

Collaborative Solutions to Housing Supply

YORK REGION AFFORDABILITY TASK FORCE

September 7, 2023



AGENDA

1. Introductions
2. Objective
3. Market Context
4. Elasticity of Demand
5. The Road Ahead
6. BILD Studies
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Objective

This York Region Task Force has the objective to “Identify solutions to the housing affordability problem.”

BILD Perspective:

- We share this interest and urgency. Time is money. The slower we are to – approve (be permit-ready), build and deliver housing – the more it will cost.
- We need to first differentiate between the terms housing affordability (market housing) v. affordable housing (social housing).
- Our goal is to provide stability in the marketplace with more housing options and availability for all people.

- In February 2022, Professor Steve Pomeroy presented his findings that 'supply is *not* the issue.'
- Belief that housing market simply does not have the elasticity to quickly response to the spike in demand caused by immigration and population growth, and could take 2-3 years to balance the needs.

- **Market elasticity is impacted by:**

- **Speed of Approvals, delays in permit-ready approvals specifically (not just OPA approval)**
- **Significant immigration**
- **Level of housing starts**
- **Constructions cost increases**
- **Material and labour shortages, reduced productivity**
- **Resistance to change, barriers to entry**
- **Delays in infrastructure to support new development**
- **Rise in interest rates**

451,000 permanent resident are targeted for 2024.

Majority of these landed immigrants settle in major cities.

There is no signs of immigration slowing down.

Roughly **75%** of Canada's population growth comes from immigration.

We have a rapidly growing population requiring more housing.

THE NEED TO EASE RESTRICTIONS

- C D Howe Institute [reported](#):
 - Most government policies have not taken meaningful steps to increase housing supply.
 - Barriers that inhibit new construction often stem from excessive regulations.
 - Homebuyers in the eight most restrictive cities paid an extra \$229,000 per new house.
 - Studies find that the costs imposed by housing regulation outweigh the benefits.

Governments should enable more housing construction by taking steps such as; easing restrictions on developing agricultural land, simplifying and updating zoning bylaws, and reducing development charges.

Local governments should recognize the cumulative impact of policies and taxes to support elasticity.

HOUSING REGULATIONS = HIGHER PRICES & LOWER SUPPLY ELASTICITY

- A 2023 US study indicated that “...housing regulation is the culprit behind high prices and lower supply elasticity.”
- Attempts to lower housing prices by reducing demand — through policy interventions such as restrictions on foreign ownership, second homes and short-term rentals, mortgage subsidy programs and single-family zoning — “end up worsening the issue because...
... [they don’t] address the origin of the problem, which is supply.

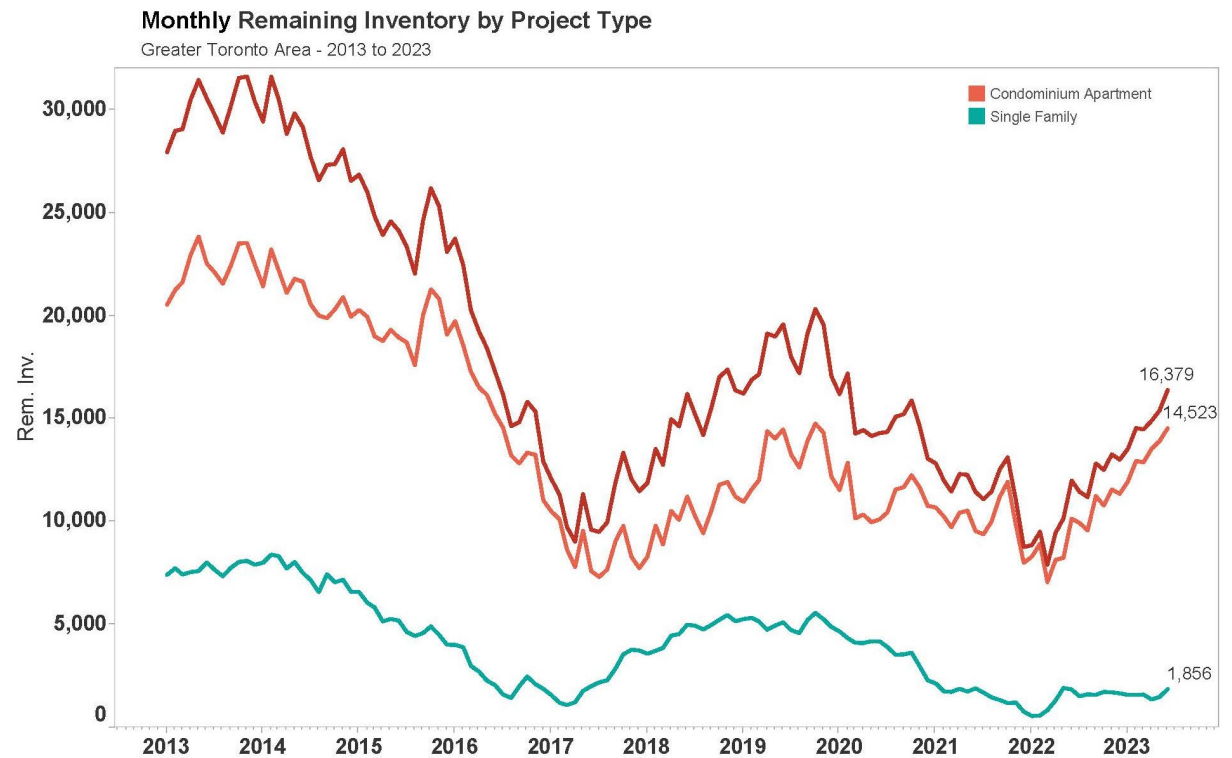
Regulatory review need to ensure housing market can response to increase demand. Housing regulations are lacking market signals - zoning, approvals, government fees and taxes

