

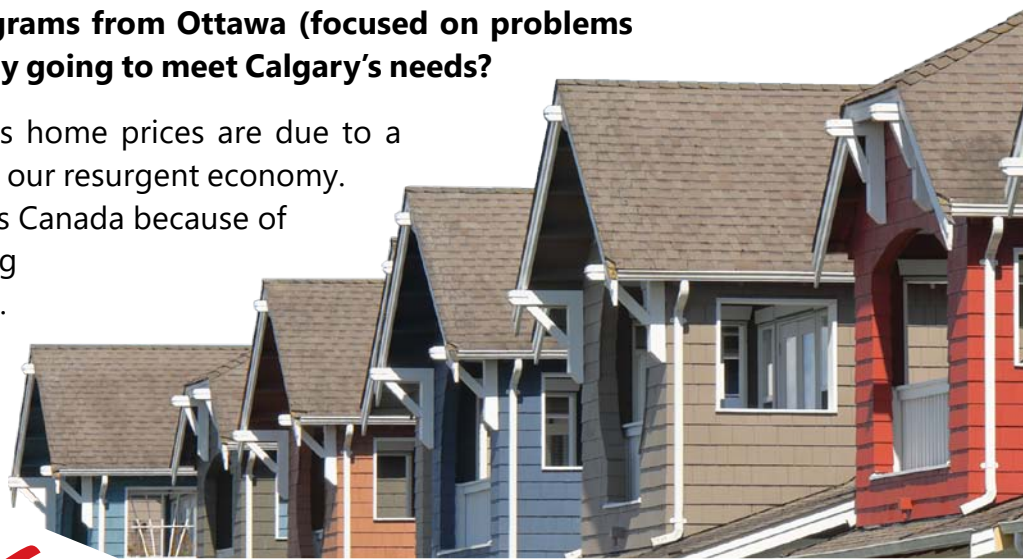
CALGARY HOUSING ANALYSIS: MY THOUGHTS

1 In Calgary Centre, the housing price crisis is being felt in different ways. I know people looking for single family homes find the cost of that housing vastly exceeds their ability to pay for it – and that ratio would have been feasible a few years ago. On the other hand, condominium owners have seen unit values drop – sometimes as much as 20% on resale. That makes using condos as a starter home unfeasible. Yet the City of Calgary continues to prioritize multi-unit dwellings over single family homes, despite the vacancy rates on units being significantly higher. **Perhaps municipalities need to pay more attention to the products being demanded by their constituents, rather than those that pay the most municipal tax per square meter of land.**

2 The pandemic caused many people to reassess living in smaller spaces; and many people moved to outlying areas if they could work from home. Less commuting allows people to live further away.

3 Yet, compare Calgary's results with other cities. In particular, Edmonton's housing prices rose significantly less than Calgary's; in fact, they actually fell year over year. So, if similar-sized cities in the same province are experiencing vastly different outcomes, the issue is clearly local. **I question whether designing "one size fits all" programs from Ottawa (focused on problems in Toronto and Vancouver) is really going to meet Calgary's needs?**

4 The recent increase in Calgary's home prices are due to a few important factors, including our resurgent economy. People are moving here from across Canada because of the value they receive from buying property here versus elsewhere. That should level, over time, but **public officials must ensure the housing stock people want is available for people growing their careers and families.**



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BUDGET 2022:

More Spending, More Deficit, More Debt

The Federal Budget 2022 was billed as being prudent and responsible. **The Minister of Finance said it would make life more affordable for Canadians, but I challenge you to find ways this budget will make your life more affordable.**

Promising expensive programs today that are predicated on the taxpayers of tomorrow paying the bill is morally indefensible.

And big debt has implications right now too. We have to pay interest on the debt - **this year,**

Some of the raw numbers are troubling:

- ✗ Deficit: \$52.8 Billion
- ✗ Accumulated Debt: \$1.14 Trillion
- ✗ Increased Spending: \$63 Billion more to total \$434 B

the annual payments will be \$26.9 Billion. That is \$26.9 Billion that we can't use to pay for high priority spending needs such as health care, or for tax relief.



The biggest failure is the Budget's refusal to tackle inflation, now at 6.8%.

Big spending leads to big inflation. Inflation is good for governments - it increases revenues, such as escalating the amount of GST you pay when the price goes up - but it is **bad for ordinary Canadians, and particularly bad for those on low and fixed incomes.** The government can't just keep borrowing and printing money, and expect that excess cash will not cause prices to rise.

Of particular concern in Calgary Centre is housing, and you'll find more on that inside.

Please be in touch if I can be of service.

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Mon cabinet est heureux d'offrir le service en français et en anglais.



