

INCREASING HOUSING SUPPLY



THE PROBLEM

TREB, and many leading housing experts, believe that a key issue facing the Toronto and Greater Toronto Area (GTA) housing markets is an imbalance between housing demand and available housing supply and choice.

THE REASON

Issues affecting housing supply and demand are complex. One of the key influences is municipal policies that have the unintended impact of artificially “locking up” housing supply, despite demand.

THE SOLUTIONS

TREB believes that four key issues need to be addressed to allow for balance between housing supply and demand:

1. Land Transfer Taxes, which reduce mobility and discourage right-sizing, thereby reducing the number of homes for sale.
2. Regulatory obstacles that limit the creation of new housing supply and variety.
3. Red tape and delays in building and planning approvals.
4. Inadequate infrastructure.

INFRASTRUCTURE

The Current Situation

Municipal infrastructure such as water supply, sewer systems, roads, and public transit are necessary precursors to allow for the creation and accommodation of new housing supply.

According to the Building Industry and Land Development Association (BILD), GTA municipalities collect \$1.6 billion every year through development charges, which are intended to fund critical infrastructure. Despite this, municipal

infrastructure in the GTA is not keeping up with what is required to allow for adequate housing supply to be built.

\$1.6 Billion

Infrastructure Development



\$1.6 Billion is collected each year by GTA municipalities to fund infrastructure development.
Source: Building Industry and Land Development Association

\$7.8 Billion



Congestion will have cost the GTHA **\$7.8 Billion** by 2031.

Source: Metrolinx

According to an August 2018 study conducted by the Canadian Centre for Economic Analysis (CANCEA) for the Residential and Civil Construction Alliance of Ontario, since 2011, government infrastructure investment in Ontario (as a percentage of GDP) has fallen or remained flat. In fact, it was below 3% for the 2015–2017 period and remains considerably below the target of 5.1%, which was identified as the optimal level in an earlier 2011 study, also conducted by CANCEA.

According to Metrolinx, congestion in the Greater Toronto and Hamilton Area (GTHA) will have cost the region \$7.8 billion by 2031.

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Concerns

Inadequate Hard Services

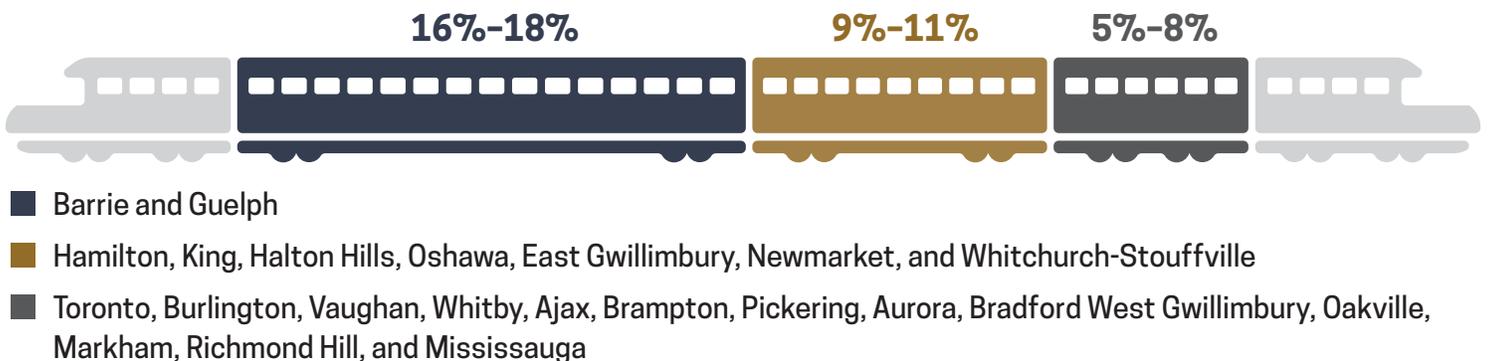
Inadequate hard services, like sewers and water supply, inhibit the ability of developers and home builders to move ahead with development applications. For example, as noted by BILD, in East Gwillimbury, the building of thousands of residential homes has been delayed due to the lengthy planning and approval process for the Upper York Sewage Solutions, which has stretched for over a decade.