Elasticity

HOUSING STARTS

The outcome of elasticity challenges:

- Inability to provide adequate housing for the population needs
- Driven by persistently low inventory





The amount of rental housing that is needed was studied by BILD in partnership with FRPO in a Purpose Built Rental (PBR) Whitepaper.

- Despite a surging demand for rentals – the creation of new purpose built rental housing supply in our country has not kept pace with demand and we are falling further and further behind.
- This issue is caused (in part) by strict banking requirements, low return for risk (versus condo), increased interest rates and complexity in the land-use planning approval regime.
- The report estimates that the deficit of rental housing supply in the GTA alone will double in the next 10 years to 177,000 units.

Primary Recommendation: An HST exemption would directly encourage institutional capital partners (pension plans and public institutions) who have a long-term investment focus to allocate more capital to the multi-family sector.

York Region has already taken great leadership with its PBR Deferral Program. We greatly support your program.

- Land Use Study - Serviced Land in the GTA
- Municipal Infrastructure Requirements to Facilitate Growth

Opportunities

BILD can commit to:

- Continue to work on a Federal HST exemption for Purpose Built Rental.
- Continue to work with municipalities to resolve the unintended consequences of Bill 109.
- Produce a study that unpacks why some approvals have not proceeded to mobilize construction. End the debate.
- Promote the good work of the region's DC deferral program (with its interest free and secured allocation features).

Recommendations for the Task Force:

- Think Big Picture. Don't get lost in the details (i.e. what colours should the building be?).
- Focus on the speed of permit-ready approvals. Have standardized templates and agreements.
- Review growth funding tools and land use policies as barriers to entry.
- Eliminate the tax-on-tax (pay taxes net of DCs and other GFT).
- Empower staff to make assertive decisions (avoid triple-checking decisions).

Solutions

We recommend that together we can:

- Work with the Region on ways to improve the quality of applications.
- Work with the Region on expanding the “Housing York” Program for JV options for builders.
- Work with the Region to address the findings of the forthcoming N. Barry Lyons Gap Analysis.
- Educate the public – create more acceptance for the need for growth.

Questions

- **York Region's solution from the first meeting; [Housing Affordability Task Force - May 20, 2021 \(escribemeetings.com\)](https://www.escribemeetings.com)**
- Builders to include finished rental units in new housing builds
- Building triplexes and fourplexes - incentive for home owners to provide rentals
- Section 37 bonusing
- Land Trust where organizations rent to their own clients
- Laneway housing, granny suites, second suites, etc.
- Planning reforms
- An investment arm of York Region to buy/sell land and ensure development is purpose built
- Regulating housing where home owner cannot sell for more than a prescribed percentage of purchase price