

Study Shows Housing Best Served by Market



The federal and provincial governments have announced a few local sites for potential housing development in our region.

For example, the BC government, through BC Builds, identified eight sites in the province, including one in Sooke and another in North Cowichan, for potential housing.

These efforts are not going to make a dent in housing affordability, where CMHC estimates we need 3.5 million homes by 2030.

The solution is market housing shown in a study called, *The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market* by economist Evan Mast.

The study says market-rate housing has the greatest impact on housing supply and affordability “even in the short run.” Governments can best assist this by implementing policies “pushing development proposal through the often onerous development process.”

Mast tracked the migration of families moving in and out of homes in 12 cities and revealed:

1. For every two market-rate homes, approximately one affordable home is created in terms of reducing the displacement of low-income people.
2. Government subsidized housing will not solve the affordability problem. The resources available are nowhere near the scope of the challenge.

Mast’s study reveals 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 become less available.

Government projects are not capable of having an impact except in a very limited way for low-income families.

Mostly their ongoing regulations, taxes and fees obstruct new housing and disrupt the migration chains.

Over the past few decades, governments have increased control over the housing market. They 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, DCC’s, permit fees, amenity contributions).

Housing costs have steadily increased resulting in an affordability crisis.

A small number of development sites released by the government will not solve the problem.

Government should let the market work and save taxpayers billions of dollars.



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