Inadequate Public Transit

Inadequate public transit also has a direct impact on housing supply and affordability. With adequate public transit in place, municipalities can plan for higher levels of residential growth. Furthermore, an efficient regional transportation network allows for a larger pool of potential homes and location decisions for home buyers and renters, thereby increasing supply and affordability.

A 2016 study conducted by CANCEA for the Toronto Real Estate Board found that individuals who are able to change their commute to work from a car to a GO Train, experience considerable improvements to housing affordability (relative to a scenario with no regional express transit).

Increase in housing affordability resulting from a change in commuting by car to GO Train



Source: Canadian Centre for Economic Analysis (CANCEA)

TREB RECOMMENDATIONS

All levels of government, including municipalities, must recognize the importance of infrastructure as it relates to housing supply and affordability and move ahead with critical projects and investments as a key part of strategies targeted to addressing housing needs.

There is widespread discussion and understanding, among all levels of government, about the need for infrastructure investment, but this dialogue has not focused enough on the impact of these issues on home buyers and renters. Governments must reframe this issue to include housing priorities and move ahead with the investments that are needed from that perspective.

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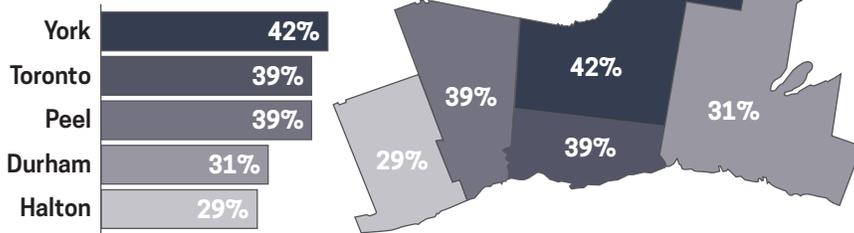
This is the fourth, and final, in a series of policy briefs by the Toronto Real Estate Board, focused on issues that contribute to limiting the supply and variety of homes to purchase or rent in Toronto and the Greater Toronto Area.

UNLOCKING HOUSING OPTIONS

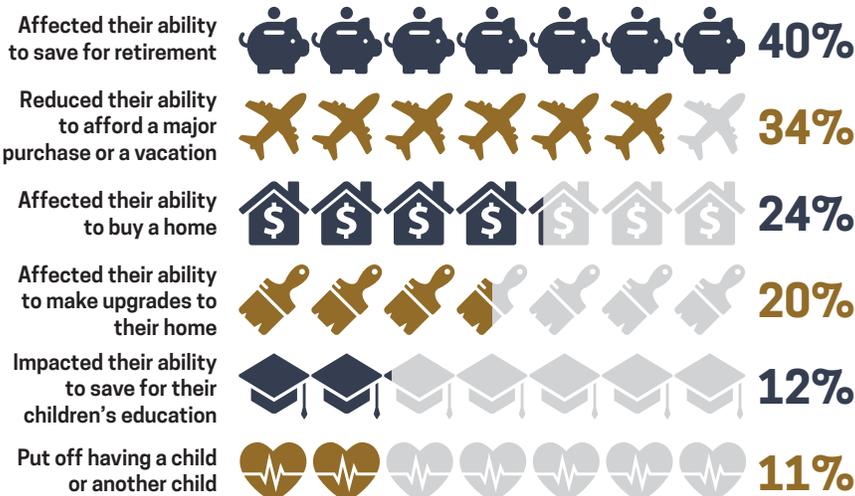
Housing issues are top of mind for Toronto and GTA municipal voters, according to a recent poll conducted by Ipsos Public Affairs.



Greater Toronto Area residents **across all areas** express that the **cost of housing** is a priority to them.



68% of GTA voters say the cost of housing has **impacted them directly** in some way.



The cost of housing is an **especially important issue among certain groups** of GTA residents, including **millennials**, **renters**, and **women**.

