



HOUSING AFFORDABILITY

A Crisis Steamrolling from Very Bad to Catastrophic



Chris Gardner
ICBA President

There is no conversation on job sites or in contractor offices about recruiting and retaining talent that does not include how expensive it is to buy or rent a home in B.C.

“Housing” and “crisis” are now inextricably linked in this province and in most large cities across Canada.

The increase in housing prices is relentless for those looking to get into the market or seeking to buy a larger home to accommodate a growing family.

Every objective analysis on housing put out by banks, think tanks, researchers, and

“There needs to be a drastic transformation and an ‘all-hands-on-deck’ approach to increasing the supply of housing.”
— CMHC, June 2022

economists comes to the same conclusion – it’s the lack of supply that is driving prices sky high.

Some perspective: In 1972, with a population of 22 million, Canada built 232,200 new homes. Fifty years later in 2022, with a population of 39 million, fewer than 220,000

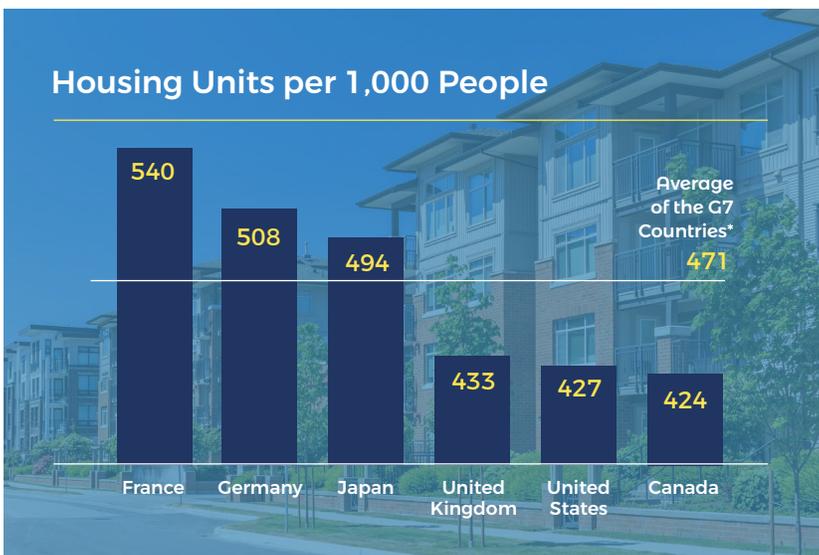
new homes were built. We have not been able to move the needle on supply in two generations. In fact, we’re losing ground.

RBC recently stated that between now and 2030, Canada will need to build nearly six million new homes (or 830,000 annually) to meet demand – several times more than what we’ve achieved over the past five decades. How can we have any hope of reaching this level of new home construction?

Four things have to happen: a dramatic reduction in the costs imposed by city halls; a wholesale change in the project approval and permitting process; commitments from all levels of government to be bold, and to act faster and work together; and an acceptance of the reality of densification by the public.

Canada is Under-Served on Housing Supply

Homebuilding in Canada has been falling behind population growth for decades, and with record recent immigration, we urgently need to pick up the pace of approving more housing.



“Heading into the pandemic, the supply of housing simply had not kept up with population growth... Our conclusion is clear: housing construction has not kept up with demand.”

Source: Scotiabank Economics, “Estimating the Structural Housing Shortage in Canada”, 2021

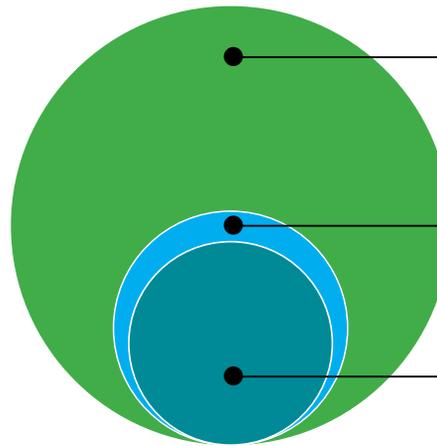
* Seven advanced global economies

CONTENTS Radical Change to Close the Gap | Municipal Fees and Delays | Better Ideas and Effective Solutions

Radical Change Needed to Close the Housing Gap

RBC calculates that by 2030 Canada will need 5.8 million new homes, with accelerating demand driven by both the current affordability crisis and an immigration boom. That's about 830,000 new houses per year, and a 40 per cent increase in current supply overall.

Housing completions in recent decades have been well below that level and trending down – reflecting in part Canada's 64th-place ranking among countries for the time it takes to approve a construction project. We need radical change if we want any hope of bringing supply and demand back into balance.



