

# Minister defensive on housing

## Morneau balks at accusation Ottawa isn't serious about real-estate crisis

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Federal Finance Minister Bill Morneau rejected an opposition MP's charge that the Liberal government has done nothing as Vancouver housing prices soar out of control.

New Democratic Party MP Don Davies rose during question period on Friday to say the affordable housing crisis has reached the boiling point in the city.

"Young people cannot afford to buy or rent a home in the city they grew up in, and they are being forced to leave," said the MP for Vancouver Kingsway.

"Employers cannot attract and retain employees. With the average house price now well over \$2 million, middle-class families are priced out of the market altogether.

"Liberals promised to address this crisis, but so far they have done absolutely nothing. Where is the government's plan to make housing more affordable in Vancouver?"

Morneau appeared to take offence at the question.

"Mr. Speaker, I would like to start by saying that in fact the idea that we have done absolutely nothing is not correct," he said.

He noted that just a month after the October election the government increased the minimum down payment requirement for Canada Mortgage and Housing Corp.-insured mortgages.

That hike, from five to 10 per cent, only applies to the total amount of a house purchase price above \$500,000.

In other words, a CMHC-insured home costing \$500,000 would require a \$25,000 down payment.

If it were \$600,000, the 10-percent rule would apply to the extra \$100,000, increasing the total upfront amount needed up to \$35,000.

Morneau said Friday this change "would impact, in particular, pockets of risk in the housing market in Toronto and Vancouver."

He also noted that the recent March budget included \$500,000 for Statistics Canada to, as the budget put it, "develop methods for gathering data on purchases of Canadian housing by foreign homebuyers."

In other words, Morneau said, Ottawa is taking the Vancouver issue seriously.

"We recognize this is a critically important issue. ... We remain focused on the housing market because we know how important housing is to Canadian families.."

Davies said the minister's response, and the government's measures, are grossly inadequate.

"It shows a complete lack of understanding of the depth of the housing situation in the Lower Mainland," he said, saying the mortgage changes that took effect in February "will do virtually nothing to address the crisis."

In fact, he said the changes could worsen the problem. The purchasers driving up prices don't tend to come from the demographic of Canadians who tend to need CMHC help with mortgages.