

Let the Market Work and Save Taxpayers Billions



The BC government introduced a \$7.9 billion budget deficit with promises to build housing for the middle class.

Spending taxpayers' money to build middle-class housing is unnecessary. Just let the market work.

Premier Eby claims the housing crisis is a "failure" of the market, when, in fact, it is the provincial government's failure.

He acknowledged this by establishing housing targets, decided to override Official Community Plans (OCP), and removed public hearings when projects meet the OCP.

These actions were necessary due to market obstruction by municipalities, whose power comes from the province. The BC government ignored municipal obstruction for decades.

In addition, land is needed to build homes and the province owns 94% of the land. The private sector has a small area on which to build homes, must build to a changing and costly code, and pay rising fees and taxes to three levels of government using housing as a cash machine.

Municipalities, provincial and federal governments tell builders where and what to build (zoning); when to build (permit approvals); how to build (building code); and how much revenue they require from the project (GST, PTT, PST, DCCs, CACs, permit fees).

For example, homebuyers pay an average \$16,000 Property Transfer Tax for a title transfer, while Albertans pay a few hundred dollars.

Land title transfers should be a fee for service, not a tax based on home prices - adding to high housing costs.

Years ago, many of these fees and taxes did not exist and the market was able to provide abundant housing benefiting the middle class as well as those on lower incomes.

This is demonstrated in a study by economist Evan Mast called The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market.

Mast says housing is an ecosystem of migration chains impacting all price points. When new housing supply is disrupted by fees and regulations, lower-priced homes and rentals are less available.

Spending billions of taxpayers dollars for "middle-class" housing will not solve the affordability problem. The resources available are nowhere near the scope of the challenge.

And the spending is unnecessary. The government already controls market housing and can boost supply and affordability by reducing excessive regulations, taxes and fees.

Blaming the private sector for a lack of housing is false, politicizes the housing crisis and continues down the path of unaffordability at the taxpayers' expense.

Let the market work and save taxpayers billions.



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