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## Next few years could see a deterioration of the GTA's housing supply

Dave Wilkes || October 8, 2024



There are clear signs of trouble on the horizon and it is undeniable that without bold steps from government, the housing crisis in the GTA is going to get far worse in the years ahead. PHOTO BY SUPPLIED

According to our latest Municipal Benchmarking Study, it is clear that the housing market in the Greater Toronto Area (GTA) is at a pivotal moment. The study, authored by Altus Group Economic Consulting and commissioned by BILD, revealed that the gap between housing stock and population growth in the GTA is the widest it has been in over 50 years. It also shows that the region is seeing a serious decline in development applications, which foreshadows a further deterioration of housing supply.

These are clear signs of trouble on the horizon and it is undeniable that without bold steps from government, the housing crisis in the GTA is going to get far worse in the years ahead. As the GTA's population continues to swell, the number of new homes being built simply cannot keep pace.

Currently, it takes an average of 20 months for municipal approvals for new housing in the GTA. These delays add substantial costs to new homes, with the study revealing that each month of delay adds \$2,673 to \$5,576 in added cost per unit per month. Based on average approval timeframes, this adds between \$43,000 and \$90,000 to the cost of a new home.

These figures highlight the implications of lengthy municipal approval processes on new home costs. At a time when governments should be working to lower the financial barriers to homeownership, these delays are doing the opposite. Moreover, the GTA housing market is facing additional structural challenges like unattainably high government fees, charges and taxes – which are among the highest in Canada and North America.

In the GTA, fees, taxes and charges from all levels of government account for almost 25 per cent of the cost of a new home for the new homebuyer. Municipal fees and charges are a significant portion of that. According to the study, municipal fees rose by an average of \$42,000 per unit on low-rise developments and \$32,000 on high-rise units since 2022. On average, municipal fees now add \$122,387 to the cost of a condominium and \$164,920 to the cost of a single-family home in the GTA.

These findings paint a stark picture of a housing crisis that is about to get worse, not better – and our communities and our economy cannot afford to wait for the crisis to worsen. The time for action is now. To address the GTA's housing challenges, we need decisive measures from all levels of government. It is crucial that governments take immediate steps to streamline the approval process for new housing, cut through red tape, and reduce the tax burden on homebuyers.