect Doug Cardinal. In stack-wall, the logs are yea big -- I guess this doesn't record very well, Mr. Chairman -- 18 inches I believe in length. They are piled, or stacked in a form and then mortared inbetween. The reason for experimenting with the stack-wall form is that, first of all, they can be erected with relatively unskilled labor which perhaps has a future potential. Also, in many areas of the north, as members are aware, the size of the timber is perhaps not sufficient to indulge in true log construction. I'm talking about the far north, areas where the timber may not be of that size. Stack-wall offered, and I think still does, an alternative.

Because it was new, we ran into many problems. In fact the problems amount to a fairly long list -- weather, constructing roads, getting materials in, and so forth. It was found that there was -- although it appeared minor -- sufficient shrinkage that there were leaks or holes, if you like, that developed between the log and mortar in some cases. So it was necessary to go in and really insulate inside in the normal way, then frame or cover the outside with the surface cover -- in this case we used shakes.

Canada Mortgage and Housing Corporation was extremely interested in this. The rural and native program is a national one which applies across the country. They were willing to participate in this sort of experimental project. They have agreed to participate to their normal 75 per cent in the cost of the over-run as well.

MR. R. CLARK: Mr. Chairman, to the minister. Mr. Minister, you didn't comment on the status of the mortgages.

MR. CHAMBERS: I'll refer that to Bruce McGlashan.

MR. McGLASHAN: All tenants were visited back in August. All except one at that time expressed a desire to purchase the units. Two people have made their downpayments and we're waiting for the other people, who have a 90-day deadline in which to come up with that \$500 downpayment; they will be able to buy at that time.

MR. R. CLARK: Mr. Chairman, is this my first or second supplementary?

MR. CHAIRMAN: I would say it is the second.

MR. R. CLARK: I was hoping you'd say first. Then, with regard to my second supplementary question, I appreciate the answer, Mr. Minister, from the official with regard to the mortgage documents. But the question is: have any of those mortgage documents been finalized? Or in fact are we still waiting? Have any been signed with regard to the folks at Grouard? Or in fact are we still going through this waiting game that's been going on, for a variety of reasons -- legal, final price, federal/provincial negotiations, and all this kind of stuff. Are people still waiting? Have any of them signed? Have any been finalized yet?

MR. CHAMBERS: Apparently, Mr. Chairman, all but one have signed the mortgage documents. They are now proceeding and the people, therefore, are in normal circumstance in terms of payments. But, as the hon. Leader of the Opposition pointed out, from here on it is still a time-consuming process to complete the mortgages because of the interrelationships of Canada home mortgage corporation and Alberta Home Mortgage Corporation. I think the thing we're pleased about is that essentially all but one have made the applications.

MR. R. CLARK: Do they have the documents in their hands yet?

MR. CHAMBERS: I'm sorry if I didn't make that clear. They've signed the offers to purchase. In some cases the people have asked us to wait until they can come up with the \$500 downpayment. Of course we're lenient in that area.

MR. R. CLARK: They have nothing in their hands yet, none of them?

MR. CHAMBERS: They have the signed offers which, you know, gives them their guarantee. But they haven't got the finalized mortgage document.

MR. CHAIRMAN: Mr. Pahl, followed by Mr. Embury.

MR. PAHL: I'll defer my question, Mr. Chairman. It's pretty well been answered by a previous question.

MRS. EMBURY: Thank you, Mr. Chairman. I'd like to direct a question to the minister, please. One of the policies under the rural and native housing program is that the people who are renting may eventually purchase their dwelling. Since the inception of that program, could you, Mr. Minister, inform the assembly how many people have taken advantage of that and how it is working out?

MR. BEAUPRE: Mr. Chairman, Mrs. Embury, we expect that by the end of this year, approximately half of the people who are participating in the rural and native housing program will become owners and receive mortgages from the mortgage corporation. To date -- perhaps Mr. Engleman can confirm this -- about 130 have signed offers to purchase and mortgages.

MR. ENGLEMAN: One hundred and fifty-one.

DR. REID: Mr. Chairman, most of my questions have already been asked. But I wonder about Marlborough and the native housing program there. I suppose there is a constant problem that as you upgrade the lowest, you still remain with a contrast and people complain about the lower standard. The program at Marlborough has been very successful for those who got into it. But was there a limit placed on the number because of fiscal requirements, or because there were no further requests via the committee in Marlborough at the time?

MR. CHAMBERS: Mr. Chairman, I'd refer that one to Bruce McGlashan.

