



# Keeping the home ownership dream alive

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Governments could free up unused public land for housing development and reduce the time to get projects approved.

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'There has never been a better time to buy a new home.' This phrase was bandied about for decades by real estate agents, marketers and other industry players to journalists and new-home buyers.

You've heard this less and less in the last five years because of tougher affordability issues.

There is nothing wrong with renting. But some believe it's nice to be able to build a little equity to pass on to your children.

That being said, here are three threats (and solutions) to the dream of home ownership.

**1. Supply.** Demand continues to exceed supply, driving prices higher. Last year, almost 39,000 new housing units (low- and high-rise) were counted in a building permits survey by Statistics Canada; 10 years previously, there were almost 44,000. As supply drops, there is no slowdown in potential customers — about 100,000 people move to the GTA every year. This supply gap pushes prices beyond the grasp of millennials and working families. That old rule of thumb which says the price of a home should be about three times gross household income is out the window: Toronto's price-to-household income ratio is a whopping 8.2, says the Canadian Real Estate Association; in Saint John, N.B., it's a blessed 1.9.

Independent research that RESCON commissioned last year found there is “significant pressure” on about 26 per cent of Ontario households with almost two-thirds of income tied to housing costs. And 60 per cent of those households under pressure include people under the age of 45.

Solution? Start with this. Governments could free up unused public land for housing development and reduce the time to get projects approved. That will help affordability for everyone — buyers and renters.

**2. Lack of options.** There’s a dearth of three- and four-bedroom condos and low-rise homes in the region and that is pushing young families farther from Toronto’s downtown core.

While millennials like single-detached homes almost as much as older generations, they are now more accepting of smaller homes, such as condos or townhomes, on less land.

Solution? Start with this. The push for options and intensification needs to include more mid-rise and higher wood-frame construction along main streets and avenues — it’s arguably more affordable and would put more creative design options on the market.

**3. Regulations.** There are at least 45 regulatory bodies or agencies that local builders must answer to in all forms of government. A 2015 study by the Fraser Institute found that getting construction approval in the GTA can add up to \$57,500 per new-home unit.

Solution? Start with this. Let’s cut red tape — it doesn’t cost a penny. Use as-of-right zoning and development permit systems to streamline the planning, zoning and approvals process. This would be a win-win all around — especially for cash-strapped municipalities.

Is there a silver bullet for housing affordability? Absolutely not. But if we start to implement some solutions, there is hope for future generations to be homeowners. Let’s start by increasing housing supply.