

The Budget—Mrs. Mitchell

Now on to the mysterious MURB program. MURB tax shelters announced in this budget may tempt a few more developers to build luxury rental apartments. However, they will do nothing to encourage the building of affordable rental accommodation, accommodation for families.

Mr. Baker (Nepean-Carleton): Is that MURB?

Mrs. Mitchell: That's MURB and, to their credit, the Tories did away with it. There is no increase in the budget for non-profit housing, which the Tories, too, did nothing about; nothing for co-operatives. There is no increase in RRAP, home repairs or native and northern housing. We heard several speakers from the Conservative party describe the desperate housing situation in the maritimes and northern British Columbia. Repeated evidence coming before the Canada Mortgage and Housing Corporation of the need and demand for social programs of the kind I have described has been completely ignored by this budget and by this finance minister.

It is well established that such programs would provide a needed stimulus to the housing and home repair industry and would create many construction jobs. MURBs are tax shelters for the greedy which provide no shelter for the needy. Of all the possible alternatives which this budget could have produced to help alleviate the housing crisis in Canada, why did the minister choose the MURB approach? Why did he decide to increase our net deficit by giving away \$15 million in tax write-offs to wealthy people to invest in multiple unit residential buildings which will produce only high cost bachelor or one bedroom apartments? The rents will be far higher than most average tenants can afford. We are subsidizing this program with our taxes.

Why did the minister not research the past history of the MURB-ARP program of the seventies? There are some excellent reports available from the Canadian Council on Social Development. He did not consult tenants and housing groups which are authorities on the need from the consumer point of view. When I questioned him recently in the House, the finance minister admitted that MURBs were a response to pressure from the real estate industry. He also admitted it was primarily a tax shelter for investors.

Let me review a few facts about the impact of past MURB-ARP shelters. In the seventies when developers and investors rushed to invest in rental construction to avoid taxes, they did so at the expense of family homes and family neighbourhoods. I would like to give an example in the Grandview neighbourhood of Vancouver, a family neighbourhood for many medium-income and working-class families.

Over 200 homes were torn down, fine homes that had been subdivided to accommodate two and three families. They were demolished to establish MURB-ARP bachelor apartments. Some 600 families who had been living in these homes were displaced. As a result, the population of children under the age of 14 went down by 40 per cent. That proves how little family accommodation there was. One wonders where these families went in Vancouver because we have a minus zero vacancy rate. No new public housing is being built.

Blocks of MURB apartments built by developers were sold under strata title arrangements—no longer rental, they were sold outright—to provide small investors with tax shelters. The investors received assisted rental grants as well as tax write-offs and wrote off extensive depreciation costs each year. Rents were high and suites often remained vacant. They did not care, because this was another bonanza. From the province of British Columbia they received more credits for losing money because of vacant suites. Within a few years when the depreciation write-off privileges were finished, these buildings were sold outright and profits were reinvested in a rollover kind of operation to avoid capital gains taxes.

● (2040)

You can imagine how much that cost, Mr. Speaker. It was not just the MURB; it was everything else that went with it. This MURB-ARP game is a very well-known Liberal rip-off, and now we are being ripped off again. It produced no social programs and no social benefits. It increased our national debt by over \$300 million. That was just for the MURB part of it. Forget about the capital gains and all the other tax writeoffs. During this same period rental housing stock declined. Let me remind the House that this was a program which was to develop rental stock, but rental housing stock actually declined by 41 per cent, proof enough that this rental construction program failed. And it will fail even more now.

Mr. Deans: They still support it.

Mrs. Mitchell: However, this is what they put in their new budget.

Planners, developers and, I understand, even the HUDAC group are very skeptical now that this new MURB program will do anything to help investment in rental housing since it will take much longer for approval than an ordinary mortgage project, and the sunset date for the new MURB tax write-offs is 1981, so it hardly gives time to get started, and perhaps that is just as well.

There are reports which show that the Canada Mortgage and Housing Corporation was very pessimistic that this plan would work, but our finance minister apparently did not bother to consult the corporation. This history of failure in the past has made small investors wary. Manipulators of large consortia who exploited this program to build, sell and double investments were aided by government grants, tax writeoffs and rollover investments. That is a horror story of the seventies.

I would like to refer to the November 3 statement by the Canadian Council on Social Development which substantiates and enlarges everything I have been saying. The council also said that a program of this kind encourages absentee landlords, something which from a community point of view is a very undermining development.

I would like to refer again to Vancouver as an example because it is the city which has the greatest housing crisis in Canada and, as such, forewarns other centres across our land of troubled times to come. In Vancouver one-quarter of the population must put up with inadequate or unaffordable hous-