MR. McGLASHAN: Not having a history of Marlborough in terms of being new to the department in January this year, I would expect that the number that has been delivered there was based on the need identified at that time. To my knowledge we have not had a request from other people or the housing committee in Marlborough to go back in and assess the need at this time.

MRS. CRIPPS: My question has to do with the farm home lending program. Am I to understand that applicants must demonstrate that financial assistance from other sources is not available for the farm lending program, and is that the only program under Alberta Housing where financial is the case?

MR. CHAMBERS: First of all, I'd say one thing. We haven't had that many loans out under the farm home lending program, I think because of the fact that there are a number of other sources where farmers can acquire the capital they require for housing, whether it be through Treasury branches, the Ag. Development Corporation, and so forth. But I'd ask Mr. Engleman to respond to that question.

MR. ENGLEMAN: Mr. Chairman, on the farm home lending program there is in fact a stipulation to that effect. Under normal circumstances the farmers don't come to us if funding from other sources is available. But we have no specific stipulation that they have to come in with evidence that they can't obtain financing elsewhere.

MRS. CRIPPS: That's one of the eligibility solicited in your book. But I've had questions from farmers who say they are not eligible through the Alberta home mortgage company because of that fact.

The supplementary: many farm families do not want or need new houses or to buy houses and bring them in. But they do want added space. My understanding

is that they cannot borrow for additions. I've had this question asked. Is that right, that they can't borrow for additions?

MR. CHAMBERS: That's right, Mr. Chairman. We don't have any program in that area. There have been federal programs in that area, but not a provincial program.

MRS. CRIPPS: My second supplementary then: is there a possibility that AHMC will change their policy in that respect, because of the need in a lot of cases for additional space, but certainly not for new housing?

MR. CHAMBERS: I guess it's fair to say that we have no such program under active consideration, Mr. Chairman. But I'm always happy and willing to receive advice.

MRS. CRIPPS: The question was, can you look at it?

DR. CARTER: First, Mr. Minister, I'd like to comment on Alberta Housing Corporation with regard to construction of senior citizen housing units, self-contained variety, especially within the city of Calgary and within the inner-city core. Could we have comment from you or Mr. Schaab with regard to the matter of how you envision the administration of those particular sites. Is it that we expect that the front line operation will be carried out by residents' caretakers, or do we see that there are additional personnel available with regard to program input in those particular high-rises?

MR. CHAMBERS: Mr. Chairman, I think that's a very good question for me to refer to Mr. Schaab.

MR. SCHAAB: Mr. Chairman, I think it's pretty hard to comment without knowing specific projects. A great deal would depend on the size of an individual project, whether or not the staffing went beyond a resident caretaker. However, where there is an agency handling more than one project, there would be other support services -- housing management and other program people who would assist with that kind of thing you're referring to.

DR. CARTER: Supplementary. In particular, in northwest Calgary I would refer to Carol Place, I believe, near the opened residence, which I believe has at least 100 units. I understand that the situation there is that they have a caretaker, but in addition they have tried to pick up another person. I understand the funding is not adequate for her to be able to function. Therefore, she has resigned.

Again, in terms of specifics, in downtown Calgary Murdock Manor, which has perhaps too many units, but is now up and running. Murdock Manor and King Tower are both expected to function really on the basis, through Calgary Housing, of having a resident caretaker. There are no support people around in terms of program. To go on to yet another specific, Edwards Place in downtown Calgary. This facility has not been completely occupied. Part of the difficulty there has been again a resident caretaker and no staff personnel. That has resulted in a lot of unhappiness in terms of the operation of the building. I could give you a few more specifics, but I think three is good enough for the moment.

MR. CHAMBERS: Mr. Chairman, I guess we should point out for members' benefit that in Calgary we have some units that are operated by non-profit organizations, as Mr. Carter points out. Others are operated by the Calgary Housing Authority. So the management role may be somewhat different. With regard to the specific, Mr. Schaab might like to supplement my answer.

MR. SCHAAB: Just with a comment with respect to the Calgary Housing Authority. It does have community workers or community facilitators on staff. I should also point out that the intent of many of these people is to enlist the services of other groups, individuals, or programs within a community to try to get those to the systems delivery of services to senior citizen buildings. Also, with respect to some of the non-profit groups who have sponsored these senior citizens' projects, many of their members also get involved in the delivery of social services to the residents.

There probably is a need, I'm sure, to look at the type of programs offered on individual projects. Where there is a deficiency in that way, I think we should take those on individually and see if we can't resolve them.

