

Opening doors: unlocking housing supply for affordability

Final report of the Canada-British Columbia Expert Panel on the Future of Housing Supply and Affordability



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Discussions about housing are also discussions about land and how it is used, noting that almost all of British Columbia consists of traditional unceded territories of Indigenous peoples. We would like to acknowledge that the Expert Panel focused discussions on the most urbanized areas of the Lower Mainland: the unceded territory of the Coast Salish Peoples, including the territories of the Musqueam, Squamish, and Tsleil-Waututh Nations; Greater Victoria including the unceded Coast Salish Territory of the Lekwungen and WSÁNEĆ Nations; and the Central Okanagan: including the unceded territory of the Syilx Okanagan Nation.

We, the Expert Panel members, are grateful for the opportunity to live in British Columbia and we ask that you take a moment to reflect on the good things the land on which you're located has brought you.



Transmittal Letter

June 17, 2021

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Deputy Prime Minister and Minister of Finance
Department of Finance Canada
90 Elgin Street
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The Honourable Selina Robinson
Minister of Finance
Ministry of Finance, Province of British Columbia
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Victoria, British Columbia V8V 1X4

Dear Ministers Freeland and Robinson,

Thank you for the honour of serving as Canada and British Columbia's Expert Panel on Housing Supply and Affordability. It is with great pleasure that we provide you with our report, *Opening doors: unlocking housing supply for affordability*, which offers recommendations for all orders of government to increase the supply and affordability of housing in British Columbia.

As you know, this province's affordability challenges are severe, affecting not just the most vulnerable British Columbians but also middle-income earners and families. These challenges have been decades in the making, and will not disappear overnight. However, without the implementation of bold, fundamental changes today, these challenges are certain to persist well into the future.

To start, we recognize that British Columbia's natural and other attributes make it uniquely attractive as a place to live. This has long been the case, as workers, families, students and retirees come from all over Canada and indeed the world to settle in this province. This trend will resume or even accelerate as Canada recovers from the COVID-19 pandemic, and barriers to migration are lifted. The pandemic period itself has also been marked by strong demand for housing,

as the desire for more living space and—crucially—historically low mortgage interest rates have contributed to the sharp increase in home prices over 2020 and 2021.

Faced with strong demand to live in British Columbia, coupled with low interest rates, governments cannot simply wish demand away. It is infeasible and unproductive to discourage newcomers seeking opportunity, families looking for more space, or retirees planning to settle here. Rather, governments need to focus on making room for all. Simply put, British Columbia needs to build the many *additional* homes required to adequately house a growing population and economy, while tempering the rapid home price and rent increases many of the province's communities have become accustomed to.

As outlined in our report, there are significant opportunities to expand and accelerate the delivery of a diverse range of homes, suitable to the needs of current and future British Columbians. Beyond the important work your governments have already initiated, we believe that additional, sustained efforts by all orders of government—the provincial government in particular—will be required to stem and eventually reverse current trends. To this end, our 23 recommendations fall under five broad “calls to action”.

Our first call to action is to **create a planning framework that proactively encourages housing**. In other words, the rules of the game governing how much housing gets built, where it gets built, and how quickly, must be updated. Provincial and local governments must better estimate and anticipate how many homes are needed to house a growing population with diverse needs. They must also clarify and speed up approval processes for the planning and construction of homes. All orders of government invest in growth-related infrastructure too, and these investments are more efficient and equitable when serving the most households possible, rather than a privileged few.

Second, we call for the **reform of government fees on property development**. These fees, which local governments levy on new homes, play an important role in funding growth-related infrastructure and amenities such as sewers, drinking water, libraries and community centres. However, some of these fees—notably community amenity contributions—can be unpredictable or inconsistent, causing significant uncertainty, raising costs and compromising supply. We recommend clearer, more transparent fees designed to fund community infrastructure and amenities reflecting established community priorities, such as those identified by residents via the official community planning process.

Third, we call for the **expansion of community and affordable housing**. Although the private market houses the vast majority of British Columbians, the housing needs of an increasing number of individuals and families are not being met by the private rental market. We therefore recommend a more active role for governments in helping non-profit housing providers acquire existing affordable housing stock. We also recommend important increases in long-term funding for this sector to reach 10% of housing starts nationwide, as was the case prior to the mid-1990s. Key updates to the legislation guiding non-profit housing providers is also needed to support innovation in this sector.

Fourth, we call for **improved coordination among and within all orders of government**. Though all orders of government undertake important housing-related programs, these programs sometimes conflict with one another, causing delays or adding costs for program applicants such as non-profit housing providers. Or worse, these conflicts deter program participation. To improve coordination, we recommend flexibility in program design and rollout, as well as in local zoning bylaws, which can influence program participation and project feasibility.

Fifth, we call for **more equitable treatment of renters and homeowners**. Most Canadian households are or aspire to be homeowners, incited by the tax treatment of housing as an important way to build wealth. We recognize and support this aspiration, while also recognizing that capital gains vary greatly among homeowners, and relative to renters, who end up paying higher taxes to offset revenue losses from homeowner exemptions. To bring more balance, we recommend extending new income tax benefits to renter households, and a phasing out of British Columbia's Home Owner Grant program.

We believe, and indeed expect many of our recommendations to generate robust discussion, or be met with resistance. However, the sooner these issues and trade-offs are understood, and actions are taken, the sooner British Columbia can meaningfully change its course on housing affordability.

The Panel would like to thank you for your foresight in launching this initiative, and remain available to support you as you look to implement these recommendations.

Sincerely,

Joy MacPhail (Chair)

Jill Atkey

Jock Finlayson

Brian McCauley

Sue Paish

Helmut Pastrick



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Executive Summary

Few issues in British Columbia (B.C.) are more persistent or far-reaching than the issue of housing affordability. By almost any measure, British Columbians' ability to rent or purchase homes that meet their needs at costs they can afford has worsened in recent decades, with little or no sign of reversal. Indeed, housing affordability consistently features among the top concerns for voters in local, provincial and federal elections, prompting policy makers from all orders of government to respond.

Despite significant policy responses in recent years, many segments of the population still face major housing challenges. These segments include the most vulnerable individuals and families, many of whom lack adequate shelter and tenure security, as well as middle-income earners struggling to find suitable homes to rent or buy. These challenges do not exist in isolation from one another, and must all be addressed. Insufficient or inadequate action on housing jeopardizes B.C.'s place as a welcoming, growing and innovative destination for current and future generations.

In addition to B.C.'s long-standing housing challenges, the ongoing COVID-19 pandemic is a public health crisis without precedent for generations, calling for swift and coordinated policy responses. Because of the importance of secure, stable and affordable shelter to people's physical, economic and mental well-being, the pandemic has increased the sense of urgency to address B.C.'s ongoing housing affordability challenges.

The pandemic has also had a significant impact on housing demand. Prices province-wide have risen sharply as historically low interest rates have enabled borrowers to qualify for larger mortgage loans, and as households seek more space to work or study from home. Rather than cooling housing markets, the COVID-19 pandemic has accelerated a number of pre-existing trends, further underscoring the need for substantive, coordinated action by all orders of government.

In September 2019, the governments of Canada and B.C. established the Expert Panel on the Future of Housing Supply and Affordability. The Panel was tasked with developing actionable recommendations to increase the supply of housing and improve affordability province-wide. To this end, we held consultations with stakeholders, including experts from academia, private and non-profit housing providers, Indigenous housing providers, financial institutions, property developers, tenant and housing advocacy organizations, employers, public servants and elected officials. These initial consultations were completed in June 2020 and resulted in the publication of our interim report, *What We Heard: Interim report of the Canada/British Columbia Expert Panel on the Future of Housing Supply and Affordability*.

Building on *What We Heard*, the Panel gathered additional contributions from experts, stakeholders and the public at large in early 2021, culminating in the publication of this report. After summarizing our five calls to action below, this report provides background on the Panel and the state of B.C.'s housing markets in section 1. It then summarizes the proceedings and results from Panel consultations, as well as findings from additional research we commissioned in section 2. We conclude with our policy recommendations and the issues they seek to address under each of the five calls to action, in section 3.

Five calls to action

Our 23 recommendations fall under five broad calls to action:

- Creating a planning framework that proactively encourages housing;
- Reforming fees on property development;
- Expanding the supply of community and affordable housing;
- Improving coordination among and within all orders of government; and
- Ensuring more equitable treatment of renters and homeowners.

The Panel recommends:

Creating a planning framework that proactively encourages housing

A dominant theme throughout the Panel’s consultations and analysis was the slow and unpredictable pace at which new housing—both for-profit and non-profit—receives regulatory approval from government authorities. Speeding up or streamlining processes, such as rezoning and development applications, was identified as critical to enabling a more responsive housing supply. But beyond how long the various steps in approval processes can take, the overarching framework of land-use planning that governs these steps was identified as overly complex or unclear in many cities. This framework, in turn, creates an environment that poorly anticipates the housing needs of current and future British Columbians.

The seven recommendations we make under the call to create a planning framework that proactively encourages housing (found on [page 26](#)) aim to speed up and streamline approvals, while reforming the system governing urban growth in B.C. In particular, we recommend a stronger role for housing needs estimates and citywide official plans, which guide how entire communities are expected to grow. We also recommend reduced reliance on site-by-site public hearings and council approvals that delay homebuilding and amplify the voices of groups opposing new housing at the expense of citywide objectives and affordability.

Reforming fees on property development

Closely linked to the creation of a more proactive housing delivery system is the need to reform the fees local governments collect from housing development. These fees, which in B.C. include development cost charges (called development cost levies in the City of Vancouver), density bonuses, and community amenity contributions, are all designed to fund local infrastructure or amenities. Though well-intentioned, some of these instruments—most notably community amenity contributions—lack transparency and predictability, in turn discouraging homebuilding and increasing costs.

Our four recommendations to reform fees on property development (found on [page 29](#)) will reduce the uncertainty these instruments create while tying fee amounts to specific criteria, including demonstrated links between fees and the infrastructure or amenity needs generated by growth. Specifically, we recommend the phase-out of community amenity contributions, which are often negotiated and unpredictable, and the expansion of infrastructure and amenity types allowed to be funded by development cost charges, which are clearly defined in provincial legislation.

Expanding the supply of community and affordable housing

British Columbia’s housing supply includes a continuum of housing providers, ranging from private, for-profit developers to non-profit, co-operative and government housing providers. These actors each play essential roles in housing British Columbians of all ages and abilities, including housing geared to low- and middle-income earners. The need for community and affordable housing grows as rapidly rising home prices and rents increase the number of households who can no longer afford market-rate housing. Moreover, the capacity for community and affordable housing providers to respond to this need is limited by their ability to secure funding from the provincial and federal governments. This compounds the challenges inherent to expensive housing markets.

We offer five recommendations (found on [page 32](#)) to expand the supply of community and affordable housing in B.C. aimed primarily at the provincial and federal orders of government. Importantly, our recommendations call for a return to the historically high level of community housing construction—and the consistent federal funding commitments that supported it—prior to the mid-1990s. We also recommend measures to ensure that the affordability that currently exists in the rental market is protected, as well as further flexibility in the tax treatment of charitable housing providers, encouraging this sector’s growth and capacity to innovate.

Improving coordination among and within all orders of government

All orders of government, including many Indigenous governing bodies, implement policies aimed at expanding housing options and affordability. We encourage these initiatives, but an important barrier to their success is a lack of alignment or coordination between program requirements, or even between government departments. For example, environmental and accessibility requirements to obtain provincial funding for a non-profit housing project may conflict with requirements to obtain federal funding, creating additional costs and uncertainty for applicants. Similarly, federal funding may require municipal zoning bylaws to change to accommodate a project, further reducing applicant capacity.

We offer four recommendations (found on [page 35](#)) to improve coordination among and within all orders of government. Crucially, we call for greater support of Indigenous housing initiatives and more flexibility by all governments and their housing providers (including BC Housing and Canada Mortgage and Housing Corporation) as they assess applications that draw from multiple programs to provide affordable housing.

Ensuring more equitable treatment of renters and homeowners

Since the Second World War, several policies were introduced by federal and provincial governments with the aim of encouraging homeownership. Though well intentioned in their broad goal of growing the middle class, such policies have had unintended consequences for renters, who receive less favourable treatment by the federal and provincial tax systems. Such differences worsen wealth inequality, especially in expensive housing markets where more households are unable to afford homeownership.

To support a more equitable treatment of renter and homeowner households, our three recommendations (found on [page 37](#)) aim to extend tax advantages to renter households, ideally in proportion to those offered to homeowners, while phasing out certain subsidies currently offered to homeowners, notably B.C.'s Home Owner Grant.



1. Purpose

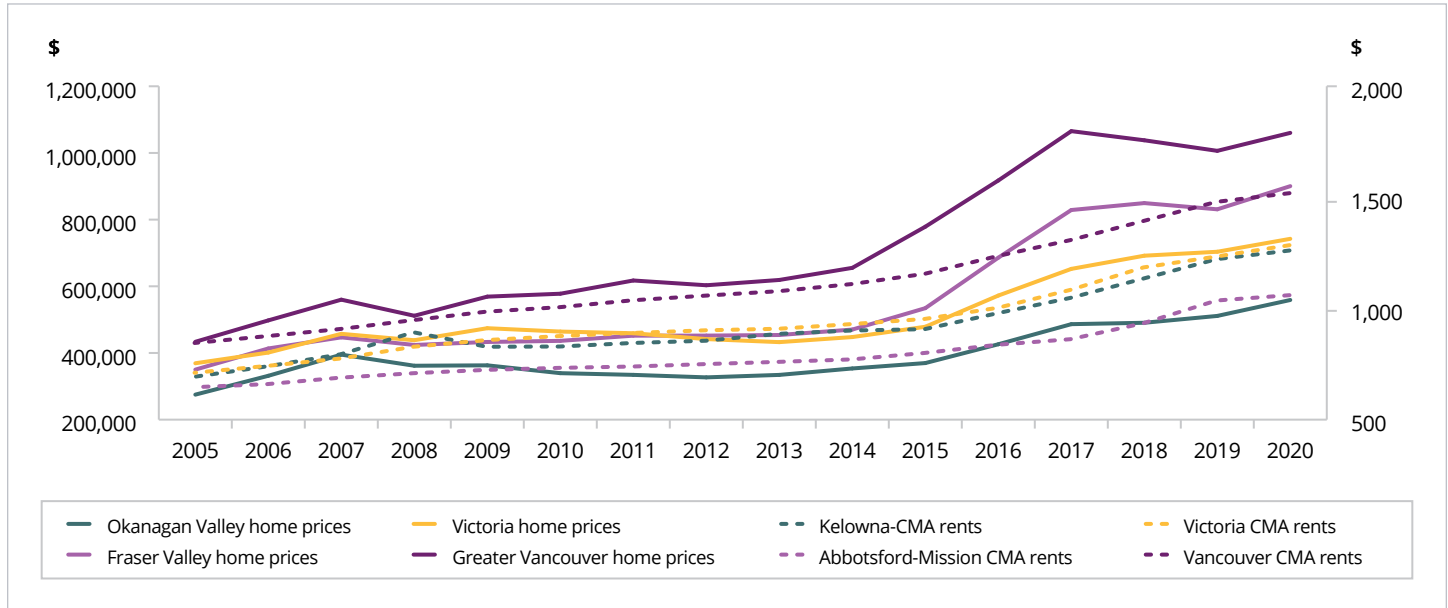
In June 2019, Canada joined a small group of countries that affirmed adequate housing as a human right, consistent with the United Nations International Bill of Rights and the UN Covenant on Economic, Social and Cultural Rights.¹ Indeed, adequate shelter is an important determinant of mental and physical health, as well as economic well-being and opportunity.² But delivery on the right to housing is threatened by rents and prices that are simply too expensive for many British Columbians. As shown in figure 1, the costs of renting and purchasing housing in B.C.'s four largest urban regions have risen sharply over the past 15 years with prices rising on average between 5.0% and 6.5%, and rents rising on average between 3.4% and 4.2%, annually. Over the entire period, home prices in these regions rose between 101% and 157%, while rents rose between 64% and 82%.

Beyond these two metrics, other indicators also show poor or worsening housing affordability for British Columbians. Within Canada, the Victoria and Vancouver census metropolitan

areas (CMAs) have among the highest shares of households in core housing need—an established government metric identifying household vulnerability based on the cost and quality of their housing.^{3,4} Similarly, Metro Vancouver and the Greater Toronto Area were the least affordable major metropolitan areas for first-time homebuyers in Canada at the time of the most recent census, with most home values in these markets priced beyond the reach of all but wealthy first-time buyers. For a more detailed discussion of these metrics, additional ways of measuring affordability and price dynamics in B.C., see [appendix 1, box ii](#) and *Simple metrics for Deciding if You Have Enough Housing*, a standalone report on the panel's website.

High rents and home prices present clear challenges for renters and first-time buyers, and they also have broader consequences. Affordability challenges can deter workers young and old, skilled or unskilled, from relocating to or remaining in B.C.'s urban centres. Rapidly rising home

Figure 1: MLS HPI composite home prices and average rents in B.C.'s largest markets, 2005-2020



Sources: CREA, CMHC

¹ See van den Berg (2019).

² A large body of research has demonstrated the impacts of housing on health and well-being. For example: World Health Organization (2018); Baker *et al.* (2020); Balestra & Sultan (2013).

³ A household is considered to be in core housing need if their home is overcrowded, in poor condition, or if they spend more than 30% of their household income on shelter and cannot afford alternative suitable housing in their community. For more on how the metric is used, see: <https://www.cmhc-schl.gc.ca/en/data-and-research/core-housing-need>.

⁴ See Canada Mortgage and Housing Corporation (2021).

purchase prices and rents can also absorb a greater share of households' budgets, at the expense of other spending and saving priorities. Mounting financial barriers to renting or purchasing homes in B.C. present risks for economic growth and employment, while aggravating wealth inequalities.

In this context of persistent house price and rent increases, the governments of Canada and British Columbia established the *Expert Panel on the Future of Housing Supply and Affordability* in September 2019, with the goal of achieving actionable recommendations that increase the supply of housing and improve affordability.

BOX I: The Panel

Appointed by the ministers of finance of British Columbia and Canada, we are a joint federal-provincial panel whose role is to advise government on policy recommendations to improve the future of housing supply and affordability in British Columbia. The British Columbia and federal governments selected us, the Panel members, from a range of fields related to various aspects of housing, urban composition, development finance and demographics. The Panel is chaired by Joy MacPhail, and includes Jill Atkey, Jock Finlayson, Brian McCauley, Sue Paish and Helmut Pastrick. We are members of the public with relevant expertise, rather than government officials.

Secretariat support was provided by the Canada Mortgage and Housing Corporation (CMHC) and the Province of British Columbia.



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The evidence heard by this Panel, supported by extensive consultation and analysis, stresses that an essential element for improving long-term affordability is a more responsive housing supply. Policy choices over housing supply effectively reflect the sort of communities we—as British Columbians—want to build. Do we want housing that is affordable, adequate and suitable for all segments of the resident population as well as newcomers, or only to those with the income and wealth to afford ever higher home prices and rents? Do we want communities that are more inclusive and equitable or ones that are increasingly divided by income and wealth to the detriment of social cohesion and economic growth? Getting to grips with these issues is critical for today, as well as the future, as we adjust to an

aging population and evolving living preferences. Failure to ensure an adequate supply of housing undermines our social and economic future.

The governments of Canada and British Columbia, through the *National Housing Strategy and Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia*, have made significant progress toward addressing diverse housing needs. These initiatives include programs targeted to lower-income households, Indigenous communities and vulnerable populations, but also efforts to improve the supply of market rental homes. Building on these initiatives, the Panel directed its attention to housing supplied across the continuum, including private ownership and rental markets as well as non-market housing.

BOX II: When is housing affordable?

Many British Columbians would likely agree with statements like “housing affordability is a persistent challenge,” or “we need more affordable housing.” However, there is far less consensus regarding which metrics or definitions best capture this sentiment.

Though often used interchangeably, the terms “affordable housing” and “housing affordability” represent different concepts, each with their own set of metrics or definitions. Affordable housing refers to homes that meet a specific definition or threshold of affordability. As discussed in this section, as well as in [Simple metrics for Deciding if You Have Enough Housing](#), a standalone report on the panel’s website, there are different ways of measuring and defining what constitutes affordable housing, such as the 30% of total household income threshold frequently used by government and non-government agencies. This threshold and others are listed below.

Housing affordability, unlike affordable housing, is a continuous concept related to how much housing costs. For example, a household can move from spending 38% of its total income on housing to spending 32%, and experience greater housing affordability, even though it has not met the 30% threshold to qualify as affordable housing. Likewise, a household moving to a home costing 28% of total income from a home costing 20% would experience a decline in housing affordability, while still living in housing that is considered affordable. Housing affordability can also be broken down by cost for particular home types or sizes, such as the number of bedrooms or square footage.

Some common affordable housing and housing affordability metrics and definitions include:

- **30% of household income** – Government and non-government bodies frequently consider housing to be affordable if it costs no more than 30% of a household’s total (before-tax) income. Because this metric is relative to household income, the same home can be considered affordable for a higher income household and unaffordable for a lower-income household. The 30% threshold is used to calculate affordability in core housing need.⁵
- **Housing income limits (HILs)** – As applied by BC Housing, HILs represent the maximum gross household income for eligibility in many affordable housing programs.⁶ They are intended to reflect the minimum income required to afford appropriate accommodation in the private market and can differ by city.
- **Rent-geared-to-income** – Households benefiting from rent-geared-to-income programs have rents set to reflect a specified threshold of their income, typically 30% of total income.
- **Shelter rate housing** – Homes with rents set to match the shelter allowance maximum⁷ for households receiving income assistance in British Columbia.
- **Combined housing and transportation costs** – Beyond traditional housing costs-to-income ratios, several attempts have been made to better integrate other costs into affordability equations, notably the transportation costs associated with homes located in different neighbourhoods.⁸
- **Basic needs threshold/residual income** – Another method of measuring housing affordability is to calculate how much money a household has left to spend on housing after paying for all non-shelter necessities.⁹

These metrics and others underscore the complexity of the affordability challenges facing B.C. communities. As such, the Panel has not chosen a single preferred measure or definition. Rather, we believe that increasing the supply of all types of housing, suitable to the needs of all groups, is essential for improving affordability by any measure.

⁵ See footnote 3 for more on core housing need.

⁶ For BC Housing’s 2021 HILs see BC Housing (2020).

⁷ For the latest shelter allowance maximums see: <https://www2.gov.bc.ca/gov/content/governments/policies-for-government/bcea-policy-and-procedure-manual/bc-employment-and-assistance-rate-tables/income-assistance-rate-table>.

⁸ See Metro Vancouver (2015) for combined housing and transportation cost estimates.

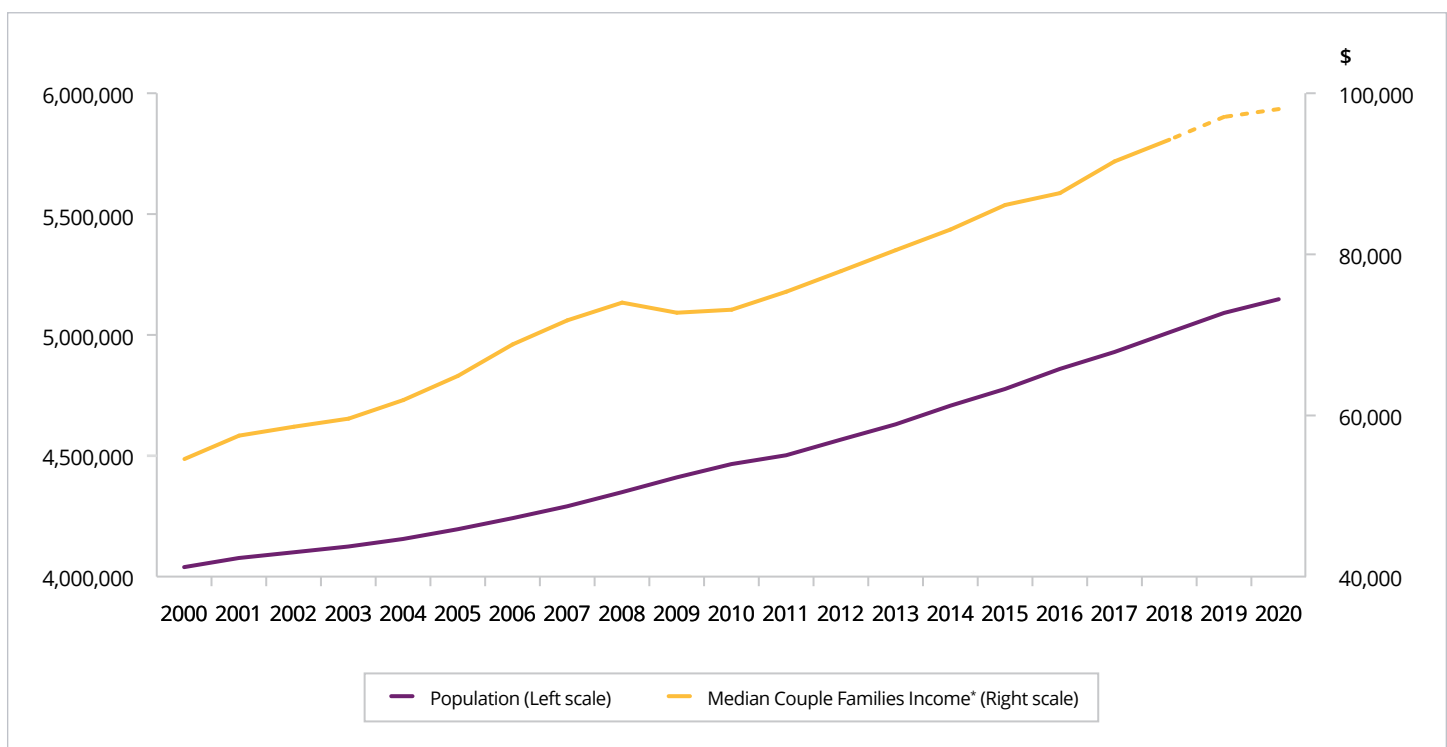
⁹ See Canada Mortgage and Housing Corporation (2019).

Why supply?

The price of renting and owning housing is determined by the interaction of demand and supply. In other words, prices are influenced by the number of households seeking housing, the amounts they are willing to pay for housing, and the number and variety of homes available to buy or rent. The primary forces influencing housing demand are population growth, specifically growth in the number of households (individuals and families); these households' incomes and wealth, which determine their ability to pay for housing; and the availability and cost of credit to

secure mortgage loans. As shown in figure 2, population and incomes in British Columbia have generally risen over the last two decades, adding more than a million residents, while median nominal family income grew by approximately 79%. When amplified by low mortgage rates, rising incomes and wealth (in the form of down payment savings or other collateral), this allowed many homebuyers to secure larger mortgages, in turn influencing their purchase decisions. For a more in-depth discussion of current and projected housing demand drivers, see [appendices 1 and 5](#).

Figure 2: Population and income growth in British Columbia



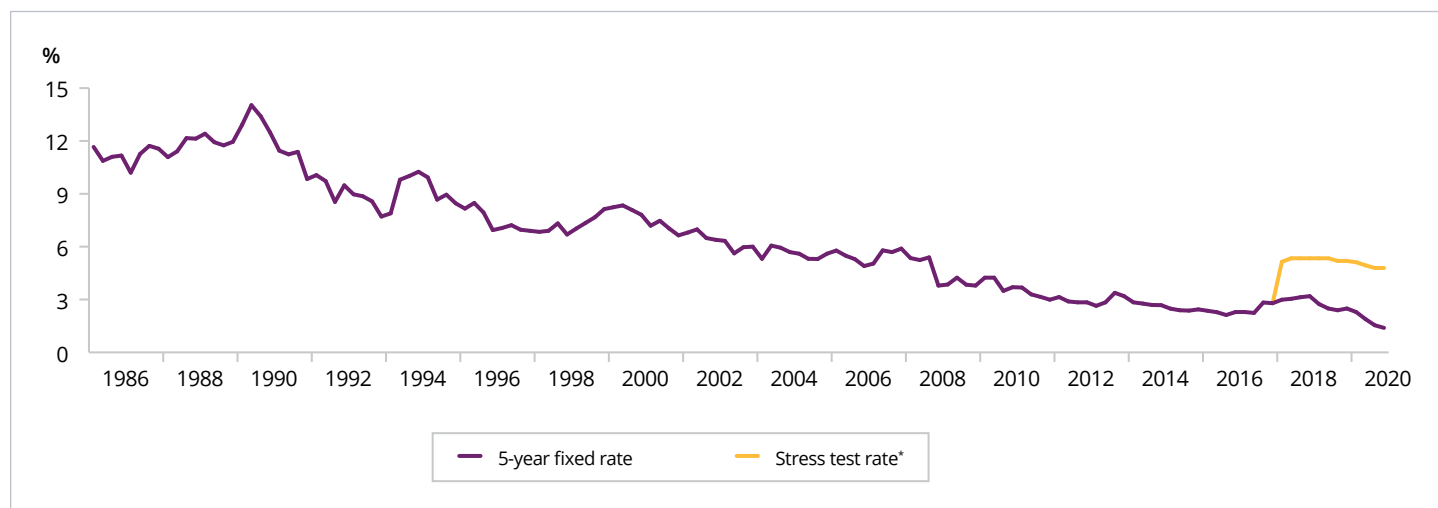
*Median market income plus government transfers (nominal) – 2019 and 2020 are forecasted

Source: Statistics Canada tables 17-10-0005-01 and 11-10-0012-01

A growing population with rising incomes increases the demand for homes, both in quantity and quality. And because most homes are not purchased outright, but through mortgages, the interest rates on loans further drive housing demand. Falling interest rates allow homebuyers to get bigger mortgages with the same income. As shown in figure 3, nominal mortgage rates in Canada have fallen from almost 12% in 1986 to well under 2% in 2020. Figure 4 shows the evolution of mortgage borrowing power, shown as a multiple

of incomes, over the same period. While mortgage applicants could qualify for loans of approximately 2.5 times their annual incomes in 1986, this ratio reached between 6 and 7 times their incomes by the end of 2020 (see [box iii](#) for more on housing demand during the COVID-19 pandemic). This dynamic is especially important in markets where the supply of housing lags demand, as buyers face stronger incentives to take larger mortgages and bid up prices on the relatively scarce set of available homes.

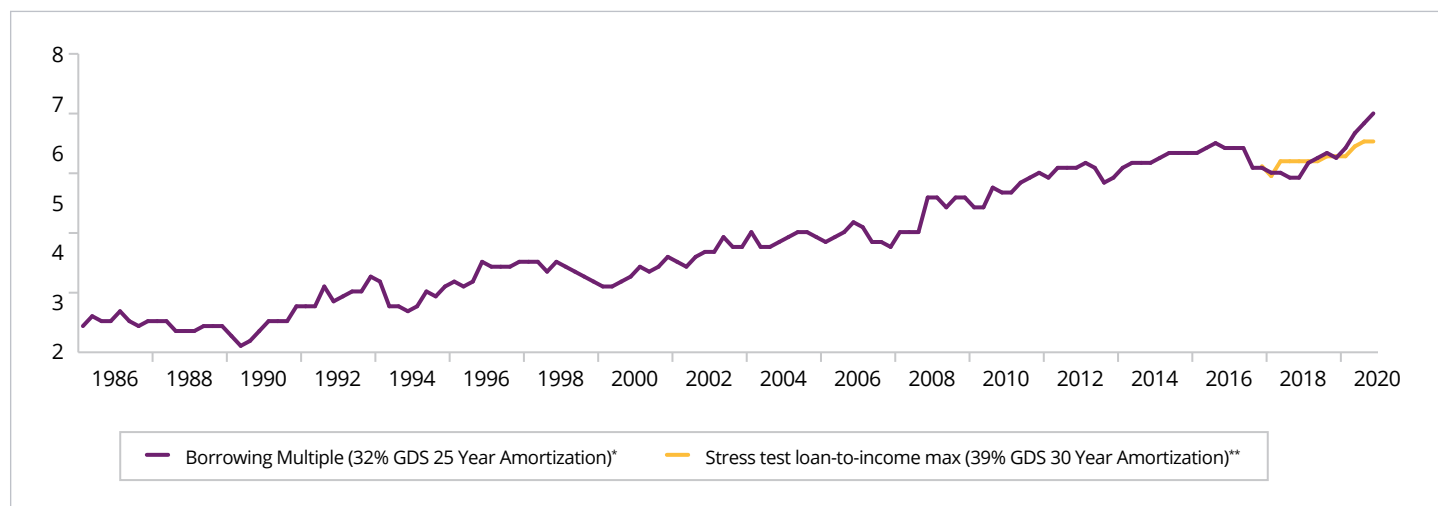
Figure 3: Nominal mortgage interest rates, 5-year fixed lending rate (1986 – 2020)



*The stress test rate is the rate at which mortgage applicants must qualify to obtain loans, while the rate actually paid remains set by the mortgage market.

Sources: Statistics Canada, Bank of Canada, Ratehub

Figure 4: Mortgage borrowing power as a multiple of income (1986 – 2020)



*The gross debt service (GDS) ratio is the sum of housing expenses (mortgage loan principal and interest, taxes and heat) as a share of gross annual household income. A GDS in excess of 32% reduces the likelihood of qualifying for the mortgage.

**This is the maximum allowable mortgage borrowing power for applicants needing to pass the stress test.

Sources: Statistics Canada, Bank of Canada, Ratehub

BOX III: Housing demand during the COVID-19 pandemic

Though it is too early to fully assess the impacts of the COVID-19 pandemic on housing systems, some clear trends have emerged since its onset. These are explored in CMHC's ongoing research efforts related to the pandemic.¹⁰

One such report, *Home Sales and Prices in Major Markets During the COVID-19 Pandemic*,¹¹ shows how the pandemic's negative employment effects were concentrated on younger households and workers in specific sectors, such as accommodation and food services. It also shows how these effects had a far more muted impact on employment and incomes among older age groups and other economic sectors. Moreover, the most heavily affected groups tend to live in less expensive housing types, including rental accommodation. This helps explain why demand for owned accommodation has rebounded since the pandemic's onset despite higher unemployment. Indeed, home sales across Canada's major metropolitan areas surpassed their pre-pandemic levels by the third quarter of 2020.

Several factors influenced the rise in home sales:

- Pent-up demand by homebuyers who did not make purchases during the early months of the pandemic.
- Higher household savings as spending in areas such as travel, transport and entertainment fell.
- Historically low mortgage rates.
- Shifts in preferences as some buyers sought larger homes with more space for remote work, school and leisure activities.

Combined, these factors boosted and reoriented demand—at least in the immediate term—leading to an even larger mismatch with current supply than had already existed before the pandemic. Indeed, the recovery in home sales has outpaced the recovery in new listings, placing strong upward pressure on home prices in many Canadian communities even as the economy struggles to return to stable growth in the wake of the COVID-19 shock.

Whether and to what extent these shifts in demand will continue beyond the pandemic remains unclear. Nevertheless, we believe it is important to highlight some of the impacts of the pandemic itself, as well as the technological and policy developments that COVID-19 triggered or accelerated.

In response to housing demand pressures, property developers (including for-profit, non-profit and government actors) acquire property, obtain permits and build homes. The supply of new homes is influenced by access to developable land, construction costs including materials, labour and project financing, and the impact of the planning, zoning and permitting procedures that govern land use and homebuilding.

Figures 5 to 9 show the evolution of housing supply in the Vancouver, Victoria, Kelowna and Abbotsford-Mission census metropolitan areas (CMAs),¹² as measured by housing starts. Housing starts are defined as the beginning of construction work on buildings where dwelling units

will be located.¹³ In Metro Vancouver, B.C.'s largest urban region, annual housing starts have ranged between 10,000 and 20,000 units for most of the past three decades. A recent increase in housing starts in this region, starting after 2015, has consisted primarily of new condominium units, accompanied by a decline in ground-oriented (single-family, semi-detached and row) housing starts. B.C.'s four largest urban regions, Vancouver, Victoria, Abbotsford-Mission and Kelowna have all followed similar supply trajectories, with relatively fewer units being built in the 1990s and early 2010s, and more units being built in the mid 2000s and since 2015. For further discussion of supply dynamics in Metro Vancouver, see [appendix 2](#).

¹⁰ For the most up-to-date list of CMHC's COVID-19-related research work see: <https://www.cmhc-schl.gc.ca/en/media-newsroom/coronavirus-update>.

¹¹ The full report is available at: <https://www.cmhc-schl.gc.ca/en/housing-observer-online/2021/home-sales-prices-major-markets-during-pandemic>.

¹² Combined, these four urban regions had 3.2 million inhabitants at the time of the 2016 Census, representing 69% of B.C.'s total population (Statistics Canada, 2016).

¹³ For more on CMHC's definition and measurement of housing starts, see here: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/ScsMasMethodology>.

