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'We need to get a lot of stuff built': CMHC finds Canada still short 3.5M housing units for 2030

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Houses are seen in an aerial view in a residential neighbourhood, in Kamloops, B.C., Sept. 11, 2023. THE CANADIAN PRESS/Darryl Dyck

Canada still needs another 3.5 million housing units by 2030 on top of what it's on track to build by that point, a new report says.

But an economist for the Canada Mortgage and Housing Corp. (CMHC), which authored the report, says this goal may not even be attainable.

The CMHC provided an update Wednesday to another report it released in June 2022 on housing shortages and affordability.

The CMHC says it still projects that the country would need approximately another 3.5 million housing units in order to meet 2004 levels of affordability, or the share of after-

tax income that a household with an average income would need to buy an average home.

"We need to get a lot of stuff built," CMHC deputy chief economist Aled ab Iorwerth said Wednesday on The Vassy Kapelos Show.

While this "housing supply gap" remains relatively unchanged, the CMHC writes that the size of the gap has changed across provinces, with Ontario expected to have lower household income growth and, therefore, a reduced demand for housing. The opposite, meanwhile, is expected in Quebec and Alberta.

Iorwerth said the debate now is "not so much whether we increase supply, but how do we do it quickly."

But asked if he believed building another 3.5 million housing units by 2030 is possible, Iorwerth responded, "No, but it's the right question to ask."

"Housing affordability is a clear problem for all Canadians, but it's going to take a lot of time, a lot of effort, a lot of policy innovation, a lot of innovation by the business sector to fix it," he said.

"The problem is not going away. Responding to it, it's going to take time, but I think this is clearly now a priority for all Canadians."

Appearing on CTV's Power Play on Wednesday, Housing Minister Sean Fraser also responded to the CMHC report on the supply gap of 3.5 million units.

"Look, that's my goal," he said. "I should say that some of the measures that we're working on now we'll have to further refine to understand the precise impact that they're going to have. But I have no interest in stopping short of solving Canada's national housing crisis and restoring a level of affordability that allows ordinary people to be able to find a place that they can actually afford."

Asked whether he believed building another 3.5 million units was even possible, Fraser said, "I don't believe that it's impossible, I believe it will be difficult."

While immigration to Canada is currently higher than forecast, the CMHC says the number of households required to achieve affordability will not be significantly higher in 2030 compared to its previous projection.

Iorwerth said many factors drive up demand for housing, including immigration, but also rising incomes and lower interest rates.

"The challenge we're facing is the supply ... has not been responding for many years," he said.

"So for whatever reason demand is going up, we need the supply response both to accommodate new immigrants, but also to improve the affordability of housing for Canadians or people who are already here, because we're starting to have a situation with a lot of risks."

On Wednesday, Prime Minister Justin Trudeau announced a \$74-million deal with London, Ont., to fast-track more than 2,000 housing units over the next three years under the federal Housing Accelerator Fund, with thousands more planned in the following years.

The federal government says this will include high-density development, as well as duplexes, triplexes and small apartment buildings.

The \$4-billion Housing Accelerator Fund aims to create 100,000 new housing units by encouraging municipalities to update their zoning and permit systems to fast track residential construction.

On the latest CMHC report, Trudeau said, "We're facing a shortage of housing right now and that's why prices of homes have become far too high ... Housing in big cities around the world has already become out of reach for many ... Places like New York, Paris, London, San Francisco, but we're not going to follow those examples."