What We Need:
830,000
new homes/year

What We Built in 1972:
232,200
new homes

What We Built in 2022:
219,500
new homes

Sources: RBC, "High Rise, Low Carbon", May 2023; CMHC Table: 34-10-0135-01 (formerly CANSIM 027-0008); World Bank's Ease of Doing Business Index

Affordability is Going from Bad to Worse

Price-to-Income Ratios (median house price divided by median gross household income, pre-tax)



RANKINGS
among 94 major global
housing markets
(least affordable)

Vancouver #3
Toronto #10

Source: Demographia International
Housing Affordability, 2023 Edition

The Math Just Doesn't Work

Average Vancouver Home Price



Monthly Mortgage _____ **\$5,681**

Qualifying Income _____ **\$213,020**

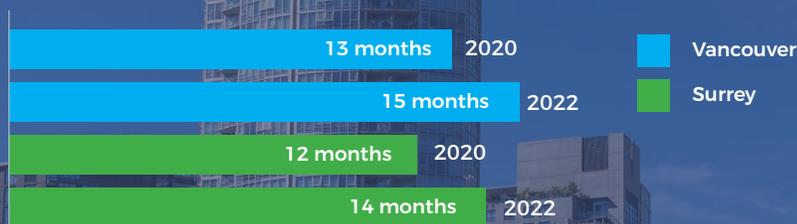
Median Household Income _____ **\$97,539**

Source: <https://themeasureofaplan.com/canadian-housing-affordability/>, January 2023

Municipal Fees and Delays Ratchet up Costs

The Municipal Drag on Housing: It's Taking Longer and Costing More

Average Development Application Approval Timelines



Each month of delay adds **\$2,600-\$3,300** to the cost of each unit of a new high rise

Municipal Charges per High-Rise Unit



Vancouver has the highest municipal charges per high-rise unit among 20 Canadian cities assessed, at more than three times the average

Source: Municipal Benchmarking Study, Altus Group, 2022, Commissioned by the Canadian Home Builders Association

Unaffordability is Driving People Out

Net # of Vancouverites leaving for less expensive markets in B.C.

in past five years: **65,000**

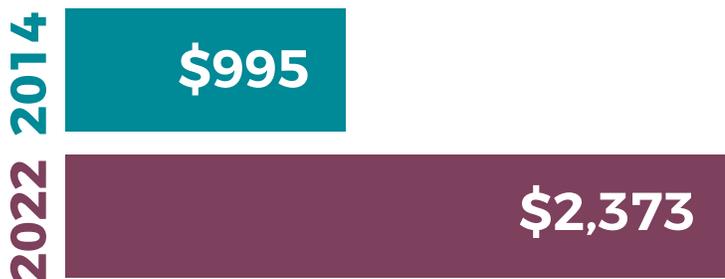
Vancouverites who have considered leaving region due to housing costs:

61%

Source: Demographia International Housing Affordability, 2023 Edition; Mustel Group

Renters Get Squeezed Too

Average Rent for Vacant Apartment, Greater Vancouver (all bedroom types)



3.0%
Generally Agreed Balanced Vacancy Rate

Vancouver Vacancy Rate*
0.9%

Source: CMHC Rental Market Reports *Purpose built rentals

The BC CONSTRUCTION MONITOR is an ICBA publication providing ahead-of-the-curve information and statistics on the B.C. construction industry and issues relevant to it.

Better Ideas and Effective Solutions are Emerging

Counting the Opportunities for Improvement in Vancouver

Vancouver’s majority ABC council led by Mayor Ken Sim won in part based on a housing policy with a refreshing focus on driving down permit wait times and creating supply. A set of quantified and ambitious improvement commitments – 3x3x3x1 – are at its core:



* Where existing zoning is already in place



“We are committed to reducing barriers to attainable housing. To be very clear, our biggest barrier on housing is connected to permit wait times and this will be a major focus of our council.”

– Mayor Ken Sim speaking to the Greater Vancouver Board of Trade, January 2023

Harnessing AI Innovation in Kelowna

The Okanagan city is a North American leader in developing AI-driven chatbot technology that will soon help speed up construction permitting. Users will be able to start with as simple a question as “What can I do with my property?”, to be guided through planning, development and bylaw information. The technology is expected to evolve to handle application processing.

ANTICIPATED ROLLOUT:

Fall 2023

DEVELOPED IN PARTNERSHIP WITH

Microsoft



POTENTIAL EFFICIENCIES:

UP TO 40%

of time now spent by some staff on routine inquiries (freeing them for higher-value work)



ICBA is proudly supported by our Builders' Circle Partners:

