

*Request for Housing Statement*

year period. I can certainly see that in an economy characterized by cycles, by periods of inflation and by periods of near recession it is appropriate that houses not be constructed in an even pattern. There ought to be years in which we should do better than one-fifth of 1,100,000, while there will be other years when one might not expect to reach this number of housing units.

**Mr. Orlikow:** There is no hurry whatsoever for houses in Don Valley.

**Mr. Kaplan:** I might say that I have not heard any member of the opposition today challenge the target of 1,100,000 as not being more or less the proper level to be reached in five years. What I would like to urge on the government is that it should perhaps have more confidence than it seems to have in the ability of the private sector to produce housing for Canadians at reasonable prices. It is the assumption that the private sector is unable to do this that has led to the emphasis the government has placed on the provision of public housing. I should like to quote from the remarks the minister made a few moments ago when he said: "The major component in the government housing target for the year 1970 is to see that commitments are made for low income housing for close to 35,000 dwelling units together with a significant number of hostel units."

These public housing projects are not developed by the private sector, they are developed and financed by the government. There will always be a need in our society for some element of housing subsidy or housing support by the government. However, I am glad to see signs in other places that the government is beginning to recognize the private sector is, perhaps with some assistance, capable of producing housing at lower prices than it has done in the past. I should like to deal with one of those signs, but before I do so I wish to emphasize the point I just made and to indicate to you, sir, that there is a very great danger that this strong emphasis on the aspect of public housing will lead us into a situation where the rest of society also is going to have great trouble in being able to afford adequate housing. By concentrating very heavily on public housing, we may find ourselves in a situation where the rest of society suffers from adequate attention.

Recently the Committee on Finance, Trade and Economic Affairs was presented with a brief from one of the largest residential developers in Canada. I took the trouble to obtain

[Mr. Kaplan.]

their financial statement. Perhaps legislators and tenants are not supposed to read these financial statements because they contain some very disturbing pieces of information that may entuse shareholders but that are less promising for the rest of us. I should like to read from this statement. I think the passage I will read shows that increased attention is necessary to what the private sector is doing for those in our society who can afford houses at reasonable prices. It reads:

Probably the most significant factor for our industry in 1969 was the increasing effect of high interest rates on the cost of providing residential rental accommodation. These high rates are likely to continue to hamper the industry for the better part of 1970.

The residential rental market has not as yet reflected, through its rent levels, the extra costs imposed by these interest rates. Consequently buildings being built for absorption by the rental market in 1970 will be unable to produce a reasonable rate of return until rent levels properly reflect these increased costs.

That is very disturbing news for anyone who in the last two years has found his rent increasing. The message here is that, even with rents at their 1970 levels, it is not economic for developers to build apartments, for example. Rents must increase according to this financial statement to justify the construction that is taking place this year. This is a very disturbing statement. It tells us that if we allocate our government revenue to public housing to the extent that we overstress that aspect, we are tending to produce a situation where the rest of society may find itself unable to afford the only kind of housing that can be constructed at present costs. So, I think the government, in allocating its resources, has to turn its attention to the situation that exists generally in the housing market.

While public housing is important, and while there will always have to be some, the provision of it should be contrasted with some of the other things the government could do to stimulate housing. Let me illustrate this in one way. In public housing there is a multiplier effect for government expenditure of .95 to one, that is to say, whenever the government spends 95 cents toward public housing, \$1 worth of public housing is produced because for every 90 cents that Ottawa puts up the provincial government puts up 10 cents. By an expenditure of 90 cents, therefore, the federal government can obtain the benefit of the multiplier effect and obtain a \$1 worth of housing.