



Norm Verbrugge  
President, VRBA

# Study Shows Housing Best Served by Market

BC Housing CEO Shayne Ramsay recently announced his retirement saying, “I no longer have confidence I can solve the complex problems facing us at BC Housing.”

That’s a tough challenge because Ramsay has decades of experience providing affordable housing.

Despite these complex problems, David Eby, past Minister Responsible for Housing and now running to lead the NDP says, “We can build attainable housing on public land for the middle class.”

The BC government needs to solve the “complex problems” already on its plate. Government is not capable of creating significant housing supply and affordability for the middle class - only in a very limited way for low-income families.

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

Mast tracked the migration of families moving in and out of homes in 12 cities. He reveals housing is an ecosystem of migration chains impacting all price points. An article by Daniel Herriges covering the study concludes:

1. Simply building government subsidized housing will not solve the affordability problem. The resources available are “nowhere near the scope of the challenge.”

2. For every two market-rate homes, approximately one affordable home is created “in terms of reducing the displacement of low-income people.”

3. Mast’s migration chains suggest that creating more market housing produces greater affordability than regulation and government mandated projects.

Herriges says, “The housing market is a complex system, and its overall outcomes—who finds a home at a price they can afford in a place they want to be—are going to largely be shaped by an ecology of causes and effects that defies micromanagement or simplistic understandings of cause and effect.”

This is not well-understood by governments trying to solve the affordability problem through more regulation and taxes, such as the Speculation Tax.

The study shows encouraging market supply at all price points, producing more migration chains, is better equipped to address affordability.

Government already exerts control over housing telling 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).

Yet housing affordability continues to elude British Columbians.



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