

Municipal Housing Supply and Benchmarking Study Backgrounder

Why did CHBA BC commission Altus Group to undertake this study?

- CHBA BC retained Altus Group Economic Consulting to study evidence of housing supply shortfalls in British Columbia (B.C.) and the economic consequences of those shortfalls, both past and future.
- The study also investigates municipal development applications timelines in thirteen B.C. municipalities to understand the current capacities associated with housing approvals.
- This study was inspired by 2020 research done by Altus Group for CHBA BC's national affiliate. The first edition of the National Municipal Benchmarking Study compared municipalities across Canada and the Greater Toronto Area on metrics such as municipal charges, housing approval timelines, and the utilization of tools and features to make the planning and development application process more efficient.
- Three of the municipalities from the 2020 CHBA Study overlap with the 13 municipalities studied in this report – Vancouver, Surrey and Burnaby. A second edition of the national CHBA study is underway and will be made available soon.

Municipalities Included in the Study

- Abbotsford, Burnaby, Kamloops, Kelowna, Mission, Nanaimo, Penticton, Prince George, Squamish, Surrey, Vancouver, Vernon, and Victoria.
- The 13 municipalities were chosen in consultation with our local Homebuilders' Associations and to provide a cross-section of growing communities across B.C.
- Altus Group reached out to all municipalities studied and provided an opportunity for comment and feedback prior to the study's publication.

Approval Timelines

- Development applications processes play a key role in encouraging the development of more housing. Altus Group's analysis studied residential development application timelines through a sample of 650 individual approvals from across the 13 municipalities studied.
- In total, the sample of 650 individual approvals from the 13 municipalities studied includes 242 rezoning approvals, 274 development permit issuances, and 87 subdivision approvals.
- The study data shows it takes on average 13-14 months for rezoning and development permits and over 20 months for a subdivision application. Penticton, Kamloops, and Kelowna indicated the fastest approval timelines.
- Altus Group found apparent significant differences and nuances in reporting standards from one studied municipality to the next. To improve transparency and avoid some of the perceived overestimates or underestimates of approval timelines, it is recommended that municipalities be required, and given the

supports, to produce an annual standardized report on development approval timelines, with as much specific detail as possible. Having a transparent, reliable and standardized source for approval timelines data (both in terms of approval timelines, but also quantity of housing approved) can ensure that supply shortages relative to housing demand can be anticipated and acted upon as early as possible.

Housing Supply and Demand Trends

- Roughly 71,000 more people are moving to the province each year, and this pace of population growth is expected to continue over the next 30 years. British Columbia needs to increase our housing stock to house our future neighbors.
- An average household in B.C. would have to devote 58% of its income to mortgage payments when purchasing an average priced home in 2021 - the highest rate, and most expensive market compared nationally.
- Homeownership are declining, especially for those 44 years and younger. Roughly 200,000 young adults over the age of 25 still live in their parent's home.
- Household size has increased, largely driven by a higher share of households living either in multi-generation homes (with their parents); with roommates or other census families to make up for expensive home prices and rents.
- While demand is growing from family-sized ownership units, there has been an increasing proportion of housing starts in apartments. Their share of total housing starts changed from just under 53% in the 2007-2011 period to nearly 70% in the past five years.
- There was also a higher share of rental units in all housing starts, but still, the market would require 3,154 new rental units to create balanced market conditions.
- Seven (7) of the 13 municipalities studied had slower growth in households between 2011 and 2021 than they had previously forecasted. Household growth fell short by 3,433 households per year, in all 13 municipalities combined. The largest misses were in Burnaby and Surrey.
- Six (6) of the 13 municipalities studied are planning for a slower pace of household growth than is being forecast by BC Housing including Vancouver, Burnaby, Surrey, Victoria, Penticton, and Abbotsford. That would add up to a future loss of 1,700 households per year.

Suppressed Housing

- The term “suppressed households” is often used to define young people and families that would like to have their own household, but because of affordability and supply issues, they are living in alternative living arrangements.
- The analysis shows home ownership is becoming more out of reach for 25 - 45-year-olds - the first-time homebuyer demographic.

- The rate of population and household increases in B.C. have been dampened by escalated housing prices and supply constraints. This has had significant costs for the economy and government revenues.
- The economic costs of suppressed households in B.C. has been estimated to have been \$33 billion between 2011 and 2021 in lost nominal GDP and will be \$196 billion between 2021 and 2051.
- Overall, most of the municipalities studied in this report have not had enough housing to keep pace with population and household growth over the last decade and future population growth will likely be impeded.
- If housing was more affordable, there would have been the creation of almost 87,000 more households between 2011 and 2021 in B.C. Without an improvement in housing affordability, there could be an additional 145,000 of “suppressed households” by 2051.

About the Canadian Home Builders' Association of BC:

The Canadian Home Builder’s Association of BC (CHBA BC) is the leading advocate for the residential construction industry in British Columbia, representing 2,200 member firms through our eight (8) locally affiliated home building associations. Our members are small- and medium-sized businesses who are builders, renovators, tradespeople, service professionals, and suppliers. We are essential to supporting the province’s housing needs and economic prosperity. In 2021, as one of the largest sources of employment in the province, the residential construction industry provided over 200,000 on- and off-site jobs.