Figure 5: Total starts in the Vancouver census metropolitan area, by housing type (1990 – 2020)

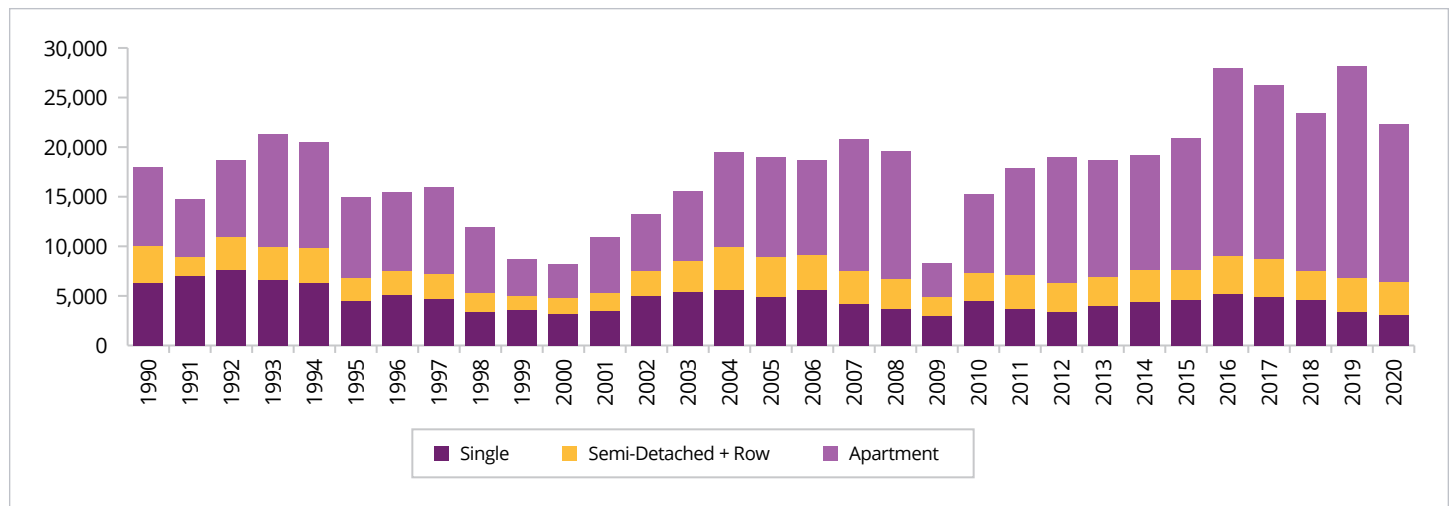


Figure 6: Total starts in the Victoria census metropolitan area, by housing type (1990 – 2020)

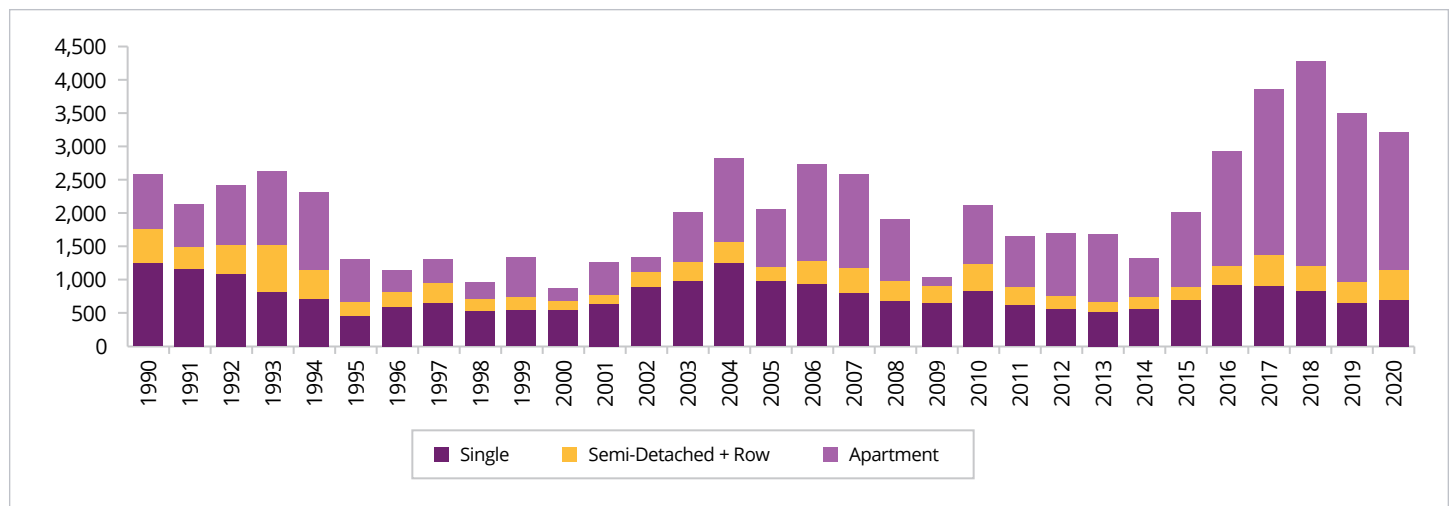


Figure 7: Total starts in the Kelowna census metropolitan area, by housing type (1990 – 2020)

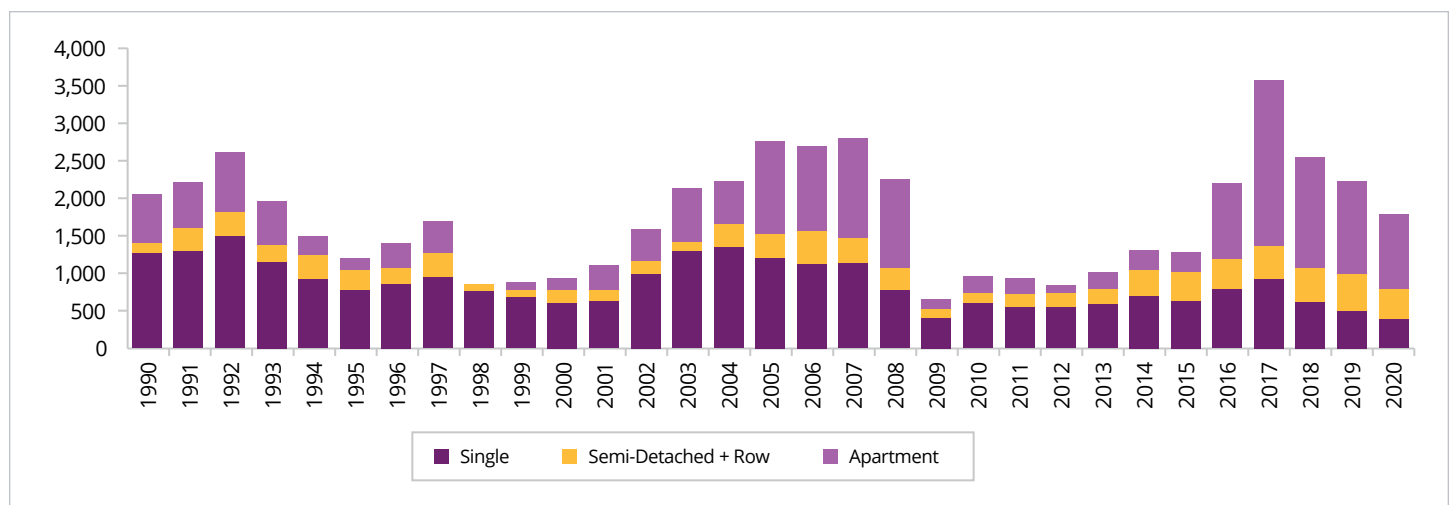
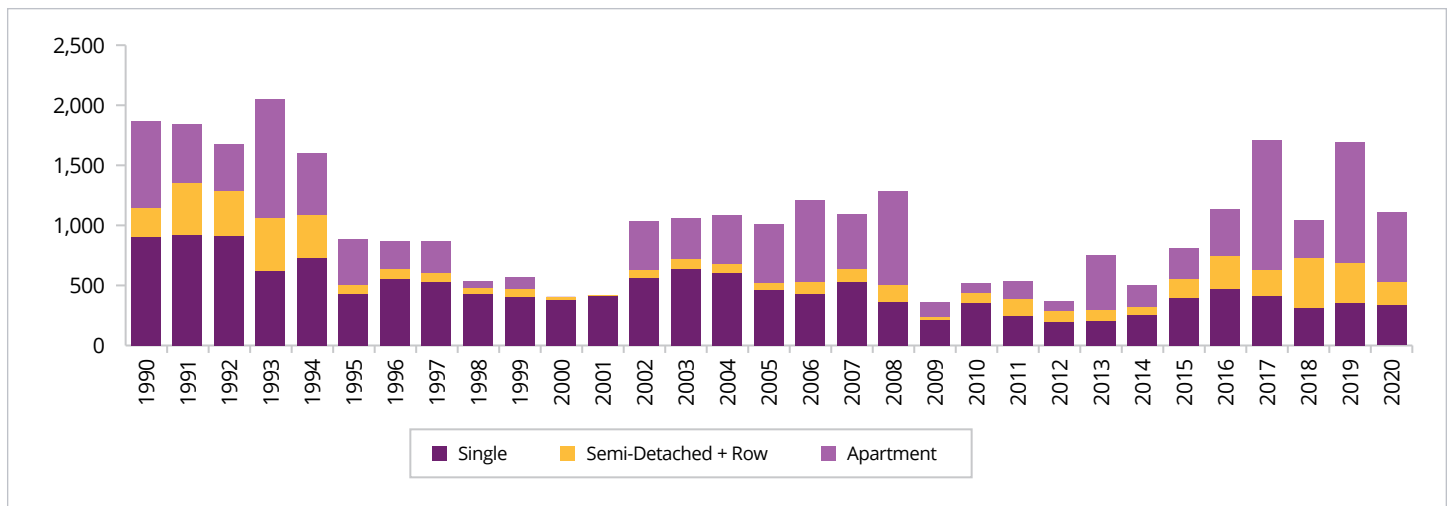
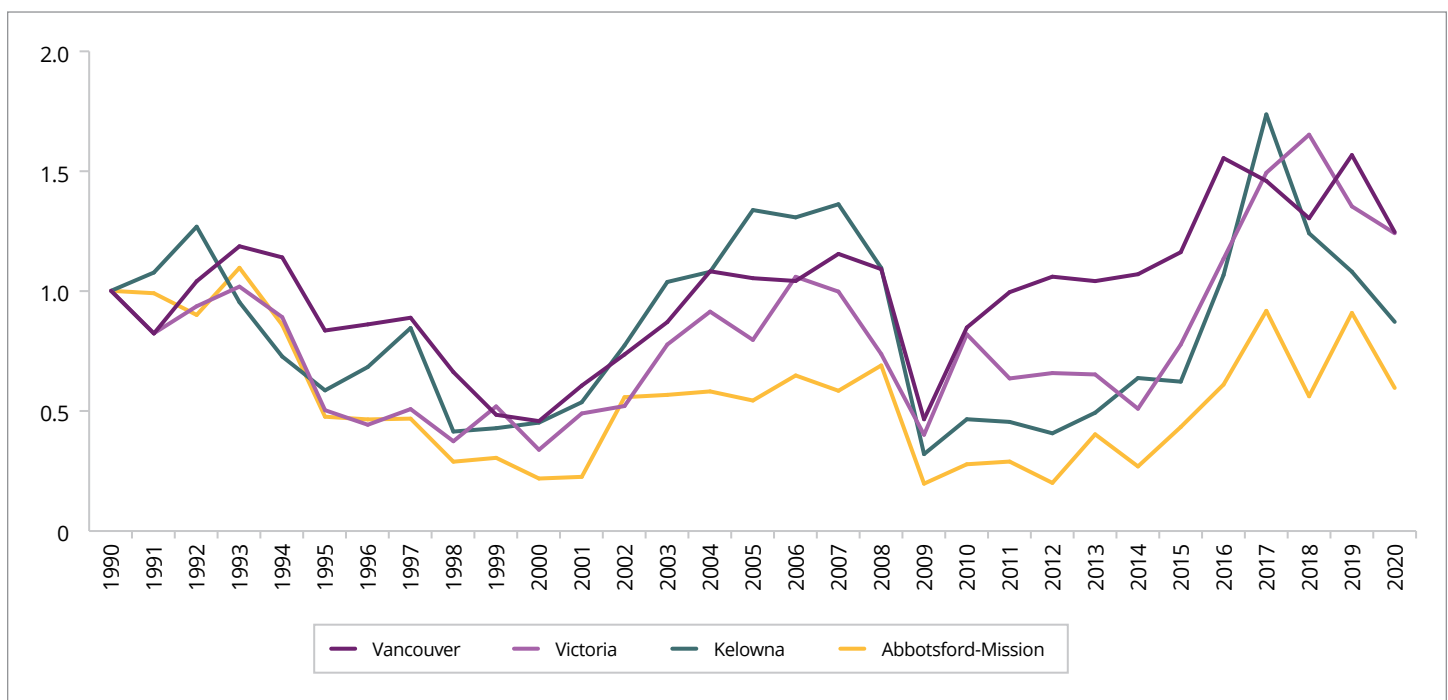


Figure 8: Total starts in the Abbotsford-Mission census metropolitan area, by housing type (1990 – 2020)



Source: CMHC, Starts and Completions Survey

Figure 9: Trends in housing starts in B.C.'s largest urban regions (indexed at 1 in 1990)



Source: CMHC, Starts and Completions Survey

In 2018, CMHC published *Examining Escalating House Prices in Large Canadian Metropolitan Centres*, which investigates factors driving housing demand and supply in major urban regions, including Metro Vancouver.¹⁴ The authors found that price increases in Metro Vancouver were explained relatively well by their “workhorse” demand models, incorporating fundamental market features, such as population growth, income growth and interest rates. But they also found significant problems with the responsiveness (also called “elasticity”) of housing supply in Metro Vancouver, suggesting that housing supply was not keeping pace with rising demand, in turn placing upward pressure on housing prices. In a similar vein, recent research by Scotiabank found that the number of homes per 1,000 residents in Canada is lower than in any other G7 nation, and appears to be falling in several key markets. In order to match the G7 average, Canada would need to build 1.8 million additional homes.¹⁵

Recent policy responses by all orders of government have targeted housing demand. In B.C., these include, but are not limited to, the Additional Property Transfer Tax for Foreign Entities & Taxable Trustees (frequently called the “foreign buyers’ tax”), the Speculation and Vacancy Tax, the Additional School Tax Rate, the City of Vancouver’s Empty Homes Tax, and short-term rental regulations in several B.C. municipalities, including Victoria, Vancouver and Kelowna. The federal government also introduced minimum qualifying rates for mortgage applicants (known as the mortgage “stress test”), and the First-Time Home Buyer Incentive. All the measures listed above either discourage demand, by targeting select groups, such as non-residents and mortgage applicants with taxes or credit constraints, or they encourage it, by offering down-payment assistance to first-time buyers.

In addition to these demand-side policies, all orders of government have developed policies and programs intended to boost supply of purpose-built rental, affordable private market and non-profit housing. Federal programs include the Rental Construction Financing initiative, the National Housing Co-Investment Fund, the Federal Lands Initiative and the Rapid Housing Initiative. The B.C. government has developed the Provincial Rental Supply Program Framework and Building BC, which directly funds housing development through BC Housing. Several municipal governments offer a range of development incentives for rental and affordable housing, including fee waivers and land leases, or have expanded the number of units allowed on single-family lots.¹⁶

In short, all orders of government have acted to improve affordability, through both demand and supply measures. Persistent growth in housing prices and rents, combined with perennially low rental vacancy rates¹⁷ indicate, however, that supply remains below what is needed to moderate prices and improve affordability. As discussed in [appendices 1 and 3](#), when housing is scarce, middle-income households compete more directly with low-income households for rental units, in turn hurting low-income households’ chances of being housed adequately or at all. In expensive markets, addressing the lack of any and all types of housing—rental or ownership, affordable or high-end, high-rise, mid-rise or low-rise—helps reduce the upward pressure on prices citywide (see [box iv](#)). Based on the data and insights we have been presented with throughout our time on this panel, we conclude that greater progress in housing affordability in B.C. requires additional policy efforts by all orders of government.

¹⁴ CMHC (2018)

¹⁵ Scotiabank (2021).

¹⁶ Starting in 2009, the City of Vancouver has allowed many single-family lots to include laneway suites. In 2018, the City also allowed the construction of duplexes on most single-family lots.

¹⁷ See *Simple Metrics for Deciding if You Have Enough Housing*, on the Panel’s website, for a more detailed discussion of rental vacancy rates and their influence on rents, https://engage.gov.bc.ca/app/uploads/sites/121/2021/06/SimpleMetrics_appendix_2.pdf.

BOX IV:

Filtering: How building new homes can make existing homes more affordable

Subsidized housing units, including housing owned and operated by non-profit organizations and government agencies, represent one important avenue by which to provide lower-income individuals and families with homes they can afford. Another major source of housing for these groups are older housing units in the private market that have become more affordable over time.

To become more affordable, housing in many cities undergoes a process commonly referred to as filtering, whereby apartments and homes gradually depreciate as the structures age, and as original residents move on to newer or larger homes. In turn, these units are freed up for individuals and families further down the income or property ladder. In this regard, sufficient increases in the supply and mix of new homes help reduce price and rent pressures on existing homes. Conversely, insufficient increases in the quantity and mix of homes in a market can hold up the filtering process, leading to higher rents and purchase prices for aging homes.

The study of this phenomenon has generated a growing body of academic literature spanning several decades. For example, Asquith, Mast and Reed (2019) find that local rent increases are slowed by the construction of new homes nearby, and even reversed in low-income neighbourhoods. Similarly, Zuk and Chapple (2016) find that both market-rate and subsidized housing development reduce displacement pressures, but that subsidized housing is twice as effective at doing so.

Somerville and Holmes (2001) explore both downward filtering (units becoming more affordable over time) and upward filtering (units becoming less affordable over time), finding that neighbourhood characteristics play an important role in determining which is likelier to occur. Indeed, in their review of recent studies on filtering, Phillips, Manville and Lens (2021) argue that the promise of (downward) filtering, while minimizing undue impacts on lower-income neighbourhoods, can best be achieved by ensuring housing supply is spread more evenly citywide, notably in low-density, high-income neighbourhoods.

Analogy: Housing is a bit like musical chairs

- The impact of housing shortages is like a game of musical chairs in which players get priority access to chairs (homes) based on how much money or credit they have. Player 1 goes first and may choose from among all the chairs, followed by player 2, player 3, and so on. In each round, the player with the least amount of money is left without a chair and must exit the game.
- Boosting the supply of housing is like adding another chair in each round, rather than taking one away. While the first player will still have many more chairs to choose from compared to the last player, no one will be left without a chair. For this analogy to work, either no new players can enter the game, or chairs (housing supply) must exceed the increase in new players (households entering the market) for it to improve the overall ability for people to access housing.
- Building more non-market housing is like adding in chairs that are reserved for players that might otherwise be left without a chair, or without a suitable chair.

2. Panel proceedings, analysis and conclusions

Scope and interpretation

The task assigned to the Panel was to “examine housing trends for rental and homeownership, exploring options to allow British Columbians to have further access to housing that they need and can afford.”¹⁸ Our goal, as we see it, is to develop comprehensive policy recommendations on how to improve affordability by increasing the supply of market and non-market housing, whether for rent or for homeownership.

To achieve this goal, we interpreted our charge as follows:

- We are concerned with housing affordability for all who want to live and work in British Columbia. While there continue to be many challenges for low-income earners and other vulnerable groups, our mandate is to look at overall housing affordability across the entire population.
- We take a broad view of the housing system. We think that having a sound system of rental properties is at least of equal value to that of homeownership. Not only are rental homes more likely to house individuals and families with low to moderate incomes, but they are also a cornerstone for a mobile, welcoming society, housing students, workers, families and newcomers to the province.
- Our charge covers the entire province of British Columbia, but we were asked to concentrate on areas where market prices for housing are highest and housing affordability problems are most severe. We sought information and data, and consulted with stakeholders from across the province. We recognize, however, that affordability challenges are particularly acute in the Lower Mainland, the Greater Victoria and the Central Okanagan.

- While housing affordability is our goal, we did not select a preferred metric or definition of affordability (see [box ii](#) and the *Simple Metrics for Deciding if You Have Enough Housing*, on the Panel’s website, for different ways to measure affordability). It is our belief that by achieving greater balance between demand and supply, alongside functional and targeted programs for those whose housing needs are not met by increased market supply, affordability will improve across most if not all metrics.
- We recognize that there are many factors that drive up demand for housing, including continued population and income growth, changing preferences, as well as low interest rates. There are also illegal activities, such as money laundering, which can distort housing markets. Given the important work already produced by the B.C. government-commissioned Expert Panel on Money Laundering in B.C. Real Estate,¹⁹ and that the Cullen Commission²⁰ and the Canada-BC Ad Hoc Working Group on the Real Estate Sector were formed to investigate these important phenomena, they are not the primary focus of our work.

How the Panel did its work

The Panel began deliberating in October of 2019. Two broad approaches were used to organize the collection of feedback and research.

First, starting early in 2020, we met with representatives of key sectors connected with housing in B.C., including owners and renters directly affected by higher housing costs, business leaders, academics and government officials. These extensive discussions were held over the course of 2020 and, along with

¹⁸ <https://www.canada.ca/en/department-finance/news/2019/09/governments-of-canada-and-british-columbia-announce-expert-panel-on-the-future-of-housing-supply-and-affordability.html>.

¹⁹ For the Expert Panel on Money Laundering in B.C. Real Estate’s final report, see Maloney, Somerville & Unger (2019).

²⁰ For more on the Commission of Inquiry into Money Laundering in British Columbia (the Cullen Commission), see: <https://cullencommission.ca/>.

responses received via the Panel's website through June 2020, are summarized in *What We Heard*, a separate Panel report.²¹ Additional consultations were held and the Panel's website reopened to another round of submissions in early 2021. This additional feedback is reflected in this report's themes and recommendations.

Second, we sought further data and analysis. Our starting point was CMHC's 2018 report *Examining Escalating House Prices in Large Canadian Metropolitan Centres*, which highlights the importance of the system governing how the supply side of housing responds to demand, as this interaction explains much of the long-term increase in house prices. We asked CMHC to provide us with further analysis and data on B.C., the highlights of which are discussed in this report. Additional data and analyses were commissioned from external analysts specializing in B.C. markets, which are briefly discussed below and are available as standalone documents on the panel's website (see summaries and hyperlinks on [page 24](#)).

The impact of COVID-19

The emergence of the COVID-19 pandemic has caused widespread hardship for many Canadians. The Panel extends its condolences to all who have experienced loss, and looks forward to recovery from the pandemic and the many challenges it generated.

The pandemic affected the progress of the Panel both directly, in the way we conducted our work, and indirectly, through the broader social context. Beginning in March 2020, we replaced in-person consultations with videoconferencing. Also, work with microdata requiring access to Statistics Canada's research data centres could not be undertaken because of facility closures.

More broadly, and as noted above, the COVID-19 outbreak has and will shift housing demand around urban centres globally, but it is too early to say by how much and for how long. Beyond the historically low mortgage interest rates offered throughout the pandemic (see [figures 3 and 4](#)), the accelerated adoption of work-from-home technologies has enabled more households to live farther from their place of employment. Shifts in homebuying patterns have already

emerged, driving noticeably higher home prices in the suburbs and in some rural communities (see [box iii](#)). As less money is spent on commuting and city-centre living, more income becomes available for other spending, including upgrading housing or the purchase of more living space. Further impacts from the COVID-19 experience will undoubtedly emerge with time.

Despite the changes in consumer and business behaviour that the pandemic may trigger, we believe Canada's large metropolitan regions will continue to be centres of commerce, education and entertainment. Many people, including new immigrants to Canada, will continue to want to live in or near these areas, but perhaps in different ways. They may be willing and able to live farther from the city core, and only commute occasionally for select face-to-face meetings and entertainment. Planning for such outcomes is difficult, so these changes in households' behaviour will call for greater versatility and flexibility in planning for the future.

What we heard from consultations

As part of its work toward establishing a vision for housing in British Columbia, the Panel consulted with many key groups and housing experts. We met with over 100 participants in the housing system to discuss and identify challenges related to supply and affordability, and potential opportunities to overcome these challenges. Among those we consulted were academics, public servants, government officials, tenant and housing advocacy organizations, Indigenous housing providers, as well as private and non-profit housing developers. Many of these consultations occurred virtually as a result of COVID-19 restrictions.

Based on their contributions, we grouped responses into three themes:

1. Governance, or the way in which governments control or influence the supply of housing.
2. The diversity of housing supply for all income levels and tenures.
3. Accelerating and adding certainty to the process of adding new supply.

²¹ This report is available at: https://engage.gov.bc.ca/app/uploads/sites/588/2020/12/20200805_001_WhatWeHeard_Report_w_ACC.pdf.

The biggest focus was on governance matters. About 75% of discussion time was spent on governance and when it came to housing solutions, an even greater percentage of respondents concentrated on this area. In fact, it has been repeatedly suggested in statements to the Panel that all orders of government have a role to play in improving governance through their taxing, spending and regulatory powers.

Governance is multi-faceted. Governance determines how plans are turned into reality, the taxation and fees on housing and construction, and the coordination of housing development with other critical government activities, such as the provision of water and transport infrastructure.

An important aspect of governance is the land-use planning process, which offers citizens opportunities to provide input on new development based on both real and perceived impacts. We believe that democratic processes are important, but that overreliance on public hearings to make land-use decisions tends to favour certain voices over others. This can result in perceptions of majority opposition to new development, especially when the citizens most motivated and available to participate in the process generally oppose the development plans.

This opposition puts political pressure on the elected officials in charge of reviewing the proposals. Its influence strengthens further as those who support or stand to benefit from new housing supply often do not attend public hearings to voice their views and priorities. Such proceedings contribute to a land-use planning system that prevents new housing supply in two ways: first, by restricting or impeding growth as a consequence of lengthy, uncertain and costly processes; and second, by allowing anti-development interests to apply disproportionate political pressure on decision makers.

The Panel heard that diversity in the supply of housing in B.C. must be improved in several areas. Specifically, there needs to be a mix of:

- housing tenures, with no outright policy or legislative preference for homeownership over rental;
- housing types whose form and function meet the needs of different income groups; and
- organizations delivering housing types, whether operating for profit or in the non-profit sector.

The final thematic area considered by the Panel was the length of the processes required to bring new housing supply to market in many urban communities in B.C. Indeed, this was a dominant theme during our discussions with numerous stakeholders, who stressed the need to accelerate processing times and increase certainty in approvals processes, which include (but are not limited to) the need to assemble, subdivide or rezone property, as well as to obtain building permits. Projects often take years to be approved, as evidenced by repeated analyses from academic,²² industry²³ and public policy²⁴ researchers. These delays add risks, create uncertainty and increase costs to both private and non-profit projects.

The 2019 publication of the *Development Approvals Process Review (DAPR)* report by the B.C. Ministry of Municipal Affairs and Housing (discussed in [box viii](#)) further highlighted the challenges faced by homebuilders, while outlining opportunities to improve housing supply provincewide. Better, more consistent measurement of project approvals, as well as revisions to their timing to increase speed and certainty, should be priorities for action by policymakers.

²² A growing academic literature measuring residential land-use regulations has emerged in the United States, including most notably the Wharton Residential Land Use Regulation Index (Gyourko, Hartley, & Krimmel, 2019). In B.C., researchers from Simon Fraser University have produced the Getting to Groundbreaking series, which tracks hypothetical housing project applications of different types and scales (for example, townhomes and wood-frame apartments) across different Metro Vancouver municipalities (Holden & Sidhu, 2014; Holden, Sturgeon & Fung, 2016).

²³ In 2020, the Canadian Home Builders' Association (CHBA) published the Municipal Benchmarking Study. This study, which was undertaken by Altus Group Economic Consulting, includes regulatory approval timelines for several large municipalities across Canada, including five in Metro Vancouver.

²⁴ The New Homes and Red Tape series, designed and carried out by the Fraser Institute in 2014 and 2016, includes typical approval timelines and costs incurred by homebuilders across major Canadian metropolitan areas, including municipalities in B.C.'s Lower Mainland and the Okanagan Valley.

Summary of additional analysis Conclusions and implications

To further explore the themes identified in *What We Heard*, the Panel commissioned analyses on the state of affordability in B.C.'s major centres, what potential housing needs will be in years to come, and the current state of housing supply in the province.

The research and supporting data, discussed in [appendix 1](#), show how home prices increased in B.C.'s four census metropolitan areas (CMAs) over the last two decades. Rents have also increased beyond income growth, especially since 2015, a period marked with very low rental vacancy rates before the onset of the COVID-19 pandemic. On the supply side, all four major B.C. markets have experienced increases in recent years and will likely require more sustained housing stock growth to counter decades of undersupply. Four additional topics that we examined and received submissions on, some of which are located on the panel's website were:

- [how to measure housing supply adequacy and affordability](#);
- [empirical testing of common narratives surrounding B.C. \(and especially Metro Vancouver\) housing markets](#), namely concerning the role and impact of foreign buyers and overseas investors, empty homes, building for the “wrong people,” incomes decoupling from rents, and the existence of an outsized real estate sector;
- [zoning bylaws across Metro Vancouver](#); and
- [the economics of fees on property development](#), and their potential impacts on housing markets.

These analyses' findings and discussions supported many of the themes identified in our broader consultations. In particular, the research confirmed the often-severe difficulty with which local land-use and infrastructure planning anticipates current and projected demand for housing. Further, the scarcity of housing that is partly caused by regulatory environments generates financial benefits for local governments, which can negotiate the sale of development rights. In other words, the less new housing is built, the more existing developable land is worth, and the more local governments can collect in fees or in-kind contributions from homebuilders, in turn reducing local governments' incentives to meaningfully increase the supply of homes.

Our broad consultations, along with insights gleaned from external analyses and expert reviews, have led to several important conclusions. First, and to little surprise given our mandate, B.C.'s affordability challenges are severe and have worsened over time. The emergence of high home prices and rents, insufficient or unsuitable unit availability, and shelter challenges for the province's most vulnerable people are not new. This suggests that repeated efforts by governments, though helpful, have only partially stopped the otherwise relentless erosion of affordability across many of the province's communities.

Second, the far-reaching sources and effects of B.C.'s housing affordability challenges require equally comprehensive solutions, involving all sectors and housing types. The for-profit, non-profit and government sectors all have essential roles to play in growing the supply of market-rate ownership and rental housing, as well as the supply of community and affordable housing, suitable to the needs of groups as varied as growing families in search of more living space, aging homeowners looking to downsize, and individuals and families under threat of eviction or with no home at all.

Third, all orders of government have unique tools to address this multi-faceted problem, concerning both the demand for and the supply of housing, and we urge them to take action accordingly. It is also our belief that many of the most significant policy levers specifically pertaining to the supply of housing belong to local governments, which, for a number of reasons outlined in this report and elsewhere, face important barriers—notably political—preventing them from making greater progress toward a more abundant housing supply. We therefore believe that it falls on the provincial government, which is ultimately responsible for local governments, to enact many of our most impactful recommendations.

We believe that the implementation of the recommendations we present in the next section will have a significant positive impact on housing affordability in B.C., especially in the longer term.

3. Policy issues and recommendations

Having consulted with stakeholders provincewide, while commissioning analyses aimed at answering key questions about affordability and supply in B.C.'s metropolitan regions, the Panel's deliberations resulted in 23 actionable recommendations. The recommendations are tied to the orders of government we believe are best suited to enact them, though all are invited to consider how best to achieve the outcomes we prescribe.

To understand the overarching goals each recommendation supports, individual recommendations were grouped into the following five thematic categories, or "calls to action."

- Creating a planning framework that proactively encourages housing.
- Reforming fees on property development.
- Expanding the supply of community and affordable housing.
- Improving coordination among and within all orders of government.
- Ensuring more equitable treatment of renters and homeowners.

The following section provides some context for each thematic category, outlining current challenges and actionable recommendations.

Recommendations of the Expert Panel on the Future of Housing Supply and Affordability:

Creating a planning framework that proactively encourages housing

More than a dozen acts, associated regulations, and guidelines shape land-use governance and property development in B.C. Layered upon these are a host of government and industry practices that have emerged and evolved over time. Combined, these legislative and

non-legislative practices make up the land-use and development governance system (see [appendix 4](#) for a diagram of development approval processes and a lexicon of relevant terms). This overview focuses on residential land-use and property development governance, but many of the components mentioned also apply to non-housing land use and development.

Current challenges

It takes too long to navigate the development process

The time needed to steer new housing projects from concept through to groundbreaking can take years (see [box v](#)). These delays often create a further disconnect between changing demand for housing and its supply. Delays, revisions, additional steps and stalled negotiations all lengthen the development process and impede both for-profit and non-profit developers' ability to make additional homes available to meet growing demand.

Many proposals never make it to the formal application stage

There is little to no reporting on pre-applications (initial, exploratory discussions about projects with City staff) and whether projects did not move forward, either due to government-controlled factors, such as negotiated fee expectations or external factors such as downturns in the market.

Rezoning can be difficult and amplifies the voices of a few rather than the needs of the community at large

The rezoning process, especially for larger projects involving privately initiated applications (rather than government-led rezoning stemming from official planning processes) can take many years and be a fraught process due to lengthy public hearings and competing policy objectives.

Future demographic estimates have persistently underestimated the housing supply needed to improve affordability

Demographic projections, produced or commissioned by governments and statistical agencies, often influence regional and local land-use and infrastructure planning decisions, including how much growth to plan for and where. These projections generally answer the following question: *what should we expect to happen if past trends continue?* Problems with this approach arise when trying to tackle housing shortages, which by definition involves breaking with the status quo. As a result, planning to meet demographic projections often means planning to maintain or “bake in” today’s affordability issues (see [appendix 5](#) for a discussion of demographic estimates and their influence on the supply of housing).

To create a planning framework that proactively encourages housing, we recommend that:

1. the B.C. government impose statutory time limits to all stages of the property development process, municipal or other, for all types of development. Similar limits imposed in Ontario and Alberta can serve as examples, if necessary (see [box vi](#));
2. the B.C. government update the Housing Needs Reports methodology to include an “affordability adjustment” (see [box vii](#) and [appendix 4](#)), and require local governments to use anticipated growth numbers from the Housing Needs Reports as binding minimum targets from which to determine land-use policies and decisions;
3. the B.C. government require growing municipalities to have official community plans (OCPs) that are updated every five years and developed in tandem with Housing Needs Reports. The provincial government should cover the associated costs. The B.C. government should also require all local governments to proactively update and orient zoning bylaws and infrastructure planning to reflect official community plans, as widely and as rapidly as possible. Practices such as adopting plans without pre-zoning land or orienting infrastructure planning to match those changes, and relying on privately initiated rezoning (spot-zoning) should be strongly discouraged;
4. the B.C. government and local governments implement the following ideas presented in the *Development Approvals Process Review* report (DAPR—see [box viii](#)):
 - a) Provincial review of public hearings and consideration of alternative options for more meaningful, earlier public input and in different formats,
 - b) Provincial policy review of official community plans with respect to development approvals—adoption process, update requirements, recommended levels of detail, streamlining process for minor amendments, and
 - c) Provincial policy review to consider tying development approvals to housing targets;
5. the B.C. government require provincewide interests and priorities (such as those outlined in *Homes for BC: A 30-Point Plan for Housing in British Columbia*) to be reflected in official community plans. Notably, minimum density requirements and sufficient pre-zoned sites for the development of market and non-market homes around provincially funded transit infrastructure;
6. federal and provincial governments make new infrastructure investments conditional on OCPs, zoning bylaws and other local policies to allow for increased density and a mix of housing types. To inform this, the federal government should continue to provide dedicated funding for collaborative, state-of-the-art urban land-use modelling in major urban areas of Canada. Land-use modelling could be used to guide decisions and actions required across the three orders of government to realize the timely delivery of benefits from joint infrastructure investments. To this end, we recommend \$60 million over 10 years. Though federally funded, we also recommend provincial and municipal support, notably by providing data; and
7. The B.C. government develop a provincewide digital development permitting system designed to meet local government and industry needs in a streamlined, timely and cost efficient fashion. This system would consist of two main parts: a central repository including all development requirements and restrictions administered by any order of government or organization, and a case management system for efficient management and monitoring of development proposals from pre-application through to occupancy. We recommend a provincial system that draws on registries operated by the Land Title and Survey Authority, which would be operationally efficient and cost effective for all parties.

BOX V: Measuring the approvals process

Though some local governments do track development applications as they progress through the various stages of approval, they are neither required to do so, nor obligated to make such data publicly available. As a result, there are no comprehensive, comparable datasets featuring approval timelines, by local government or by project, and their evolution over time. This significant data gap presents important challenges to fully understanding housing supply in B.C., and Canada more generally, motivating independent research efforts such as Simon Fraser University's *Getting to Groundbreaking* series, which approximates such timelines for specific projects in specific years, while mapping various regulatory hurdles. Similar research conducted by the Altus Group for the Canadian Home Builders' Association, as well as the Fraser Institute, share similar findings (see footnotes 22, 23 and 24). Namely, approvals often take years in Canada's most expensive cities, can cost tens of thousands of dollars per new unit in fees and often face significant uncertainty.

The Panel encourages such research efforts, but also believes that governments have a greater role to play in comprehensively tracking the development approvals process over time (see [recommendation 7](#)).

BOX VI: Capping development approvals timelines in Ontario and Alberta

Having identified long and uncertain project approvals timelines as detrimental to housing supply in major cities, the governments of Ontario and Alberta passed legislation (Bill 108 in Ontario and Bill 48 in Alberta) in 2019 and 2020, respectively. Both pieces of legislation stipulate (or in the case of Alberta, update) maximum time limits on the various types and stages of development applications. In Ontario, this includes a 120-day limit for official plan amendments and subdivision applications, as well as a 90-day limit for rezoning applications. In Alberta, this includes a 20-day limit to determine application completeness, a 60-day limit for subdivision applications, and a 40-day limit for development permit applications. In both provinces, these limits are enforced by independent tribunals based on development applicant appeals.

BOX VII: Housing Needs Reports

Under the Housing Needs Report Regulation, B.C. Regulation 90/2019, municipalities and regional districts in B.C. are required to complete Housing Needs Reports by April 2022 and every five years thereafter. Legislative requirements took effect in April 2019 and require local governments to collect data, analyze trends and present reports that describe current and anticipated housing needs in B.C. communities. The needs, in turn, help orient official community plans and regional growth strategies around meeting current and future housing needs.

The introduction of Housing Needs Reports was an important step toward better understanding and anticipating housing demand and supply dynamics. However, we believe these reports would benefit from additional refinements (see [appendix 4](#)). In particular, an “affordability adjustment” is necessary to account for past undersupply. Household growth on its own is insufficient as an indicator of future housing needs because household formation is constrained to the available supply—new households cannot form if there is nowhere for them to live (see [appendix 5](#)).

One international example of the inclusion of an “affordability adjustment” can be found in the U.K. government’s Housing and Economic Needs Assessments, which “identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic undersupply.”²⁵

BOX VIII: Development Approvals Process Review (DAPR)

Led by the B.C. Ministry of Municipal Affairs and Housing, the DAPR report presents opportunities identified through consultations held in 2018 and 2019 with local governments, developers, building professionals, non-profit organizations, and government agencies, to eliminate barriers to affordable housing and accelerate the construction of homes people need. The DAPR report was released in September 2019 and outlines opportunities covering seven broad areas from public engagement to government charges on development. Many of the opportunities presented in the DAPR report reflect themes and recommendations that emerged during Expert Panel consultations and deliberations, in turn reinforcing their importance and the need to repeat them in our own report. The DAPR report is available online at: https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf

Reforming fees on property development

Strong and persistent growth pressure in British Columbia’s largest cities has contributed to the emergence of provincial and local government revenue instruments aimed at capturing a portion of the value of new development to fund growth-related infrastructure and amenities. These instruments

include development cost charges (DCCs), density bonusing and community amenity contributions (CACs), which, despite sharing broad similarities as development-based exactions, differ greatly in their application and impacts in practice (see [appendix 6](#) for brief descriptions of each tool). In particular, the negotiated and often unpredictable nature of CACs can delay or discourage new homebuilding, and increase housing prices in the region. The challenges

²⁵ United Kingdom Ministry of Housing, Communities & Local Government (2015). See [appendix 4](#) for similar calculations applied to B.C.’s four CMAs.

presented by these instruments, as well as opportunities to reduce their negative effects on housing supply are outlined below.

Current challenges

Fees on development can reduce the amount of developable land

The selling price of new housing is determined by the ability and willingness of buyers to pay at a given point in time, limiting the ability of developers to immediately raise selling prices. As a result of this effective “ceiling” on prices at a given point in time, the additional costs imposed by fees and charges must replace other items in developments’ cost structures. Developers don’t determine construction or material costs, and they cannot reduce profits below that required to obtain project financing, leaving the initial purchase price of land to absorb the cost of development fees. When developers offer less for land, more properties remain in their current use, and do not get turned into additional homes, exacerbating supply shortages and their resulting pressures on prices citywide.²⁶ While new development or redevelopment should be expected to pay its share of infrastructure or amenity costs incurred by cities, setting fees too high means unnecessarily raising the price of both new and existing housing across the city.

Zoning-based charges (CACs) increase approval timelines and uncertainty

CACs are often negotiated between property developers and local governments, without clear indication of how long the process will take or the exact conditions for rezoning approval in advance of project proposals. Such delays not only add costs, including carrying costs of land and staff, but also risk reducing the number of projects that would otherwise be proposed. Moreover, the high transaction or expertise costs associated with navigating these processes risk discouraging new entrants in B.C.’s homebuilding industry.

