



CANADIAN
HOME BUILDERS' ASSOCIATION
BRITISH COLUMBIA

The Voice of the Residential Construction Industry in BC

Policy Recommendations on Housing in British Columbia

BRITISH COLUMBIANS ARE FEELING THE AFFORDABILITY CRUNCH.
WHAT CAN GOVERNMENTS DO TO KEEP HOUSING WITHIN REACH?

Homes are financially important to Canadians

Homeownership is the cornerstone of a strong middle class. However, house prices have risen much faster than incomes. Rising property values are good for existing homeowners, but puts home ownership out of reach for many.

The result? Over 42% of first-time home buyers in Canada need help from family members to come up with a down payment. For the long-term stability of the housing continuum, we must ensure that first-time buyers, such as young and new Canadians, are able to enter the housing market.

Addressing affordability will help social housing

Approximately 96% of residents live in market-provided homes across Canada, whether owned or rented. Maintaining this level of housing independence is based on "housing affordability" – ensuring that homes are within the financial reach of British Columbians.

"Affordable housing," or social housing is provided to those in housing need, whether it be a lack of income, disabilities or other circumstances. Protecting housing affordability will reduce the pressures on social housing, so available units are there to serve those in the most urgent need.

70%

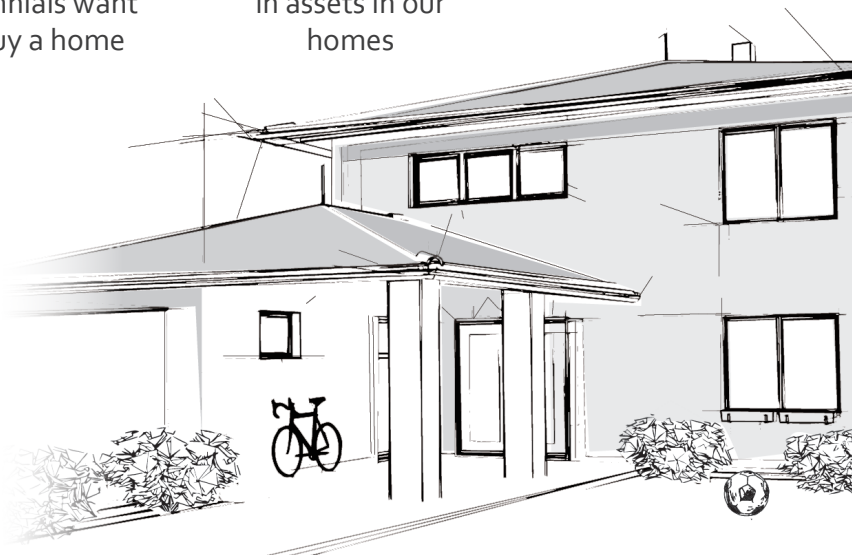
of Canadians
own a home

4 in 5

Millennials want
to buy a home

\$4T
(trillion)

in assets in our
homes



Why are home prices rising?

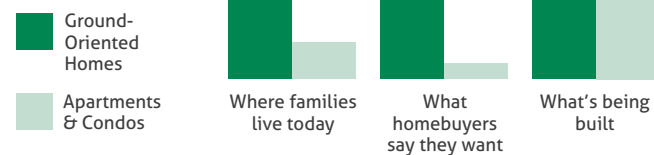
It's not what you think it is. There are new fundamentals of supply and demand at play in the housing market.



1 Not enough of the family-friendly housing that Canadians want

94% of Canadians want ground-oriented, low-rise housing, but policy and land costs mean not enough of these homes are being built. Over the next decade, there will be a shortfall of 300,000 family-oriented homes. Simply put, strong demand and limited supply drives up prices.

Canadians want family-friendly housing



2 Regulatory costs and approval process delays

Red tape, NIMBYs, and slow processes delay projects, which adds extra costs. Every month a permit sits unapproved means higher carrying costs added into the sale price.

Average costs of the project approval and compliance process per dwelling in BC's Lower Mainland:

HIGHEST:	LANGLEY TOWNSHIP	\$38,000
DISTRICT OF NORTH VANCOUVER	VANCOUVER	\$37,283
\$40,000	SURREY	\$25,550
LOWEST:	ABBOTSFORD	\$14,357
	BURNABY	\$17,500

*Source: Fraser Institute, Residential Land-Use Regulation in BC's Lower Mainland. Respondents were asked to estimate all administration, processing, and direct compliance costs for standard single-family projects such as permitting and review fees or inspection fees.

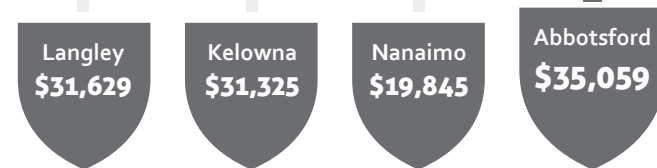


3 Development cost charges (DCCs), fees, and taxes

All fees charged by municipalities are passed onto the new home buyers in the sale price, and it adds up fast.

The role of fees in determining affordability is not a myth, as evidenced by municipal concessions granted to "affordable housing projects."

With only four basic fees, check out the cost in these municipalities before the shovel even hits the ground.*



*Source: CHBA BC and Landcor Data Corporation. Fees calculated on a 2,500 sq. ft. home, subdivided lot with re-zoning required. The four basic fees are, Municipal DCCs, Development Permit Fee, Subdivision Permit and Rezoning Fee.