INSIDE

A detailed look at Canada's housing crisis and Budget 2022: a fragmented and unfocused plan.

GregMcLeanMP.ca

WILL BUDGET 2022 MAKE A DENT IN THE HOUSING CRISIS?

Many residents of Calgary Centre aspire to own their own home, or live in an affordable rental. The federal government said it addressed the housing issue in the 2022 Budget but their programs are fragmented and unfocused. I am also concerned that CMHC has *repeatedly* funded a think tank called Generation Squeeze to explore ways to tax our homes upon resale. Many people save and invest so they can use the equity in their homes to fund retirement. It isn't right for the government to help themselves to a substantial portion of the resale proceeds. I'm watching this closely.

WHAT IS THE ISSUE WITH HOUSING?

The 2022 budget estimates Canada will need 3.5 million new homes by 2031, but contains provisions to build only 116,000 over five years (23,000 a year), despite allocating \$10 Billion to the task.

WHAT STOPS US BUILDING MORE?

Canada builds about 286,000 homes per year. A few factors constrain us from building more:

1. **Labour shortages in the trades**, along with materials shortages and supply chain tangles. To accelerate the construction of new homes, governments need to help overcome these obstacles.

2. **Governments add to the costs.** Most municipalities have onerous, time consuming permitting and zoning procedures which add time and costs to the home. The federal government charges GST/HST on new or substantially renovated homes (a percentage may be rebated on homes worth less than \$450,000) which can add thousands to your mortgage or up-front closing fees. Government support programs are also too complex with too much spent on administration.

3. **Housing issues are local.** Issues in Calgary aren't the same as in Edmonton, let alone Toronto. One-size-fits-all programs won't solve the issue - solutions need to be local, often municipal.

HOUSING SUPPORT PROGRAMS

The federal government has a dizzying array of programs to encourage affordable housing - in fact, too many programs, too top heavy. Here are some that might apply to you.

Tax Free First Home Savings Account: This new program will allow first-time buyers to save \$8,000/yr, up to \$40,000. Like an RRSP, contributions are tax-deductible; and like a TFSA, later withdrawals to purchase a first home are not taxable. This is a gift from the taxpayer to home buyers worth as much as \$3200/yr in tax savings. The downside is that it may open the door to taxing your home equity later, since the government helped fund it tax free.

Housing Accelerator Fund: \$4 billion to incentivize 100,000 units over five years by providing funds to municipalities to invest in more efficient planning and delivery processes to speed up developments.

Rapid Housing Initiative: \$1.5 Billion over two years to create at least 6,000 new affordable housing units.

First-Time Home Buyer Incentive: Extended to March 2025; allows eligible first-time home buyers to lower borrowing costs by giving the government a 5% or 10% equity stake in your home; but if the house increases in value, the payback to the government also increases proportionately. This program is so ill-conceived that it has received only 9 applications.

Affordable Housing Innovation Fund: \$200 Million for rent-to-own projects including non-profits, co-ops, and developers.

Multigenerational Home Renovation Tax Credit: Up to \$7,500 for constructing a secondary suite for a senior or an adult with a disability, starting in 2023.

Co-operative Housing Development Program: Re-allocates \$500 million to expand co-op housing; and an additional \$1 billion in loans for coop housing.

First-Time Home Buyers' Tax Credit: Up to \$1,500 in tax credits against closing costs up to \$10,000.

The full list of housing initiatives can be found online at <https://www.canada.ca/en/department-finance/news/2022/04/making-housing-more-affordable.html>

Analysis from the Conference Board of Canada

"The budget hopes to incentivize homebuilders to double housing starts in the next few years. This might be challenging.

"Volumes of units under construction are near record highs and builders are having difficulty finding workers.

"The Housing Accelerator Fund plans 100,000 new housing units over the next five years, but the average 20,000 units per year appears modest set against current annual 250,000-plus housing start volumes.

"The roughly 10,000 units promised by smaller plans like the Rapid Housing Initiative and the National Housing Co-Investment Fund seem almost negligible. The same is true for plans to increase the volume of co-op housing by 6,000 units through a new Co-operative Housing Development Program.

"All told, budgetary measures seem unlikely to produce the starts ramp-up the government wants."



Tell me about your housing concerns (choose all that apply):

- The price of homes is simply out of my price range
- I could carry a mortgage, but can't accumulate the down payment
- I don't want to buy, but housing costs are pushing rents up too
- I'm worried that interest rates will keep going up if I don't buy now
- I'm worried prices will just keep going up if I don't buy now
- I'm not sure my income can keep up with escalating taxes and utilities
- I have sufficient resources to buy, but I can't pass the "stress test"

Other issues or comments? _____

You can alternatively answer Greg's surveys online at GregMcLeanMP.ca