Zoning-based charges (CACs) discourage proactive zoning for more homes

CACs are negotiated in exchange for rezoning property to accommodate more homes. As a result, local governments that proactively increase zoned capacity or update zoning codes to better reflect anticipated growth and community

priorities (as outlined in regional growth strategies and official community plans) lose that revenue opportunity. Indeed, local governments can generate CAC revenue by keeping zoning below levels that make redevelopment possible, and selling additional “air rights” through the zoning powers they have been delegated. Consequently, the additional costs, time, and uncertainty associated with the rezoning process—including their negative impacts on housing supply—persist.

Zoning-based charges (CACs) can undermine the participatory community planning process

Because zoning-based revenue tools such as CACs discourage local governments from updating zoning codes to better reflect Regional Growth Strategy and OCP priorities, a fourth challenge stemming from these tools is that they risk undermining the participatory planning process. For example, if a community has already consented to the creation of more density along a major new transit corridor, it arguably follows that zoning and servicing infrastructure should be rapidly updated to reflect this priority, rather than reflecting the pre-OCP consultation status quo (see [box ix](#) for a case study of the Cambie Corridor).

To reform fees on property development, we recommend that:

8. local governments designate and prioritize infrastructure needs and amenity preferences, as well as the associated share of costs to be generated through development charges, well in advance (for example, during the official planning process, or alongside Housing Needs Reports);
9. the B.C. government phase out community amenity contributions, as suggested in the *Development Approvals Process Review (DAPR)* report, while expanding the definition of development cost charges in legislation to include a wider list of infrastructure and amenities directly tied to growth, such as those currently funded by CACs. The B.C. government should require any new or expanded fees or taxation of development to only fund capital expenses, and not operating expenses. The B.C. government should also require any new or expanded municipally levied fees or taxation of development to adhere to principles of “nexus” and “proportionality.” Namely, development fees should match the proportion of new amenity or infrastructure requirements directly generated by new development projects, rather than an exhaustive list of desired amenities. For further discussion of nexus and proportionality, see [appendix 7](#).

²⁶ For more on the mechanism by which fees, and especially CACs, influence the supply of developable land citywide, see British Columbia Ministry of Community, Sport and Cultural Development (2014), as well as *The Economics of Community Amenity Contributions and Real Estate Taxes*, a standalone document on the Panel’s website, <https://engage.gov.bc.ca/app/uploads/sites/121/2021/06/Economics-of-CACs.pdf>

10. the B.C. government conduct a full review of local government revenue sources and spending responsibilities. This review should include consideration of additional or enhanced funding sources for infrastructure and amenities that are more predictable and do not rely on rezoning or the development process. Preference should be given to means that capture land value through taxation, rather than homebuilding,²⁷ and

11. federal and provincial governments create a municipal housing incentive program rewarding the creation of net new housing supply wherever demand occurs. Conditions may be tied to these funds, such as caps on new dwelling values or compensation for displaced renters, though their primary purpose is to recognize municipal costs incurred in growing the housing stock and reward growth of housing supply where it is needed.²⁸ The magnitude of this program can vary, including a sliding scale based on the number of new units added relative to the number they replace.

BOX IX: Case study: The Cambie Corridor

Following the 2009 completion of the Canada Line SkyTrain expansion connecting downtown Vancouver to Vancouver International Airport, the City of Vancouver conducted substantial public consultations to produce a corridor plan guiding redevelopment near new transit stations. The Cambie Corridor Plan was rolled out in three phases, starting in 2010, and continues to guide development patterns in the area. Important features of the Cambie Corridor Plan include a public benefits strategy enumerating infrastructure and amenity requirements determined ahead of time through the consultation process, as well as funding sources for these requirements, notably fixed-rate CACs.

The early identification, prioritization and costing of capital and amenity requirements, as well as a transparent fee structure to pay for them are both preferable to more ad hoc or unpredictable processes and requirements. In this regard, the Cambie Corridor Plan follows best practices linked to a better environment for growing the housing supply. However, reliance on CACs means reliance on rezoning, in turn discouraging the City from changing zoning along the Cambie Corridor to better reflect the area plan. Crucially, changes to zoning must be approved by the City council rather than City staff, causing unnecessary delays and uncertainty.²⁹

In order to accelerate the realization of area or citywide plans, municipalities can benefit from adopting transparent, prioritized and costed lists of capital requirements well ahead of building applications (like the Public Benefits Strategy), while the Province can shift development-based fees available to municipalities away from the need to rezone (CACs) and toward more transparent, legislated tools (DCCs). Municipalities can also start developing area plans for transit corridors well in advance of project completion, in order for housing development and transit development to occur in tandem.

²⁷ Examples of such means include, but are not limited to, special assessment districts or tax increment financing (TIF), which involve time-limited, neighbourhood-level property tax increases to finance local improvements or amenities (for example, the revitalization of a former industrial district paid for by nearby and future property owners). These tools are already used in several Canadian and U.S. cities, including Calgary and Winnipeg. The Panel expresses no *a priori* preference for either of these tools, but encourages the consideration of all such options as part of a broader discussion on municipal revenue sources.

²⁸ A similar program has been in place in England since 2011, where local councils receive annual grants, called the New Homes Bonus, from the central government “based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.” (United Kingdom Ministry of Housing, Communities & Local Government, 2020).

²⁹ The need for council hearings for rezoning was identified as an important cause of delays in the development process in the B.C. Ministry of Municipal Affairs and Housing’s 2019 *Development Approvals Process Review* (DAPR) report. The report identifies pre-zoning land to match planning priorities, as well as empowering City staff to make more development-related decisions as potential solutions to address rezoning-induced delays.

Expanding the supply of community and affordable housing

Although the private market houses the vast majority of British Columbians, the housing needs of an increasing number of individuals and families are not being met by the private rental market. B.C. has a well-established community housing sector that manages around 87,000 units³⁰ across the province, consisting of non-profit housing societies, co-operatives, and community land trusts (see [appendix 8](#) for a comprehensive list of this sector's participants in B.C.). The sector also includes a small number of public housing bodies with a similar mission to preserve long-term affordability to meet the needs of local residents. Community housing serves a wide cross-section of B.C. residents, including veterans, seniors, families, newcomers and households that require supportive and assisted housing. The community housing sector responds not only to the need for affordable homes, but also for long-term residential stability, community building and social inclusion. Importantly, the need for non-market homes can grow as market housing is increasingly priced out of reach of those earning local incomes (as explained in [appendix 3](#)).

What distinguishes the community housing sector from the market sector is that it is mission-driven, rather than profit-driven. Like their non-profit counterparts, many market sector housing developers and landlords may also be motivated to provide housing at affordable prices. Even so, it is unrealistic to expect the market sector to take on projects that will generate little or no profit. In fact, having a healthy profit margin built into financial models is usually a requirement to access development loans from financial institutions.

Current challenges

Affordable rental units are disappearing faster than they are being built

Persistent rent inflation, along with redevelopments and demolitions of older rental buildings, has resulted in a significant loss of affordable rental stock in the private market. Based on census data, nearly 34,000 units renting below \$750/month were lost in B.C. between 2011 and 2016.³¹ Assuming this same trend continued after 2016, the BC Non-profit Housing Association (BCNPHA) estimates that for every new unit of community housing built, three units of low-rent housing in the private sector disappear. Unless measures are taken to stem the loss of existing affordable rental, it will be nearly impossible to address the need for affordable units through new supply alone.

There are more people in need of community housing than there are homes available

All Canadian cities have wait lists of applicants for community housing, so it is unsurprising that B.C.'s largest cities also feature lengthy lists of individuals and families seeking housing that they can afford and that meets their needs. Based on the 2018 Canadian Housing Survey, 25,200 households in B.C. were on waiting lists for affordable housing that year, and around half of these households had been on a waiting list for two years or longer.³² This share of unmet housing demand is attributable to multiple factors, including a mismatch between unit types required and unit types available, processing or eligibility issues and, crucially, housing prices that reflect induced scarcity rather than the simple cost of building homes. As explained in [appendix 8](#), rising market rents and homeownership costs can create negative spillovers as households otherwise able to afford market-rate housing find themselves priced out. This is precisely what we have seen in parts of Metro Vancouver and Greater Victoria in recent decades, where wages that could more comfortably cover housing costs in other urban regions are insufficient for market-rate rents or ownership costs.

³⁰ This number differs from the number of assisted households reported by BC Housing, which includes subsidized households living in private market housing. See: <https://www.bchousing.org/research-centre/facts-stats#:~:text=By%20end%20of%202019%2F20,90%20communities%20across%20the%20province>.

³¹ Pomeroy, Lampert & Eberle (2019).

³² Statistics Canada table 46-10-0042-01 available at: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=4610004201&pickMembers%5B0%5D=1.1&pickMembers%5B1%5D=2.1>.

Building below the market rate, and especially deeply affordable homes, is not economically viable on its own

Below-market-rate housing is typically not feasible as a for-profit venture, requiring public, private or charitable contributions to support its viability. Non-profit providers usually need to pay the same market prices for land and face the same construction costs as for-profit developers. They also must deal with the same regulatory barriers that limit the quantity and quality of projects undertaken. Further regulatory barriers, such as federal tax policies that limit the scope of charitable and non-profit housing projects, present unnecessary administrative barriers to mixed-income developments with significant additional administrative costs incurred by non-profit organizations.

Demand-side supports (for example, rent supplements) are less effective in supply-constrained housing markets

“Portable” benefits, such as rent supplements, are a well-known approach to help low-income households find shelter in the private market. Such programs can work well in many cities, and indeed help many households across B.C. However, they are less effective in supply-constrained housing markets, such as B.C.’s major urban centres, where low rental vacancy rates allow landlords to bid up rents rather than compete for tenants. In such markets, rent supplements either cost more or do not go as far in helping the households they target.³³

To expand the supply of community and affordable housing, we recommend that:

12. the federal and provincial governments independently or jointly create an acquisition fund to enable non-profit housing organizations to acquire currently affordable housing properties at risk of being repriced or redeveloped into more expensive units. Conditions should be attached to this funding that will prevent forced displacement of existing tenants when a building is acquired. The B.C. government should exempt non-profit organizations from the property transfer tax for building acquisitions that will be used to provide affordable housing;
13. the federal government make long-term funding commitments, as was done until the mid-1990s, rather than offering short-term capital grants. We recommend that the scale of these funding commitments reflects what is required for the construction of new social housing units to return to historic levels, when nearly 10% of all national housing starts were social housing units;
14. the federal and provincial governments provide more dedicated money to the community housing sector and increase contributions relative to loans under current National Housing Strategy (NHS) programs. Federal funding allocations to provinces should be tied to levels of core housing need;
15. all orders of government undertake land assembly and provide long-term leases to private and non-profit developers of affordable housing. Several municipalities in B.C. are already doing this, and we recommend an expansion of this practice (see box xi); and
16. the federal government amend the *Income Tax Act* to enable charitable housing providers to widen the cross-section of groups they serve beyond low-income, disabled and elderly households, allowing charities to undertake mixed-income housing developments. This amendment would enable charitable housing providers to scale their operations, expand the number of households they serve and use low-end of market-rate rents to cross-subsidize affordable units.

³³ Metcalf (2018).

BOX X: A reduction in the construction of community and affordable housing since the mid-1990s has created a supply shortage

From the mid-1960s until the early-1990s, the federal government made significant financial contributions to the start-up, capital and operating costs of social housing developments.³⁴ At their height, these public, non-profit and co-operative housing supply programs saw the creation of 25,000 new affordable homes built annually in Canada. The supply of affordable housing diminished considerably in the mid-1990s, when the federal government withdrew from funding new social housing and transferred program delivery to the provinces and territories.³⁵

Following the offloading of affordable housing programs, the Government of B.C. increased its contributions to social and affordable housing. Despite the significant provincial investments made, construction of new affordable units has remained below historic heights.

Table 1: Social and affordable housing, number of units by construction period, select provinces

	Pre-1970	1970-1989	1990-2019
Canada	81,247	284,396	102,759
Alberta	3,288	27,699	9,612
British Columbia	9,909	52,059	31,643
Ontario	33,191	118,186	34,748
Quebec	24,554	28,430	15,125

Source: CMHC (2019). Social and Affordable Housing Survey³⁶

The reduction in social housing construction since the mid-1990s has been particularly impactful because it occurred alongside the loss of federal incentives for purpose-built rental developments in the 1980s. This, along with rising construction costs and low rents, fostered a growing preference among developers for strata developments.³⁷ Together, these forces contributed to a dramatic slowdown in new purpose-built rental supply over several decades. Research conducted by the BC Rental Housing Coalition suggests that 80,000 rental units are needed to fix the rental housing deficit in the province, and that an additional 7,000 new rental units need to be constructed annually over the next decade to meet demand.³⁸

³⁴ "Social housing" traditionally referred to housing owned and operated by public and non-profit groups and allocated on a non-market basis. The meaning of the term has shifted over time, corresponding to changing subsidized housing approaches. In the 1990s, funding for social housing construction declined, and increasingly governments have provided housing support to low-income households in the form of portable rental assistance. As a result, the term social housing is now often used to include private, for-profit housing that is subsidized through rent supplement programs. The term "affordable housing" is a broad term that is used to refer to both subsidized and unsubsidized housing with below to low end of market rents, or sometimes market-rate housing that costs less than 30% of the median income by household size for a set geography (see box ii on definitions of affordability). Community housing includes public, non-profit and co-operative social and affordable housing, but does not include private for-profit affordable housing.

³⁵ For details of historical social housing programs, including historical starts, see Suttor (2016).

³⁶ Available at <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/social-affordable-housing-survey-rental-structures-data>.

³⁷ Strata legislation was introduced in the province in 1966, and expanded in 1974. By the mid-1980s, federal incentives for purpose-built rental development had been phased out. These incentives included a combination of grants, low-cost loans and tax exemptions.

³⁸ BC Rental Housing Coalition (2017).

BOX XI: City-owned land and the Community Land Trust in Vancouver

B.C.'s Community Land Trust (CLT) has partnered with non-profit housing providers to develop or preserve thousands of affordable units throughout the province. CLT is currently in the process of developing over 1,000 homes through its partnership with the Vancouver Affordable Housing Agency, on land provided by the City of Vancouver through 99-year leases at a nominal rate. The City of Vancouver and the Land Trust anticipate operating surpluses that can be used for future expansions of affordable housing and to deepen affordability for low-income households living in Land Trust housing. Surpluses will be divided between the Land Trust and the City of Vancouver.

Improving coordination among and within all orders of government

All orders of government undertake important programs to increase the supply of affordable market or non-market housing. However, housing programs are frequently misaligned, and sometimes conflict with one another, which can delay or discourage desirable housing projects. For instance, different design and environmental requirements between federal and provincial programs create barriers to projects applying for multiple programs (called program “stacking”), even though both federal and provincial funding may be needed to create projects with affordable units. Municipal inclusionary zoning requirements can add another layer of misalignment by enforcing a different set of eligibility criteria than required by provincial and federal affordable housing programs.

Though perfect alignment is unlikely, especially when programs reflect the political priorities of different legislative bodies and jurisdictions, most programs aim to expand the supply of affordable homes, presenting opportunities for flexibility in program delivery.

Current challenges

A lack of coordination limits the pool of potential program applicants

Long approval timelines, uncertainty and conflicting program criteria all add costs, in both time and money, to program applicants. Such costs can restrict the pool of potential applicants, as those without the budgets or staff to navigate approvals are prevented from participating in the program altogether.

Federal construction dollars have a limited impact without municipal collaboration

Because rezoning approvals can take several years, and are not guaranteed, CMHC typically requires that zoning be in place before approving projects for development funding, rather than granting conditional approval when a rezoning application is under review. This presents an opportunity for CMHC to work with municipalities to identify projects that, if approved for rezoning, could greatly increase the impact of funding for affordable housing.

Stringent program requirements with competing goals

Many provincial and federal housing programs aim to increase the supply of homes that are simultaneously affordable, physically accessible and environmentally friendly. While all three goals are important, meeting rigid accessibility and environmental requirements often adds substantial costs to new construction and redevelopment. As a result, overly rigid program criteria can further stifle the supply of affordable housing such programs are designed to fund.

To improve coordination between all orders of government, we recommend that:

- 17.** to better address housing needs in Indigenous communities and support Indigenous-led housing initiatives, the federal government move forward with co-developing an urban, rural and northern housing strategy, and sufficiently fund the three distinctions-based Indigenous housing strategies;
- 18.** historically low interest rates be used to expand debt ceilings for federal and provincial programs providing long-term, low-cost financing supporting affordable housing development. Proponent demand should guide funding limits as these programs support long-lived housing assets that will contribute to housing supply and affordability for generations. Along with expanding funding, application processes should be streamlined wherever possible to enable easier access and timely rollout;
- 19.** all orders of government grant their housing program providers (including BC Housing and CMHC) greater flexibility to align affordable housing program requirements with those of other providers, enabling the delivery of quality affordable housing across the country on a greater scale, and in a timely fashion. Potential ways to improve flexibility include:
 - a) federal programs deferring to provincial building and environmental codes,
 - b) streamlined underwriting for projects funded by both BC Housing and CMHC programs,
 - c) CMHC reviewing its underwriting requirements with the goal of removing unnecessary requirements and reducing application turnaround times, and
 - d) CMHC granting conditional approval for projects under review for rezoning and, in some cases, actively sponsoring such applications; and
- 20.** local governments offer density bonuses to affordable housing developers that receive federal and provincial construction and redevelopment funding. These bonuses could be dependent on longer-term or deeper affordability criteria for some proportion of the units than what the construction funding program requires.

BOX XII: Señákw lands housing development

The Squamish Nation is in the predevelopment stage of a 6,000-unit housing project on the Nation's Señákw reserve lands at the edge of Vancouver's Kitsilano neighbourhood. Between 10 and 30% of the units will be leasehold strata, with the remainder being rental. Because the development is on the Squamish Nation's Indian Reserve lands, it is subject to the Squamish Nation's zoning and development permitting requirements, and not the City of Vancouver's requirements. This more relaxed regulatory environment has enabled the development to have several features that would not be allowed under current City rules, including higher building densities and parking spaces for only 10% of the units. In this regard, the Señákw project offers one vision of the possibilities associated with a less restrictive land development system.

The Señákw project also highlights how discussions about housing are also always discussions about land. Given that the governments of Canada and B.C. have committed to reconciliation with Indigenous communities all orders of government should attempt, wherever possible, to work with Indigenous communities on agreements enabling land to support collective goals. Señákw provides an example of how returning powers over land to Indigenous communities can also benefit provincial goals of supporting more housing construction. In this sense, Señákw provides a path forward for co-operative reconciliation that might be repeated in many locations, especially around high demand metropolitan areas in B.C.

Ensuring more equitable treatment of renters and homeowners

For many decades, Canadian housing policies have encouraged households to purchase, rather than rent, their homes. Owning one's home means less vulnerability to the control of landlords, protection from rising rents, the ability to invest in improvements that suit the household, and access to potential capital gains. Today, both federal and provincial governments continue to promote homeownership through a combination of direct and indirect subsidies and incentives. Through tax advantages, Canadians have been encouraged to see housing investments as a primary path to building wealth and economic security. Over time, this feature of the tax system has arguably led Canadians to invest more in owned housing than they would have if housing were taxed like other goods or assets.³⁹

Both the provincial and federal governments offer tax subsidies directed toward the private rental market, such as the exemption of rents from GST, and tax rebates for new rental housing. There are also low-cost loan programs that aim to boost the supply of rental housing, such as the Rental Construction Financing initiative (RCFi). For low-income renters in the private market, direct subsidies also exist, such as B.C.'s Shelter Aid For Elderly Renters (SAFER) and the Canada-B.C. Housing Benefit. However, these supports are provided to targeted groups of renters, while the vast majority of housing-related subsidies benefit all or most homeowners. Indeed, the two largest housing subsidies in Canada are the exemption of capital gains tax on primary residences and the non-taxation of imputed rental income (see [appendix 9](#) for a full list of incentives and definitions).

The Panel recognizes that homeownership is a widely shared goal in Canada and that becoming a homeowner provides many benefits for individuals, families and communities. Our report is not intended to actively discourage homeownership. Rather, the focus of the recommendations in this section is to achieve more equitable treatment of renters relative to homeowners.

Current challenges

Policies favouring homeownership exacerbate wealth inequality

Thanks in part to the financial advantages that come with homeownership, most Canadians with the means to purchase a home have chosen to own rather than rent. This is also true in British Columbia, where nearly 70% of households are owners. High levels of homeownership amid steadily rising prices have contributed to a stratification of housing tenure based on income; lower-income households are mostly renters, while higher-income households are predominantly homeowners. This stratification sharpens wealth inequality between renters and owners, as housing values have risen dramatically over time and homeownership has become an increasingly important means of wealth building for many households.⁴⁰ This is particularly true in high-cost cities, such as Vancouver and Toronto, where growth in home values has substantially boosted median net worth in recent decades. In Vancouver, for example, between 1999 and 2019, the median value of principal residences rose from \$366,000 to \$900,000, in constant dollars.⁴¹ The net worth of homeowners, particularly those without mortgages, is significantly higher than that of renters in B.C. Based on 2016 data, the average household net worth of homeowners without a mortgage was around \$1.7 million, and for homeowners with a mortgage, was around \$1.05 million. Renter households, by comparison, had an average net worth of around \$182,000.⁴²

³⁹ For a discussion of this trend internationally, see The Economist (2020).

⁴⁰ A policy response to the tax advantages given to homeowners could be to make homeownership more accessible to renters, for instance by making it easier for low-income households to access mortgages. However, supporting the expansion of homeownership, in the absence of increasing supply, will cause housing prices to rise. Making it easier for households to access mortgages may also increase the indebtedness of Canadian households. High mortgage debt levels create financial system risk that could be destabilizing in the event of a sharp downturn in housing prices, as occurred in many countries during the 2007-2008 financial crisis.

⁴¹ 2019 constant dollars, Statistics Canada (2020).

⁴² Data comes from Statistics Canada Survey of Financial Security 2016 – Public Use Micro File (PUMF). It is important to note that these figures likely underestimate the differences in net worth between homeowners and lifelong renters, given that households that have sold their homes to downsize into rental are also captured in the average net worth of renter households.

Policies favouring homeownership are often regressive

While all homeowners stand to benefit from tax exemptions, notably in respect of capital gains on primary residences and the non-taxation of imputed rent (see [appendix 9](#) for descriptions), the tax benefits of homeownership tend to disproportionately accrue to higher-income or higher-net-worth households (see above). Tax exemptions for homeowners also represent lost revenue for governments, resulting in less government funding available for those in greatest housing need.

Homeowners have disproportionate political influence

Homeowners, who stand to benefit from both rising housing values and the tax advantages they are granted, also have considerable political influence, as they form the largest voting bloc in many jurisdictions and tend to have higher voter turnout than renters in local elections.⁴³ Elected officials may be reluctant to take actions to significantly boost the supply and affordability of housing or change tax policies that favour incumbent homeowners because of the potential political backlash. This, in turn, is exacerbating housing shortages and the inequalities they accentuate.⁴⁴

To ensure more equitable treatment of renters and homeowners, we recommend that:

21. the federal and provincial governments make changes to tax programs to bring the treatment of renters and homeowners into closer alignment. This would include reviewing the impact of the capital gains tax exemption on principal residences with careful consideration of fairness and efficiency, and extending comparable support to other forms of wealth building;

22. in the absence of changes to the taxation of owner-occupied housing, the federal government provide tax savings measures to renters to help offset the favourable tax treatment of ownership. These tax benefits could come in the form of (but are not limited to):

- a) tax deductibility or tax credits for annual rent paid, and
- b) a renter's tax-free savings account (TFSA) contribution amount in addition to regular TFSA limits as an initial step toward greater housing tenure neutrality in the personal income tax system. The amount should be geared to matching the tax relief available to homeowners; and

23. the B.C. government phase out the Home Owner Grant. Monies saved from this should be used to fund social housing in addition to the commitments made in the 10-year plan.

⁴³ Several Canadian and international studies have found homeowners have higher voter turnout in elections, particularly local elections. See for instance, Kushner & Siegel (2006).

⁴⁴ See Fischel (2001), McGregor and Spicer (2016), and Metcalf (2018) for more on the political incentives of homeowners.

BOX XIII:

A note on the tax treatment of residential property

A recurring theme encountered in Panel consultations and discussions was the tax treatment of residential property. In particular, the reluctance of local governments to levy higher property tax rates on homeowners to fund local services or amenities was identified as a factor contributing to the demand for housing, which, when combined with the other tax advantages associated with homeownership (identified in this section) can distort investment decisions. Low property taxes (relative to property values) also reduce the carrying costs for investors holding residential property as an asset, which along with historically low interest rates, makes property an especially attractive investment.

To address these distortions to demand while helping increase supply, potential solutions identified included shifting to a land-value tax (rather than taxing built structures), a greater role for property tax revenue in funding infrastructure and amenities, and greater balance between the property tax rates faced by different property classes (for example, residential, commercial, industrial) to more closely tie the costs of services and amenities to those benefiting from them. However, the Panel is sensitive to the political difficulties related to property tax reform—especially significant ones such as those listed here—as homeowners often form the most significant voting bloc in local elections.

The Panel has therefore made fewer, but still important recommendations around property tax, recognizing that even such changes would require strong leadership. For instance, one of the Panel’s recommendations is to phase out the Home Owner Grant, which is currently offered in full to B.C. homeowners with a principal residence assessed at or below \$1,625,000. The projected cost of this tax expenditure for the 2020/2021 fiscal year is \$848 million.⁴⁵ While the Panel believes that phasing this homeownership subsidy out is advisable, one potential drawback of this is it may increase homeowners’ opposition to neighbourhood upzoning, which typically raises property values and therefore results in higher property taxes.

Because housing markets and the taxation of housing are so tightly linked, the Panel recommends that all orders of government consider the unintended consequences of policies that concentrate benefits on one group at the expense of the remainder of the population.

⁴⁵ This amount includes the northern and rural areas home owner benefit. See B.C. Ministry of Finance (2020).

4. Appendices

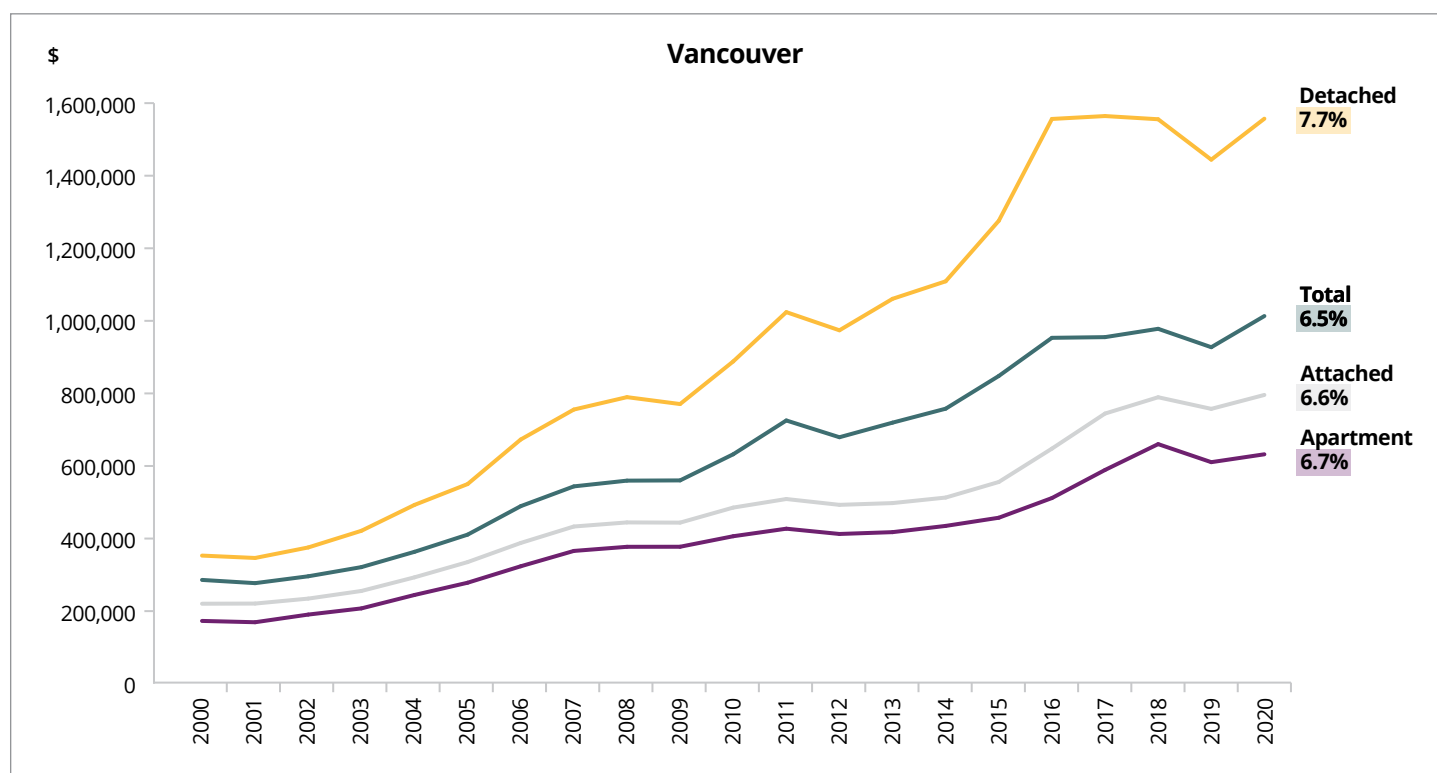
Appendix 1: The state of affordability in B.C.'s largest urban regions

This appendix discusses and presents data on the state and evolution of housing costs in British Columbia's major urban centres in recent years, identifies why these trends matter and highlights some of the consequences of not tackling housing affordability comprehensively.

The cost of housing has been increasing rapidly in British Columbia's major urban areas for many years. Figure 10 shows trends in the average price of homes by type for Vancouver, Victoria, Kelowna and Abbotsford-Mission CMAs.

Price increases were similar across B.C.'s metropolitan areas and housing types, with prices rising particularly quickly in 2001-2008 and since 2015. Annualized growth rates ranged from 5.7 to 7.8% between 2000 and 2020, while general inflation in the province averaged 1.6% over the same period.⁴⁶ Vancouver CMA detached homes were an outlier, seeing near-persistent growth between 2000 and the introduction of new taxes on foreign buyers in 2016.

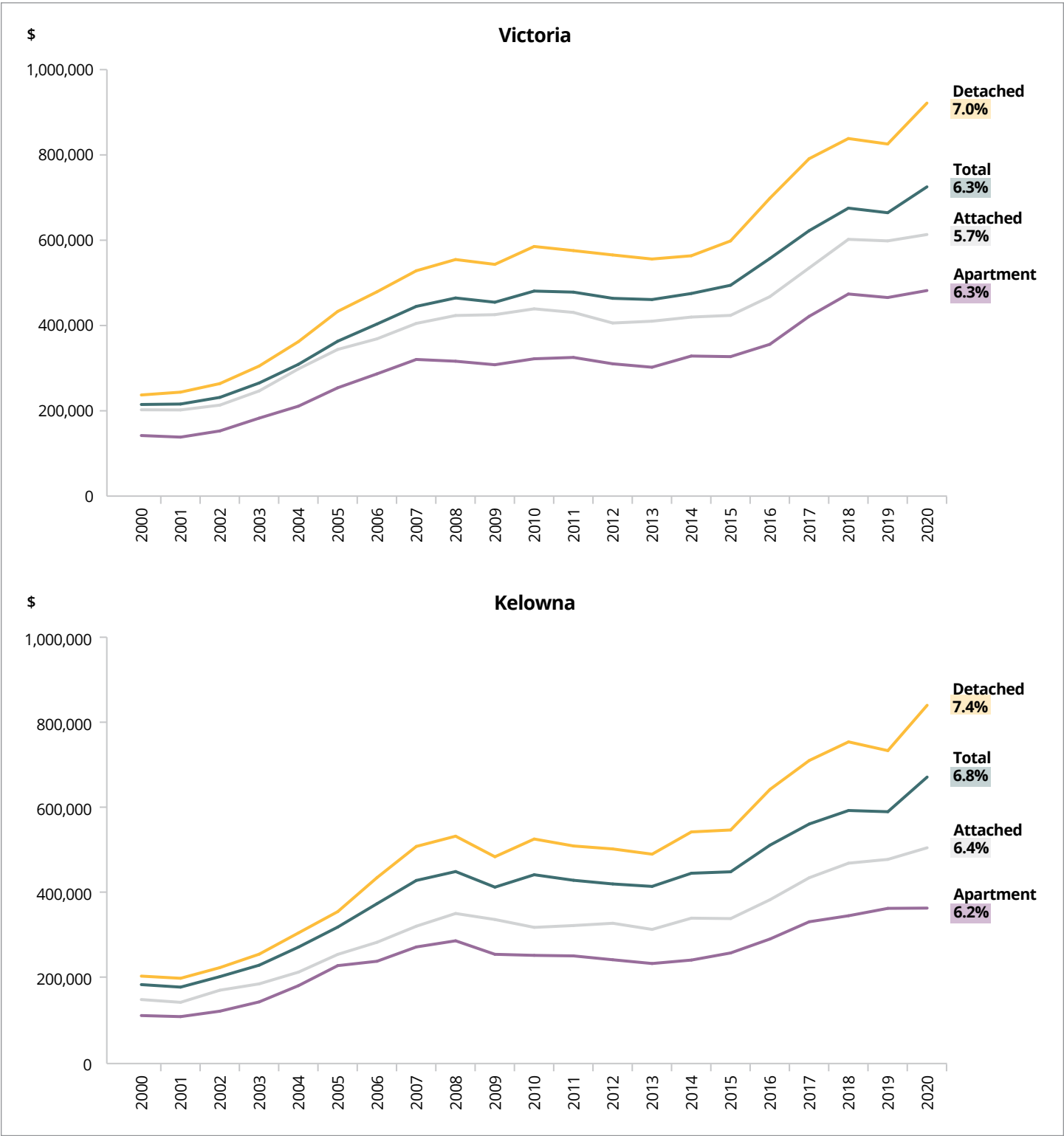
Figure 10: Mean MLS price by dwelling type, B.C. CMAs – annualized growth rate 2000-2020 in data labels



Source: CREA

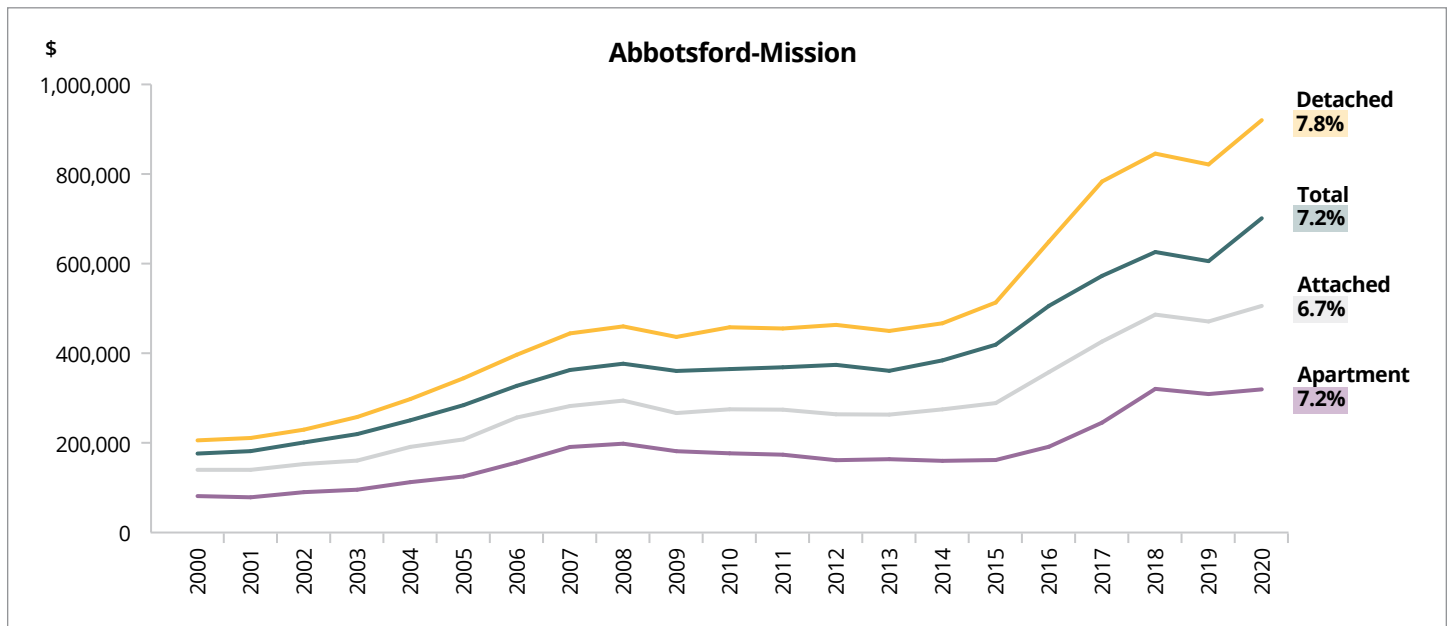
⁴⁶ Statistics Canada table 18-10-0005-01.