Here are some other municipal fees for new housing:

- sidewalk rental
- sprinkler fee
- community amenity contributions (CACs)
- fuel tax
- tree removal permit
- official development plan fee
- advertising charge
- public art contribution
- affordable housing contribution
- demolition permit
- inspection fee
- parking meter rental
- fireline inspection fee
- special inspection fee
- site profit review fee
- air space permit fee
- after hours fee
- public hearing fee
- ...and more

THERE ARE OVER 100 FEES, TAXES AND CHARGES ON NEW HOUSING IN THE CITY OF VANCOUVER!

*Source: Canadian Taxpayers Federation



4 The infrastructure gap

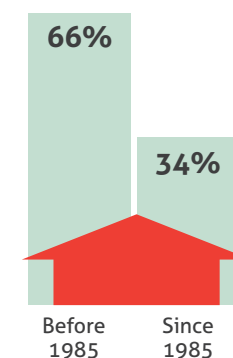
Shortfalls in infrastructure funding have delayed development and increased development taxes. The traditional funding model of one-third for each level of government means that new home buyers contribute to funding the municipal contribution – such as for transit that everyone in the community will benefit from.



5 Overly complicated construction codes and requirements

Municipal requirements continue to become more complex and costly. The impact to affordability must be considered for any changes to the building code or local bylaws.

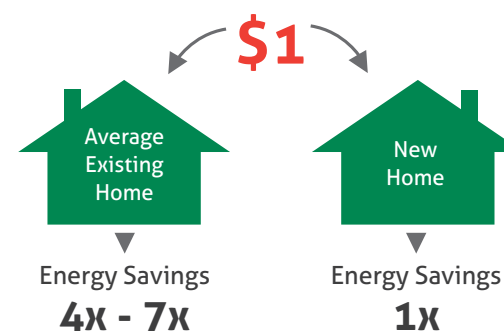
Energy Consumption



For example, the government focus on energy-efficiency in housing is only on new construction. However, half of Canada's housing stock was built before 1985 and uses twice as much energy as the homes built since. Stricter codes that reduce affordability are not the answer.

The Canadian Home Builders' Association research also shows that every dollar in energy retrofits yields 4 to 7 times more energy savings than a dollar spent upgrading a new home.

Investments in energy retrofits yield more energy savings



What can we do about it?



Restructure the PTT

Increase the Property Transfer Tax (PTT) threshold, so that 1% is calculated on the first \$525,000 rather than \$200,000.



Cut the red tape

Cut unnecessary government fees on new home construction, such as the Reconstruction Loan Program fee – a fee on multi-unit dwellings that is still collected for a program not in operation since 2010.



Energy retrofits

Fight the underground economy and improve energy-efficiency in the existing housing stock with a refundable home renovation tax credit for energy retrofits where home buyers will require receipts. There should also be a focus on social housing units that are in need of repairs or upgrades for the long-term benefit of the owners, tenants, and society.



First-time buyers

Support first-time home buyers with an increase to the property transfer tax exemption for first-time home buyers to \$525,000.



Link communities

Contribute more provincial and federal funding for infrastructure projects, especially transit, to help relieve the development tax burden levied on new home buyers. These investments must be linked to local and provincial plans to increase housing supply and transit-oriented development, to yield the results needed.



Rental incentives

Encourage affordable rental units with an improved tax regime for purpose-built rental projects, including infill secondary suites.



"Housing affordability is an important issue in British Columbia. Collectively, we must work to find solutions that address delays, red tape, and fees. Governments at all levels must recognize that builders and consumers should not be expected to cover the unnecessary costs layered on new home construction, as it directly impacts the price of future supply."

— Neil Moody, CEO, Canadian Home Builders' Association of British Columbia

About CHBA BC

The Canadian Home Builders' Association of BC (CHBA BC) is a not-for-profit membership organization. CHBA BC is the provincial voice of the residential construction industry in British Columbia representing more than 1,700 members through an affiliated network of nine local home building associations located throughout the province.

The residential construction industry is essential to British Columbia's long-term economic strength and prosperity.



137,100 jobs in new home construction, renovation, and repair.

One of the largest employers in B.C.



\$19 billion in investment value.

The largest single wealth builder for most families.



\$7.9 billion in wages.

That show up across the entire provincial economy.



BCIT Campus, Bldg. NW5
3700 Willingdon Avenue, Burnaby, B.C. V5G 3H2
Tel: 604-432-7112 | Toll Free: 1-800-933-6777
Fax: 604-432-9038 | www.chbabc.org

For more information on our local associations please contact:

CHBA – Central Interior
(250) 828-1844 | www.chbaci.ca

CHBA – Rocky Mountain
(250) 420-1102 | www.chbarm.com

CHBA – Fraser Valley
(604) 755-9306 | www.chbafv.com

CHBA – Vancouver Island
(250) 755-1366 | www.chbavi.com

CHBA – South Okanagan
(250) 493-0001 | www.chbaso.org

CHBA – Northern British Columbia
(250) 563-3306 | www.chbanorthernbc.ca

Greater Vancouver HBA
(778) 565-4288 | www.gvha.org

CHBA – Central Okanagan
(250) 861-3988 | www.chbaco.com

CHBA – Sea to Sky
(604) 902-2110 | www.seatoskychba.com

