

BRIEF TO HUMA

Edward Goldstein
President
Redwood Corporation

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The Committee has been tasked with examining the establishment of a Housing Accelerator Fund which will be used by individuals to assist them in purchasing a home. Unfortunately, this may lead to further demand issues and higher housing prices by not effectively addressing the need to increase the supply of housing units. If the demand for homes increases and the supply does not, the price of homes will increase and defeat the aims of the government to make homes more affordable. This will also have an inflationary impact. The aim of the government should therefore be directed towards increasing the supply of homes at this time. I believe this can be accomplished as follows:

- 1. Better coordination between municipalities and the levels of government that supply infrastructure funding to them so that housing is intensified in areas where these funds are spent. In this way more people are able to take advantage of these expenditures.**
- 2. An examination of the way in which municipalities and regions determine how lot levies are charged and what they are used for.** In many cases new homeowners are subsidizing services in those areas that benefit existing residents such as parks and community centres. In this way, development charges are being for more than their intended purpose of paying for new development infrastructure. This extra amount is passed on to the consumer and is thus inflating the cost of housing. Property taxes and usage charges are a more appropriate way to fund services that benefit those already living in a particular area.
- 3. The efficiency of land use in municipalities.** The approval of low-density land uses is more expensive for municipalities as it requires them to assume maintenance of services and roads that benefit a disproportionately smaller number of homeowners per acre. In the case of apartment buildings or condominiums there are no services to assume and therefore it is a cheaper more efficient way to support growth within a municipality. There are very few meaningful incentives for developers to build new rental

housing. In addition, the current regime penalizes the construction of larger rental units through excessive development charges on large units.

4. **The speed and efficiency with which municipalities examine and approve plans for development.** There are many processes that are redundant and inefficient and result in slow approvals that don't meet the needs of the market. Approvals can take years and the market economics change in the interim.
5. **Supporting employment lands and workers.** If people cannot afford homes in areas in which they work, then additional funding must be spent to provide transportation to their places of employment, resulting in higher costs to the individual in terms of dollars and time and the construction of more roads and services for adequate transportation.
6. **Funds should be made available to builders so that they can finance the construction of dwelling units without first achieving a high number of pre-sales.** In this way they could build more efficiently to create an inventory of units and attempt to control the effects of demand and short supply. The new condominium market has a disproportionately high proportion of small units. These units do not help the housing crisis, because they cannot accommodate families and therefore should not be considered affordable despite their lower purchase price. The reason the unit mix is disproportionately skewed toward small units is because of the requirement on the developer to achieve a high proportion of pre-sales to obtain construction financing. It is difficult to pre-sell a large 2- or 3-bedroom unit. CMHC could be used to address this problem.