Figure 10: (Continued)



Source: CREA

Figure 10: (Continued)

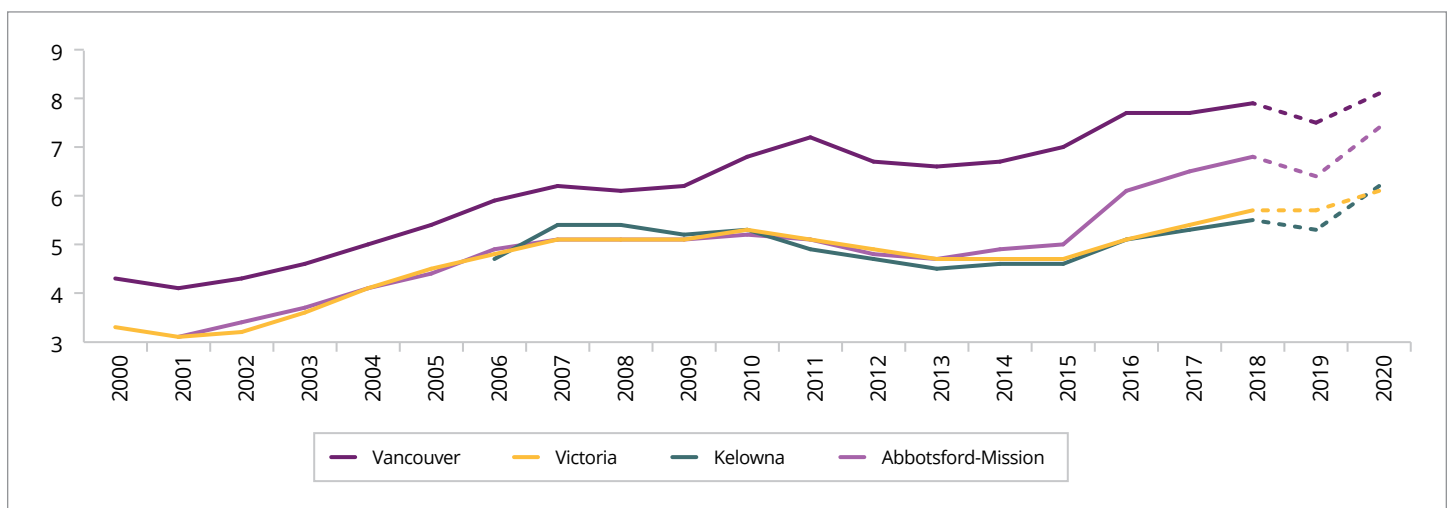


Source: CREA

Despite rapid price growth, lower interest rates have increased the mortgage carrying capacity of almost all households. This, along with household income growth, has mostly, but not completely, offset rising prices to maintain carrying cost affordability levels in 2020 similar to those in 2006, notwithstanding significantly higher

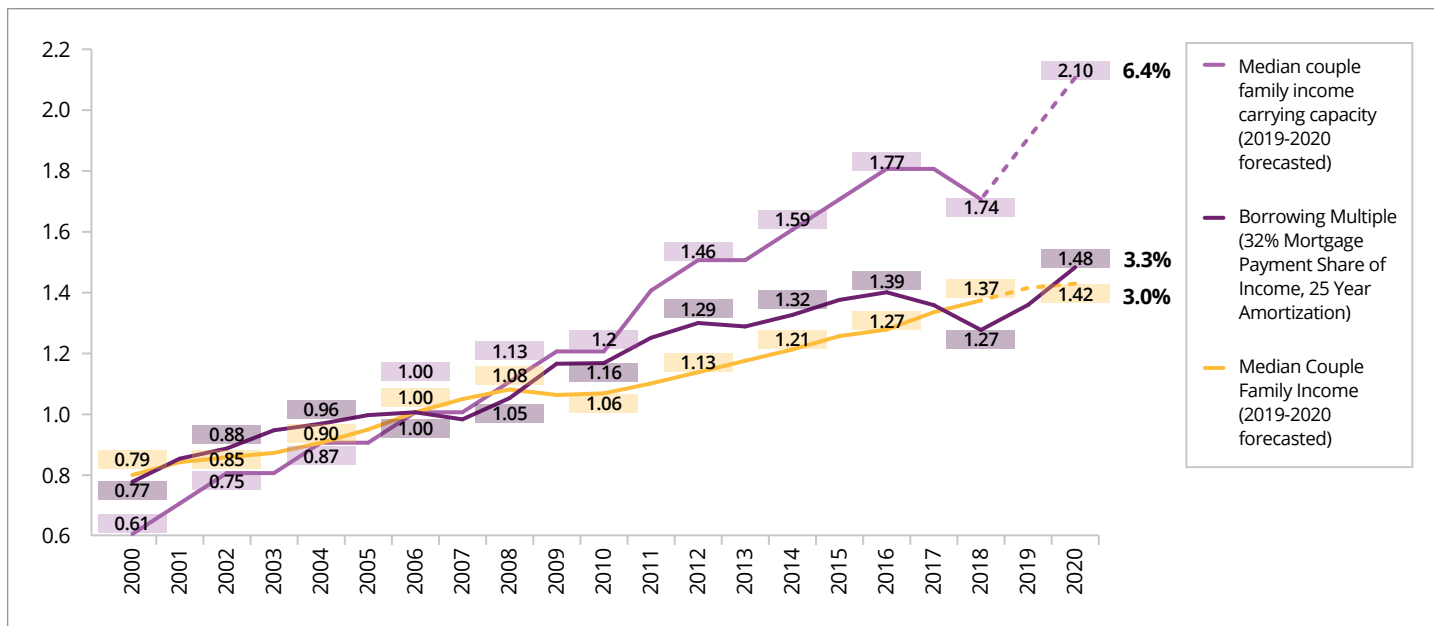
house prices. Although low interest rates and income growth have matched much of the rise in housing costs, households increasingly require larger down payments and larger mortgages to purchase a home. The associated high levels of debt make such households more vulnerable to potential interest rate hikes, downturns in housing prices or income losses in the future.

Figure 11: Median MLS price (all types) divided by median couple family income, B.C. CMAs – 2019-2020 are forecasted⁴⁷



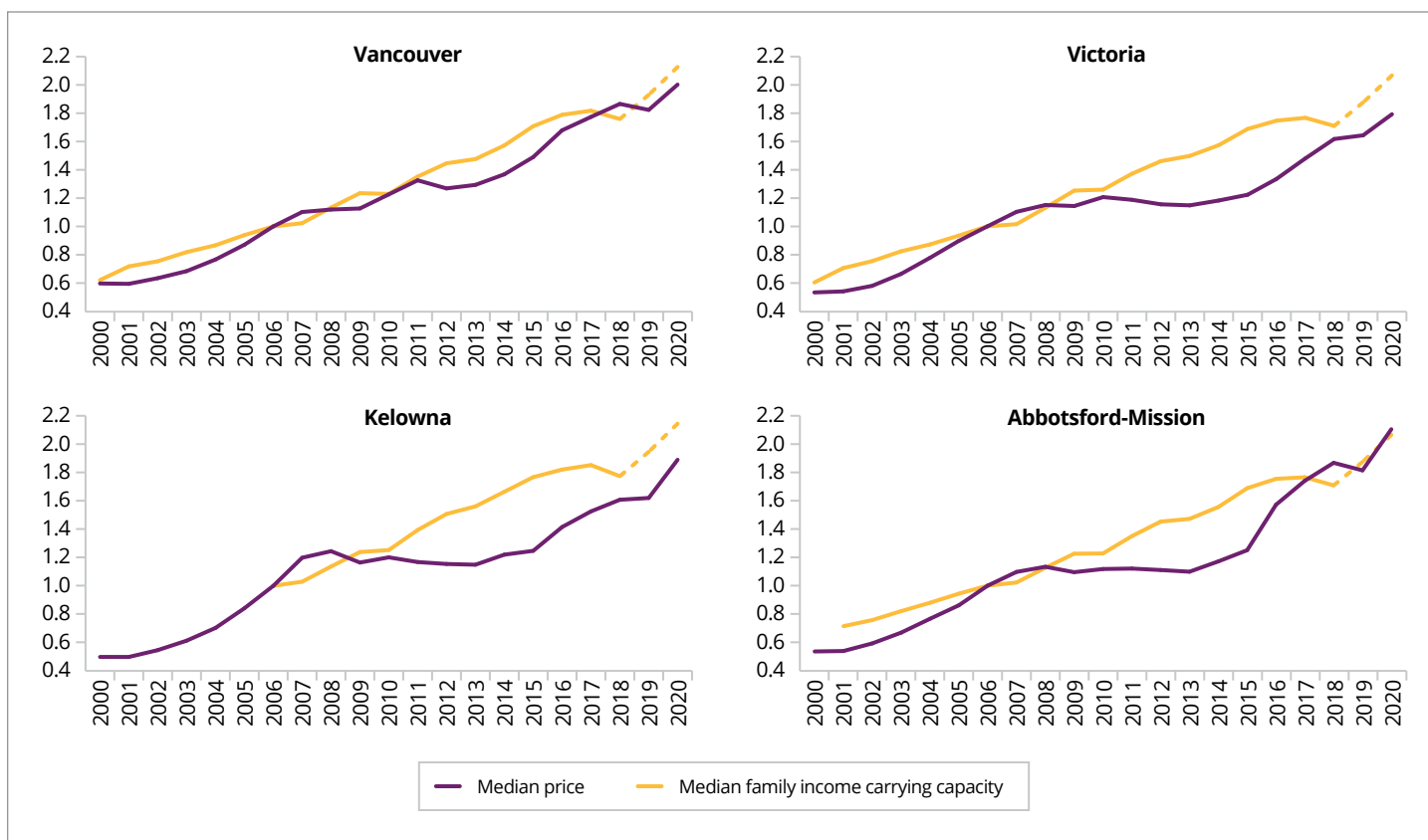
⁴⁷ Census family income is available annually based on tax filings. 2018 was the most recent data point available at the time of publication.

Figure 12: Median couple family income, B.C. (indexed 1=2006) – annualized growth rate 2000-2020 in data labels – 2019-2020 are forecasted



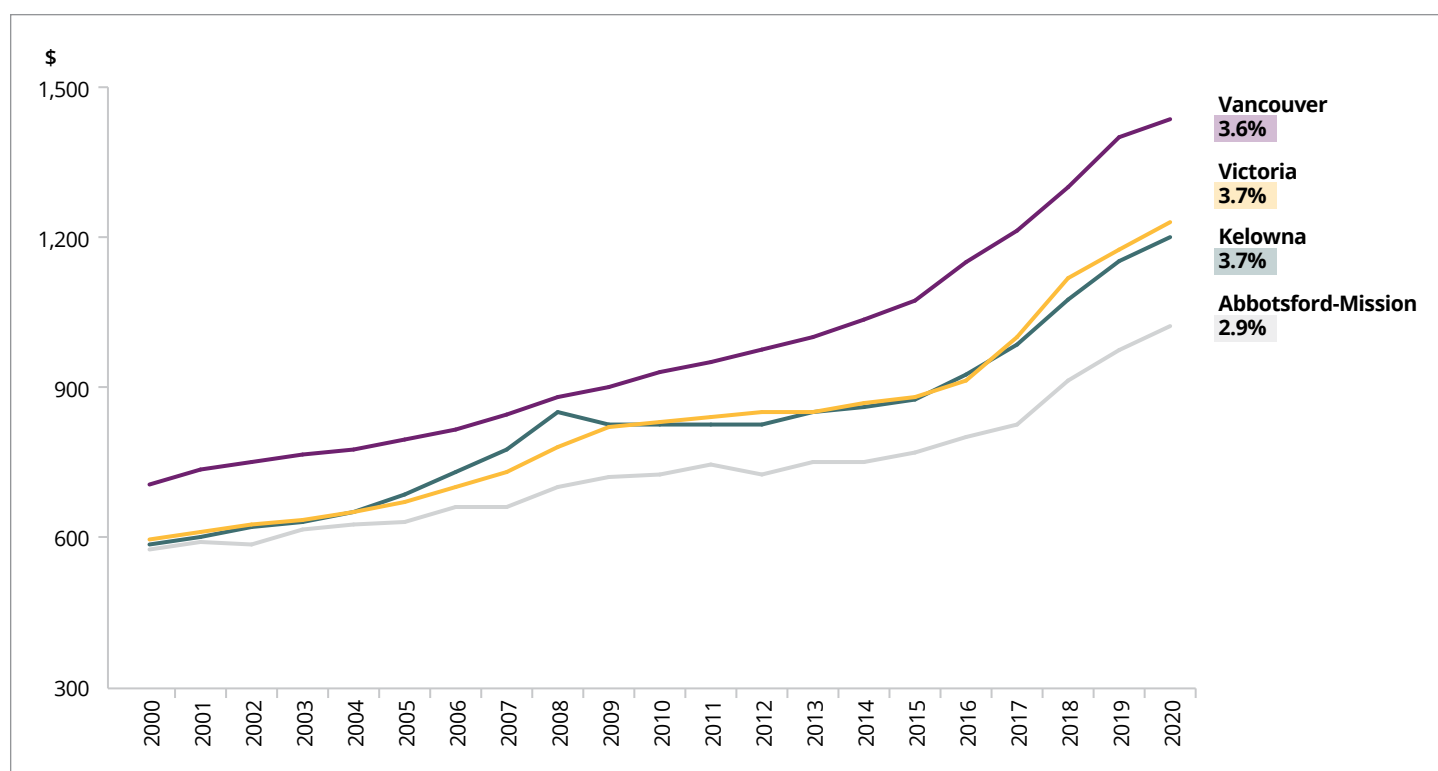
Sources: Statistics Canada and Ratehub

Figure 13: Median couple family income carrying capacity and MLS median prices, B.C. CMAs (indexed 1=2006) – 2019-2020 income is forecasted



Sources: Statistics Canada, Ratehub and CREA

Figure 14: Median monthly rents, B.C. CMAs – annualized growth rate 2000-2020 in data labels



Source: CMHC

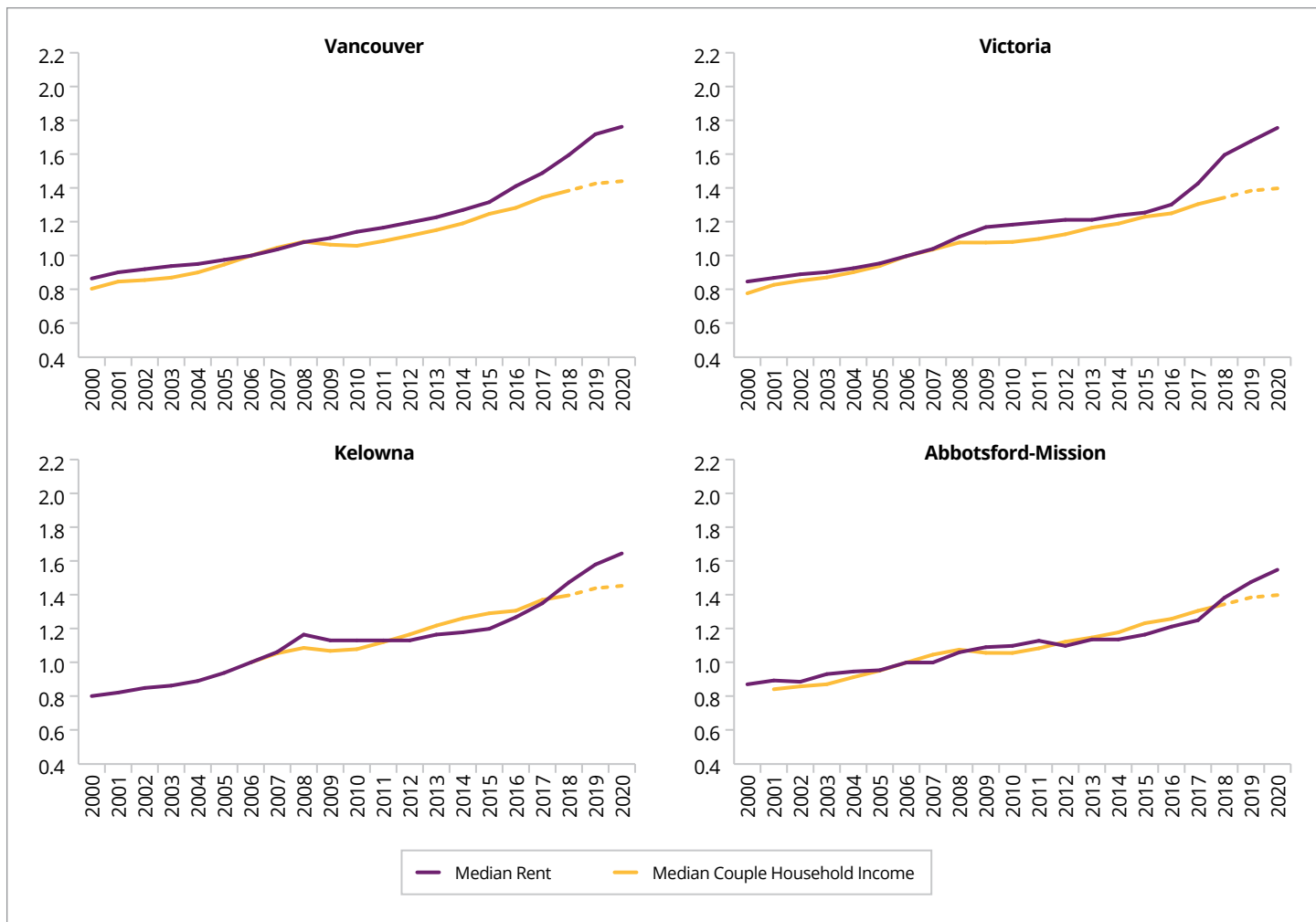
Rents have risen at a slower pace than housing prices, but they have grown quickly since 2015. High and escalating rents directly lower living standards for renters, particularly those with low to moderate incomes, by reducing the amount of money left over for other expenses. High rents also limit the capacity of many renters to save, which makes homeownership and other long-term financial goals more difficult or impossible to achieve. High housing costs have wider economic and social effects as well, such as curbing choices on where to live or whether to move, limiting economic opportunity and potentially making the economy less productive and efficient by decreasing labour mobility.

Table 2: Median rents annualized growth rate 2015-2020

CMA	Rate
Vancouver	6.0%
Victoria	6.9%
Kelowna	6.5%
Abbotsford-Mission	5.9%

Source: CMHC

Figure 15: Median monthly rents and median couple family income, B.C. CMAs (indexed 1=2006) – 2019-2020 income is forecasted



Sources: Statistics Canada and CMHC

As shown in table 3 below, a much larger proportion of renters than owners experience housing affordability challenges. In 2016, more than twice as many renters than owners in B.C. spent over 30% of their household income on shelter. Given the growth in rents since 2015 (see [table 2](#)), the affordability challenges faced by many renters have worsened since they were last captured in the census.

Table 3: Percentage of households spending more than 30% of income on housing

	2016		2011		2006		2001	
	Renter	Owner	Renter	Owner	Renter	Owner	Renter	Owner
Canada	40	17	40	19	40	18	40	16
B.C.	43	21	45	24	43	23	44	21
Vancouver	44	25	45	28	43	27	43	24
Victoria	44	19	47	23	44	21	45	19
Kelowna	46	19	50	25	48	23	46	20
Abbotsford-Mission	39	20	40	26	43	21	42	24

Source: Statistics Canada



Cities need a variety of people with a diversity of skills, experience and knowledge. Everyone from waiters, childcare providers, grocery store employees and paramedics contribute to the quality of life and vibrancy of cities, while seeking and creating opportunities to get the most from their skills. By being more accessible and affordable to workers and families of all types, including newcomers from around the world, cities can and do contribute substantially to Canada's current and future prosperity.

The difficulties faced by lower-income households in finding a place to live reasonably close to workplaces and urban amenities is just one of the ways in which access to housing feeds into growing inequality. While many higher-income households have seen substantial unrealized capital gains on their homes, lower-income households may struggle to find a place to rent. Tensions are even higher if homeowners seek to restrict the development of more multi-unit housing, such as rental, in urban areas that offer more job opportunities.

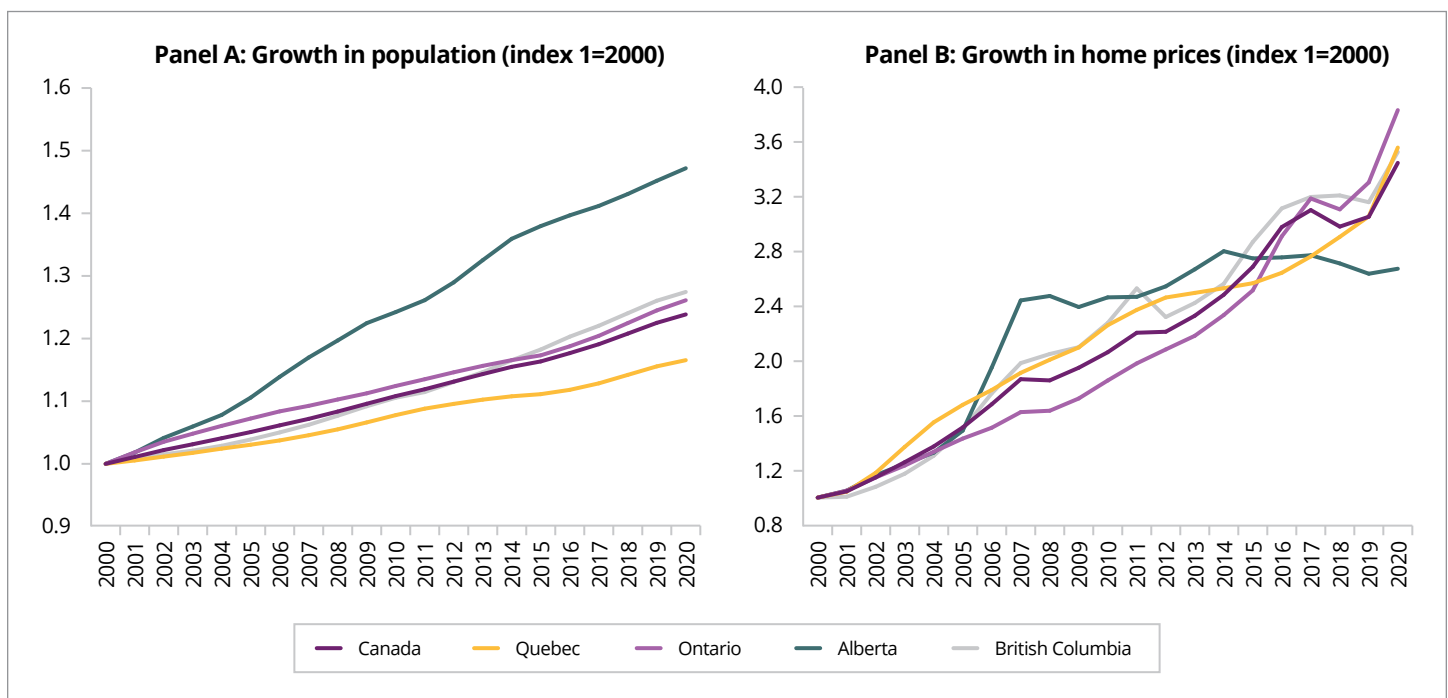
Population growth and home prices

Panel A of figure 16 below shows that population growth in British Columbia, along with Ontario and Quebec, has been much slower than in Alberta since 2000. In contrast, panel B of figure 16 shows that house prices have increased much more in Ontario and British Columbia, and increasingly in Quebec, when compared to Alberta. Yet, Alberta has achieved its significant population growth with slower-growing home prices. This highlights a common trade-off that can be observed in cities around the world: growth pressures in cities manifest themselves either through a faster growing population, greater housing supply, and more moderate home prices on the one hand, or in slower population growth, lower housing supply, and higher home prices, on the other.⁴⁸ While stronger population inflows can contribute to house price increases, higher house prices can also encourage some residents to leave while discouraging others from arriving, limiting economic opportunity and a region's long-term potential.

A key factor affecting households' decisions on where to live and whether or not to move is housing costs. High housing costs deter in-migration while encouraging others to "cash out" and leave. Workers who are unable to afford homes in these markets are faced with longer commutes and perhaps are even deterred from working in the region entirely,⁴⁹ raising the likelihood of tighter labour markets.

Interprovincial mobility has generally declined in Canada,⁵⁰ but to our knowledge, no recent research has concentrated on linking these trends to house prices. A cursory look at reported population movements does highlight where high house prices may be having an economic impact. Panel A of figure 17 shows how the Vancouver CMA has been losing population to the rest of the province (while still growing overall)—a trend that has accelerated since around 2013, when the price of housing started rising quite significantly. As panel B suggests, these movements correspond to the relocation of workers in the prime-age groups. Conversely, the Victoria and Kelowna CMAs have been net recipients of intraprovincial migration during the same period.

Figure 16: Growth in average home prices and population for Canada, Alberta, British Columbia, Ontario and Quebec



Sources: Statistics Canada table 17-10-0005-01 and CREA

⁴⁸ For similar findings in the U.S., see for example Glaeser (2007).

⁴⁹ Caldera Sánchez & Andrews (2011).

⁵⁰ Saunders (2018).

Figure 17: Patterns of population movements, by B.C. CMAs (Panel A)



Source: Statistics Canada 17-10-0136-01

Figure 17: Patterns of population movements, by B.C. CMAs (Panel B)



Planning for future supply

Cities have great economic and social potential. Housing that is affordable is the cornerstone of cities that enable current and future residents to access jobs, education and leisure. Ensuring sufficient housing can be difficult because of the time and costs required to build new units. It is therefore critical for cities and urban regions to remain flexible yet responsive in the face of growth pressures.

Anticipating demographic growth can be challenging, as it involves not just the additional homes needed to accommodate newcomers but also transportation options, water and wastewater infrastructure, and other essential local services and facilities. Indeed, doing so will require answering important questions. How will locations of employment change over time in an urban region as the mix of industries changes, or technology enables looser ties to physical workspaces? How will an aging population impact the types of housing that needs to be built? How can transportation and housing be developed in a coordinated manner across the entire region?

The uncertainty associated with these questions is significant, meaning growth and land-use planning processes need to remain flexible. This is especially true for demographic projections, which ultimately guide broader growth planning decisions. [Appendix 4](#) highlights how demographic projections, on their own, are insufficient to quantify housing supply requirements, but are rather a complement to other important indicators of demand.

New housing supply obviously comes from building additional dwelling units. However, with limited availability of vacant developable land in the Lower Mainland, the Capital Region and the Okanagan, much of this new supply will have to come from redevelopment of existing stock and repurposing land that was devoted to other uses or that currently is underutilized. For example, land currently used by shopping malls and associated outdoor parking spaces can be redeveloped for housing. By improving the flexibility of planning and land-use governance and related processes, such transformations can unfold more quickly.

Newly built units tend to be more expensive, meaning they do not directly serve all segments of the population. However, new construction is fundamental to a process known as “filtering,” which, as discussed in [box iv](#), is an essential way of improving affordability market-wide.⁵¹ Filtering is the process whereby newly built, higher-priced housing is purchased by higher-income households who—by moving into these higher-priced units—free up space in relatively more affordable homes. These homes—being older and less well equipped—are generally cheaper. To put it another way, much of the housing that is considered more affordable today was originally built as higher-end or even luxury housing that has since depreciated relative to newer construction. An adequate supply of new housing—even if it is higher priced—“filters down” to being affordable to those with lower incomes over time. This process can be held up or unfold very slowly in markets without sufficient supply, however, as older housing is at higher risk of “filtering up” as higher-income households compete more directly with lower-income households for scarce homes.

For the filtering process to be effective, new units should not simply replace older units that are more affordable on a one-to-one basis, but rather should add to the total stock of housing and do so at all price brackets. It is also important that the supply of newly constructed units responds to the evolving demand for housing. The filtering process is less likely to succeed if, for example, households earning higher incomes do not get access to better quality homes, or if aging households cannot move into appropriate smaller units.⁵²

⁵¹ Beyond the sources outlined in [box iv](#) of this report, the impact of filtering is discussed in Rosenthal (2014) and Mast (2019).

⁵² Quigley & Raphael (2004).

Appendix 2: Case study of supply patterns in the Vancouver region

This section reviews patterns of housing supply in the Vancouver region (the Vancouver Census Metropolitan Area). Population and income growth will lead to increased demand for housing, as will sustained lower interest rates. Thus, a growing supply of housing is critical to maintaining affordability at a time of rising demand.

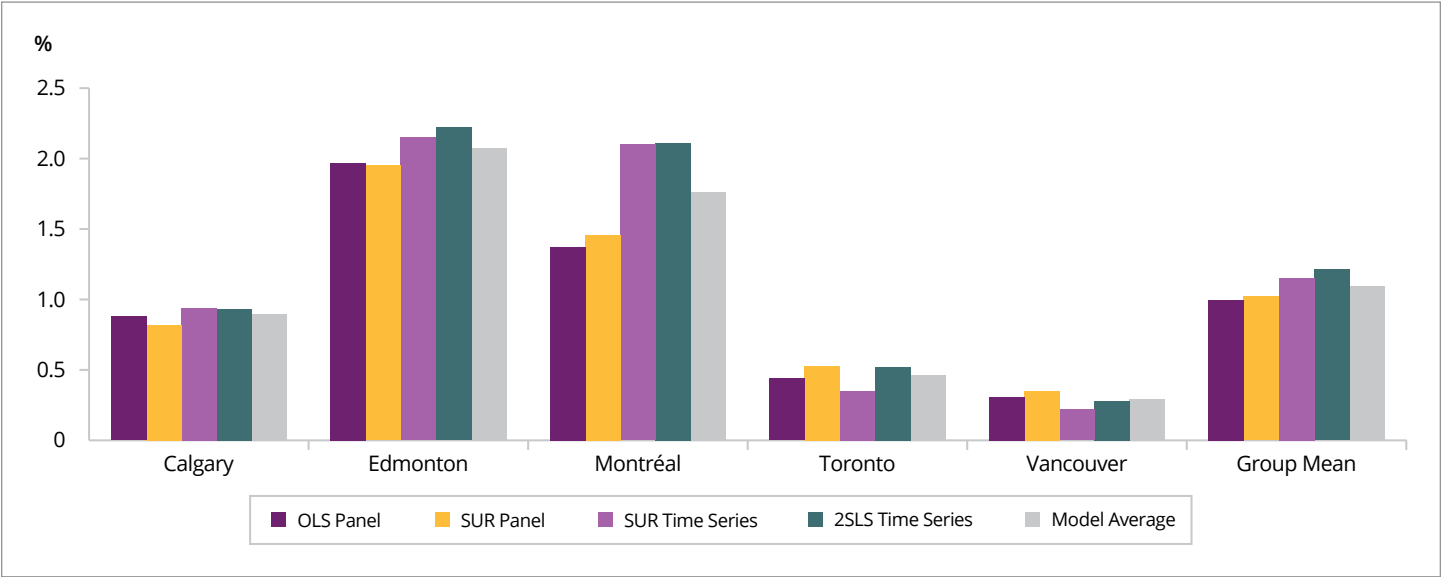
Supply responsiveness in Vancouver region has been slow

In the 2018 report, *Examining Escalating House Prices in Large Canadian Metropolitan Centres*, CMHC found that housing supply responsiveness—also called “elasticity”—in the Vancouver region lagged behind other metropolitan regions, notably Edmonton and Montréal (figure 18).

Supply responsiveness is a vital indicator of a housing system’s health and flexibility. Analyses around the world have found that cities with low responsiveness have higher house prices, both absolutely and relative to household incomes. Indeed, affordability is a problem from Auckland to San Francisco to New York to London, with each of these cities characterized by low housing supply responsiveness. In a region experiencing high demand, combined with low housing supply responsiveness, house prices are expected to rise faster than local incomes and population. Such a market also risks attracting speculators who come to perceive housing as a “one-way bet.”

As shown in figure 19, the Vancouver region’s housing supply system did eventually respond to higher prices. Housing starts increased, but the response was slow and significantly lagged the onset of the rise in home prices. From 1990 to 2015, the trend in housing starts remained roughly constant in Metro Vancouver (with cyclical fluctuations) and rarely exceeded 20,000 units a year. Given the consistent upward trend in prices, however, the recent upswing in supply has not been sufficient to restore or materially improve affordability.

Figure 18: CMHC found that the supply responsiveness of housing in the Vancouver CMA was low

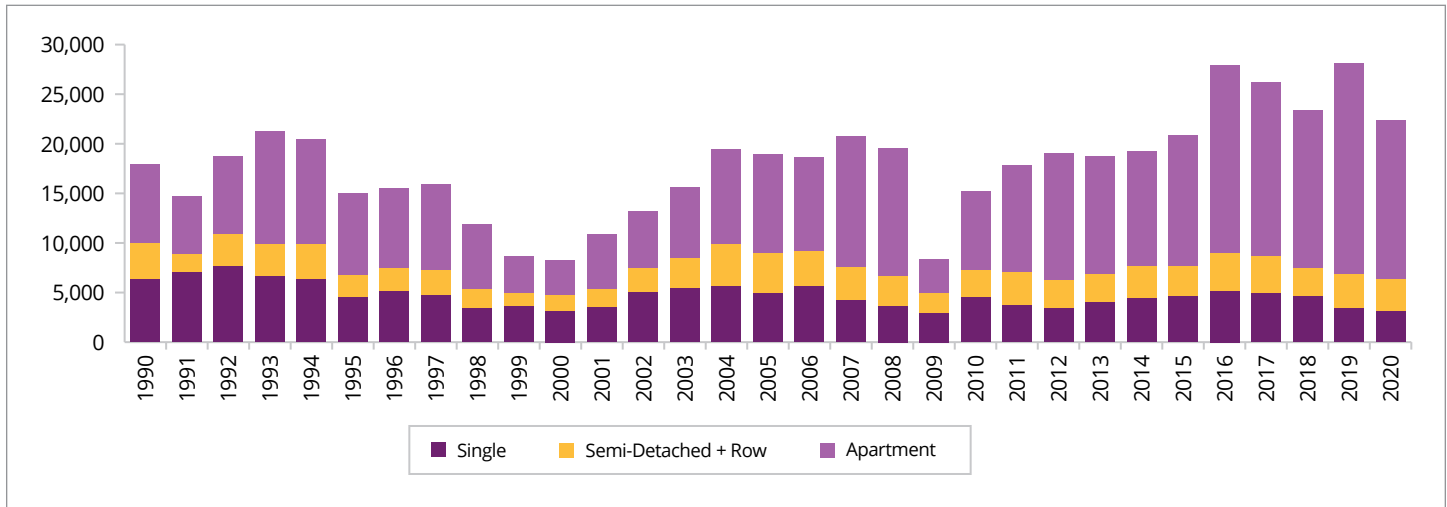


Source: CMHC (2018)

Figure 20 breaks down this growth in supply, showing that many of the new dwellings in the Vancouver CMA have been condominium apartments. Even though price increases have particularly affected single-detached homes, which tend to have more living space, the supply response has been stronger for condominium apartments, which generally provide less living space. Construction of rental structures has also increased since 2016, but from a historically low level.

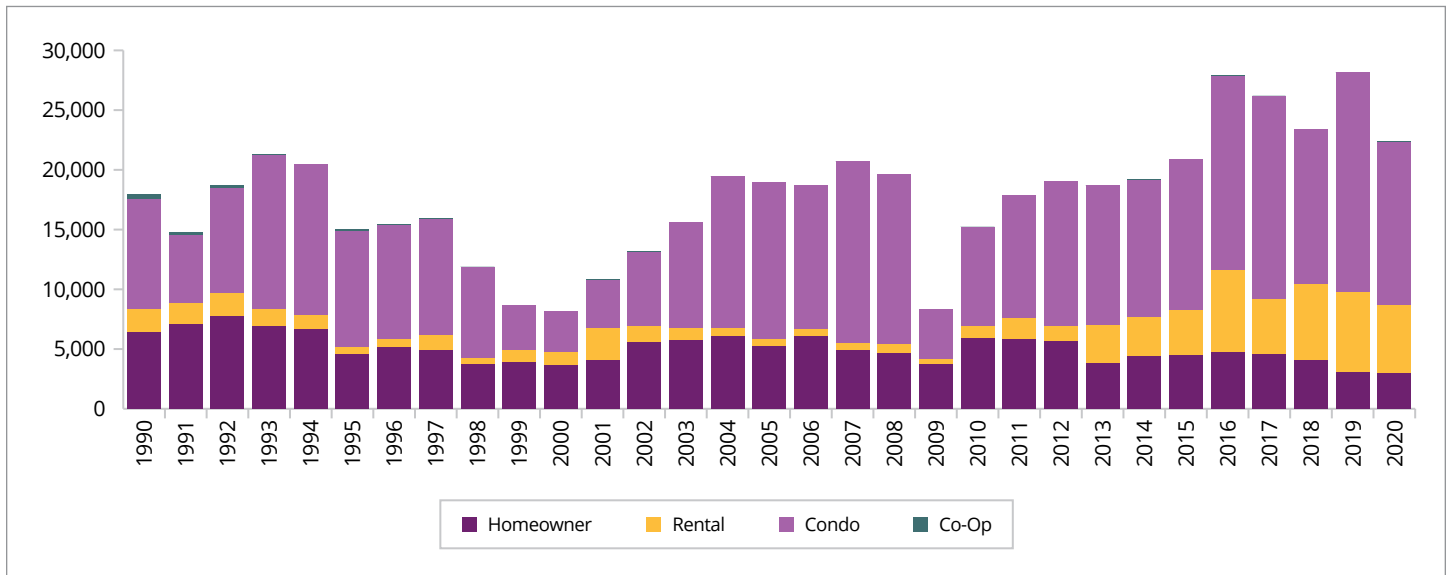
These big-picture patterns suggest a housing system that does not respond rapidly to changing demand. Developing a finer understanding of what is going on in the Vancouver CMA requires digging deeper into the data at a more local level. To this end, we take a closer look at the data and highlight important geographic divergences underlying the prevailing housing supply conditions.

Figure 19: Vancouver CMA starts, by built form



Source: CMHC

Figure 20: Vancouver CMA starts, by target market



Source: CMHC

Local housing patterns show a muted supply response in areas very close to downtown Vancouver

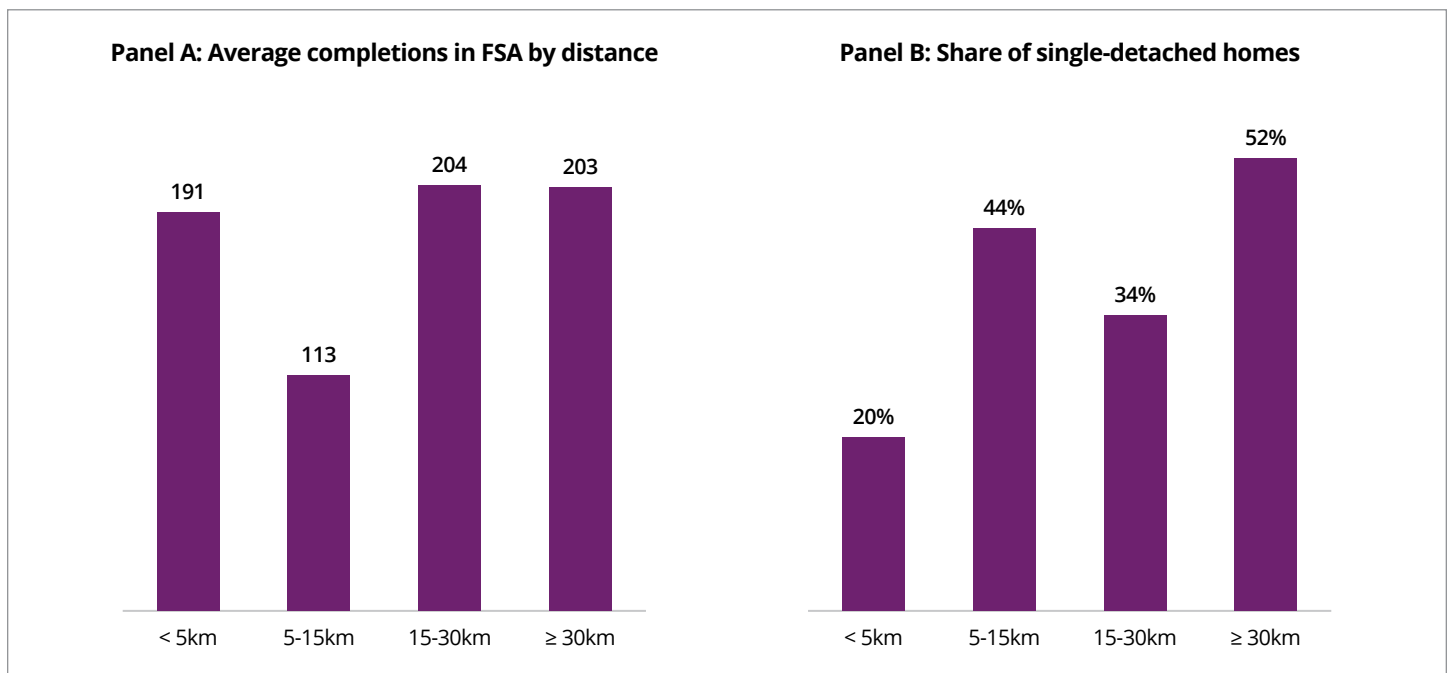
A common way of quantifying the effects of housing patterns is to look at changes in them relative to distance from city centres or any other central node of economic activity. In our case, we take that node to be the Central Business District (CBD) on the downtown peninsula of the city of Vancouver. Much business activity has traditionally taken place in such locations, which has encouraged workers to move or commute from outlying areas.⁵³

However, the concentration of business activity in CBDs typically makes land in these areas expensive. As a result, new construction of dwellings tends to feature taller, denser housing types in order to save on the price of land. As the price of land is usually lower further out from city centres, less dense and shorter dwelling types become more widespread

in these areas. Hence, single-detached housing will be built where the price of land is low—usually in the suburbs. As a result of these economic factors, housing density is generally higher in city centres relative to suburbs.