MR. CHAMBERS: Mr. Chairman, we'd also be happy -- I'm sure Mr. Schaab would be very pleased to receive any information at any time that we could take as advice.

DR. CARTER: I'd be very delighted to give him some information and to work with him in co-operation. Part of my difficulty, Mr. Chairman, is that Mr. Schaab was in conversation with the executive director of Carter Place, which happens to be near and dear to me somehow, and in conversation told my director that her only function was to collect rents, that that would be good enough and she really shouldn't be involved in programming. I must say that that's given me more than a small version of a morale problem.

MR. CHAMBERS: We'll accept that as advice, Mr. Chairman.

MR. R. CLARK: Mr. Chairman, I'd like to go back to the Grouard situation again and ask the minister or his officials, what were the projected costs at Grouard? If I recall the figures you just gave us, Mr. Minister, the individual cost ended up being \$86,000. If one takes the infrastructure into consideration, it ended up being \$101,000 per unit. Individuals were being charged approximately \$40,000 per unit. What were the projections when the program started, when the contract was let, I believe to Bird Construction?

MR. CHAMBERS: In researching the files, Mr. Chairman, I have been unable to actually uncover any written information as to what the projected price was at that time. We determined that a fair selling price, depending on the size, of somewhere between \$33,000 and \$47,500, and the average was just about \$41,000. Perhaps Darwin Earl might like to supplement my answer since I think Darwin was around at that time.

MR. EARL: Thank you, Mr. Chairman. At that time, this wasn't a normal kind of contract to Bird Construction. Bird Construction was hired as a construction manager for the project. That contract to Bird was for about \$75,000. Because this was an experimental project, there was a development team, representatives from the Alberta Housing Corporation. The architect was part of that team, and then Bird Construction. They were given some general



parameters in which to work. We can provide you with those parameters. I don't have the specific figures with me here today.

MR. R. CLARK: Mr. Chairman, in my first supplementary I'd like to read a news release dated August 17, 1976, from the Minister of Housing and Public Works, Mr. Yurko. It says that:

A \$78,227 construction and management contract was awarded by Alberta Housing Corporation to Bird Construction Limited, Edmonton, for construction supervision of 26 units of log houses under the rural and native housing program.

The minister went on then to indicate who else bid on the contract.

Bird Construction will be responsible for all phases of construction management services and provide direction and supervision to local residents building. The units are scheduled to be completed in April 1977.

Now I take it this is the same program we're talking about, isn't it? I note the nod from the gentleman, Mr. Earl, which I appreciate.

Then, Mr. Chairman, I'd like to ask officials of the department, what was the projected cost for each of the houses, recognizing that if you leave out the infrastructure we're at \$86,000 now and if you include the infrastructure we're at \$101,000 now. What were the projected costs?

MR. CHAMBERS: Mr. Chairman, I'd refer that for any information Mr. Earl might have. However, I'd point out that I think it was always anticipated -- and again my information really comes from having read the files in some considerable depth. It was always known to be an experimental project, and was done not by contract but because of the very nature of the program was done by construction management, with Bird Construction being the project manager, if you like, working with the architect Doug Cardinal. I don't know it would even have been -- the normal policy of course is to sell houses at cost, so long as that cost is reasonable. As to whether there could have been a projected price at that time, I think it would have been very difficult for the people at that time to have projected a price. Perhaps Darwin might wish to supplement that answer.

MR. R. CLARK: I just might point out to the minister that on page 2 of the release, it says that the basic cost of each house will be approximately \$25,000. Now this is a news release that came out from this department. I don't really think it would be too hard for the minister or department officials to dig out, to ferret out.

MR. CHAMBERS: Mr. Chairman, that is one I haven't seen. You know, at the time it would have to be a very rough estimate. When you get into an experimental program, with an architect given a commission to do an experimental project such as this and using project management rather than a firm contract, obviously it would have to be only some kind of very rough estimate at the time.

MR. R. CLARK: Mr. Chairman, my last question is simply this. I can appreciate it was done by project management, but there were five firms that bid, going from \$82,000, the low tender, to Consolidated Project Management at \$175,000, the department picked the low firm and completion was to be in April '77. The minister says it was a very rough projection. It's on page 2 of the release, the approximate cost of \$25,000. Now I'm sure officials of the department should have recognized it was experimental, that it was being done on project management, that there would be approximate costs. You know, to say the approximate cost is \$25,000 and the minister today tells us the end cost is \$101,000 . . . I can accept inflation and a number of other factors, but for the cost, coming from the government's own news release, to go from \$25,000 to \$101,000. It would seem to me the department would have darn sight better answers than first of all telling us today you haven't got the information, then secondly you didn't know whether there were projected costs, especially when the departmental people knew that this area had been specifically asked to come before the committee.

