

The Globe and Mail – May 28, 2024

## Trudeau says housing needs to retain its value

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Homes in the Kitsilano neighbourhood of Vancouver on Oct. 3, 2022. JONATHAN HAYWARD/THE CANADIAN PRESS

Prime Minister Justin Trudeau says his government aims to make housing more affordable for younger Canadians without bringing down home prices for existing homeowners.

Cutting shelter costs while ensuring that homeowners' property values remain high could be viewed as contradictory, but Mr. Trudeau was adamant that property owners would not lose out.

“Housing needs to retain its value,” Mr. Trudeau told The Globe and Mail’s City Space podcast. “It’s a huge part of people’s potential for retirement and future nest egg.”

Many residents have been priced out of Canada’s housing market with typical home values topping \$735,000 across the country and exceeding \$1-million in Toronto. The

cost of rent has also been climbing, increasing the frustration among younger voters that the Trudeau government is trying to appease.

Ottawa has responded to the spike in living costs by revising some of the programs for first-time homebuyers, such as allowing them to take out an insured mortgage with a 30-year amortization for a preconstruction home. It has also announced billions of dollars in incentives and tax breaks to create more rental housing.

Over the past two decades, the value of residential real estate has tripled and has made homeowners more prosperous. Many Canadians view their homes as their single largest asset and as a way to support their retirement and pass on wealth to their children.

However, the significant rise in home prices has contributed to the widening wealth gap between homeowners and renters, who do not have the same opportunity to amass equity in their home.

Mr. Trudeau acknowledged this disparity and said: “The difference between someone who’s rented all their lives versus someone who is a homeowner in terms of the money they have for retirement is massive, and that’s not necessarily always fair,” he told the podcast.

The federal government’s latest round of housing policy announcements are not expected to immediately make much of difference to housing affordability, with the country’s population growing at its fastest pace in decades and newcomers looking for a place to live.

Although all levels of government have been pushing developers to build housing faster, new home building has slowed in part because of high borrowing costs. And it takes years for new apartments and homes to be constructed.

“Supply can only change gradually, so realistically it’s the demand side that will drive the market over the short haul,” said Douglas Porter, chief economist with Bank of Montreal.

“There are only three things that could potentially improve affordability: stronger incomes, lower borrowing costs and/or lower home prices,” he said.

The housing market has been slow for most of the past two years as the Bank of Canada raised interest rates in its bid to tame inflation. Although the typical home price is down about 10 per cent from the height of the pandemic’s real estate boom in early 2022, values are still 37 per cent higher than in 2019, according to data from the Canadian Real Estate Association.