Land prices close to city centres tend to rise with long-term economic and population growth. This pattern emerges over time, and in many cities the trend has also led to densification as smaller, often single-detached dwellings were transformed into multi-unit dwellings in areas of high land values close to city centres. Our first indication of challenges in Metro Vancouver's housing-supply system is that this pattern of declining density with increased distance from downtown in Vancouver differs. Instead, it has more of a U-shaped pattern. Panel A of figure 21 shows the pattern of housing completions over the years 1990 to 2018, by distance from the Vancouver CBD. Housing completions are proportionately lower in districts that are 5 to 15 km from the CBD compared to the downtown core and areas further out.

Figure 21: The impact of distance on housing by distance from downtown Vancouver, by forward sortation area



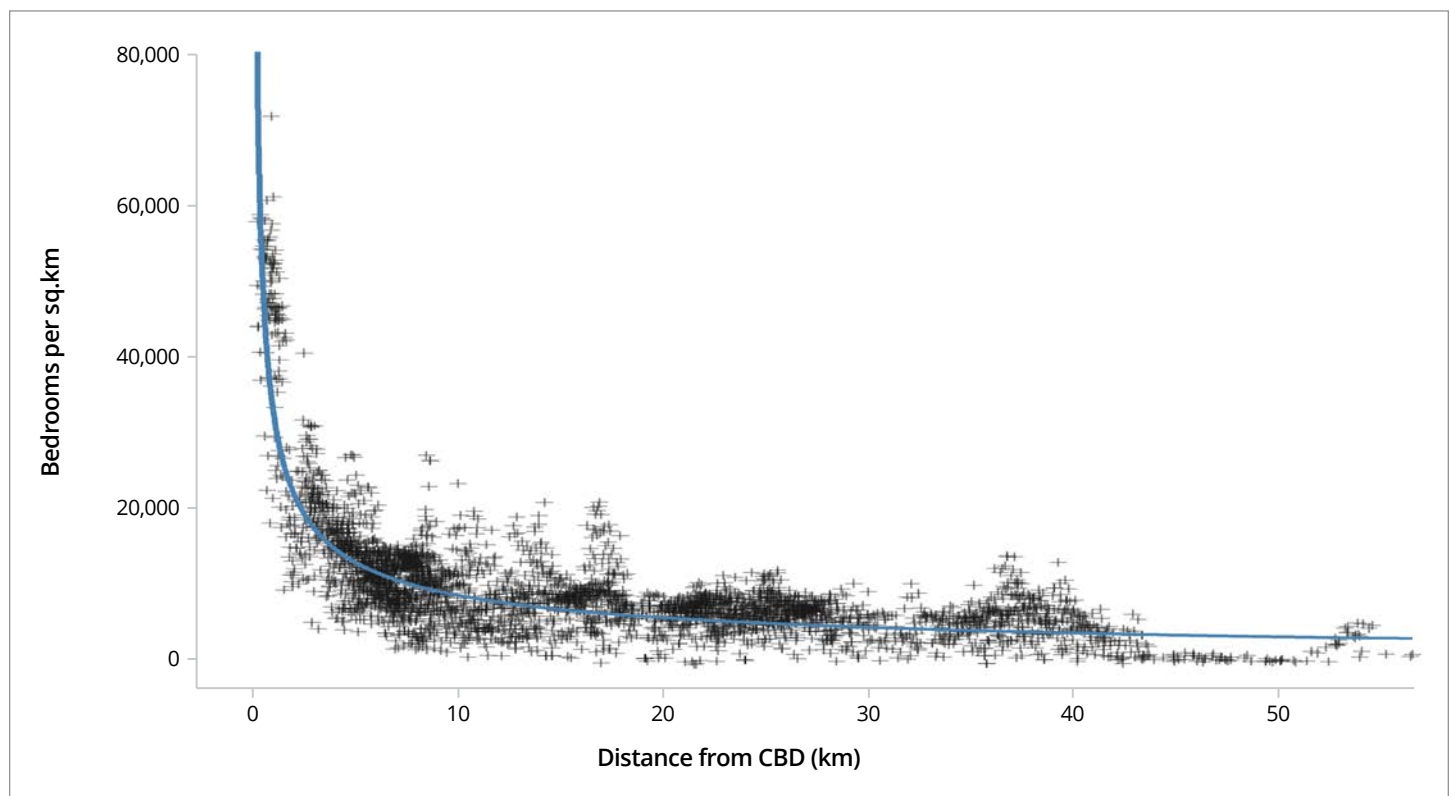
Source: CMHC

⁵³ Though Metro Vancouver has many centres of employment, the latest census confirms the City of Vancouver's place as the primary commuting destination within Metro Vancouver. Indeed, although Surrey is growing more quickly than Vancouver, and will likely become the region's most populous city over the longer term, most of Surrey's commuters work in other cities, while Vancouver is a net recipient of workers commuting from nearby communities. For more on Vancouver's continued importance as an employment centre, see: <https://doodles.mountainmath.ca/blog/2017/11/29/journey-to-work/>, <https://vancouver.ca/files/cov/social-indicators-profile-city-of-vancouver.pdf>

This pattern of housing completions in Metro Vancouver leads to a situation where even areas relatively close to the region's primary business district (downtown Vancouver) have relatively low densities. Figure 22 shows density by district compared to a rough theoretical prediction. Closer to the CBD, the density gradient is considerably higher than in locations within the 5 to 15 km distance band. Further out, meanwhile, density increases with distance to a level that is higher than predicted. This pattern suggests that the housing supply system is altered by factors other than the simple impact of commuting time and costs.

Of course, the Vancouver region is polycentric. That is, although Downtown Vancouver remains a primary centre of economic activity and relatively high paying jobs, the region has many other urban cores or "nodes," including older city centres, such as New Westminster, and more recent pockets of density and commerce such as Metrotown in Burnaby, Surrey City Centre and Coquitlam Town Centre. Metro Vancouver's Regional Growth Strategy⁵⁴ also encourages development in designated growth centres located throughout the region, notably near major transportation hubs. However, another fundamental factor cited throughout the industry

Figure 22: Density and distance in the Vancouver CMA (naïve model versus a spatially lagged model)

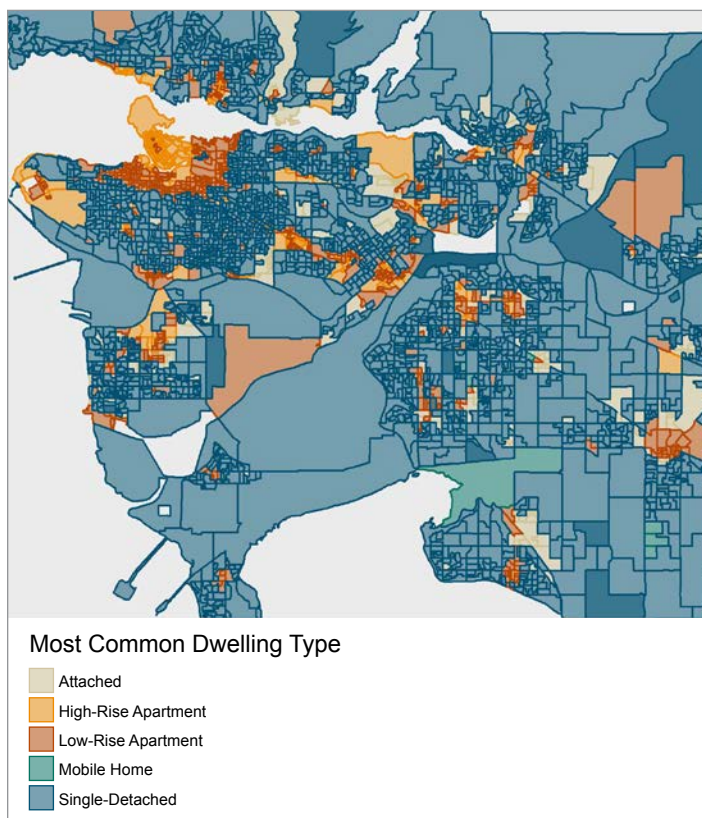


Source: Statistics Canada, Census 2016

⁵⁴ See: <http://www.metrovancouver.org/services/regional-planning/metro-vancouver-2040/about-metro-2040/Pages/default.aspx>

consultations conducted by the Panel is the continued prevalence of single-detached housing close to the regional urban core. This is shown in figure 23, which maps the most common dwelling types by district (also summarized in panel B of figure 21). The preponderance of single-detached housing corresponds very closely to what is allowed to be built according to zoning laws, as shown in figure 24.⁵⁵ Single-detached housing covers areas where the unrestricted price of land is very high, suggesting it could support much higher density.

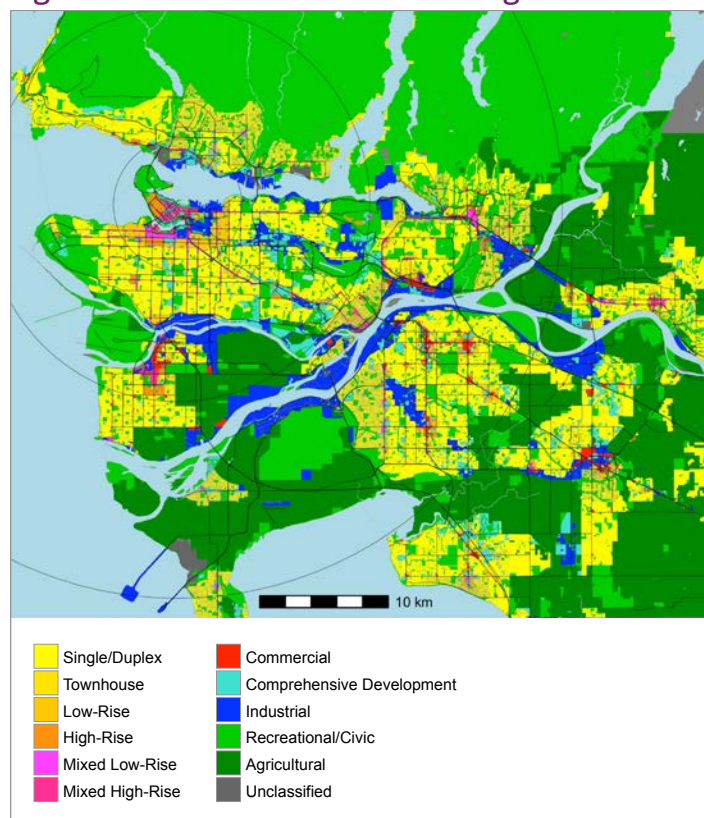
Figure 23: Simple dwelling classification, Vancouver CMA



Source: Statistics Canada, Census 2016

Figure 24 shows how widespread single-detached zoning bylaws (notably in the City of Vancouver) are distorting supply patterns. Construction of apartment buildings—generally a more affordable type of housing—is sharply lower in the 5 to 15 km distance band. The construction of these more affordable dwelling types beyond 15 km from downtown could result in either longer commutes for workers living there or cause them to search for jobs closer to home, in turn inhibiting the efficiency of the regional labour market.

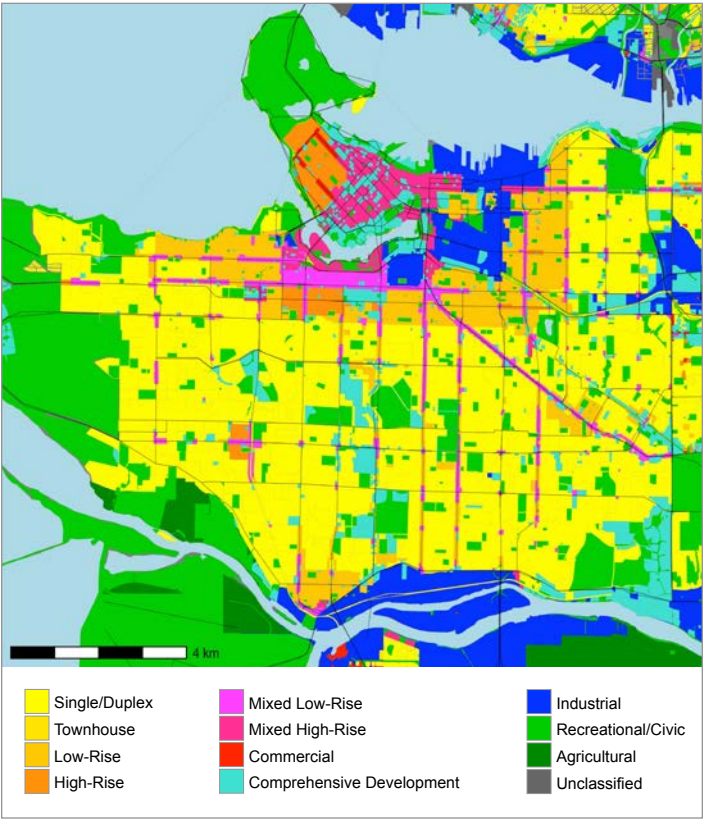
Figure 24A: Metro Vancouver zoning



Source: UBC Sociology Zoning Project

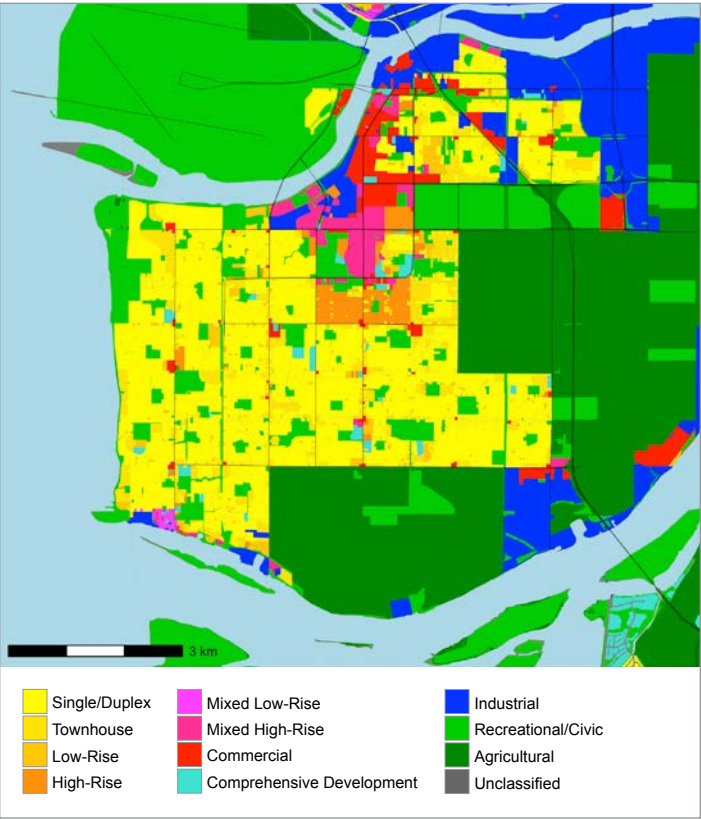
⁵⁵ For a more in-depth discussion of zoning in Metro Vancouver, see *UBC Sociology Zoning Project*, on the Panel's website, https://engage.gov.bc.ca/app/uploads/sites/121/2021/06/UBCSociologyZoningProject_appendix_3.pdf.

Figure 24B: Metro Vancouver zoning – City of Vancouver and Burrard Inlet



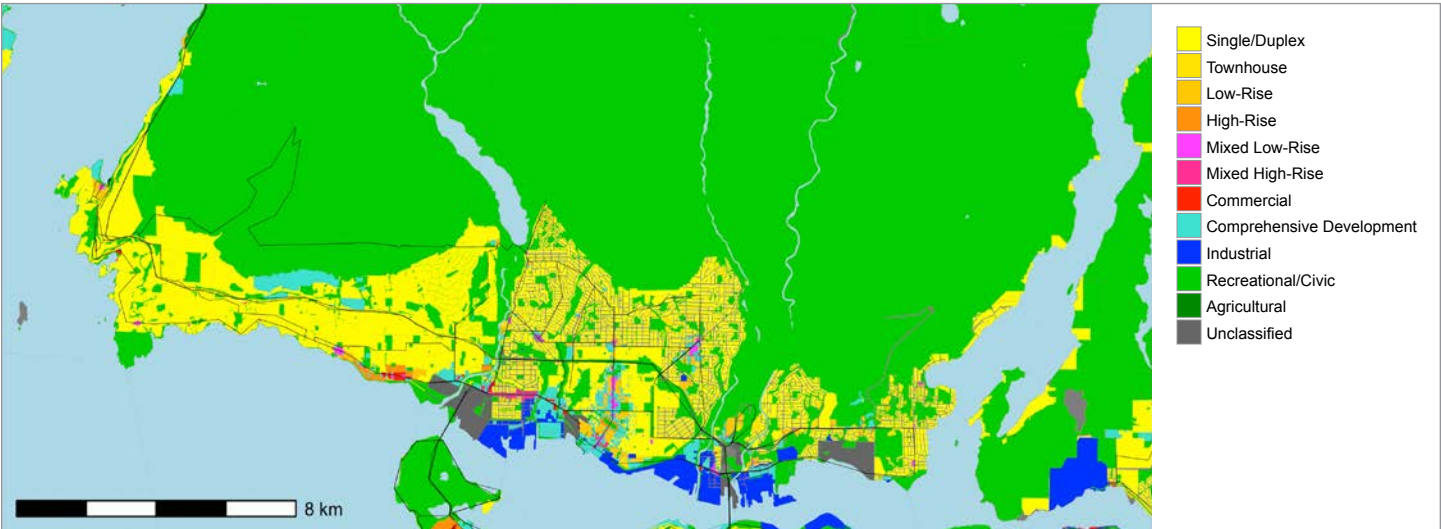
Source: UBC Sociology Zoning Project

Figure 24C: Metro Vancouver zoning – Lulu Island



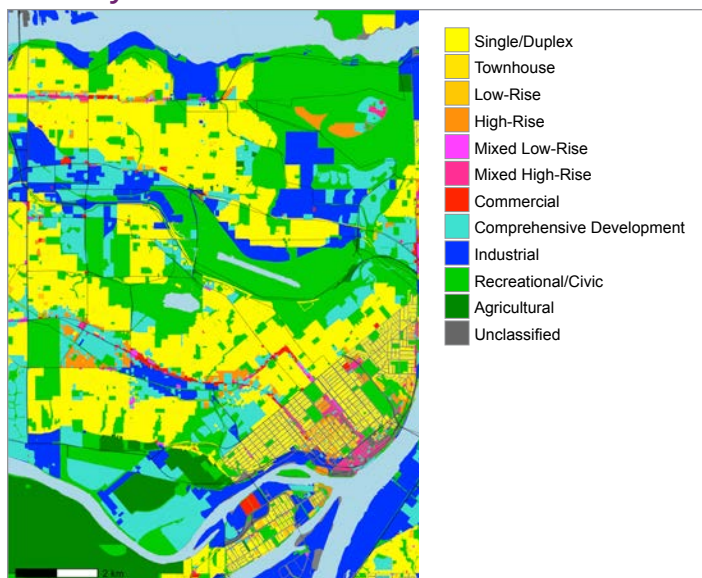
Source: UBC Sociology Zoning Project

Figure 24D: Metro Vancouver zoning – North Shore



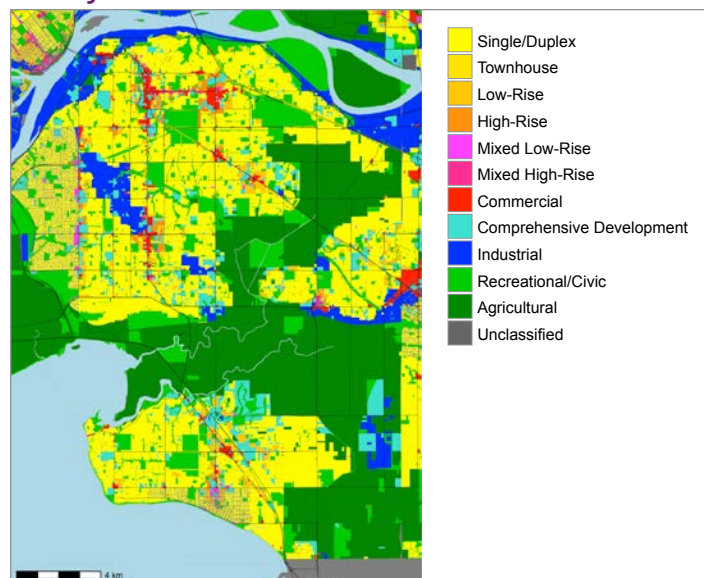
Source: UBC Sociology Zoning Project

Figure 24E: Metro Vancouver zoning – Burnaby/New Westminster



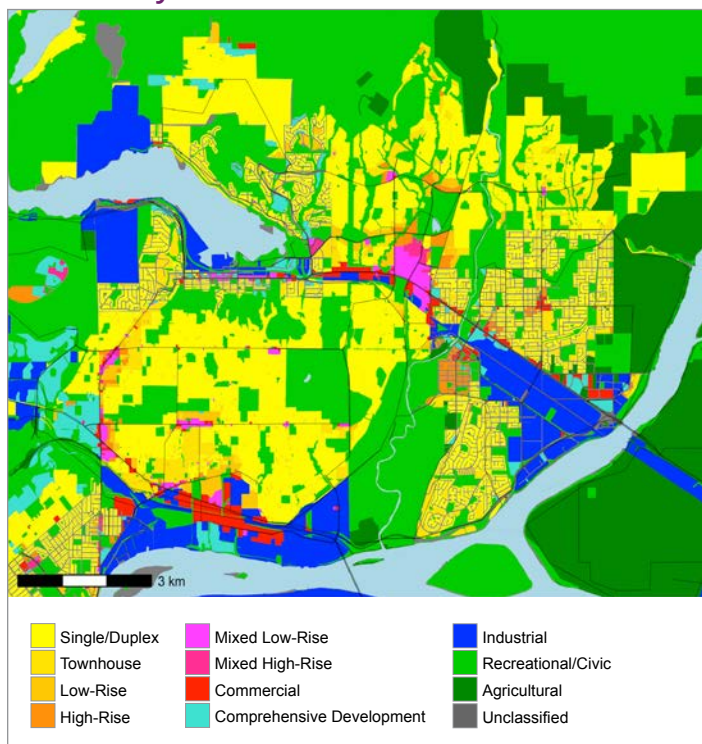
Source: UBC Sociology Zoning Project

Figure 24F: Metro Vancouver zoning – Surrey/South of the Fraser



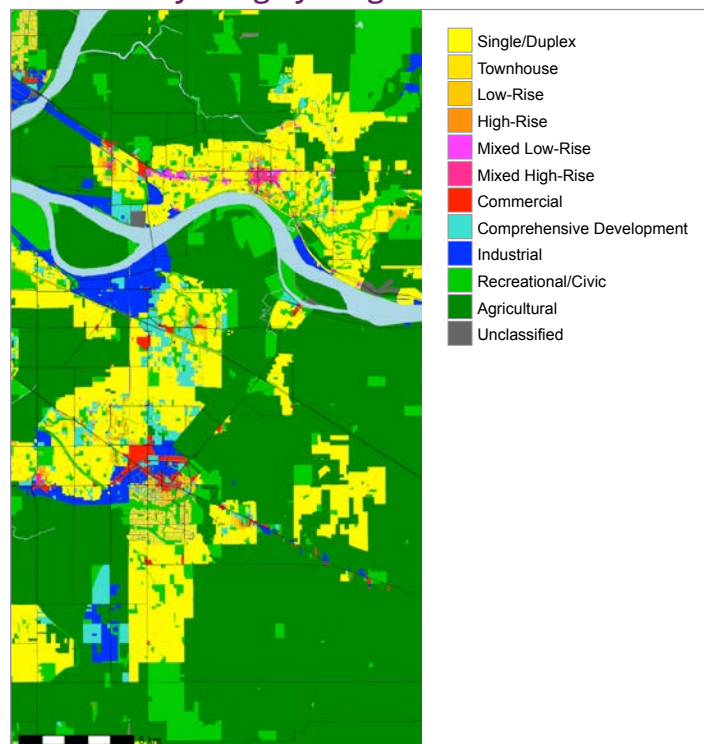
Source: UBC Sociology Zoning Project

Figure 24G: Metro Vancouver zoning – Port Moody Arm/Pitt River/North of the Fraser



Source: UBC Sociology Zoning Project

Figure 24H: Metro Vancouver zoning – Fraser Valley/Langley/Ridge Meadows



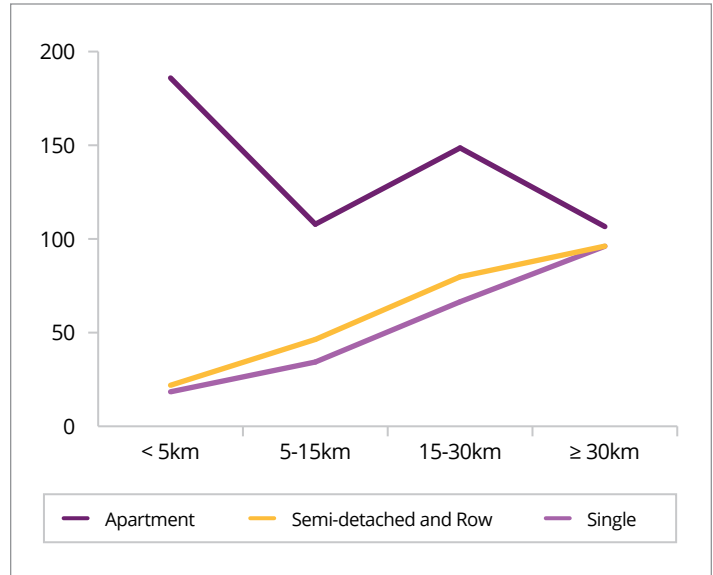
Source: UBC Sociology Zoning Project

In addition to being zoned for single-detached housing, the 5 to 15 km distance band also tends to have disproportionately higher household incomes, as seen in figure 25. A finer-grained analysis in figure 26 shows low completion rates of new dwellings in many higher-income areas of the region.

Implications of the geographic divergences underlying housing supply in Metro Vancouver

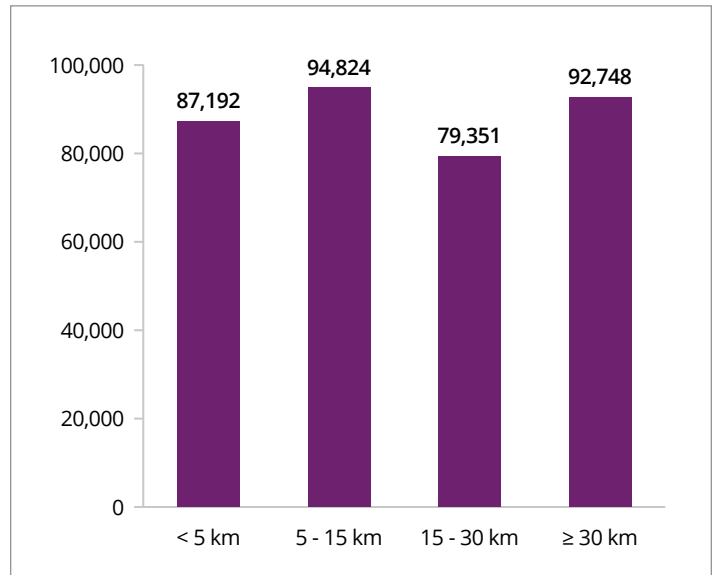
This pattern of restricted housing supply for local geographies in Metro Vancouver poses challenges to workers and businesses. Workers may curtail their search for jobs in Vancouver if they cannot find homes close enough to the workplace, or if faced with longer commutes. For those willing to tolerate longer commutes, more time may be spent in traffic, leading to greater pollution and greenhouse gas emissions. These challenges are likely to be particularly problematic for younger workers and their families who may need the living space that is only available in suburbs.

Figure 25: Average completions per FSA by dwelling type and distance to the CBD, Vancouver CMA



Source: CMHC

Figure 26: Average income by distance, Vancouver CMA



Source: CMHC calculations based on Statistics Canada data

Appendix 3: The two affordability problems in B.C.

When discussing the housing affordability crisis in B.C., two different kinds of affordability problems are often combined. Although the second problem contributes to the first, each has different underlying causes and as such requires different policy responses.

Affordability problem #1: Many Low-income households cannot afford any market-rate housing (even if market rates were significantly lower)

Across the province, many low-income households cannot afford to pay the basic operating costs of minimum quality rental housing. The underlying cause of this affordability gap is insufficient incomes, rather than the unaffordability of housing, as such, although the declining stock of single-room occupancy (SRO) and other low-rent units in some locations has contributed to this affordability gap. There is no market solution to this affordability problem, as the private rental market will not create a sufficient supply of code-compliant housing at below-market rates without subsidies.

Policy solution: Provide subsidized housing or income support

The policy failure underlying this first affordability problem is that only a fraction of low-income households receives subsidized housing. This is partly the result of federal and provincial governments not treating housing as a public good in the same way that health care is treated and access to health services is protected.

The solution to this affordability gap is for the federal and/or provincial governments to provide means-tested subsidized housing (either portable rental subsidies or through funding non-profit units) to all households that cannot afford market rents. Alternatively, federal and/or provincial governments could address this housing affordability gap through income support that is not tied specifically to housing.

Portable rental subsidies and income support will only be an effective solution to this affordability problem where rental vacancy rates are healthy (that is, subsidies are more likely to be effective in a housing market with 5% vacancy than 1% vacancy). In 2019, the overall vacancy rate in the province was 1.5%, and was much lower in many municipalities.⁵⁶ Chronically low rental vacancies, particularly in Metro Vancouver, have contributed to steep and persistent rent inflation, which poses a second kind of affordability challenge.

Affordability problem #2: Housing supply shortages in some regions are pushing up prices beyond what moderate and middle-income households can afford

In specific parts of the province, house prices and rents are so high that they are unaffordable for moderate- and middle-income renters, first-time homebuyers and other new entrants to the local market. The underlying cause of this affordability gap is that there is not enough housing to meet demand. When there is a shortage of supply and high demand, housing becomes universally expensive because people at the higher end of the income distribution drive house prices. When there is a shortage of housing in affluent neighbourhoods, higher-income households purchase and renovate housing outside of affluent neighbourhoods, which pushes up property values in formerly affordable neighbourhoods. This makes it more difficult for moderate and middle-income households to purchase homes, which adds to demand for rental housing.

⁵⁶ Vacancy rates in B.C.'s major urban centres increased in 2020, due to the impact of COVID-19 on rental demand. For example, in Vancouver, vacancy in purpose-built rental apartments increased from 1.1% in 2019 to 2.6% in 2020. See CMHC's 2020 Rental Market Report: <https://www.cmhc-schl.gc.ca/en/housing-observer-online/2021/2020-rental-market-report>, 2019 data on vacancy rates, which shows more normal pre-pandemic trends, is available for B.C. and some municipalities here: <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/rental-market-report-data-tables>.

Meanwhile, decades of underbuilding have created a significant deficit in rental homes, and the competition among the growing number of renters for a limited supply of rental homes puts upward pressure on market rents. Rising market rents encourages owners of older and more affordable rental housing to renovate or redevelop their units and raise rents. The declining number of low-rent options displaces renters who cannot afford to pay higher rents and increases the number of households that cannot afford any market-rate rents. This results in a growing number of households that require subsidized housing to avoid falling into core housing need or homelessness, thus contributing to the first type of affordability problem.

Policy solution: Build significantly more housing

A major underlying policy failure driving this second affordability problem (and ultimately impacting the first) is that local governments have restricted the supply of new housing, especially in neighbourhoods zoned exclusively for single-detached houses. In neighbourhoods that only allow single-detached houses to be built, either through zoning, conservation policies or other design guidelines, the scarcity of homes keeps prices high, in turn excluding all but the wealthiest buyers or renters. The solution is to build a lot more housing, and particularly higher-density housing in the neighbourhoods that currently only allow single-detached houses. This requires local governments to change restrictive zoning practices and to remove other barriers to development to boost the supply, such as lengthy, costly and uncertain project approvals, which will have a positive impact on the affordability of housing (see [box v](#)).

In addition to changes at the municipal level to allow more homes to be built, the federal and provincial governments can help address the shortage of purpose-built rental housing by, for instance, providing financial assistance or tax incentives to developers of rental housing. The federal Rental Construction Financing initiative is an example of a recent program that has encouraged the development of market rental housing in the province and across Canada. Several

cities in B.C. have also developed programs to encourage the supply of purpose-built rental housing, such as Vancouver's Moderate Income Rental Housing Pilot Program (MIRHPP) and the Secured Rental Policy. Such programs have helped bridge the gap between current and past rates of rental development, which reached historic highs in the 1960s and 1970s before falling significantly over the following decades.

Table 8: Privately initiated purpose-built rental housing by period of construction, Canada and British Columbia

	Before 1960	1960-1979	1980-1999	2000-2020
Canada	540,021	1,027,311	287,535	318,710
British Columbia	23,477	109,950	26,166	33,772

Source: CMHC Rental Market Survey, 2020

While much more market-rate housing is needed to address this second affordability challenge in B.C.'s urban areas, increasing the supply of non-profit housing can also be an important part of the solution. Building more non-profit housing can help to address the affordability gap between market rents and incomes for a range of income groups, while also helping to relieve upward pressure on rents due to overall supply shortages.

Why the second affordability problem is harder to address than the first

In cities with a more abundant supply of housing, addressing affordability challenges is more straightforward because funding to subsidize the rents of low-income households goes a lot further. A sufficient supply of rental housing also means that average rents will not rapidly increase, so the ongoing per capita costs of subsidizing rent will be relatively stable.

In cities without sufficient supply, affordability challenges are much harder to address. A main barrier to growing the supply of housing is that attempts by local governments to change zoning to allow for more housing development are politically contentious and often met with strong public opposition.

NIMBYism

Public opposition to development—often referred to as “Not in my backyard” or NIMBYism—is rooted in a range of concerns. These concerns include the potential for development to cause gentrification and displace lower-income and marginalized households, and to erode existing social ties, community cohesion and a sense of belonging. Other expressions of NIMBYism focus on attachment to neighbourhood characteristics and concerns that higher density development could increase noise, traffic or crime, or reduce property values.⁵⁷

NIMBY sentiment can be expressed by both homeowners and renters, with the latter worrying more about displacement or rent increases than property price effects. In the long run, however, renters and prospective homebuyers stand to benefit from an increased supply of housing. A growing number of homes available for purchase or rent will reduce the upward pressure on prices and give renters and buyers more options. Nevertheless, it is important to acknowledge that development does not benefit everyone equally, and displacement can occur when buildings are redeveloped. However, if higher density development was permitted in areas currently zoned exclusively for single-family homes, there would be less redevelopment pressure in the relatively small number of neighbourhoods where higher density is allowed.⁵⁸ Spreading out development throughout a metropolitan area would reduce the displacement of existing tenants in higher density neighbourhoods (see [box iv](#)). Local governments can also create policies to ensure that existing tenants are protected from, or compensated for, forced displacement from their homes due to redevelopment.⁵⁹

Unlike renters, existing homeowners will not necessarily benefit from increased density,⁶⁰ making this group more likely to resist neighbourhood changes. Of course, not all homeowners oppose zoning changes to permit higher density redevelopment in their neighbourhoods. However, there are invariably vocal groups of residents—particularly neighbourhood associations—that can make it politically difficult for local governments to implement such changes. It is important to note that opponents to development, including but not limited to neighbourhood associations, may not be representative of the broader population. For instance, research has found that in Vancouver and Toronto, members of neighbour associations are more likely to be white, older, more educated, homeowners, who have lived in their homes for longer and hold different policy priorities than the general population.⁶¹ To make inroads toward fairer, more representative discussions on land use and the way our neighbourhoods evolve, it is therefore important to make sure that all voices and interests are able to shape how our cities grow.

⁵⁷ Numerous Canadian and international studies have explored NIMBYism. See for instance, Doberstein, Hickey & Li (2016) ; Holleran (2020); Payton Scally (2012).

⁵⁸ See [figure 24](#) of appendix 2 for a map for current zoning in Metro Vancouver. Currently, higher-density building types are allowed primarily along major road and transit arteries, while much of the space in between these narrow bands are zoned for low-density or single-family housing.

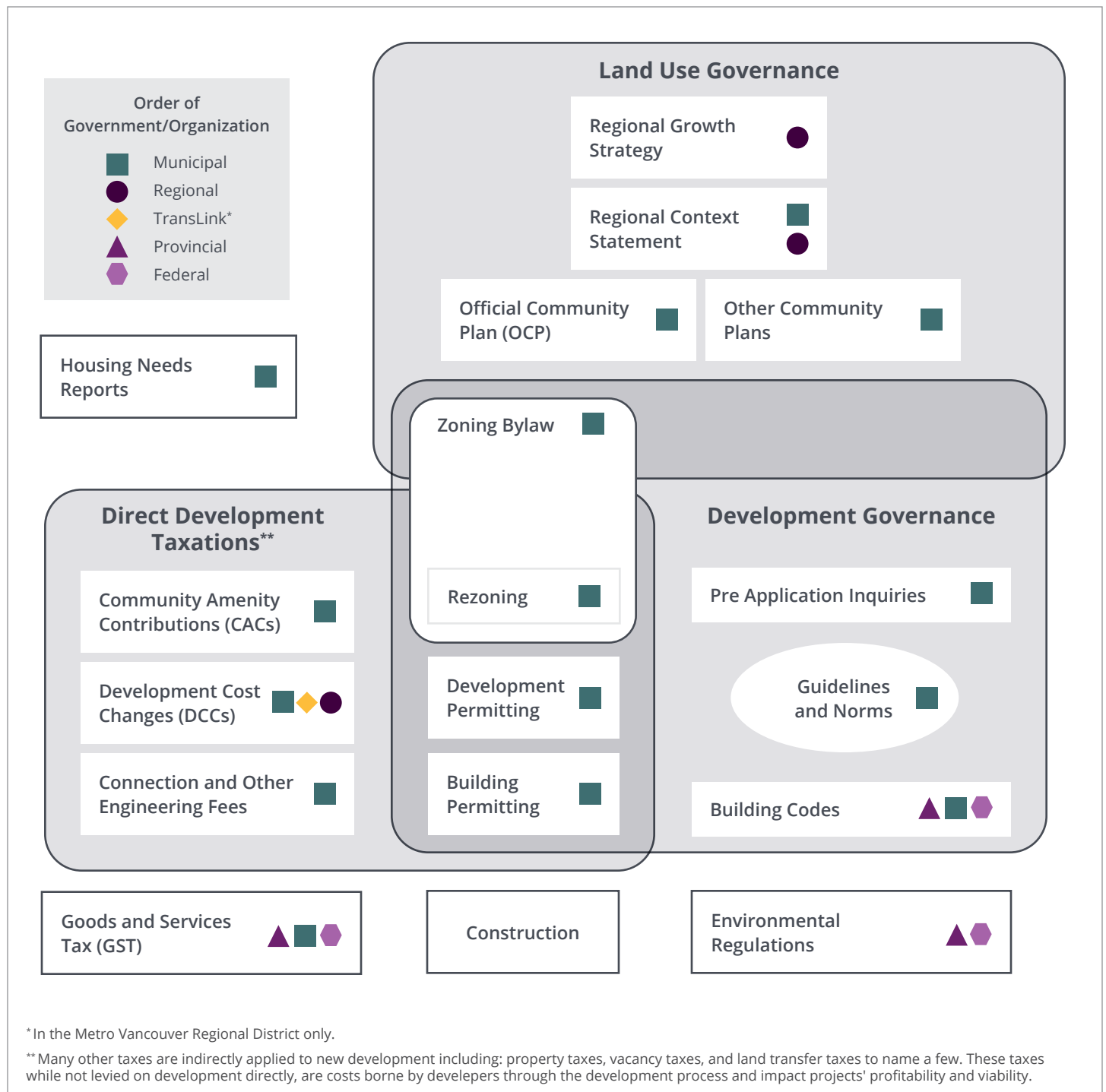
⁵⁹ Vancouver and Burnaby are among the B.C. municipalities with policies to protect tenants living in purpose-built rental units. See: https://www.burnaby.ca/About-Burnaby/News-and-Media/Newsroom/Burnaby-tenants-protected-by-comprehensive-Tenant-Assistance-Policy_s2_p7276.html.

