

Reaching Housing Affordability in BC

Photo source: Zenterra Developments

Closing the Housing Supply Gap

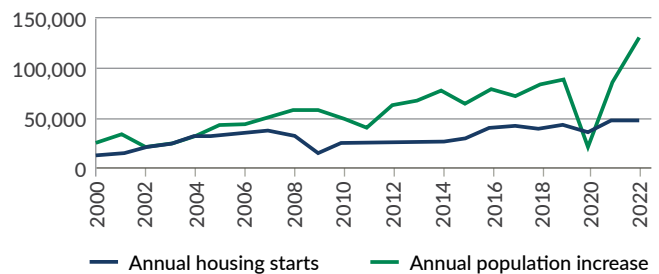
CHBA BC and its members work actively towards improving housing affordability across the province by building more homes. According to CMHC, housing is considered “affordable” if housing costs make up less than 30% of a household’s before-tax income. Based on this definition, CMHC estimates that we will need **over 3.5 million** additional housing units over and above what we’re already projecting to build in order to restore affordability Canada-wide by 2030 - this is above any previously delivered target and cannot be achieved by the industry without significant supportive policy changes.

Most of Canada’s housing supply gaps are in Ontario and British Columbia. Average BC households must allocate 58% of income to mortgage payments when purchasing an averaged priced home in 2023, and it’s only getting worse.

Housing Snapshot

- Homeownership is declining, especially for those 44 years and younger and only around 6 out of 10 British Columbians are homeowners (Statistics Canada 2021).
- Roughly 36% of first time home buyers in BC required help in the form of gifts from family to purchase their first home - the average gift’s dollar value is \$204,000 (CIBC 2024).

BC’s housing supply gap is worsening



Source: CMHC Statistics Canada, 2022

Average price of housing by type and region (May 2024)

Housing Type	Greater Vancouver	Fraser Valley	Greater Victoria	Okanagan and Interior*	Northern BC
Apartment	\$831,545	\$561,310	\$613,936	\$401,516	
Townhome	\$1,252,755	\$864,284	\$836,439	\$570,666	\$418,408
Single Family Detached	\$2,225,682	\$1,565,126	\$1,323,064	\$756,883	

Source: Greater Vancouver Realtors, Fraser Valley Real Estate Board, Association of Interior Realtors, BC Northern Real Estate Board, Victoria Real Estate Board

*Showcases the benchmark price instead of the average price - benchmark pricing is the estimated sales price of a typical property within a market.



Leading Advocate of the Residential Construction Industry in BC

Policy Recommendations

To fix this housing crisis, there are four key actions the government can take to enable the building sector to close this housing supply gap and restore affordability to BC.



1. Streamline the Approvals Process

Building homes in BC requires navigating through a complex weave of multi-layered processes, policies, standards, and regulations across municipal, provincial, regional, and federal levels of government. This lengthy and complex approvals process often includes requirements that vary greatly between municipalities and across provincial and federal ministries, leading to a high level of unpredictability when it comes to timelines. Inconsistent interpretation and enforcement of requirements, as well as outdated bureaucratic practices add another layer of uncertainty.

This already complex regulatory environment is often exacerbated by changes to policies, building standards, and fees/taxes. When changes are made without proper in-stream protections, adjustments can be challenging, especially as financial commitments and planning is done early in the process.

Recommendations

1. Review provincial permitting process to reduce unnecessary and unclear regulatory requirements across ministries.
2. Standardize permitting processes and requirements across municipalities through expansions of pilots like the Building Permit Hub (e.g., public notice requirements, permit application process, etc.).
3. Adopt stronger in-stream protection provisions and best practices to protect in-stream applications from new or additional policy requirements, especially for projects in the later stages of the approvals process.
4. Establish standardized permitting timelines for municipalities.
5. Prevent the addition of unnecessary regulatory burdens like prompt payment legislation, which is currently being considered in BC.
6. Provide funding to municipalities to improve staff capacity for processing applications.



