

HOMES

M A G A Z I N E

New research takes systemic look at GTHA's housing affordability issue

Posted on December 09, 2015 by HOMES Magazine



The need for housing people can afford is predominantly a supply problem arising from market and policy imperfections.

Not enough housing is being built, especially for working families. Consequently, prices have escalated beyond the reach of many people, including the middle class.

Affordability is a word that is now inextricably linked to housing. You'll often read about it in fine publications like HOMES Magazine and Condo Life, hear it used during banter at coffee shops and restaurants, and especially around the neighbourhood in everyday conversation with friends and neighbours. It's unavoidable and is not going away anytime soon.

This is a critical moment for housing of all kinds, especially for millennials who are struggling to get a foothold on the housing ladder. Many of them are staying with family well into their 30s.

So, for the sake of millennials' quality of life (and boomers' sanity), something has to be done.

It's important to understand affordability and what it means for those of us that live in the Greater Toronto and Hamilton Area (GTHA). That's why a Toronto research outfit, the Canadian Centre for Economic Analysis (CANCEA), conducted an independent research report financed by RESCON, a non-profit builders association.

It includes a new measurement called the Shelter Consumption Affordability Ratio, or the SCAR index. It has a more complete focus on the consumption needs of shelter, which is at the heart of the affordability problem. Traditional measures of housing affordability give little thought to the

associated causes, effects and risks (economic, social and health consequences) of unaffordable housing costs. Without taking this into consideration, this can affect the economy, investment, learning, employment, productivity and social fabric of our communities. “Affordable housing touches on virtually every aspect of our socio-economic system, and interacts with numerous flows, dynamics and individual behaviour,” says CANCEA president and CEO Paul Smetanin, author of the housing report.

The groundbreaking study was recognized recently by a number of housing industry leaders, government officials and academics, who attended the launch of the results earlier this month. The report revealed some surprising findings, including that housing affordability is not only a low-income household problem.

Given the need for shelter, many low- and middle-income households “have taken risks that exceed their ability to sustain small economic shocks that affect either income or the cost of supporting their significant debt loads,” Smetanin says.

Preliminary analysis leads CANCEA to estimate that at least 1.2 million Ontario households “are under significant pressure.” There are about 4.9 million private households in Ontario, according to the 2011 national census. That’s almost 25 per cent of all households in the province that are feeling the pinch. That’s not acceptable.

Housing affordability is now a serious systemic and broad societal problem causing significant risk to our province’s prosperity.

There’s no easy solution to affordability. It’s an educational process that requires consumers, government and industry to join together in a dialogue. We think this report is a big step in that direction. Let’s have a discussion.



Richard Lyall, president of RESCON, has represented the building industry in Ontario since 1991.

Contact him on Twitter twitter.com/resconprez or, email him at lyall@rescon.com.