⁶⁰ This is especially the case if they experience negative spillovers (also called “externalities”), such as shadows or increased noise from adjacent development, or if a growing housing supply reduces their home’s resale value. However, depending on a city’s development fee structure, those homeowners selling their homes to property developers stand to gain substantial financial benefit from the increased value in their land resulting from the development and rezoning process—also called the land “lift.” NIMBYism, therefore, is more likely (though by no means exclusively) to be expressed by nearby residents than those selling their properties.

⁶¹ Moore & McGregor (2020)

Appendix 4: Land-use governance in B.C., key terminology, and housing needs reports

Land Use, Development Governance, and Development Taxation in British Columbia



Land-use planning and governance terminology

	Component	Description
1	Regional Growth Strategy	Region-wide general plan setting broad land use policy and providing demographic projections. It is an authoritative plan for prioritizing regional transit and water infrastructure projects.
2	Regional Context Statement	A description of how municipalities' official community plans (OCPs) and other local plans are aligned with the Regional Growth Strategy.
3	Official Community Plan (OCP)	The main plan outlining municipal land use planning. The City of Vancouver is an outlier due to not being required to have an OCP under the Vancouver Charter. However, the combination of other neighbourhoods and local plans make up the City of Vancouver's de facto OCP.
4	Other Community Plans	Other plans for particular neighbourhoods or covering broader issues such as the environment, recreation and public spaces, among many others.
5	Housing Needs Report	A newer provincially mandated report containing data on housing affordability and local demographics. Five-year estimates of future housing needs are included, but no standardized methodology is prescribed.
6a	Zoning Bylaw	Bylaw regulating land and structure use, density and general form.
6b	Rezoning	Process for altering the zoning bylaw for a site or a wider area. Can be publicly initiated (pre-zoning) or privately initiated (rezoning). Zoning changes are done through municipal councils.
7	Community Amenity Contributions (CACs)	Negotiated fees paid by developers to rezone a site. Can be paid in-kind and/or in cash. The ability to charge CACs is not a specified municipal power in provincial legislation. However the Province provides guidance on the appropriate application of CACs and the trade-offs CACs introduce.
8	Pre-Application Inquiries	Process for developers to discuss potential projects with municipal staff. In this stage municipal staff will typically signal their support, request modifications and voice any objections for projects.
9	Guidelines and Norms	Guidelines and norms established at the council and/or staff level shape proposals and impact the scale and number of projects that enter the formal development process. View cones and shadowing impacts are examples of development considerations that tend to be regulated outside of community plans, zoning and the development permitting process.
10	Development Permits	Like the zoning bylaw, the development permit process regulates built form and finer-grain building characteristics than those considered in zoning. Development permitting is a municipal staff-level process that can occur at the same time as rezoning or after.
11	Development Cost Charges (DCCs)	Fees levied on new home construction to recoup downstream infrastructure costs. DCCs are set on a cost-recovery basis and are regulated through provincial legislation.
12	Building Permitting	Building permitting regulates the health and safety of development and renovations to existing structures based on building codes and other engineering considerations.
13	Connection and Other Engineering Fees	Fees associated with the connecting of buildings to infrastructure.
14	Building Codes	Building codes regulate the construction and renovation of buildings for structural soundness, energy use and accessibility, among other construction standards. The National Building Code serves as a general template for provinces to use to create their own codes for their jurisdictions. For example, the BC Building Code is enhanced standards for wood-frame construction, seismic and energy efficiency, for example, the Energy Step Code that sets levels of energy performance that local governments can voluntarily adopt in their communities. The City of Vancouver also maintains its own Building Bylaw through the Vancouver Charter, which is largely based on the BC Building Code.
15	Environmental Regulations	Regulations for managing the environmental impact of development. Examples include regulations protecting ground water, sensitive wildlife habitats and reducing local impacts from development. Environmental regulations impact both the number and complexity of needed approvals and influences other regulations, such as building codes.

Housing Needs Reports: Definition and potential improvements

Under the Housing Needs Report Regulation, B.C. Regulation 90/2019, municipalities and regional districts in B.C. are required to complete housing needs reports by April 2022 and every five years thereafter. Legislative requirements took effect April 16, 2019, and require local governments to collect data, analyze trends and present reports that describe current and anticipated housing needs in B.C. communities.

Affected jurisdictions are required to gather data on an annual basis and evaluate the data every five years.

The Housing Needs Report (HNR) methodology as currently constituted is a good starting point, but improvements are needed. These reports require additional identification and quantification of total housing requirements by tenure that include replacement demand and vacancy allowances, and also an “affordability allowance”. Projections by household and dwelling types and tenure would further refine housing needs estimates.

Currently, HNRs use household projections without any adjustments. In particular, an affordability adjustment is necessary to account for past undersupply (see [box vii](#)). Household growth on its own is insufficient as an indicator of future housing need because household formation is limited by the available supply. New households cannot form if there is nowhere for them to live and people may want to live in an area in which they do not reside currently, for example to be near their work, but be unable to find appropriate, affordable accommodation. Using household projections based only on past trends can “bake in” persistent undersupply and unaffordability (see [appendix 5](#)).

HNRs should identify and quantify historical price and rent trends up to the current period. Prices and rents disaggregated to the main housing types will provide further insights on specific housing market imbalances.

The size of the housing affordability adjustment is somewhat arbitrary but it should place the estimated number of housing units needed above the projected number of households to close the undersupply and affordability gap. The adjustment is set at a level to ensure that minimum annual housing production addresses the affordability of homes.

The U.K. government has a detailed and extensive process to determine housing needs and land availability at the local level. In some respects, the B.C. government’s approach is similar but not as complete. Links to the U.K. materials are below.

<https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

<https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment>

The following are excerpts from that material:

The National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in this guidance for assessing local housing need. The standard method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply. The standard method set out below identifies a minimum annual housing need figure.

The standard method can be used to calculate a minimum annual local housing need figure as follows:

Step 1 – Setting the baseline using national household growth projections for the area of the local authority.
Using these projections, calculate the projected average annual household growth over a 10-year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period).

Step 2 – An adjustment to take account of affordability.
Adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area. The most recent median workplace-based affordability ratios, (house price to workplace-based earnings ratio), published by the Office for National Statistics at a local authority level, should be used.

No adjustment is applied where the ratio is 4 or below. For each 1% the ratio is above 4, the average household growth baseline should be increased by a quarter of a per cent. An authority with a ratio of 8 will have a 25% increase on its annual average household growth baseline.

However, rarely will it be possible to meet all of these needs in a single year—indeed, it may take many years to fully eliminate backlog needs in a more pressured region. Where an adjustment is to be made, the precise formula is as follows:

$$\text{Adjustment factor} = (\text{local affordability ratio} - 4/4) \times 0.25 + 1$$

For B.C., the median price-to-median income ratio is used to calibrate the affordability adjustment. While this measure is more applicable to the homeownership market than to the rental market, it is indicative of the overall state of housing affordability. A further refinement would be to apply an affordability adjustment to the owner and rental markets separately, which requires household growth projections by tenure.

Median sale prices are derived from the BC Assessment Authority and median household income is taken from Statistics Canada's table 11-10-0190-01, the latest census, and updated to 2020 using the latest survey data on wages and earnings.

The benchmark price-income ratio is 3.33, which is the inverse of 30% of gross income spent on housing. Thirty per cent of income is a widely used general rule on housing affordability.

Table 4 contains the median sale price and income as of 2020 with the resulting price-income ratio. Various affordability adjustment factors to close the affordability gap are shown.

Table 4: Affordability Adjustment Factors

CMA	Median sale price 2020	Median income 2020	Price to income ratio 2020	Affordability adjustment factor 25%	Affordability adjustment factor 20%	Affordability adjustment factor 15%
Abbotsford-Mission	610,000	79,000	7.68	1.33	1.26	1.20
Kelowna	575,000	78,500	7.32	1.30	1.24	1.18
Vancouver	725,900	77,100	9.42	1.46	1.37	1.27
Victoria	655,900	75,800	8.65	1.40	1.32	1.24

Table 5 below shows the affordability adjustments in housing units relative to projected household growth.

Table 5: Affordability Housing Unit Adjustments

CMA	Projected household growth 21-26	Rate of adjustment 25%	Rate of adjustment 20%	Rate of adjustment 15%
Abbotsford-Mission	4,480	1,464	1,171	878
Kelowna	6,403	1,920	1,536	1,152
Vancouver	87,204	39,838	31,870	23,903
Victoria	11,173	4,465	3,572	2,679

In addition to an affordability adjustment, other adjustments to account for demolitions, conversions, and a vacancy allowance for new household growth are necessary. A vacancy allowance for the stock of housing is also necessary though not included in the table. The result is an estimate of total housing units required in the five-year projection period. The affordability adjustment in the table uses a 20% adjustment rate.

Table 6: Housing Unit Requirements, 2021-2026

CMA	Household growth projection	Demolitions and conversions	Vacancy allowance	Affordability adjustment	Total requirements	Average annual
Abbotsford-Mission	4,480	800	130	1,170	6,580	1,316
Kelowna	6,400	900	190	1,540	9,030	1,806
Vancouver	87,200	15,500	2,620	31,870	137,190	27,438
Victoria	11,170	700	340	3,570	15,780	3,156

Table 7: Housing Needs and Requirements Worksheet Example

Households, actuals and projections

CMA	2006	2011	2016	2021p	2026p
Abbotsford-Mission	58,983	62,409	70,276	74,799	79,279
Kelowna	69,195	76,569	85,700	92,646	99,049
Vancouver	843,148	916,229	1,019,031	1,099,832	1,187,036
Victoria	148,351	156,972	173,892	184,425	195,598

Change in Households

CMA	2006	2011	2016	2021p	2026p
Abbotsford-Mission	4,675	3,426	7,867	4,523	4,480
Kelowna	6,619	7,374	9,131	6,946	6,403
Vancouver	45,444	73,081	102,802	80,801	87,204
Victoria	7,433	8,621	16,920	10,533	11,173

Housing Unit Requirements, 2021-2026

CMA	Household growth projection	Demolitions and conversions	Vacancy allowance	Affordability adjustment	Total housing requirement	Average annual
Abbotsford-Mission	4,480	800	134	1,171	6,586	1,317
Kelowna	6,403	900	192	1,536	9,031	1,806
Vancouver	87,204	15,500	2,616	31,870	137,190	27,438
Victoria	11,173	700	335	3,572	15,780	3,156

Core need rate of unaffordability

CMA	2006	2011	2016
Abbotsford-Mission	28.0	31.0	26.2
Kelowna	29.8	29.1	25.5
Vancouver	32.0	33.5	32.0
Victoria	28.2	31.1	28.5

Housing units completed

CMA	2001-05	2006-10	2011-15	2016-20
Abbotsford-Mission	4,299	4,677	2,656	5,773
Kelowna	8,087	10,467	5,433	11,260
Vancouver	68,959	84,633	86,780	110,252
Victoria	8,036	10,247	8,120	14,707

Housing units conversions

CMA	2001-05	2006-10	2011-15	2016-20
Abbotsford-Mission	6	43	50	107
Kelowna	5	194	307	806
Vancouver	1,413	3,108	2,893	5,618
Victoria	458	944	1,003	2,077

Housing demolitions

CMA	2001-05	2006-10	2011-15	2016-20
Abbotsford-Mission	503	548	354	925
Kelowna	866	1,121	671	1,691
Vancouver	10,144	12,450	14,182	20,969
Victoria	1,182	1,507	1,327	2,797

Net change in housing supply

CMA	2001-05	2006-10	2011-15	2016-20
Abbotsford-Mission	3,802	4,172	2,352	4,955
Kelowna	7,226	9,540	5,069	10,375
Vancouver	60,228	75,291	75,491	94,901
Victoria	7,312	9,684	7,796	13,987

5 yr % change in median price

CMA	2005	2010	2015	2020
Abbotsford-Mission	77.4	12.4	35.8	34.1
Kelowna	93.5	23.4	16.0	31.9
Vancouver	57.9	35.6	20.6	20.6
Victoria	76.6	20.2	13.8	32.5

Rental vacancy rate

CMA	2005	2010	2015	2020
Abbotsford-Mission	1.9	6.5	0.7	0.6
Kelowna	0.7	3.1	0.6	2.1
Vancouver	0.8	1.4	0.7	2.6
Victoria	0.5	2.1	0.5	2.2

5 yr % change median rent

CMA	2005	2010	2015	2020
Abbotsford-Mission	11.9	12.9	7.4	27.8
Kelowna	21.7	13.0	12.1	29.7
Vancouver	10.9	16.6	21.0	24.9
Victoria	14.8	20.0	8.7	34.7

5 yr % change in CPI

CMA	2005	2010	2015	2020
Abbotsford-Mission	8.8	5.3	3.1	8.2
Kelowna	8.8	5.3	3.1	8.2
Vancouver	8.4	6.4	3.8	8.3
Victoria	9.8	4.2	2.7	8.0

Source: BC Stats Household Projections, Statistics Canada Census, Statistics Canada Consumer Price Index, Statistics Canada Building Permits, CMHC Starts and Completions Survey, CMHC Rental Market Survey, BC Assessment Authority

Appendix 5: Population projections: what are they and how do they influence housing supply?

Demographic projections sit at the centre of both regional growth strategies and housing needs reports (see [appendix 4](#)). These projections can be done in-house, by consultants, or be provided by government agencies, such as Statistics Canada, BC Stats, or CMHC. A complete review of methods available for doing demographic projections is beyond the scope of this report, but broadly speaking, demographic projections typically answer the following question: *what should we expect to happen if past trends continue?*

This methodological feature can pose problems when trying to improve housing affordability, which by definition means breaking from the past. Put simply, demographic estimates usually do not tell us much about how much additional housing is required to reduce or moderate prices and rents—they only tell us what it would take to extend the status quo into the future. Relying on demographic estimates to set housing supply targets that are based on observed demographics from past trends, especially during periods of persistent price increases and perpetually low rental vacancy rates, runs the risk of “baking in” pre-existing housing scarcity if those estimates are the sole determinant of housing targets set by local policy makers.

Further, sustained lower home prices and rents in B.C.’s major urban areas, all else equal, could result in more housing demand being realized through the formation of additional households, increased in-migration, and fewer households leaving high-priced areas. In short, demographic projections are better suited to extend current trends, and less well suited to anticipate changes, such as those required to reduce or mitigate future increases in rents and home prices.

Additional issues identified with demographic estimates and their use in setting future housing supply targets include the following:

- Housing targets are based on household projections and not the required housing stock. Housing targets need to account for vacancy and transitional uses.
- There can be a lack of clarity on what housing targets represent. Are they floors or ceilings? Are they the most likely outcome of the continuation of current policies or an idealized allocation of future growth?
- There are no consequences for municipalities repeatedly building below projections or targets.

Despite the caveats noted above, assessing demand for housing according to the number and type of households is the bare minimum for judging how much housing supply is required. As the number of households and households’ incomes grow, so will the demand for housing, including demand for more living space. Lack of supply of adequate living space to meet household demand risks further escalations in home prices and rents. Fully assessing how much housing “should” be built therefore requires more advanced modelling that integrates both demographics and economics, as discussed in [appendix 4](#).

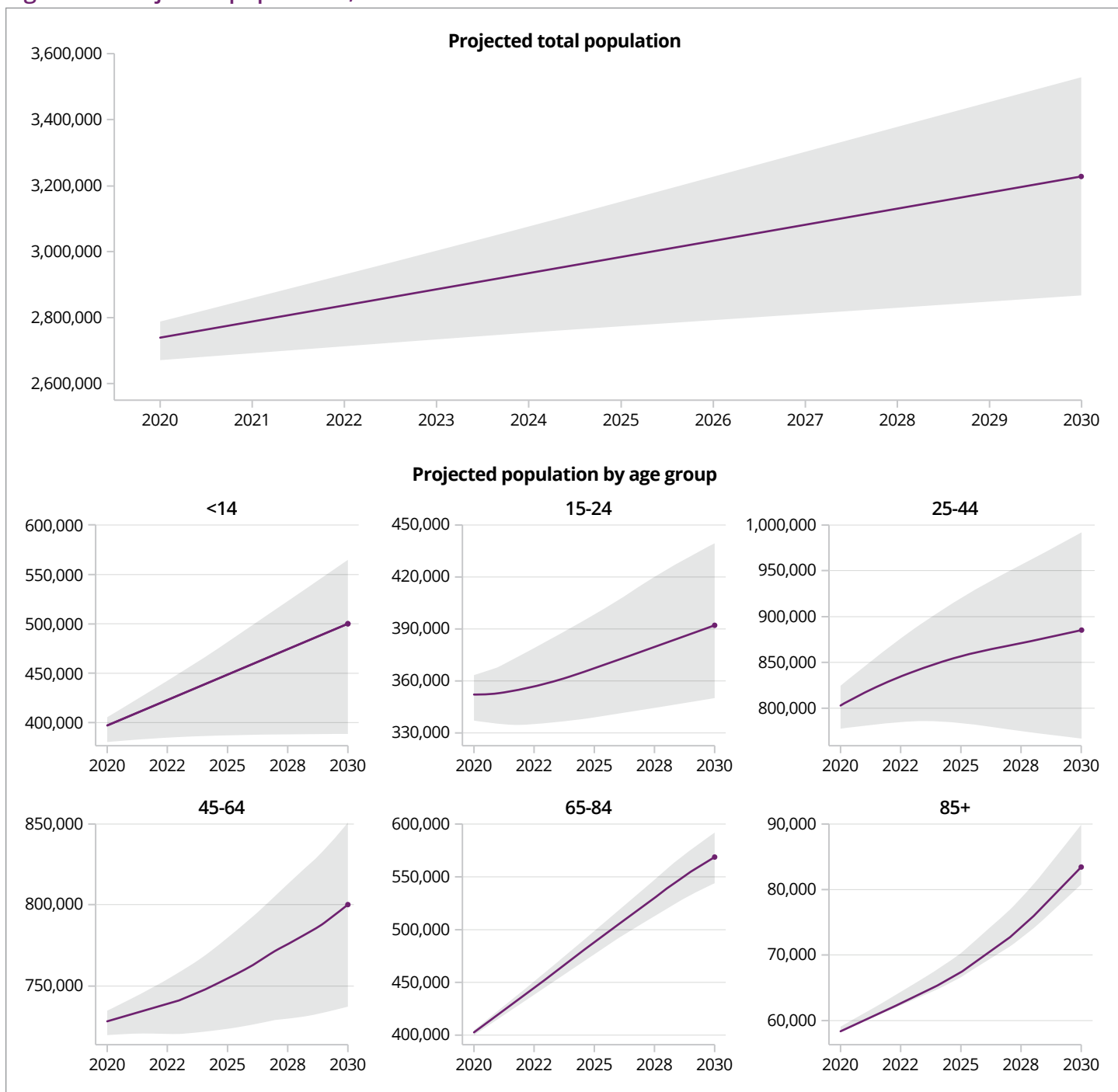
Population projections for B.C.’s census metropolitan areas

The following population growth projections were drawn from Statistics Canada and CMHC. Notwithstanding the concerns raised above, they offer some insight into future housing needs in B.C.’s four largest urban regions.

Vancouver CMA

Between 2009 and 2019, the Vancouver CMA’s population grew by 17% with population growth mainly observed in the 20 to 35 and 55 and over age groups. According to Statistics Canada’s baseline growth scenario, Vancouver’s population is projected to increase by 18% through 2030. By 2030, Vancouver’s population will have reached 3.2 million people.

Figure 27: Projected population, Vancouver CMA



Source: StatCan, CMHC

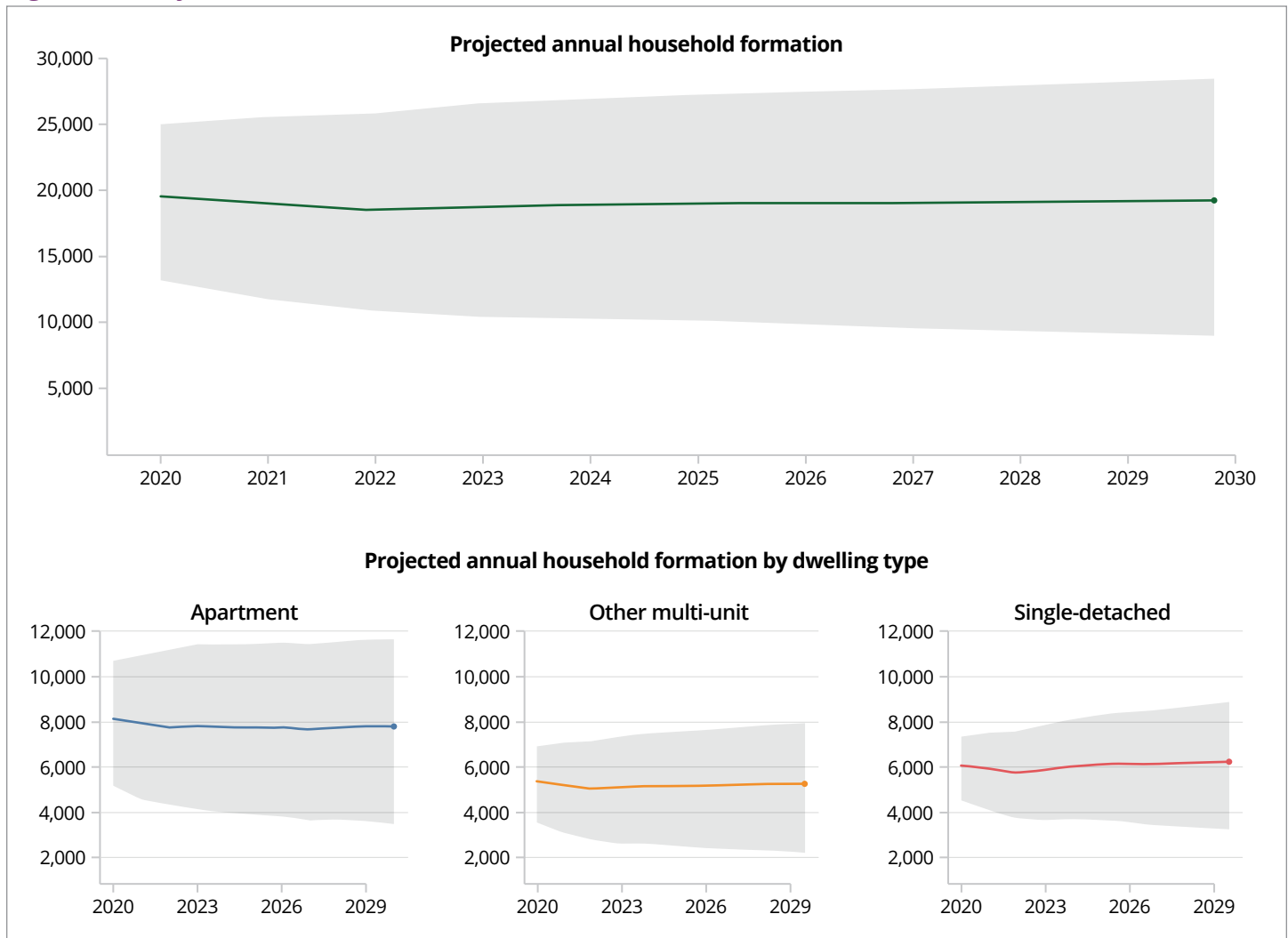
Alternate scenarios suggest growth during this period could range from 7 to 26%. While all age categories are expected to grow, the slowest growth rate is expected for the 25 to 44 group. While the 65+ group is expected to show the strongest growth, it will still represent less than 20% of the CMA's population by the end of the projection period.

According to CMHC's baseline scenario, the number of households in the Vancouver CMA will also increase steadily to 2030, adding roughly 190,000 to 200,000 households. Annual household formation is expected to hold at approximately 19,000 to 20,000 per year.

When assuming that new households make similar housing choices as past generations—an assumption which may become strained in a post-pandemic context—close to 70% of new households are predicted to occupy multi-unit housing. Between now and 2030, and on an annual basis, approximately 8,000 new households would occupy an apartment, 5,500 would occupy an alternate form

of multi-residential housing, and 6,000 would occupy single-family homes. When taking account of the full range of alternative choices and trends, both the levels and shares of households occupying a given building type shift considerably. Nevertheless, we highlight the increasing need for family-sized housing regardless of assumed built form.

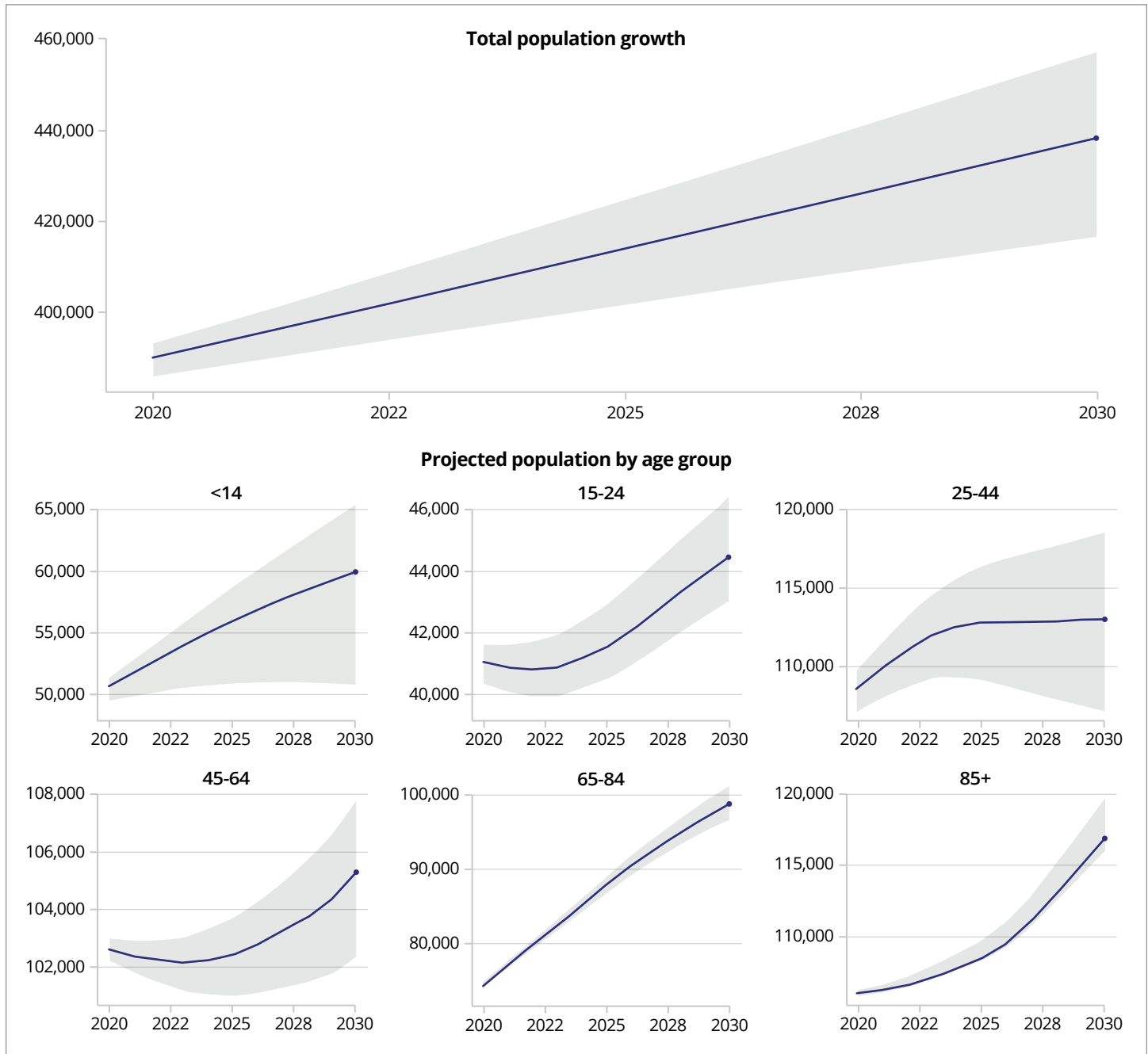
Figure 28: Projected annual household formation, Vancouver CMA



Source: CMHC

Victoria CMA

Figure 29: Projected population, Victoria CMA



Source: StatCan, CMHC

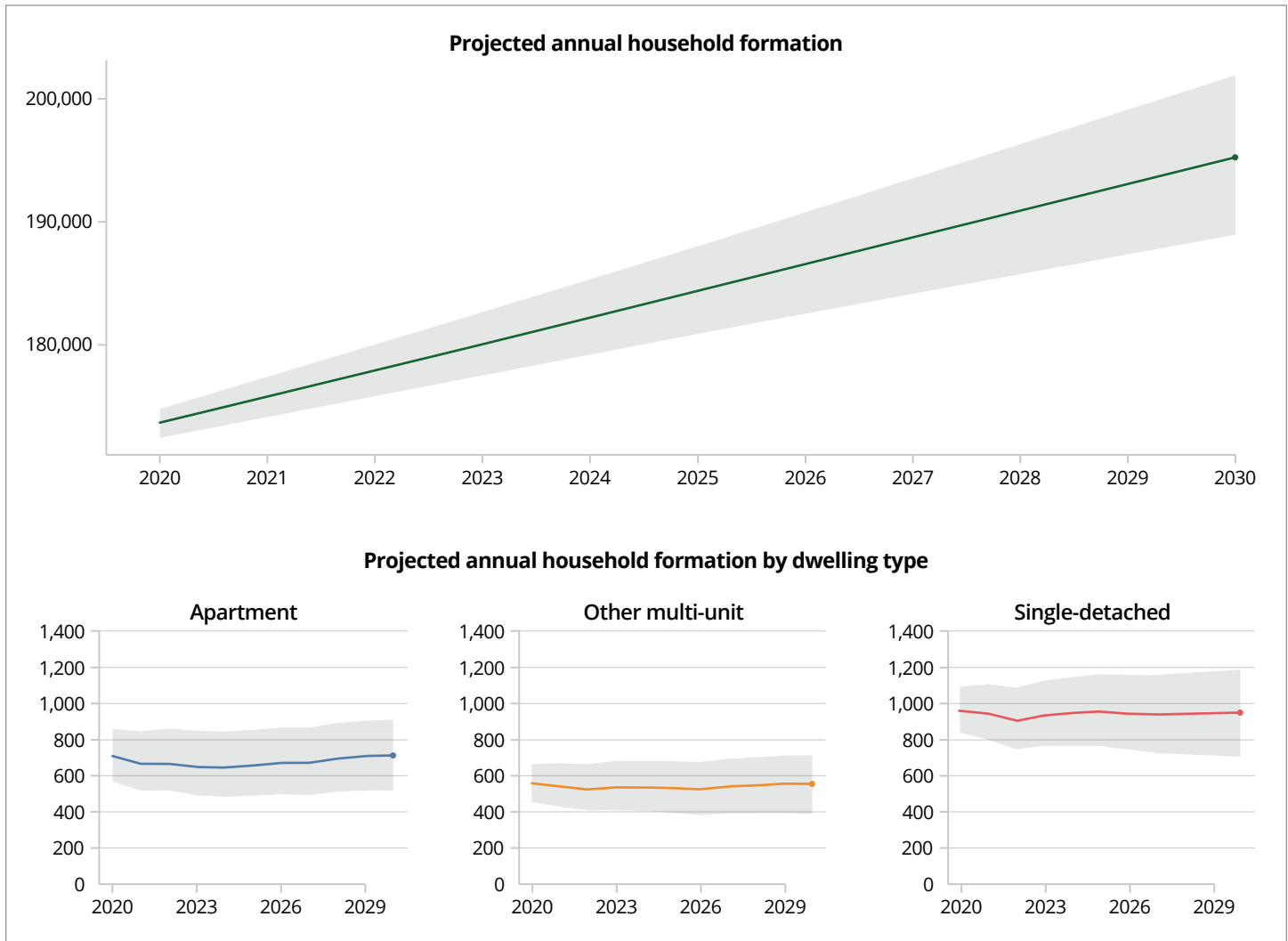
Like the Vancouver CMA, the Victoria CMA's population has increased steadily since 2011, posting growth of 16% overall. As in Metro Vancouver, population growth was also mainly observed in the 20 to 35 and 55 and over age groups. Growth has stemmed solely from in-migration (both international and domestic). At 12%, the Victoria CMA's population growth

to 2030 is projected to be lower than the Vancouver CMA's, according to Statistics Canada's baseline scenario. By 2030, the Victoria CMA's population is predicted to approach 440,000 people. The 65+ age group will post the strongest growth rate, and make up 26% of this region's population by 2030.

Steady growth to 2030 will amount to an additional 20,000 to 23,000 households (resulting in 194,000 households in total by 2030). This translates to approximately 2,000 to 2,300 additional households per year. When applying assumptions about new households making similar housing choices as past generations, roughly three-quarters of new households

will fall into the ownership category. Between now and 2030, and on a yearly basis, 600 to 700 new households would occupy apartments, 500 to 600 would occupy alternate forms of multi-residential housing and 900 to 1,000 would occupy single-family homes.

Figure 30: Projected annual household formation, Victoria CMA



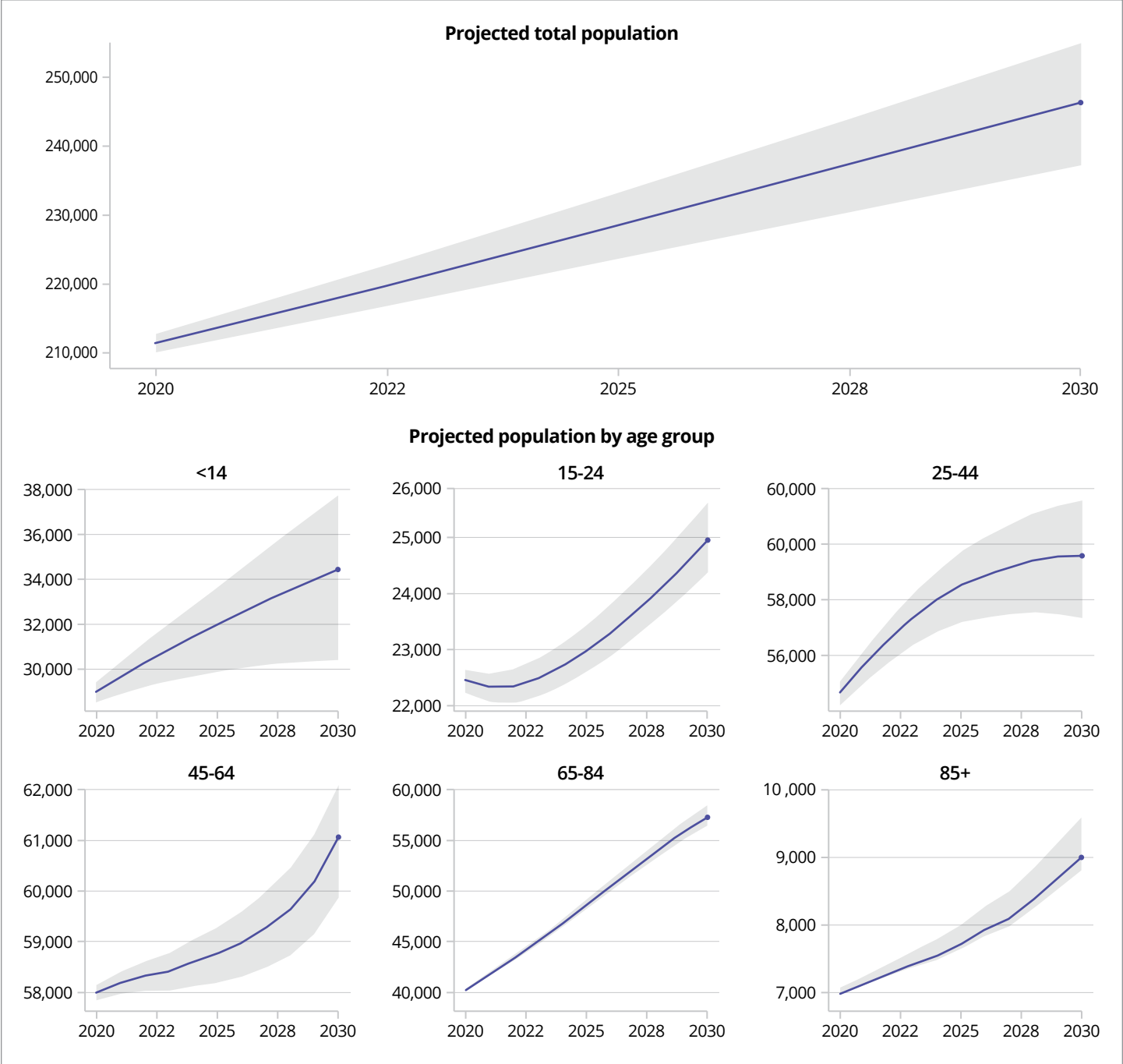
Source: CMHC

Kelowna CMA

During the past decade, the Kelowna CMA experienced higher population growth (22% between 2009 and 2019) than the Vancouver and Victoria CMAs. However, Kelowna’s recent population growth has been driven primarily by in-migration (interprovincial and intraprovincial). Like the Vancouver and Victoria CMAs, the Kelowna CMA’s highest-growth groups have been the 20 to 35 and 55 and over cohorts.