2. Prioritize Growing Skilled Trades

Skilled trades are a key driver within the industry, but skilled worker shortages in BC's construction sector continue to be a major issue. The industry will need to recruit over 50,000 workers by 2033 to compensate for the retirement of more than 40,000 workers. Even if new workers enter the sector, professions like masons, tile setters, finishing carpenters, heavy duty mechanics require years of training and experience.

To compound this issue, more and more talented tradespeople leave the province each month with a net outflow to other provinces like Alberta that have strong investments into skilled trades. The shortage of skilled tradespeople in BC lead to project delays and increased labour costs, which means less homes, less schools, less hospitals, and less public infrastructure for all British Columbians.

Recommendations

1. Establish post-secondary credentials for trades training (e.g., Alberta's educational credentials).
2. Conduct a review of trades training across BC for middle and high schools to identify gaps in training and basic supports.
3. Increase funding for Skilled Trades BC in the short- and long-term to reflect the rising cost of living to enable:
 - More seats for training;
 - Increased flexibility and expanded options for remote communities and underrepresented groups;
 - Expansion of youth programming;
 - Capital grants for post-secondary and high school students for trades training equipment and spaces; and
 - Increased support for trades training and awareness in school spaces from young ages.



3. Reduce the Cost to Build Homes

The Municipal Supply and Benchmarking Study we released in 2022 showcases that BC municipalities charge the highest new home development fees in Canada, charging approximately 3 times the national average. The layering of fees and taxes from the municipal, regional, provincial, and federal makes homebuilding challenging, especially when government-imposed fees and taxes continue to increase with very little notice and no in-stream protection.

The Taxing Growth report released by the Urban Development Institute established that these fees and taxes equate to almost 30% of the potential price of a home. Further to government-imposed fees and taxes, home builders face challenges like high interest rates, rising construction costs, and high land prices due to the shortage of developable land.

Recommendations

1. Provincially establish a fair, minimum assist factor for all development and amenity cost charges.
2. Increase in-stream protection provisions for fee increases over and above the 12 months currently legislated.
3. Eliminate Community Amenity Charges where an Amenity Cost Charge is collected to prevent double charging.
4. Adopt a more consistent, prescribed, and predictable approach to ACC and DCC reviews and calculated increases, including mechanisms to uphold the accountability of charges. This includes approval from the Inspector of Municipalities, standardized calculation methods, capital projects list, standardized annual increases aligned with the Capital Price Index (CPI), requiring a set notice period and consultation with the industry.



4. Enable Low Carbon Solutions for New Homes

The increased commitments to a low carbon future, including the Zero Carbon Step Code, Energy Step Code, Highest Efficiency Equipment Standards, and EV charging has significant impacts on the residential construction industry.

CHBA BC is committed to developing innovative solutions to fulfill the diverse housing needs of BC, while working to realize CleanBC actions, such as zero carbon new construction by 2030. To get there, we need support from the government to ensure a smooth transition.

Recommendations

1. Expand CleanBC's investments to new residential construction to support electrical service upgrades and new customer connections to enable new low carbon housing developments in growing communities.
2. Direct BC Hydro and local governments to accelerate distribution system capacity timelines, in coordination with local demand growth by 2028 and shift to a proactive approach to distribution system capacity planning to ensure electrical infrastructure can handle the anticipated increase in electrical load growth by 2030.
3. Expand CleanBC incentives for heat pumps for new construction, with a focus on remote and colder climate communities that may need cold climate heat pumps.



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About CHBA BC

The Canadian Home Builders' Association of British Columbia (CHBA BC) is the leading advocate of the residential construction industry in BC with 2,300 members across the province. Our membership is made up of builders, renovators, designers, suppliers, and tradespeople involved in every aspect of residential construction.

Want to Learn More?

If you have any questions, need further information, or wish to discuss these recommendations in more detail, please do not hesitate to reach out.

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