

Housing an important election issue in 2021

By Wayne Karl - August 30, 2021

“We have a dire shortage of housing across the country which threatens to derail our economic recovery if the problem is not addressed immediately.”

Richard Lyall, president of the [Residential Construction Council of Ontario](#), you took the words right out of my mouth.

Lyall made these comments on the morning of Aug. 24, moments after Liberal leader Justin Trudeau announced details of his plan to address housing, if he were re-elected Prime Minister on Sept. 20.

If you think, or ever thought, that this federal election isn't about – or included – housing, think again.

It absolutely is.

High double-digit growth

For proof, the [ReMax](#) 2021 GTA Hot Pocket Communities Report summarizes that “[staggering growth](#)” and soaring prices dominate the single-detached homes market in the GTA. With some markets showing double-digit price growth in the 30- to 40-per-cent range, the numbers are downright scary. Many experts say, this performance is unsustainable. Equally worrisome is that this category is showing no signs of slowing, so the value appreciations may be even greater by year's end.

If you're fortunate enough to already own a home, of course, this is fantastic news. But if you're looking to move, upsize for a growing family, or assist your children in buying their first home, you may well now have a slightly different view.

The ReMax report focuses only on single-detached homes in the GTA, mind you, and as one of Canada's largest, hottest and priciest markets, perhaps such strong performance shouldn't surprise.

But the fundamental challenge – a severe supply shortage in the face of unrelenting demand – is common across much of Canada.

“The ongoing supply crisis is crippling younger families,” Lyall says. “We cannot grow the economy or build back better if we can't build according to our demographic needs. Excessive

costs imposed on developers and systemic red tape that delays construction of new housing developments must be eliminated.”

For his part, Trudeau promises to introduce a rent-to-own program, double the Home Buyers Tax Credit, and create a tax-free First Home Savings Account. To increase the supply and ease competition in the housing market, he says the Liberals will build, preserve or repair 1.4 million homes in four years.

Fair and transparent

“And when you’re ready to buy, we’ll make sure the process is fair and transparent by creating a Home Buyers’ Bill of Rights to stop blind bidding, pause new foreign ownership, and more,” he says.

It’s worth noting that Trudeau introduced Canada’s first National Housing Strategy in 2017 – a 10-year, \$40-billion plan “to give more Canadians a place to call home.”

If such serious housing problems persist, how do we assess the effectiveness of that plan? In the context of Ontario, the GTA and surrounding markets, if it has had any notable positive affect, it’s hard to know.

Conservative leader Erin O’Toole, meanwhile, has pledged to build one million new homes in three years, and ban foreign investor purchases.

It’s also important to understand that real estate is *local*; performance is also influenced by public policy and economic fundamentals at the *provincial* and *municipal* levels.

While housing is currently being discussed at the federal level – and leaders appear to be listening – in June 2022, we’ll be going to the polls in a provincial election.

It’s up to voters to test these leaders on their policies, to see if they truly understand these issues.