Statistics Canada’s baseline scenario predicts that the Kelowna CMA’s population will climb by 17% by 2030. This would bring the region’s population close to 245,000 people by that time. While all age categories will show increases, growth in the 25 to 44 group will begin to flatten by 2024. The 65 and over age group will make up 27% of the CMA’s population by 2030. The under 45 age group will make up close to half of the projected population.

Figure 31: Projected population, Kelowna CMA

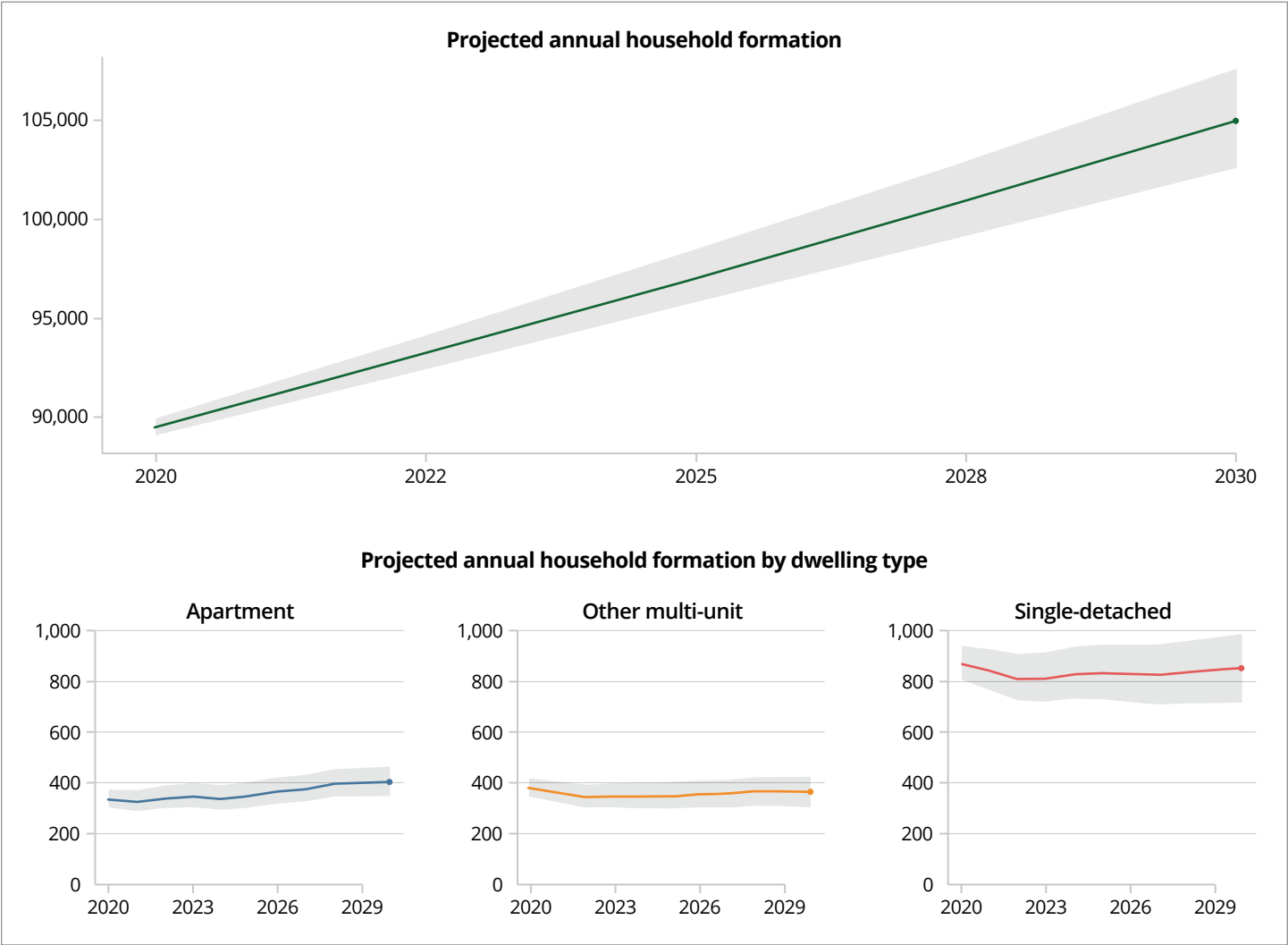


Source: StatCan, CMHC

The number of households in the region will increase steadily to 2030. In the baseline scenario, roughly 15,000 to 17,000 households will be added by then, bringing the regional total to approximately 105,000 households. Annual household formation is predicted to rise steadily, by around 1,500 to 1,700 per year. If new households make similar housing choices as past

generations, close to 80% of new households will be in the ownership category. Between now and 2030, and on a yearly basis, 350 to 400 new households would occupy apartments, 350 to 400 would occupy alternate forms of multi-residential housing and 800 to 900 would occupy single-family homes.

Figure 32: Projected annual household formation, Kelowna CMA



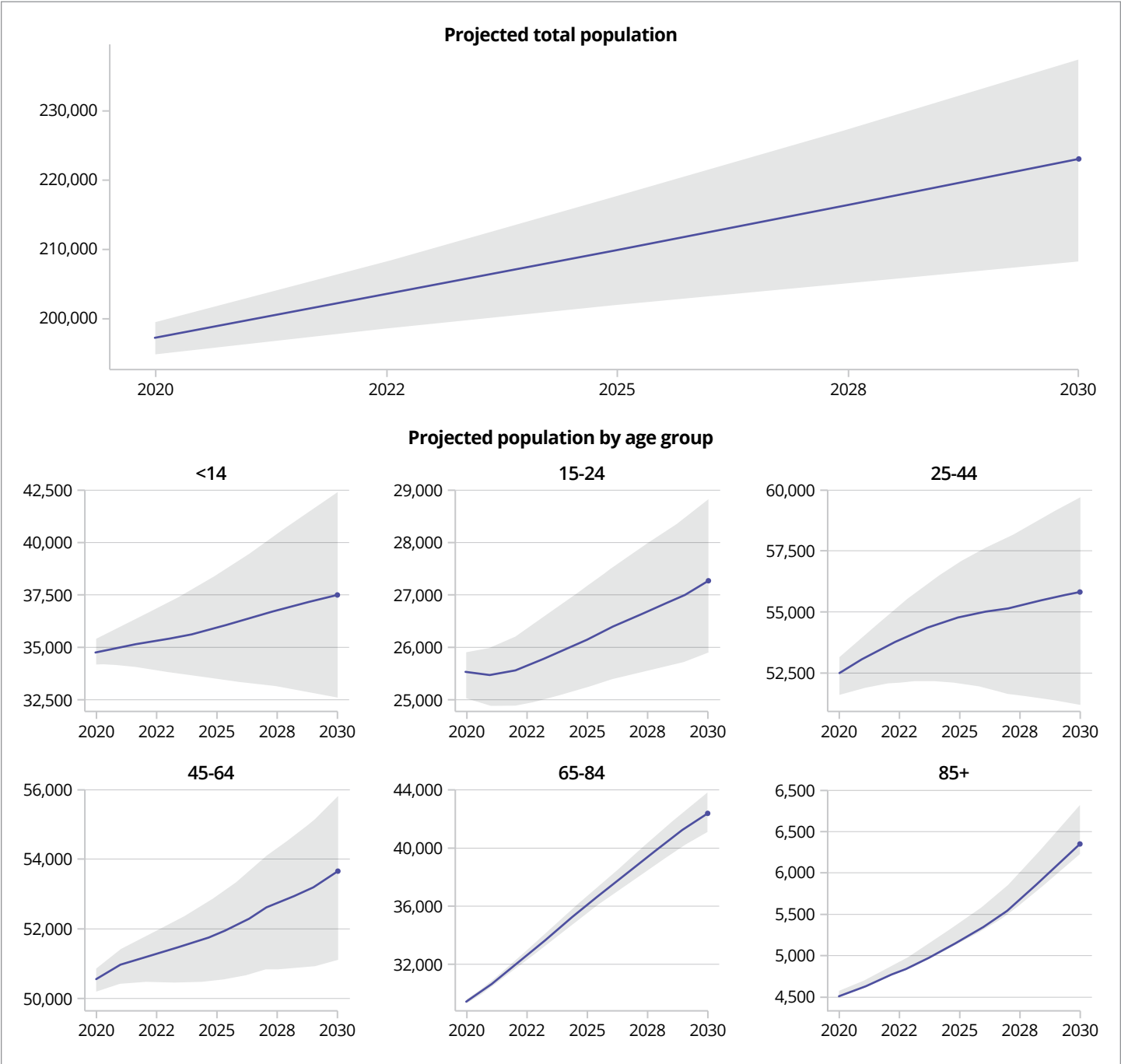
Source: CMHC

Abbotsford-Mission CMA

In the Abbotsford-Mission CMA, population growth accelerated in the middle of the last decade. Of note, growth was mainly observed in different age groups than in the three other CMAs, namely in the 15 to 40 and

55 to 70 and over age groups. Statistics Canada’s baseline scenario calls for the CMA’s population to grow by 13% through 2030. By that time, the population is expected to have surpassed 220,000 people.

Figure 33: Projected population, Abbotsford-Mission CMA

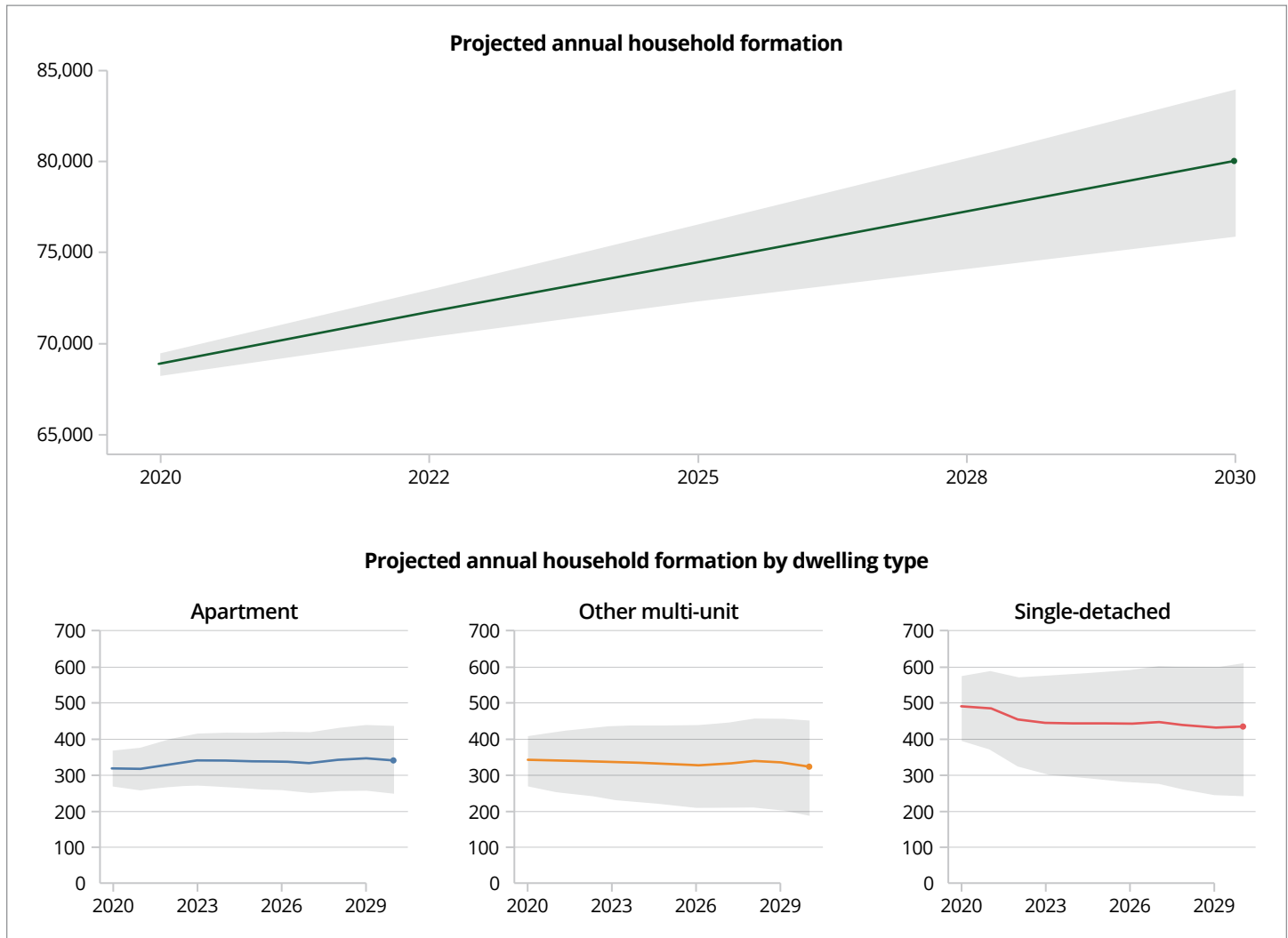


While all age categories in this region are expected to increase, growth of the 25 to 44 age group will be slower. The 65+ age group is expected to record the strongest growth and account for 22% of the population by 2030. Nearly 55% of the projected 2030 population is projected to be below the age of 45. Below the age of 65, the population will be evenly distributed by age.

According to the baseline projection, approximately 10,000 households will be added in the next decade, bringing the total to 80,000 by 2030. In this baseline scenario, roughly 1,000 to 1,200 households will be added each year.

Applying the assumption that new households make similar housing choices as past generations, close to 60% of new households will occupy multi-unit housing. Between now and 2030, and on a yearly basis, approximately 350 new households would occupy an apartment, while roughly 325 would occupy an alternate form of multi-residential housing and 400 to 500 would occupy single-family homes.

Figure 34: Projected annual household formation, Abbotsford-Mission CMA



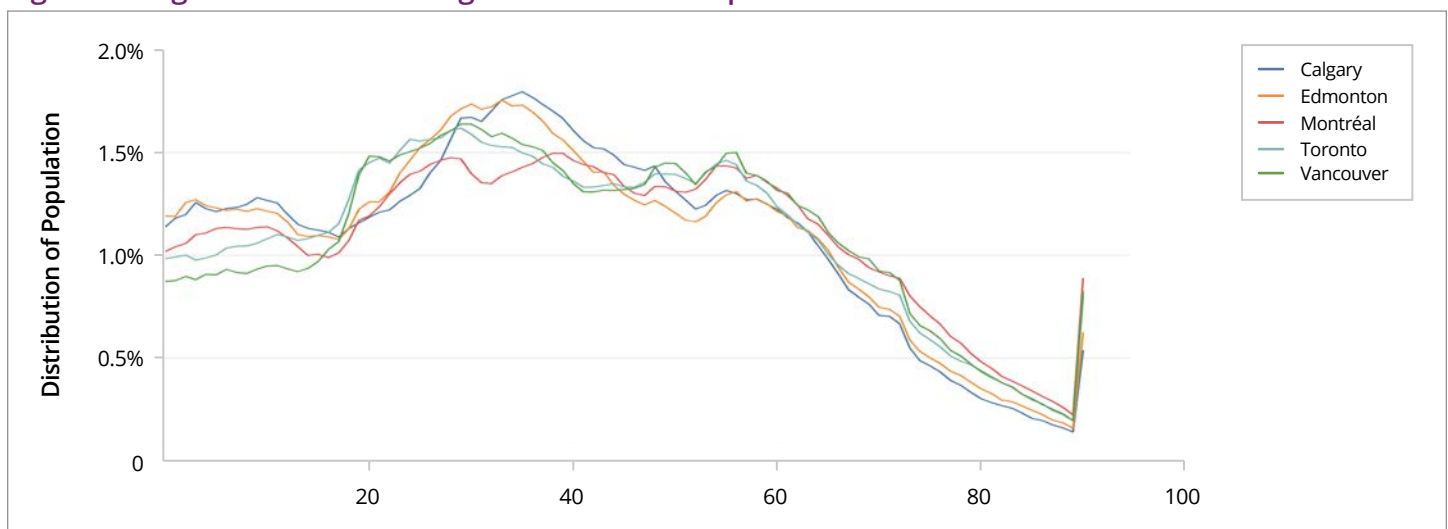
Source: CMHC

The importance of the age distribution and assumptions on migration

The shape of the age distribution (or the “age pyramid”) and the assumptions made on migration are critically important when projecting population and households. As shown in figure 35, when compared to the Calgary and Edmonton CMAs, Metro Vancouver’s age distribution shows a relatively lower percentage of children and a relatively higher share of young adults. When projecting forward by 20 years and assuming a constant population growth, the share of the population entering the phase of household formation and of first-time homebuying will be relatively higher in Calgary and Edmonton than in Metro Vancouver.

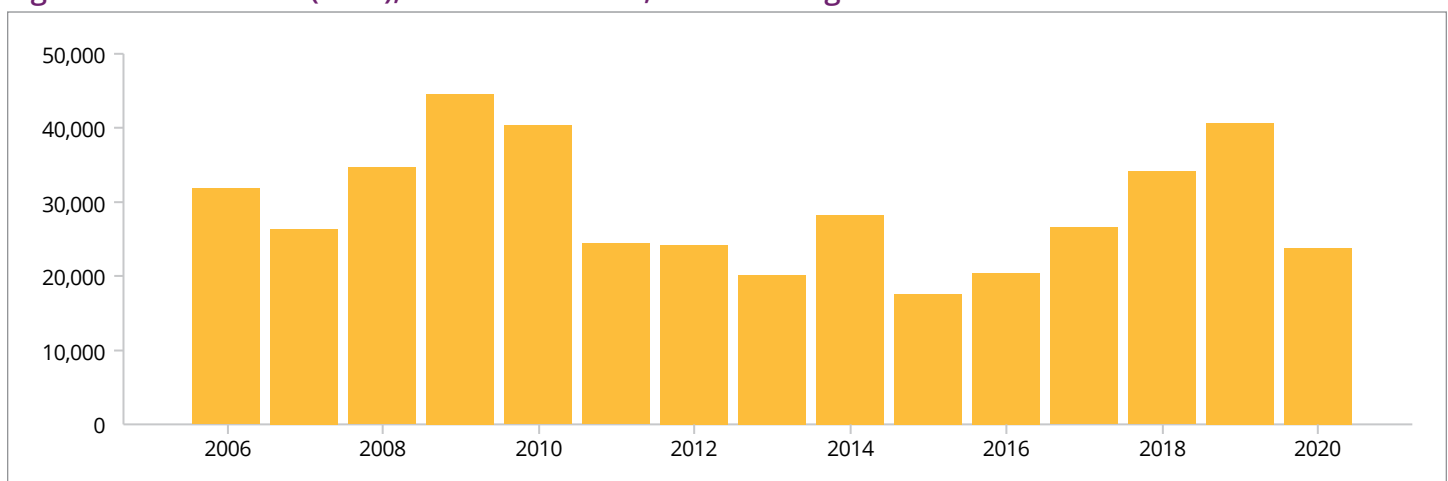
Assumptions about migration are important but not easy to make. A host of factors, such as evolving economic conditions, both domestically and externally, affect migratory flows, as seen in figure 36, which shows annual total net migration for the Vancouver CMA. For this reason, household projections should not be used as a benchmark for short-term analysis. This is particularly the case with the COVID-19 pandemic having reduced the number of international migrants in the short term. It is possible that the number of international migrants will rebound even more strongly in future years if Canada maintains a more aggressive immigration policy.

Figure 35: Age distribution in large Canadian metropolitan areas



Source: StatCan, CMHC

Figure 36: Vancouver (CMA), British Columbia, total net migration



Source: Statistics Canada. Table 17-10-0136-01

Components of population change by census metropolitan area and census agglomeration, 2016 boundaries

How sensitive are the population projections?

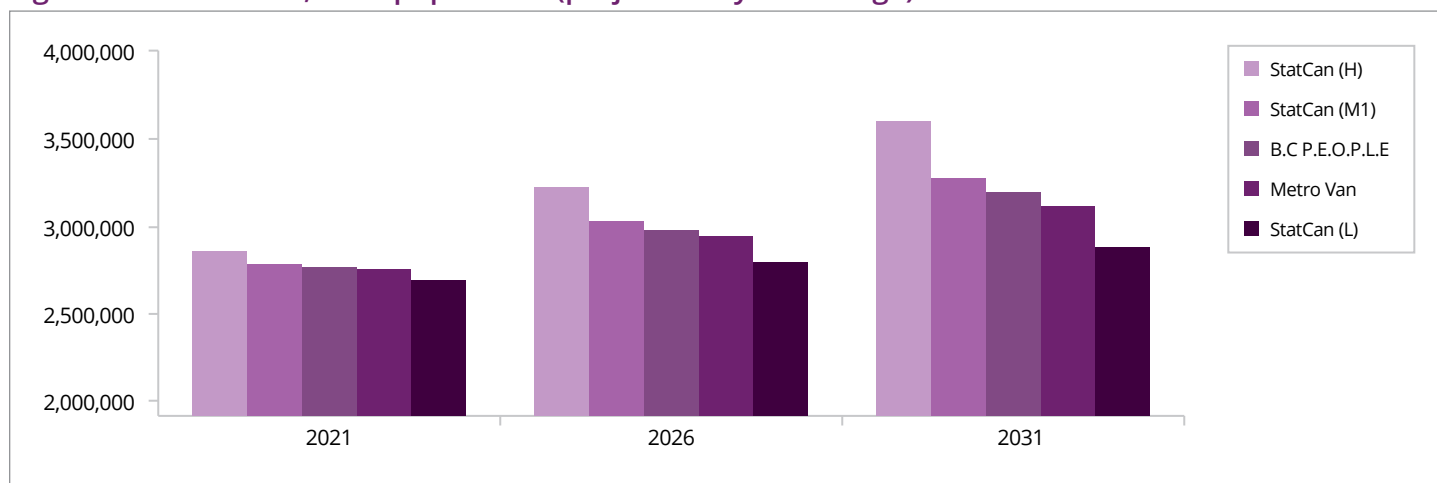
When comparing Statistics Canada's and CMHC's projections to those of other B.C. agencies, we first identify the respective methodologies employed as well as their underlying assumptions. With regard to the methodologies used for projecting the population, all employ the "cohort component" method. As for the underlying assumptions, these may differ across agencies.

Figure 37 shows the population projections according to three sources: Statistics Canada, BC Stats (B.C. P.E.O.P.L.E.) and Metro Vancouver. Whereas Statistics Canada's "high" and "low" population projections for 2031 differ by more than half a million people, the difference is significantly smaller (but

not negligible) when comparing Statistics Canada's medium (or M1) projections with the other agencies' projections. Doing this yields a difference of approximately 150,000 for the 2026 projection and around 300,000 for the 2031 projection.

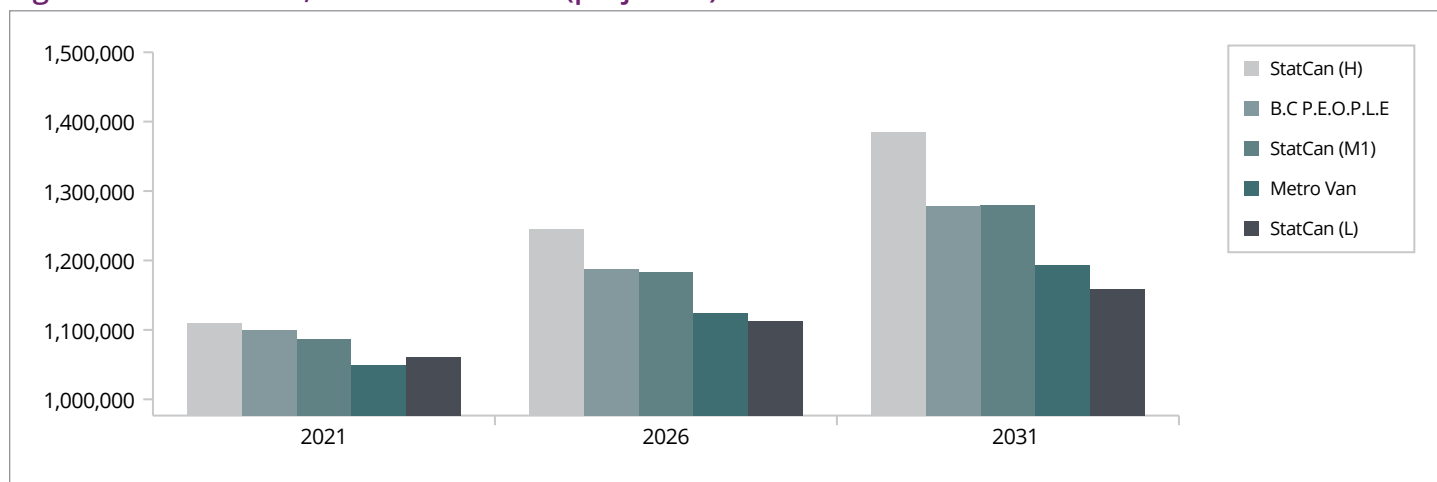
Figure 38 presents the alternative household projections. When comparing the CMHC household projections that were based on Statistics Canada's M1 scenario to those of other institutions, we see that the difference in 2026 is approximately 64,000 households. The difference in 2031 grows to 85,000 (see figure below). These estimates give a sense of how much uncertainty there is in projecting how much housing should be built. Policy makers need to ensure the development processes they create account for this considerable uncertainty.

Figure 37: Vancouver, total population (projected 5-year change)



Source: StatCan, Metro Van, BC Stats CMHC

Figure 38: Vancouver, total households (projected)



Source: StatCan, Metro Van, BC Stats CMHC



Appendix 6: Fees on property development in B.C.

Development cost charges are a revenue tool made available to municipalities and regional districts by the Province, as specified in the *Local Government Act*. The purpose of DCCs, which are collected from property developers at the time of subdivision approval or building permit approval, is to fund off-site growth-related infrastructure. Specifically, DCCs may fund road, sewerage, waterworks and drainage infrastructure, as well as the acquisition and improvement of parks.⁶² DCCs are only allowed to cover the capital costs of such infrastructure and must be levied in proportion to the infrastructure needs directly generated by development. DCC design must also tie infrastructure needs assessments to regional growth strategies and official community plans. If a local draft DCC bylaw does not follow these requirements, it does not receive approval by the provincial government.⁶³

The *Local Government Act* also allows local governments to exchange additional density for amenities or non-market housing through **density bonus** provisions in zoning. Where used, this instrument is considered voluntary as opposed to obligatory for all building permits, since property developers have the option not to include additional density.

The third development-based revenue instrument is **community amenity contributions** (CACs), which some B.C. municipalities levy as a fixed rate or through negotiations with developers when real estate projects require rezoning. Unlike DCCs and density bonusing, CACs are not defined in provincial legislation. Instead, they are grounded in municipalities' discretionary power over land-use regulation—specifically zoning—by which local councils may accept or reject rezoning applications. In practice, this broad autonomy in the design and use of CACs has allowed for a wide array of amenity preconditions in exchange for rezoning, including libraries, fire hall expansions, non-market housing, public art and funds-in-lieu.

⁶² Two exceptions are the City of Vancouver (through the *Vancouver Charter*) and the Resort Municipality of Whistler (through the *Resort Municipality of Whistler Act*), where DCCs—called Development Cost Levies (DCLs) in Vancouver—may include a broader range of items, such as non-market housing and childcare facilities.

⁶³ Specifically, it does not receive approval by the Inspector of Municipalities, who must consider a wide range of factors and best practices, including those outlined in the *Development Cost Charge Best Practices Guide*, available here: https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/finance/dcc_best_practice_guide_2005.pdf.

Appendix 7: Key principles for fees on property development: Nexus and proportionality

A common justification for the implementation of fees on property development is that “growth pays for growth.” Also known as the “user pays” principle, this justification requires that the upfront capital costs associated with new homes and businesses, such as sewers, waterworks and roadway expansions, should be paid for by those new homes and businesses rather than all homes and businesses within a municipality. Once built, the ongoing costs for maintenance or operations of this infrastructure are shared citywide.

In order to achieve a close linkage between the upfront costs of this infrastructure and those new residents and businesses generating a need for it, two key principles are commonly identified as best practices: nexus and proportionality.⁶⁴

Nexus: Fees imposed on development should be demonstrably tied to the needs or impacts generated by it. In other words, there should be a clear link, or “nexus,” between what the fee or exaction is requiring, and the proposed development it applies to. For example, the construction of a new neighbourhood on farmland will increase demands on local sewer and water infrastructure, both in terms of nearby pipe capacity and overall treatment plant capacity. This increase in the demands on local infrastructure demonstrates clear “nexus” with the new neighbourhood, in turn justifying a fee to pay for the resulting infrastructure upgrades.

Proportionality: Beyond a clear, demonstrable link or “nexus” between the impacts of property development and the fees meant to address them, it is also important for the fee amount to be “proportionate” to these impacts. That is, the fee amount should not be greater than the cost of addressing the impacts of new homes or businesses. For example, a fee meant to cover the cost of a road widening to account for increased traffic generated by residents of a new neighbourhood should not be expected to also cover the costs of additional widening in anticipation of future, unrealized growth.

There are several risks associated with the neglect of these two principles. First, ignoring nexus and proportionality in fee design can reduce balance or fairness between current residents and newcomers. Importantly, nexus and proportionality requirements reduce the temptation of shifting the costs of amenities or facilities enjoyed primarily by current residents onto new homes and businesses, rather than raising the necessary property tax or user fee revenue to do so.

Second, undue or overly burdensome fees may impede the pace and amount of homebuilding in a city, creating or exacerbating housing shortages.⁶⁵ These shortages, in turn, negatively impact the availability and affordability of housing in desirable cities and neighbourhoods.

⁶⁴ These two principles, and the language surrounding them, emerged in part from two landmark U.S. Supreme Court cases: *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987), and *Dolan v. City of Tigard*, 512 U.S. 374 (1994).

⁶⁵ For more on the mechanism by which fees can exacerbate citywide housing shortages, see the 2014 B.C. government study, *Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability*, here: https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/community_amenity_contributions_guide.pdf.

Appendix 8: B.C.'s community housing sector

The community housing sector in B.C. has significant assets in its ownership and under its management, owing in many cases to historical government investments.

Non-profit housing

More than 800 non-profit organizations in B.C. own and manage approximately 65,000 affordable homes in communities throughout the province, ranging from supportive housing to workforce housing for middle-income workers. The non-profit portfolio includes the four municipal housing authorities in B.C., each of which is structured as a non-profit entity: Metro Vancouver Housing Corporation, Whistler Housing Authority, Capital Regional Housing Corporation and City of Vancouver.

Co-operatives

Co-operatives are legal entities owned and managed by their members. While most housing co-operatives in B.C. are non-profit organizations, a small number are equity co-operatives, meaning that their members can build equity, as is the case for homeowners. There are over 265 non-profit housing co-operatives in B.C., with more than 15,300 homes, most of which are in the Lower Mainland and on southern Vancouver Island. Co-operatives are not registered charities and are not social housing, although some co-operatives receive operating subsidies to provide a portion of their homes to low-income households at rents geared to their incomes. Because they operate at cost on a non-profit basis, over time co-operatives are typically much more affordable than similar market units.

Community land trusts (CLTs)

A community land trust is a non-profit corporation that acquires and holds land in perpetuity for the benefit of a community. CLTs in Canada often partner with local governments, existing co-operatives and a broad range of other housing providers to build new homes or acquire existing homes to keep them permanently affordable.

BC Housing directly managed housing

In addition to the community housing described above, another 7,000 affordable homes in B.C. are directly managed by BC Housing, the Crown Corporation responsible for housing in the province.

Appendix 9: Federal and provincial programs and policies benefiting homeowners

Federal programs and policies

Capital gains exemption on principal residence

Canadians must pay capital gains tax on 50% of the gain from their investments. However, an exception is made for investments in principal residences. If a home's value increases between the time it is bought and sold, the homeowner is exempt from paying tax on this profit. Non-taxation of capital gains on principal residences is the fourth largest federal tax expenditure. In 2017, this tax expenditure cost an estimated \$7.52 billion nationally.⁶⁶

Non-taxation of net imputed rent for homeowners

In Canada, there is a discrepancy between how rental and owner-occupied housing is taxed. Owners of rental housing pay tax on their rental income, but owners occupying their own housing effectively pay no tax on the "rents" they might be understood as paying themselves. This provides homeowners with an implicit subsidy on the non-taxation of their monthly housing costs. Put differently, we might think of renters as paying sales tax on their rents, which ultimately shows up as income tax for their landlords. Owner-occupiers pay no such sales tax on the rent they might be understood as paying to themselves as landlords. This federal subsidy was estimated to cost \$8 billion in 2017.⁶⁷

Home Buyers' Plan

Homebuyers may withdraw up to \$35,000 from their RRSPs to purchase a home without penalty, provided the amount withdrawn is repaid within 15 years.

First-time home buyers' amount

First-time home buyers are eligible for a \$5,000 income tax credit on a home purchase, which provides up to \$750 in federal tax relief.

First-Time Home Buyer Incentive

Eligible first-time homebuyers can receive a shared equity mortgage for 5% of a resale home and up to 10% of a new construction home. Homebuyers repay the same percentage that was borrowed when the home is sold or within 25 years.

Provincial programs and policies

Regular Home Owner Grant

Eligible B.C. homeowners can receive a provincial grant to reduce the property taxes they must pay each year on their principal residences. The annual grant is \$570 in the Capital Regional District, Metro Vancouver Regional District and the Fraser Valley Regional District. In the rest of the province the amount is \$770. The grant is only available in full for homes with an assessed value below a specific threshold. For 2021, the threshold has been set at \$1.625 million.

Grant supplement for seniors

Eligible seniors can receive a grant on top of the Regular Home Owner Grant to reduce the property tax on their principal residence.

First-Time Home Buyers' Program

Eligible first-time homebuyers in B.C. can receive a reduction or elimination of the property transfer tax, worth up to \$8,000.

Property tax deferment

Eligible homeowners⁶⁸ can receive a low-interest loan to pay property taxes on a principal residence that is designed to be used in conjunction with the Regular Home Owner Grant.

⁶⁶ Canada Department of Finance (2020).

⁶⁷ Clayton (2020).

⁶⁸ To qualify, homeowners must meet one or more of the following criteria: aged 55 or older; be a surviving spouse of any age; have a disability; be a parent, stepparent or financially supporting a child.

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Alternative text and data for figures

Figure 1: MLS HPI composite home prices and average rents in B.C.'s largest markets, 2005-2020 (\$)

	Greater Vancouver home prices	Victoria home prices	Fraser Valley home prices	Okanagan Valley home prices	Vancouver CMA rents	Victoria CMA rents	Abbotsford-Mission CMA rents	Kelowna-CMA rents
2005	433,500	369,100	350,000	275,000	845	711	646	693
2006	497,700	401,200	413,500	331,500	876	742	660	740
2007	559,900	457,400	446,800	395,000	908	775	689	794
2008	511,600	438,200	424,000	361,700	948	828	709	893
2009	569,000	474,300	433,000	362,900	986	858	724	828
2010	577,700	464,200	436,300	339,400	1,006	876	733	829
2011	617,400	459,200	451,900	334,300	1,037	890	739	845
2012	603,100	441,600	452,100	326,800	1,058	902	750	855
2013	619,000	432,500	453,900	334,200	1,078	909	760	886
2014	655,300	447,700	470,200	353,500	1,110	930	771	901
2015	778,700	478,600	534,400	369,700	1,156	953	800	907
2016	917,400	572,200	685,800	426,100	1,236	1,003	837	979
2017	1,065,400	652,200	828,800	486,400	1,308	1,084	862	1048
2018	1,038,000	691,800	849,600	490,600	1,394	1,185	934	1,135
2019	1,006,300	703,600	830,900	511,100	1,480	1,234	1,036	1,222
2020	1,060,200	742,400	900,400	558,900	1,519	1,85	1,060	1,261

Sources: CREA, CMHC

Figure 2: Population and income growth in British Columbia

	Population (Left scale)	Median Couple Families Income* (Right scale)		Population (Left scale)	Median Couple Families Income* (Right scale)
2000	4,039,230	54,700	2011	4,502,104	75,420
2001	4,076,950	57,600	2012	4,566,769	77,970
2002	4,100,564	58,700	2013	4,630,077	80,570
2003	4,124,482	59,700	2014	4,707,103	83,120
2004	4,155,651	62,000	2015	4,776,388	86,160
2005	4,196,062	65,000	2016	4,859,250	87,630
2006	4,241,794	68,900	2017	4,929,384	91,560
2007	4,290,984	71,880	2018	5,010,476	94,240
2008	4,349,336	74,070	2019	5,090,955	-
2009	4,410,506	72,820	2020	5,147,712	-
2010	4,465,546	73,190			

*Median market income plus government transfers (nominal) – 2019 and 2020 are forecasted

Source: Statistics Canada tables 17-10-0005-01 and 11-10-0012-01

Figure 3: Nominal mortgage interest rates, 5-year fixed lending rate (1986 – 2020)

Date	5-year fixed rate	Stress test rate*	Date	5-year fixed rate	Stress test rate*	Date	5-year fixed rate	Stress test rate*	Date	5-year fixed rate	Stress test rate*
1986-03-01	0.117		1994-12-01	0.103		2003-09-01	0.060		2012-06-01	0.029	
1986-06-01	0.109		1995-03-01	0.099		2003-12-01	0.060		2012-09-01	0.028	
1986-09-01	0.111		1995-06-01	0.087		2004-03-01	0.053		2012-12-01	0.028	
1986-12-01	0.112		1995-09-01	0.090		2004-06-01	0.061		2013-03-01	0.026	
1987-03-01	0.102		1995-12-01	0.085		2004-09-01	0.059		2013-06-01	0.028	
1987-06-01	0.113		1996-03-01	0.082		2004-12-01	0.057		2013-09-01	0.034	
1987-09-01	0.117		1996-06-01	0.085		2005-03-01	0.056		2013-12-01	0.032	
1987-12-01	0.116		1996-09-01	0.079		2005-06-01	0.053		2014-03-01	0.028	
1988-03-01	0.111		1996-12-01	0.069		2005-09-01	0.053		2014-06-01	0.028	
1988-06-01	0.114		1997-03-01	0.071		2005-12-01	0.056		2014-09-01	0.027	
1988-09-01	0.122		1997-06-01	0.072		2006-03-01	0.058		2014-12-01	0.027	
1988-12-01	0.121		1997-09-01	0.070		2006-06-01	0.055		2015-03-01	0.025	
1989-03-01	0.124		1997-12-01	0.069		2006-09-01	0.053		2015-06-01	0.024	
1989-06-01	0.119		1998-03-01	0.068		2006-12-01	0.049		2015-09-01	0.024	
1989-09-01	0.118		1998-06-01	0.069		2007-03-01	0.050		2015-12-01	0.024	
1989-12-01	0.120		1998-09-01	0.073		2007-06-01	0.058		2016-03-01	0.024	
1990-03-01	0.129		1998-12-01	0.067		2007-09-01	0.057		2016-06-01	0.023	
1990-06-01	0.140		1999-03-01	0.070		2007-12-01	0.059		2016-09-01	0.021	
1990-09-01	0.134		1999-06-01	0.074		2008-03-01	0.054		2016-12-01	0.023	
1990-12-01	0.125		1999-09-01	0.077		2008-06-01	0.052		2017-03-01	0.023	
1991-03-01	0.115		1999-12-01	0.081		2008-09-01	0.054		2017-06-01	0.022	
1991-06-01	0.112		2000-03-01	0.082		2008-12-01	0.038		2017-09-01	0.028	
1991-09-01	0.114		2000-06-01	0.083		2009-03-01	0.039		2017-12-01	0.028	0.028
1991-12-01	0.098		2000-09-01	0.081		2009-06-01	0.042		2018-03-01	0.030	0.051
1992-03-01	0.101		2000-12-01	0.078		2009-09-01	0.038		2018-06-01	0.030	0.053
1992-06-01	0.097		2001-03-01	0.072		2009-12-01	0.038		2018-09-01	0.031	0.053
1992-09-01	0.085		2001-06-01	0.075		2010-03-01	0.042		2018-12-01	0.032	0.053
1992-12-01	0.095		2001-09-01	0.070		2010-06-01	0.042		2019-03-01	0.027	0.053
1993-03-01	0.090		2001-12-01	0.066		2010-09-01	0.035		2019-06-01	0.025	0.053
1993-06-01	0.089		2002-03-01	0.068		2010-12-01	0.037		2019-09-01	0.024	0.052
1993-09-01	0.086		2002-06-01	0.070		2011-03-01	0.037		2019-12-01	0.025	0.052
1993-12-01	0.077		2002-09-01	0.065		2011-06-01	0.033		2020-03-01	0.023	0.051
1994-03-01	0.079		2002-12-01	0.064		2011-09-01	0.032		2020-06-01	0.019	0.049
1994-06-01	0.098		2003-03-01	0.063		2011-12-01	0.030		2020-09-01	0.015	0.048
1994-09-01	0.100		2003-06-01	0.056		2012-03-01	0.031		2020-12-01	0.014	0.048

*The stress test rate is the rate at which mortgage applicants must qualify to obtain loans, while the rate actually paid remains set by the mortgage market.

