

*Housing*

landlords must charge an average of \$800 a month for a typical one bedroom apartment. I come from a part of the country outside of Ontario. I come from Prince Edward Island, which is one of the Atlantic provinces. At first, one can see that a corresponding apartment in Prince Edward Island would cost somewhat less than the \$800 figure, but incomes are lower as well. Certainly, investors in my home city of Charlottetown have told me that they must charge somewhere in the neighbourhood of \$800 per month for new rental accommodation in order to break even, without even considering profit.

People are being dissuaded from investing in the rental accommodation industry because of high interest rates. They cannot turn the honest and legitimate profit required to justify this sort of investment. Therefore, what do we have? We have a situation where rental accommodation is not being built. We have a situation where young families and other individuals are looking for rental accommodation which is not being built, and existing accommodation is already full.

It is almost impossible to find an adequate apartment in Toronto or in Ottawa. It is difficult to find good, decent, liveable accommodation in the city of Charlottetown. In Vancouver, the situation is critical. In Canada, the average vacancy rate was 1.2 per cent in 1981. That figure fell from 2.8 per cent in 1980. In the city of Halifax, Nova Scotia, which is pretty close to my home, the vacancy rate is 0.5 per cent, well below the national average of 1.2 per cent. Under such circumstances, young couples find that the odds are against them when looking for rental accommodation. There are no apartments to rent, no homes, no townhouses. People cannot afford to own a home because of this government's tight money policy. In the absence of owning a home, they cannot rent accommodation.

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The government's policies are literally throwing people onto the streets. That fact should be on the conscience of every Liberal Member of Parliament in the House. It should weigh very heavily on their conscience. It is they, especially the trained seals behind the cabinet, who are endorsing and clapping for every inane justification and rationale for those measures from the Minister of Finance and the minister in charge of housing. It should be on the conscience of the trained seals, the Liberal backbenchers. You see them every day in question period flapping their flippers at every inane justification provided by the cabinet for this callous policy, every answer given in this House in response to our queries, every answer provided by the Prime Minister (Mr. Trudeau), the Minister of Finance, the minister of housing, no matter who. You can always count on the trained seals on the Liberal backbenches to clap wildly and endorse what they say.

Economists say that a vacancy rate below 3 per cent constitutes a crisis in the rental accommodation area. As I said, in Halifax it is 0.5 per cent. If 3 per cent is a crisis, what is 0.5 per cent? It is a catastrophe. The minister of housing comes into the House all smiles, promising \$7,500 in the form of a

loan to lower, marginally I would argue, the \$800 that has to be charged by investors in rent every month just to break even.

That \$7,500 loan per unit up to a maximum that is stipulated in the bill will not do more than pay for the toilets in most of those units. The minister promises a housing policy. Instead he comes up with a toilet policy. The minister's policy should be flushed down the toilet. I would argue that most Canadians would not regret it if the minister followed very closely behind.

It is bad enough that Canadians are being given a stingy, parsimonious rental policy and a stingy housing policy. The government is also going to take away one of the few genuinely sound problems in place to stimulate rental accommodation. I refer to the fact that we have in place, and have had for some time, the multiple unit residential buildings plan, MURBs. It is a tax incentive to encourage investors to construct rental accommodation. In its wisdom, the government realized in the past that investors need a certain amount of encouragement to invest in rental accommodation rather than in safe debentures or financial returns of a different sort. Rather than have their money in banks drawing high interest, the government introduced MURBs to encourage them to make that money work for Canadians, creating jobs in the construction industry and providing much needed accommodation for Canadians from all walks of life right across the country.

Under MURBs, building owners, landlords if you will, were allowed to deduct from their personal income for tax purposes so-called soft costs of construction. I refer to legal fees, architect fees and designer fees. Those kinds of soft costs were allowed to be deducted from their income for income tax purposes in the first year of construction. I am told by people in the industry who know a lot more about the details than I do that these soft costs constitute approximately 10 per cent of the total cost of construction of most buildings.

In addition to that provision to which I have made reference, owners could also deduct 5 per cent of the cost of the building every year as depreciation up to a maximum of 20 years. The first year they could deduct 5 per cent of the cost of the building, the next year they could deduct 5 per cent of the remaining amount, and so on for a maximum of 20 years. It was a tax break, an incentive if you will. It recognized that buildings do in fact depreciate just as any product or property does. Of course, operating costs could be deducted. That goes without saying.

MURBs were not perfect. Nobody suggested they were. In some respects they were inadequate. Public policy rarely is perfect. However, it was an effort, a fairly imaginative and helpful response to the housing situation as it then was. Now what do we have? We have the federal government introducing a wholly inadequate new policy on the one hand and on the other hand removing what little there was in place to help create jobs, stimulate the construction industry and provided rental accommodation for Canadians.

The government estimates—and this is their estimate and not mine—that the \$7,500 policy will stimulate construction of 15,000 new units at most. It is giving 15,000 units and taking away 25,000. Experts have established that MURBs stimulate