

Adjournment Debate

spending \$600 a month or 60 per cent of her income, leaving the family with only \$400 and living in poverty because on \$400 she cannot buy the basic necessities of food, clothing and medical care.

We have seen in the last years a number of things happening in housing in this country. There has been a sharp increase in the price of housing, particularly in Toronto and Vancouver. However, the real estate board, last Thursday, at the finance committee said there are 22 markets, not just two in Vancouver, where a serious problem has arisen because of fast escalation of housing prices.

We have seen since 1980 a decline in real family income. Sixty per cent of all single parent families now are headed by women who live in poverty. One point two million children in this country are now living in poverty. The number of two parent families that live below the poverty line has doubled since 1973. What we are facing is a growing number of Canadians, not the wealthy but middle and lower income Canadians, who because of poverty cannot afford housing or because of the high cost of housing are being driven into poverty. They have always had at least the federal government saying you should not be paying more than 30 per cent. Some hope. And the minister has backed away from that.

This federal government has done a number of things that almost seem to be designed to take a bad problem and make it worse. Let me just list a couple of them. They have continued with their high interest rate policy. Every increase in the interest rate of 1 per cent adds \$100 per month to the mortgage payment on a mortgage of \$150,000. The other thing that they have done is they have backed away from social housing programs. They have reduced their commitment to provide non-market housing. We have seen that in the reduction in the number of units that they are willing to build under co-op housing and the doing away with the rental RRAP program. Rental RRAP was a significant program for the poor in some cities. It did not work universally well. We have an increased problem of poverty with renters in this country. Forty per cent of all renters now start with an income below the poverty line.

In my riding, in the last six months, as vacancy rates have gone down developers have taken over peripheral housing rental units, given them a coat of paint, put cheap carpets on the floor and have increased rents

anywhere from 30 per cent to 50 per cent to 70 per cent, taking them totally out of the ability of people on fixed or marginal incomes to pay.

Now we have probably the most devastating blow on housing that anyone could take, and that is the GST. The government said it would give a rebate that would make housing not change in price. It estimated that there would be a net increase of only \$480. Nobody believes that. The Home Builders Association has done its own independent calculations and it shows the price on a typical house costing \$150,000 will increase \$3,025, an increase over what the government said of 630 per cent.

I have had a tax firm, Oates Anderson, do some calculations for myself, considering not only the increase on the cost of housing, but the impact of inflation on the GST and the driving up of interest rates by GST. What Oates Anderson show is that it is not going to be the \$480 that the federal government says, it is not even going to be the \$3,000 that the Home Builders say, the increase could be as high as \$14,000 on an average house in Vancouver, which means an increase in down payment of \$3,600 and an increase in monthly mortgage payments of \$230 on the average price in Vancouver.

So, I ask the minister again: What hope does he hold out? Instead of simply saying, "If the goal is not attainable, let us move the goalpost", I think he has to hold out some hope for Canadians for affordable housing, particularly those in the middle and lower income brackets.

Hon. Alan Redway (Minister of State (Housing)): Mr. Speaker, at the outset I want to make it quite clear that neither I nor the government have backed away from anything as far as helping Canadians with their housing problems.

I think the hon. member referred in his original question and has referred this evening to this 30 per cent figure. I would like to make it quite clear what that 30 per cent figure is all about.

There really are two aspects to the magic number of 30 per cent. First if a Canadian goes out to apply for a mortgage to a bank or a trust company, he or she will not get that mortgage unless his or her income is in excess of the total principal interest payments that that Canadian will make on the mortgage plus municipal taxes. That is one part of what the 30 per cent figure means.