Sources: Statistics Canada. Bank of Canada and Ratehub

Figure 4: Mortgage borrowing power as a multiple of income (1986 – 2020)

Date	Borrowing Multiple (32% GDS 25 Year Amortization)*	Stress test loan-to- income max (39% GDS 30 Year Amortization)**	Date	Borrowing Multiple (32% GDS 25 Year Amortization)*	Stress test loan-to- income max (39% GDS 30 Year Amortization)**
1986-03-01	2.5		1994-12-01	2.8	
1986-06-01	2.7		1995-03-01	2.9	
1986-09-01	2.6		1995-06-01	3.2	
1986-12-01	2.6		1995-09-01	3.1	
1987-03-01	2.8		1995-12-01	3.3	
1987-06-01	2.6		1996-03-01	3.4	
1987-09-01	2.5		1996-06-01	3.3	
1987-12-01	2.6		1996-09-01	3.4	
1988-03-01	2.6		1996-12-01	3.8	
1988-06-01	2.6		1997-03-01	3.7	
1988-09-01	2.4		1997-06-01	3.7	
1988-12-01	2.4		1997-09-01	3.7	
1989-03-01	2.4		1997-12-01	3.8	
1989-06-01	2.5		1998-03-01	3.8	
1989-09-01	2.5		1998-06-01	3.8	
1989-12-01	2.5		1998-09-01	3.6	
1990-03-01	2.3		1998-12-01	3.8	
1990-06-01	2.1		1999-03-01	3.7	
1990-09-01	2.2		1999-06-01	3.6	
1990-12-01	2.4		1999-09-01	3.5	
1991-03-01	2.6		1999-12-01	3.4	
1991-06-01	2.6		2000-03-01	3.3	
1991-09-01	2.6		2000-06-01	3.3	
1991-12-01	2.9		2000-09-01	3.4	
1992-03-01	2.9		2000-12-01	3.5	
1992-06-01	2.9		2001-03-01	3.7	
1992-09-01	3.3		2001-06-01	3.6	
1992-12-01	3.0		2001-09-01	3.7	
1993-03-01	3.1		2001-12-01	3.9	
1993-06-01	3.2		2002-03-01	3.8	
1993-09-01	3.2		2002-06-01	3.7	
1993-12-01	3.5		2002-09-01	3.9	
1994-03-01	3.4		2002-12-01	4.0	
1994-06-01	2.9		2003-03-01	4.0	
1994-09-01	2.9		2003-06-01	4.3	

*The gross debt service (GDS) ratio is the sum of housing expenses (mortgage loan principal and interest, taxes and heat) as a share of gross annual household income. A GDS in excess of 32% reduces the likelihood of qualifying for the mortgage.

**This is the maximum allowable mortgage borrowing power for applicants needing to pass the stress test.

(continued)

Date	Borrowing Multiple (32% GDS 25 Year Amortization)*	Stress test loan-to- income max (39% GDS 30 Year Amortization)**
2003-09-01	4.1	
2003-12-01	4.1	
2004-03-01	4.4	
2004-06-01	4.1	
2004-09-01	4.1	
2004-12-01	4.2	
2005-03-01	4.3	
2005-06-01	4.4	
2005-09-01	4.4	
2005-12-01	4.3	
2006-03-01	4.2	
2006-06-01	4.3	
2006-09-01	4.4	
2006-12-01	4.6	
2007-03-01	4.5	
2007-06-01	4.2	
2007-09-01	4.2	
2007-12-01	4.1	
2008-03-01	4.4	
2008-06-01	4.4	
2008-09-01	4.4	
2008-12-01	5.1	
2009-03-01	5.1	
2009-06-01	4.9	
2009-09-01	5.1	
2009-12-01	5.1	
2010-03-01	4.9	
2010-06-01	4.9	
2010-09-01	5.3	
2010-12-01	5.2	
2011-03-01	5.2	
2011-06-01	5.4	
2011-09-01	5.5	
2011-12-01	5.6	
2012-03-01	5.5	

Date	Borrowing Multiple (32% GDS 25 Year Amortization)*	Stress test loan-to- income max (39% GDS 30 Year Amortization)**
2012-06-01	5.7	
2012-09-01	5.7	
2012-12-01	5.7	
2013-03-01	5.8	
2013-06-01	5.7	
2013-09-01	5.4	
2013-12-01	5.5	
2014-03-01	5.7	
2014-06-01	5.8	
2014-09-01	5.8	
2014-12-01	5.8	
2015-03-01	5.9	
2015-06-01	6.0	
2015-09-01	6.0	
2015-12-01	6.0	
2016-03-01	6.0	
2016-06-01	6.1	
2016-09-01	6.2	
2016-12-01	6.1	
2017-03-01	6.1	
2017-06-01	6.1	
2017-09-01	5.7	
2017-12-01	5.7	5.7
2018-03-01	5.6	5.5
2018-06-01	5.6	5.8
2018-09-01	5.5	5.8
2018-12-01	5.5	5.8
2019-03-01	5.8	5.8
2019-06-01	5.9	5.8
2019-09-01	6.0	5.9
2019-12-01	5.9	5.9
2020-03-01	6.1	5.9
2020-06-01	6.4	6.1
2020-09-01	6.6	6.2
2020-12-01	6.8	6.2

Sources: Statistics Canada, Bank of Canada and Ratehub

Figure 5: Total starts in the Vancouver census metropolitan area, by housing type (1990 – 2020)

	Single	Semi-Detached + Row	Apartment
1990	6,316	3,654	8,000
1991	6,991	1,859	5,919
1992	7,603	3,312	7,769
1993	6,593	3,269	11,445
1994	6,345	3,494	10,634
1995	4,526	2,256	8,210
1996	5,072	2,409	7,972
1997	4,685	2,526	8,739
1998	3,373	1,917	6,588
1999	3,568	1,333	3,776
2000	3,132	1,628	3,443
2001	3,512	1,784	5,566
2002	4,980	2,461	5,756
2003	5,382	3,086	7,158
2004	5,614	4,308	9,508
2005	4,935	3,995	9,984
2006	5,614	3,528	9,563
2007	4,211	3,313	13,212
2008	3,634	3,018	12,939
2009	2,929	1,985	3,425
2010	4,533	2,738	7,946
2011	3,686	3,338	10,843
2012	3,381	2,869	12,777
2013	4,004	2,883	11,809
2014	4,374	3,227	11,611
2015	4,622	2,998	13,243
2016	5,169	3,828	18,917
2017	4,911	3,795	17,498
2018	4,592	2,924	15,888
2019	3,426	3,394	21,321
2020	3,085	3,264	16,022

Figure 6: Total starts in the Victoria census metropolitan area, by housing type (1990 – 2020)

	Single	Semi-Detached + Row	Apartment
1990	1,238	513	837
1991	1,160	317	652
1992	1,082	429	910
1993	811	703	1,119
1994	710	432	1,161
1995	449	218	632
1996	586	222	334
1997	637	308	366
1998	520	191	253
1999	531	198	611
2000	531	148	193
2001	631	127	506
2002	879	240	225
2003	969	297	742
2004	1,038	266	1,059
2005	974	205	879
2006	928	344	1,467
2007	795	371	1,413
2008	673	304	928
2009	647	248	139
2010	827	396	895
2011	609	282	751
2012	552	200	948
2013	514	136	1,035
2014	551	183	581
2015	687	195	1,126
2016	910	291	1,732
2017	896	474	2,492
2018	818	386	3,069
2019	638	321	2,540
2020	694	444	2,071

Figure 7: Total starts in the Kelowna census metropolitan area, by housing type (1990 – 2020)

	Single	Semi-Detached + Row	Apartment
1990	1,263	146	652
1991	1,293	306	619
1992	1,486	330	796
1993	1,151	214	598
1994	920	321	255
1995	778	260	167
1996	856	208	342
1997	939	325	426
1998	752	99	0
1999	676	105	99
2000	604	170	154
2001	625	145	333
2002	988	171	432
2003	1,291	128	718
2004	1,342	319	563
2005	1,205	318	1,232
2006	1,122	438	1,132
2007	1,130	333	1,342
2008	765	305	1,187
2009	404	117	136
2010	595	138	224
2011	539	179	216
2012	544	194	98
2013	579	203	231
2014	695	345	271
2015	628	383	269
2016	785	403	1,008
2017	923	427	2,227
2018	618	444	1,493
2019	494	497	1,234
2020	383	401	1,010

Figure 8: Total starts in the Abbotsford-Mission census metropolitan area, by housing type (1990 – 2020)

	Single	Semi-Detached + Row	Apartment
1990	900	246	720
1991	923	425	499
1992	914	368	396
1993	623	438	984
1994	727	356	517
1995	429	68	389
1996	556	83	226
1997	527	70	274
1998	426	55	55
1999	400	74	92
2000	381	24	0
2001	412	6	0
2002	558	67	413
2003	634	87	335
2004	607	70	406
2005	458	61	493
2006	427	99	681
2007	527	111	450
2008	358	149	778
2009	210	23	132
2010	355	77	84
2011	245	137	155
2012	198	90	83
2013	201	91	457
2014	251	67	181
2015	393	158	255
2016	469	273	394
2017	416	216	1,078
2018	313	411	321
2019	354	327	1,013
2020	333	198	579

Source: CMH, Starts and Completions Survey

Figure 9: Trends in housing starts in B.C.'s largest urban regions (indexed at 1 in 1990)

	Vancouver	Victoria	Kelowna	Abbotsford-Mission
1990	1.000	1.000	1.000	1.000
1991	0.822	0.823	1.076	0.990
1992	1.040	0.935	1.267	0.899
1993	1.186	1.017	0.952	1.096
1994	1.139	0.890	0.726	0.857
1995	0.834	0.502	0.585	0.475
1996	0.860	0.441	0.682	0.464
1997	0.888	0.507	0.845	0.467
1998	0.661	0.372	0.413	0.287
1999	0.483	0.518	0.427	0.303
2000	0.456	0.337	0.450	0.217
2001	0.604	0.488	0.535	0.224
2002	0.734	0.519	0.772	0.556
2003	0.870	0.776	1.037	0.566
2004	1.081	0.913	1.079	0.580
2005	1.053	0.795	1.337	0.542
2006	1.041	1.058	1.306	0.647
2007	1.154	0.997	1.361	0.583
2008	1.090	0.736	1.095	0.689
2009	0.464	0.400	0.319	0.196
2010	0.847	0.818	0.464	0.277
2011	0.994	0.634	0.453	0.288
2012	1.059	0.657	0.406	0.199
2013	1.040	0.651	0.492	0.401
2014	1.069	0.508	0.636	0.267
2015	1.161	0.776	0.621	0.432
2016	1.553	1.133	1.066	0.609
2017	1.458	1.492	1.736	0.916
2018	1.302	1.651	1.240	0.560
2019	1.566	1.352	1.080	0.908
2020	1.245	1.240	0.870	0.595

Source: CMHC, Starts and Completions Survey

Figure 10: Mean MLS price by dwelling type, B.C. CMAs – annualized growth rate 2000-2020 in data labels

	Total	Detached	Attached	Apartment
Vancouver	6.5%	7.7%	6.6%	6.7%
2000	285,989	353,050	220,392	172,993
2001	277,093	346,489	220,832	169,359
2002	296,000	375,468	234,508	190,491
2003	321,250	421,360	255,536	207,468
2004	363,401	492,707	293,100	244,488
2005	410,764	550,161	335,124	278,249
2006	489,247	672,950	387,866	323,597
2007	543,774	755,545	433,183	365,889
2008	559,602	789,719	444,471	377,257
2009	560,248	770,692	443,876	377,399
2010	632,251	888,103	485,326	406,382
2011	725,445	1,024,019	508,957	427,167
2012	679,216	973,933	492,885	412,631
2013	719,434	1,060,681	497,741	417,656
2014	757,879	1,108,935	512,972	434,836
2015	848,077	1,275,818	555,903	457,366
2016	953,210	1,556,404	647,808	511,601
2017	955,099	1,564,422	744,471	589,039
2018	978,045	1,555,581	789,452	660,255
2019	927,317	1,444,184	757,403	610,510
2020	1,013,251	1,557,147	795,797	632,202

	Total	Detached	Attached	Apartment
Victoria	7.0%	6.3%	5.7%	6.3%
2000	214,803	237,128	202,385	142,010
2001	215,858	243,742	202,021	138,286
2002	231,459	263,797	213,321	152,820
2003	265,193	304,908	246,582	182,813
2004	308,957	362,129	298,248	210,819
2005	363,137	433,063	343,868	253,947
2006	403,455	479,023	368,746	286,634
2007	444,793	528,365	404,886	320,391
2008	464,565	554,708	423,445	316,247
2009	454,554	543,337	425,421	307,993
2010	480,749	585,298	439,079	321,956
2011	478,262	575,623	430,663	325,140
2012	463,719	565,407	405,820	310,191
2013	460,842	555,881	410,074	302,138
2014	475,029	563,481	419,789	328,414
2015	494,340	598,295	423,745	326,998
2016	557,017	698,299	467,593	355,872
2017	622,308	791,077	534,919	421,412
2018	675,207	838,408	602,038	473,873
2019	664,427	825,568	598,396	465,603
2020	725,154	921,567	613,315	481,963

	Total	Detached	Attached	Apartment
Kelowna	7.4%	6.8%	6.4%	6.2%
2000	181,529	201,545	146,315	108,610
2001	175,607	196,433	139,759	106,084
2002	200,339	221,559	168,341	118,898
2003	227,259	253,243	183,279	140,771
2004	269,897	303,320	210,900	179,028
2005	317,085	353,487	252,730	226,261
2006	372,256	433,701	281,285	236,538
2007	426,967	507,142	319,173	270,261
2008	447,923	531,280	349,135	284,762
2009	411,146	482,780	334,913	252,931
2010	440,418	524,595	316,398	250,431
2011	427,354	508,205	320,720	249,172
2012	418,684	501,187	326,070	240,068
2013	412,920	488,871	311,574	231,226
2014	443,951	541,322	338,084	239,335
2015	447,366	545,857	337,104	256,139
2016	510,115	641,443	381,484	288,963
2017	560,033	709,634	433,368	329,633
2018	591,777	753,492	467,666	343,782
2019	588,904	732,846	476,579	361,195
2020	670,585	839,752	503,952	361,808

	Total	Detached	Attached	Apartment
Abbotsford-Mission	7.8%	7.2%	6.7%	7.2%
2000	174,612	204,101	138,240	79,485
2001	180,023	209,443	138,184	76,799
2002	199,413	228,033	151,163	88,299
2003	218,117	256,293	158,841	93,730
2004	249,002	296,475	189,537	110,674
2005	282,902	343,034	206,294	123,384
2006	326,008	395,530	255,148	154,600
2007	361,460	443,283	280,842	189,324
2008	375,498	458,937	293,009	196,658
2009	359,311	435,381	265,154	179,856
2010	363,473	456,980	273,555	175,146
2011	367,510	454,221	272,726	172,067
2012	372,898	462,298	262,353	159,777
2013	359,600	448,757	261,686	162,019
2014	382,981	465,913	273,401	158,301
2015	417,990	512,268	287,446	160,158
2016	504,828	648,347	356,619	189,844
2017	571,985	782,967	425,132	243,793
2018	625,258	845,252	485,281	319,235
2019	604,806	821,061	469,906	307,611
2020	700,691	920,082	504,694	318,123

Figure 11: Median MLS price (all types) divided by median couple family income, B.C. CMAs – 2019-2020 are forecasted

	Vancouver	Victoria	Kelowna	Abbotsford-Mission
2000	4.3	3.3	-	-
2001	4.1	3.1	-	3.1
2002	4.3	3.2	-	3.4
2003	4.6	3.6	-	3.7
2004	5.0	4.1	-	4.1
2005	5.4	4.5	-	4.4
2006	5.9	4.8	4.7	4.9
2007	6.2	5.1	5.4	5.1
2008	6.1	5.1	5.4	5.1
2009	6.2	5.1	5.2	5.1
2010	6.8	5.3	5.3	5.2
2011	7.2	5.1	4.9	5.1
2012	6.7	4.9	4.7	4.8
2013	6.6	4.7	4.5	4.7
2014	6.7	4.7	4.6	4.9
2015	7.0	4.7	4.6	5.0
2016	7.7	5.1	5.1	6.1
2017	7.7	5.4	5.3	6.5
2018	7.9	5.7	5.5	6.8
2019	7.5	5.7	5.3	6.4
2020	8.1	6.1	6.2	7.4

Source: CREA

Figure 12: Median couple family income, B.C. (indexed 1=2006) – annualized growth rate 2000-2020 in data labels – 2019-2020 are forecasted

	Borrowing Multiple (32% Mortgage Payment Share of Income, 25 Year Amortization)	Median Couple Family Income (2019-2020 forecasted)	Median couple family income carrying capacity (2019-2020 forecasted)
2000	0.77	0.79	0.61
2001	0.85	0.84	0.71
2002	0.88	0.85	0.75
2003	0.94	0.87	0.82
2004	0.96	0.90	0.87
2005	0.99	0.94	0.93
2006	1.00	1.00	1.00
2007	0.98	1.04	1.02
2008	1.05	1.08	1.13
2009	1.16	1.06	1.23
2010	1.16	1.06	1.23
2011	1.24	1.09	1.36
2012	1.29	1.13	1.46
2013	1.28	1.17	1.50
2014	1.32	1.21	1.59
2015	1.37	1.25	1.71
2016	1.39	1.27	1.77
2017	1.35	1.33	1.80
2018	1.27	1.37	1.74
2019	1.35	1.41	1.91
2020	1.48	1.42	2.10

Sources: Statistics Canada and Ratehub

Figure 13: Median couple family income carrying capacity and MLS median prices, B.C. CMAs (indexed 1=2006) – 2019-2020 income is forecasted

Vancouver	Median price	Median family income carrying capacity
2000	0.597	0.621
2001	0.595	0.718
2002	0.634	0.754
2003	0.684	0.819
2004	0.766	0.867
2005	0.870	0.939
2006	1.000	1.000
2007	1.102	1.023
2008	1.119	1.133
2009	1.127	1.235
2010	1.226	1.230
2011	1.326	1.352
2012	1.269	1.446
2013	1.294	1.476
2014	1.368	1.572
2015	1.490	1.708
2016	1.679	1.789
2017	1.774	1.818
2018	1.866	1.759
2019	1.823	1.930
2020	2.002	2.127

Victoria	Median price	Median family income carrying capacity
2000	0.597	0.621
2001	0.595	0.718
2002	0.634	0.754
2003	0.684	0.819
2004	0.766	0.867
2005	0.870	0.939
2006	1.000	1.000
2007	1.102	1.023
2008	1.119	1.133
2009	1.127	1.235
2010	1.226	1.230
2011	1.326	1.352
2012	1.269	1.446
2013	1.294	1.476
2014	1.368	1.572
2015	1.490	1.708
2016	1.679	1.789
2017	1.774	1.818
2018	1.866	1.759
2019	1.823	1.930
2020	2.002	2.127

Kelowna	Median price	Median family income carrying capacity
2000	0.498	-
2001	0.498	-
2002	0.546	-
2003	0.613	-
2004	0.703	-
2005	0.842	-
2006	1.000	1.000
2007	1.198	1.029
2008	1.245	1.136
2009	1.165	1.239
2010	1.201	1.253
2011	1.168	1.394
2012	1.154	1.507
2013	1.149	1.561
2014	1.220	1.664
2015	1.247	1.767
2016	1.415	1.821
2017	1.525	1.852
2018	1.608	1.774
2019	1.620	1.946
2020	1.890	2.145

Abbotsford-Mission	Median price	Median family income carrying capacity
2000	0.535	-
2001	0.538	0.714
2002	0.592	0.757
2003	0.668	0.820
2004	0.766	0.879
2005	0.861	0.943
2006	1.000	1.000
2007	1.097	1.022
2008	1.133	1.126
2009	1.095	1.226
2010	1.117	1.227
2011	1.121	1.349
2012	1.110	1.453
2013	1.098	1.472
2014	1.171	1.555
2015	1.250	1.688
2016	1.572	1.755
2017	1.741	1.766
2018	1.868	1.708
2019	1.814	1.874
2020	2.105	2.065

Sources: Statistics Canada, Ratehub and CREA

Figure 14: Median monthly rents, B.C. CMAs – annualized growth rate 2000-2020 in data labels

	Vancouver	Victoria	Kelowna	Abbotsford-Mission
2000	705	595	585	575
2001	735	610	600	590
2002	750	625	620	585
2003	765	634	630	615
2004	775	650	650	625
2005	795	670	685	630
2006	815	700	730	660
2007	845	730	775	660
2008	880	780	850	700
2009	900	820	825	720
2010	930	830	825	725
2011	950	840	825	745
2012	975	850	825	725
2013	1,000	850	850	750
2014	1,035	868	860	750
2015	1,073	880	875	769
2016	1,150	913	925	800
2017	1,213	1,000	985	825
2018	1,300	1,118	1,075	913
2019	1,400	1,175	1,152	974
2020	1,436	1,230	1,200	1,022
	3.6%	3.7%	3.7%	2.9%

Source: CMHC

Figure 15: Median monthly rents and median couple family income, B.C. CMAs (indexed 1=2006) - 2019-2020 income is forecasted

Vancouver	Median Rent	Median Couple Household Income	Kelowna	Median Rent	Median Couple Household Income
2000	0.865	0.805	2000	0.801	
2001	0.902	0.847	2001	0.822	
2002	0.920	0.856	2002	0.849	
2003	0.939	0.870	2003	0.863	
2004	0.951	0.901	2004	0.890	
2005	0.975	0.948	2005	0.938	
2006	1.000	1.000	2006	1.000	1.000
2007	1.037	1.047	2007	1.062	1.054
2008	1.080	1.083	2008	1.164	1.086
2009	1.104	1.065	2009	1.130	1.068
2010	1.141	1.058	2010	1.130	1.078
2011	1.166	1.086	2011	1.130	1.120
2012	1.196	1.118	2012	1.130	1.165
2013	1.227	1.151	2013	1.164	1.217
2014	1.270	1.191	2014	1.178	1.261
2015	1.317	1.247	2015	1.199	1.290
2016	1.411	1.283	2016	1.267	1.306
2017	1.488	1.344	2017	1.349	1.370
2018	1.595	1.385	2018	1.473	1.396
2019	1.718	1.426	2019	1.578	1.438
2020	1.762	1.440	2020	1.644	1.452

Victoria	Median Rent	Median Couple Household Income	Abbotsford-Mission	Median Rent	Median Couple Household Income
2000	0.850	0.780	2000	0.871	
2001	0.871	0.831	2001	0.894	0.842
2002	0.893	0.855	2002	0.886	0.859
2003	0.906	0.874	2003	0.932	0.872
2004	0.929	0.905	2004	0.947	0.913
2005	0.957	0.942	2005	0.955	0.952
2006	1.000	1.000	2006	1.000	1.000
2007	1.043	1.039	2007	1.000	1.047
2008	1.114	1.080	2008	1.061	1.076
2009	1.171	1.080	2009	1.091	1.057
2010	1.186	1.084	2010	1.098	1.057
2011	1.200	1.102	2011	1.129	1.084
2012	1.214	1.129	2012	1.098	1.123
2013	1.214	1.168	2013	1.136	1.148
2014	1.240	1.192	2014	1.136	1.178
2015	1.257	1.233	2015	1.165	1.233
2016	1.304	1.253	2016	1.212	1.258
2017	1.429	1.307	2017	1.250	1.306
2018	1.597	1.346	2018	1.383	1.345
2019	1.679	1.386	2019	1.476	1.385
2020	1.757	1.400	2020	1.548	1.399

Sources: Statistics Canada and CMHC

Figure 16: Growth in average home prices and population for Canada, Alberta, British Columbia, Ontario and Quebec

Panel A: Growth in population (index 1=2000)

	Canada	Quebec	Ontario	Alberta	British Columbia
2000	1.000	1.000	1.000	1.000	1.000
2001	1.011	1.005	1.018	1.018	1.009
2002	1.022	1.012	1.035	1.041	1.015
2003	1.031	1.018	1.048	1.060	1.021
2004	1.041	1.024	1.061	1.078	1.029
2005	1.051	1.031	1.072	1.106	1.039
2006	1.061	1.037	1.084	1.139	1.050
2007	1.072	1.046	1.093	1.170	1.062
2008	1.083	1.055	1.103	1.197	1.077
2009	1.096	1.066	1.113	1.225	1.092
2010	1.108	1.078	1.124	1.242	1.106
2011	1.119	1.088	1.135	1.261	1.115
2012	1.131	1.096	1.146	1.290	1.131
2013	1.143	1.102	1.156	1.325	1.146
2014	1.155	1.108	1.166	1.359	1.165
2015	1.164	1.111	1.173	1.380	1.182
2016	1.177	1.118	1.188	1.397	1.203
2017	1.191	1.128	1.204	1.412	1.220
2018	1.208	1.142	1.225	1.431	1.240
2019	1.225	1.156	1.245	1.452	1.260
2020	1.239	1.166	1.261	1.472	1.274

Panel B: Growth in home prices (index 1=2000)

	Canada	Quebec	Ontario	Alberta	British Columbia
2000	1.000	1.000	1.000	1.000	1.000
2001	1.046	1.007	1.051	1.051	1.043
2002	1.148	1.079	1.164	1.148	1.182
2003	1.260	1.175	1.248	1.235	1.371
2004	1.375	1.306	1.329	1.336	1.552
2005	1.514	1.501	1.491	1.432	1.680
2006	1.684	1.764	1.952	1.512	1.788
2007	1.867	1.985	2.444	1.626	1.914
2008	1.858	2.052	2.477	1.636	2.010
2009	1.951	2.102	2.396	1.726	2.100
2010	2.065	2.280	2.467	1.858	2.263
2011	2.208	2.532	2.471	1.983	2.375
2012	2.215	2.323	2.547	2.085	2.466
2013	2.332	2.426	2.672	2.185	2.499
2014	2.486	2.566	2.805	2.337	2.534
2015	2.690	2.872	2.752	2.518	2.570
2016	2.982	3.118	2.759	2.914	2.646
2017	3.106	3.202	2.775	3.191	2.766
2018	2.985	3.213	2.715	3.111	2.910
2019	3.057	3.164	2.640	3.309	3.060
2020	3.452	3.531	2.676	3.838	3.564

Sources: Statistics Canada table 17-10-0005-01 and CREA

Figure 17: Patterns of population movements, by B.C. CMAs

Panel A: Growth in population (index 1=2000)

Vancouver	Net International	Net interprovincial migration	Net intraprovincial migration
2001/2002	32,838	-3,362	-3,545
2002/2003	24,536	-1,464	-3,655
2003/2004	23,798	2,349	-5,511
2004/2005	31,270	2,976	-5,485
2005/2006	34,324	3,127	-5,620
2006/2007	28,178	4,042	-5,934
2007/2008	36,307	3,898	-5,610
2008/2009	41,953	4,602	-1,953
2009/2010	38,432	3,597	-1,821
2010/2011	25,360	1,077	-2,064
2011/2012	29,831	-2,475	-3,148
2012/2013	25,955	-2,510	-3,455
2013/2014	31,076	1,501	-4,388
2014/2015	16,886	6,294	-5,587
2015/2016	21,107	9,095	-9,928
2016/2017	33,803	5,718	-13,099
2017/2018	44,656	3,771	-14,437
2018/2019	48,996	3,363	-11,847
2019/2020	31,525	4,381	-12,189

Kelowna	Net International	Net interprovincial migration	Net intraprovincial migration
2001/2002	18	-28	2,063
2002/2003	-452	829	2,243
2003/2004	180	1,272	1,487
2004/2005	251	1,209	1,249
2005/2006	100	1,547	1,810
2006/2007	422	2,218	1,184
2007/2008	827	2,214	1,093
2008/2009	783	1,212	1,040
2009/2010	625	1,245	1,049
2010/2011	192	873	1,086
2011/2012	50	452	1,496
2012/2013	568	471	1,464
2013/2014	566	1,612	1,457
2014/2015	570	2,595	1,401
2015/2016	1,280	2,770	1,238
2016/2017	990	2,169	1,726
2017/2018	1,942	1,945	1,536
2018/2019	1,581	1,870	1,549
2019/2020	1,144	2,081	1,480

Victoria	Net International	Net interprovincial migration	Net intraprovincial migration
2001/2002	515	700	821
2002/2003	153	1,322	337
2003/2004	64	1,834	-91
2004/2005	751	1,993	18
2005/2006	2,383	1,356	203
2006/2007	1,624	2,044	594
2007/2008	680	2,589	1,000
2008/2009	1,100	2,624	1,726
2009/2010	1,004	2,296	1,300
2010/2011	-82	1,615	640
2011/2012	2,613	1,151	1,482
2012/2013	2,897	940	1,425
2013/2014	518	2,200	1,454
2014/2015	-97	3,095	1,713
2015/2016	1,062	3,783	2,606
2016/2017	1,658	2,842	2,161
2017/2018	1,786	2,750	2,149
2018/2019	2,498	2,985	1,912
2019/2020	1,261	3,279	1,733

Abbotsford-Mission	Net International	Net interprovincial migration	Net intraprovincial migration
2001/2002	520	-296	672
2002/2003	552	-131	641
2003/2004	604	196	1,188
2004/2005	670	41	815
2005/2006	1,806	49	680
2006/2007	1,228	-8	-76
2007/2008	1,271	3	224
2008/2009	1,243	91	47
2009/2010	1,235	-99	210
2010/2011	611	-164	349
2011/2012	1,108	-614	777
2012/2013	1,249	-437	226
2013/2014	1,035	-156	329
2014/2015	704	463	1,213
2015/2016	1,538	792	2,085
2016/2017	2,253	472	890
2017/2018	3,636	-212	548
2018/2019	3,588	25	112
2019/2020	885	101	247

Source: Statistics Canada 17-10-0136-01

Figure 17: Patterns of population movements, by B.C. CMAs

Panel B: Intraprovincial migration, by age

Vancouver	15-24	25-44	45-64	65+
2001/2002	1,578	-1,414	-2,123	-528
2002/2003	1,358	-1,515	-2,202	-484
2003/2004	1,140	-2,257	-2,624	-550
2004/2005	1,142	-2,173	-2,625	-389
2005/2006	1,059	-2,247	-2,653	-364
2006/2007	1,218	-2,036	-2,862	-618
2007/2008	1,571	-2,083	-2,949	-501
2008/2009	1,681	-288	-1,981	-309
2009/2010	1,618	-39	-1,907	-400
2010/2011	1,556	-72	-2,075	-409
2011/2012	1,151	-445	-2,453	-325
2012/2013	953	-1,038	-2,010	-405
2013/2014	763	-1,296	-2,280	-395
2014/2015	703	-1,444	-2,637	-755
2015/2016	613	-2,492	-4,156	-1,720
2016/2017	585	-3,518	-5,126	-2,140
2017/2018	159	-4,324	-5,228	-1,815
2018/2019	223	-3,993	-4,229	-1,490
2019/2020	164	-4,093	-4,227	-1,544

Kelowna	15-24	25-44	45-64	65+
2001/2002	247	562	556	219
2002/2003	245	843	561	199
2003/2004	270	481	360	155
2004/2005	247	504	291	-26
2005/2006	419	635	365	119
2006/2007	395	423	225	73
2007/2008	336	352	250	38
2008/2009	374	253	291	7
2009/2010	284	281	259	27
2010/2011	337	203	314	150
2011/2012	300	330	505	244
2012/2013	253	423	408	199
2013/2014	362	450	380	92
2014/2015	236	522	348	142
2015/2016	185	344	258	269
2016/2017	175	498	467	287
2017/2018	238	419	375	189
2018/2019	262	451	367	200
2019/2020	258	422	361	210

Victoria	15-24	25-44	45-64	65+
2001/2002	618	25	73	7
2002/2003	447	1	-36	-121
2003/2004	431	-162	-43	-97
2004/2005	533	-244	-161	-51
2005/2006	518	-143	-55	-95
2006/2007	630	-95	58	112
2007/2008	845	110	139	10
2008/2009	1,080	339	225	39
2009/2010	1,068	236	54	54
2010/2011	798	-31	-45	9
2011/2012	640	198	358	89
2012/2013	552	377	272	141
2013/2014	529	291	369	156
2014/2015	502	327	419	295
2015/2016	539	845	550	454
2016/2017	719	805	220	234
2017/2018	949	535	332	228
2018/2019	647	559	273	337
2019/2020	646	522	274	352

Abbotsford-Mission	15-24	25-44	45-64	65+
2001/2002	-39	371	132	15
2002/2003	-60	312	234	-2
2003/2004	-55	547	330	97
2004/2005	-47	326	215	96
2005/2006	-164	319	275	105
2006/2007	-212	-18	-71	155
2007/2008	-111	1	136	128
2008/2009	-237	25	16	108
2009/2010	-50	-191	59	218
2010/2011	-35	12	161	114
2011/2012	-138	136	380	84
2012/2013	-212	16	206	64
2013/2014	-254	105	170	107
2014/2015	-99	254	390	239
2015/2016	-107	575	667	334
2016/2017	7	286	214	157
2017/2018	43	265	10	34
2018/2019	-55	51	31	90
2019/2020	-71	32	27	94

Source: Statistics Canada 17-10-0136-01

Figure 18: CMHC found that the supply responsiveness of housing in the Vancouver CMA was low

	OLS Panel	SUR Panel	SUR Time Series	2SLS Time Series	Model Average
Calgary	0.880	0.820	0.940	0.930	0.893
Edmonton	1.970	1.950	2.150	2.220	2.073
Montréal	1.370	1.460	2.100	2.110	1.760
Toronto	0.440	0.530	0.350	0.520	0.460
Vancouver	0.310	0.350	0.220	0.280	0.290
Group Mean	0.994	1.022	1.152	1.212	1.095

Source: CMHC (2018)

Figure 19: Vancouver CMA starts, by built form

Year	Single	Semi-Detached + Row	Apartment
1990	6,316	3,654	8,000
1991	6,991	1,859	5,919
1992	7,603	3,312	7,769
1993	6,593	3,269	11,445
1994	6,345	3,494	10,634
1995	4,526	2,256	8,210
1996	5,072	2,409	7,972
1997	4,685	2,526	8,739
1998	3,373	1,917	6,588
1999	3,568	1,333	3,776
2000	3,132	1,628	3,443
2001	3,512	1,784	5,566
2002	4,980	2,461	5,756
2003	5,382	3,086	7,158
2004	5,614	4,308	9,508
2005	4,935	3,995	9,984
2006	5,614	3,528	9,563
2007	4,211	3,313	13,212
2008	3,634	3,018	12,939
2009	2,929	1,985	3,425
2010	4,533	2,738	7,946
2011	3,686	3,338	10,843
2012	3,381	2,869	12,777
2013	4,004	2,883	11,809
2014	4,374	3,227	11,611
2015	4,622	2,998	13,243
2016	5,169	3,828	18,917
2017	4,911	3,795	17,498
2018	4,592	2,924	15,888
2019	3,426	3,394	21,321
2020	3,085	3,264	16,022

Source: CMHC

Figure 20: Vancouver CMA starts, by target market

	Homeowner	Rental	Condo	Co-Op
1990	6,425	1,895	9,265	385
1991	7,080	1,738	5,726	225
1992	7,759	1,901	8,818	206
1993	6,899	1,435	12,923	50
1994	6,627	1,181	12,665	0
1995	4,543	669	9,683	96
1996	5,149	715	9,505	83
1997	4,937	1,248	9,694	71
1998	3,710	499	7,669	0
1999	3,912	988	3,762	0
2000	3,602	1,145	3,421	29
2001	4,054	2,721	3,960	124
2002	5,569	1,302	6,275	51
2003	5,759	944	8,923	0
2004	6,037	746	12,647	0
2005	5,244	586	13,084	0
2006	6,096	509	12,086	0
2007	4,870	615	15,251	0
2008	4,676	748	14,167	0
2009	3,727	447	4,160	0
2010	5,864	1,054	8,299	0
2011	5,836	1,755	10,276	0
2012	5,655	1,277	12,095	0
2013	3,840	3,149	11,707	0
2014	4,354	3,286	11,542	30
2015	4,454	3,810	12,599	0
2016	4,757	6,841	16,226	90
2017	4,566	4,591	17,047	0
2018	4,048	6,425	12,931	0
2019	3,042	6,727	18,372	0
2020	2,940	5,707	13,697	27

Source: CMHC

Figure 21: The impact of distance on housing by distance from downtown Vancouver, by forward sortation area

Panel A

	< 5km	5-15km	15-30km	≥ 30km
Average completions per year per FSA by distance in Vancouver (1990 to 2018)	191	113	204	203

Panel B

	< 5km	5-15km	15-30km	≥ 30km
Share of single-detached homes	20%	44%	34%	52%

Source: CMHC

Figure 25: Average completions per FSA by dwelling type and distance to the CBD, Vancouver CMA

	< 5km	5-15km	15-30km	≥ 30km
Apartment	185.911	107.853	148.581	106.586
Semi-detached and Row	21.907	46.356	79.798	96.159
Single	18.413	34.308	66.459	96.092

Source: CMHC

Figure 26: Average income by distance, Vancouver CMA

	< 5km	5-15km	15-30km	≥ 30km
Average income by distance	\$87,192	\$94,824	\$79,351	\$92,748

Source: CMHC calculations based on Statistics Canada data