MR. CHAMBERS: Well, Mr. Chairman, I would assume from the question that the hon. leader is criticizing the present price, and I accept that. It's regrettably high. One would wish that it had been much lower. However, there were a number of mitigating circumstances. That price undoubtedly did not take into account the infrastructure price either, so perhaps we're comparing to the \$86,000.

MR. R. CLARK: Then \$86,000.

MR. CHAMBERS: But, sure, the costs turned out to be regrettably high, no question about it. There were a number of circumstances, primarily the structural problems with the stack-wall concept, the fact that it rained continually during that first summer so that equipment had to be literally dragged in through the mud. It was very difficult, almost impossible to construct roads during that season.

But I accept the criticism. The costs are very high and regrettable. However, Canada Mortgage and Housing Corporation also recognized the value of experimentation and have recognized the difficulties and did agree to carry their normal 75 per cent share of the cost over-run.

MR. HIEBERT: Mr. Chairman, recently I've had some enquiries. I would like to commend the minister on the Alberta pioneers' repair program. I would like to know if your department has received enquiries, going back let's say to the last two years, where they have a situation of encroaching upon the age of 65. They don't qualify under this program; they are widowed. Their income from disability pensions, Canada pension, and social assistance is in the \$500 area. They wonder if there is any way assistance could be provided, similar to the repair program, whereby they could retain or maintain their own homes. Everyone knows what the cost of living is like with \$500 a month. Have there been any enquiries in the past to your department in this regard?

MR. CHAMBERS: I'm not aware of very many, if any, MR. Chairman. The program ground rules are fairly clear, that one of the spouses must be 65. We have, though, in cases where a spouse has died and the surviving spouse is not 65 and the application had been made, then the grant is given regardless, the commitment carried out. I think members can appreciate the difficulty in trying to scale that age down. Where would you draw the line? Supposing one

spouse were 65 and had died, and the surviving spouse who might have been 25 made application for the pioneers' repair program grant. Obviously that wouldn't meet the concept or philosophy of the plan. It would be difficult to change that area, I think. I don't know if I've answered the member.

MR. HIEBERT: A supplementary question. Did I understand you correctly when you indicated that the person if a widow or widower and were, let's say, between the ages of 60 and 65, some consideration would be given?

MR. CHAMBERS: No. I should clarify that. I said that in the event that one of the spouses were 65 or over and had made application, then died, the commitment would be fulfilled to the surviving spouse, even though the surviving spouse was not 65.

MR. CHAIRMAN: Our time limit has expired, but we have one more question. Is it the wish of the committee to have one more question put?

HON. MEMBERS: Agreed.

MR. R. CLARK: Mr. Chairman, I wouldn't want to delude the committee; I have a number of questions. The last one I'd pose today is to ask the officials and minister of the department to bring a rather detailed explanation to the meeting of the committee next week as to how the price went from \$25,000 to \$86,000 -- I'll accept the \$86,000, Mr. Minister, because I don't think the equipment we had in to build roads during that rainy season should have added to the \$86,000. Secondly, Mr. Chairman, I would ask the minister to bring to the committee an explanation of why the department couldn't find this kind of information. For the committee to be told, we don't know what the costs are and we couldn't find the information, when it's in a news release dated October 4, 1976, it doesn't seem to me a very serious effort was made.

Mr. Chairman, I'd also like to ask the provincial Auditor, and perhaps he can report next week to the committee, if a situation like this is the kind of area the provincial Auditor would look at, when the cost of a project triples.

MR. CHAIRMAN: On the question from Mr. Clark, I gather we'll bring back the department of housing. Is that the wish of the committee?

MR. CHAMBERS: Mr. Chairman, I wonder if I could respond to that. I haven't felt that we haven't provided adequate information. If we haven't, fine; we'll go back and get more. Perhaps Mr. Earl might like to indicate what information we do have available at this point in time.

MR. CHAIRMAN: Mr. Minister, our time has expired. Possibly we could do that next Wednesday. We will be holding another meeting next Wednesday. It is the wishes of the committee to have the department of housing at our next meeting.

On behalf of committee members, I would like to thank you, Mr. Minister, and your staff for the information this morning. Now it's in order for a motion to adjourn.

MRS. OSTERMAN: I so move.

*The meeting adjourned at 11:30 a.m.*