



# **REALTOR® RECOMMENDATIONS**

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2022

**The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry associations with more than 155,000 REALTOR® members working through 75 real estate boards and associations across Canada.**

For more than 30 years, REALTORS® have advocated for policies that encourage responsible homeownership. REALTORS® meet regularly with Parliamentarians to discuss their local housing markets and policies that promote a vibrant and sustainable real estate industry.

REALTORS® are experts on market conditions and consumer interests and are well-positioned to contribute to discussions around housing policy. They support access to housing across the entire spectrum, from emergency shelter, subsidized housing, social housing, to homeownership. Above all, REALTORS® advocate for creative solutions and policies that can increase housing supply in Canada, address current housing challenges, and allow Canadians to gain stability and opportunity through homeownership.

**[CREA.ca/MP](https://crea.ca/MP)**

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# ECONOMIC OVERVIEW AND HOUSING MARKET LANDSCAPE

In the years leading up to the COVID-19 pandemic, low interest rates, record levels of international immigration and an increasingly middle-aged Millennial cohort combined to fuel very strong household formation and housing demand in Canada, particularly from first-time buyers.

This served to steadily draw down on available inventories and tighten market conditions.

The pandemic only served to supercharge those trends, leading to the strongest seller's market the country has ever seen.

While most underlying fundamentals have not changed, the interest rate component has changed considerably. With inflation at its highest levels in three decades, the Bank of Canada, per its mandate, is acting aggressively, leaving the economy and housing markets caught in the crossfire.

Both housing activity and prices have understandably softened in the face of the Bank of Canada's 300 basis point rate hikes in six months. On top of that, the stress test, which did serve to protect borrowers and the financial system from the lure of ultra-low rates in recent years, is now forcing buyers to qualify for loans at rates well above what they are ever likely to face, given this year's rapid rate hike tightening cycle is widely thought to be nearing a top.

While home sales have transitioned from setting all-time records to merely average, and prices have fallen from the peaks of last winter in some regions, it is important to remember the supply crisis across the country has not gone away. Steep rate hikes have likely only shifted the pressure temporarily into the rental market.

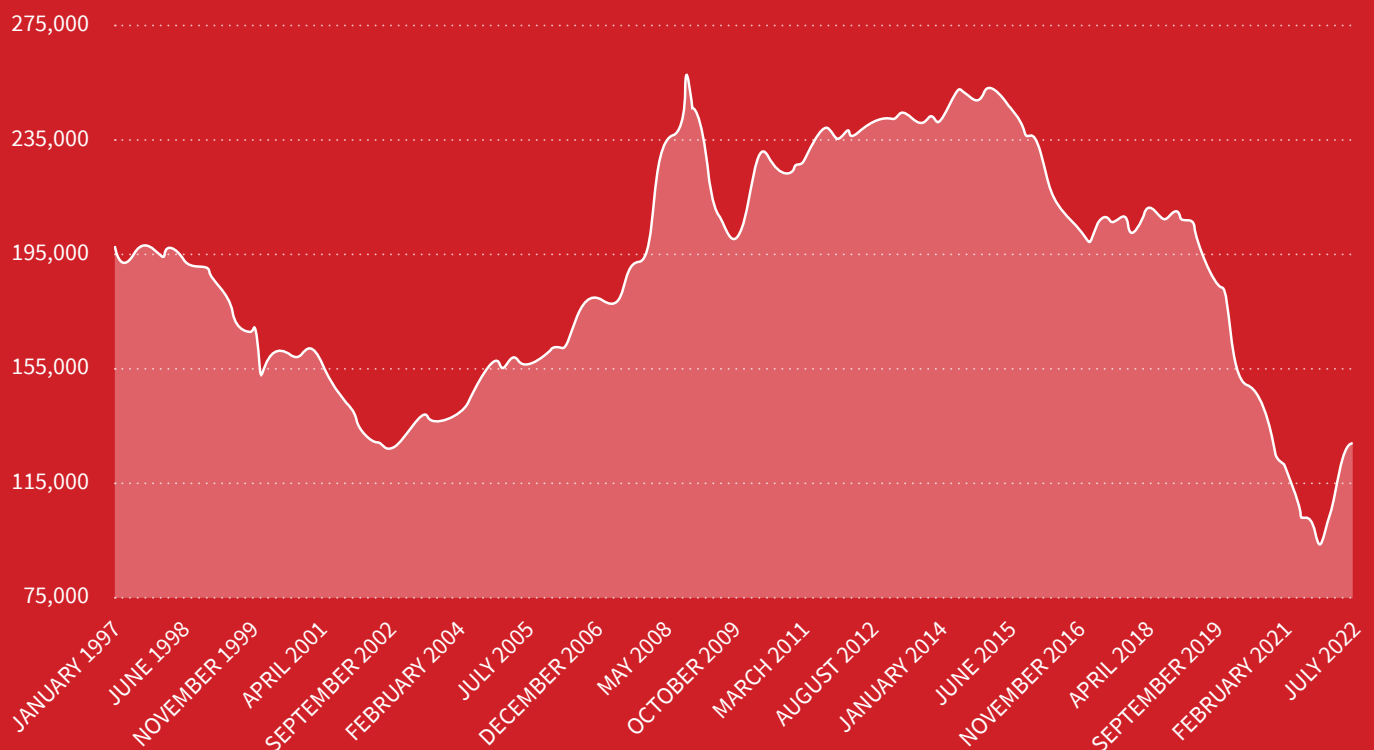


## BY THE NUMBERS

By way of example, look at the seasonally adjusted number of residential properties left for sale on MLS® Systems of Canadian real estate boards and associations in the fall of 2022. It is up from all-time lows earlier this year, but it is still only just getting back to the previous low set 20 years ago.

### CANADIAN END-OF-MONTH ACTIVE RESIDENTIAL LISTINGS

(SEASONALLY ADJUSTED)



Source: The Canadian Real Estate Association

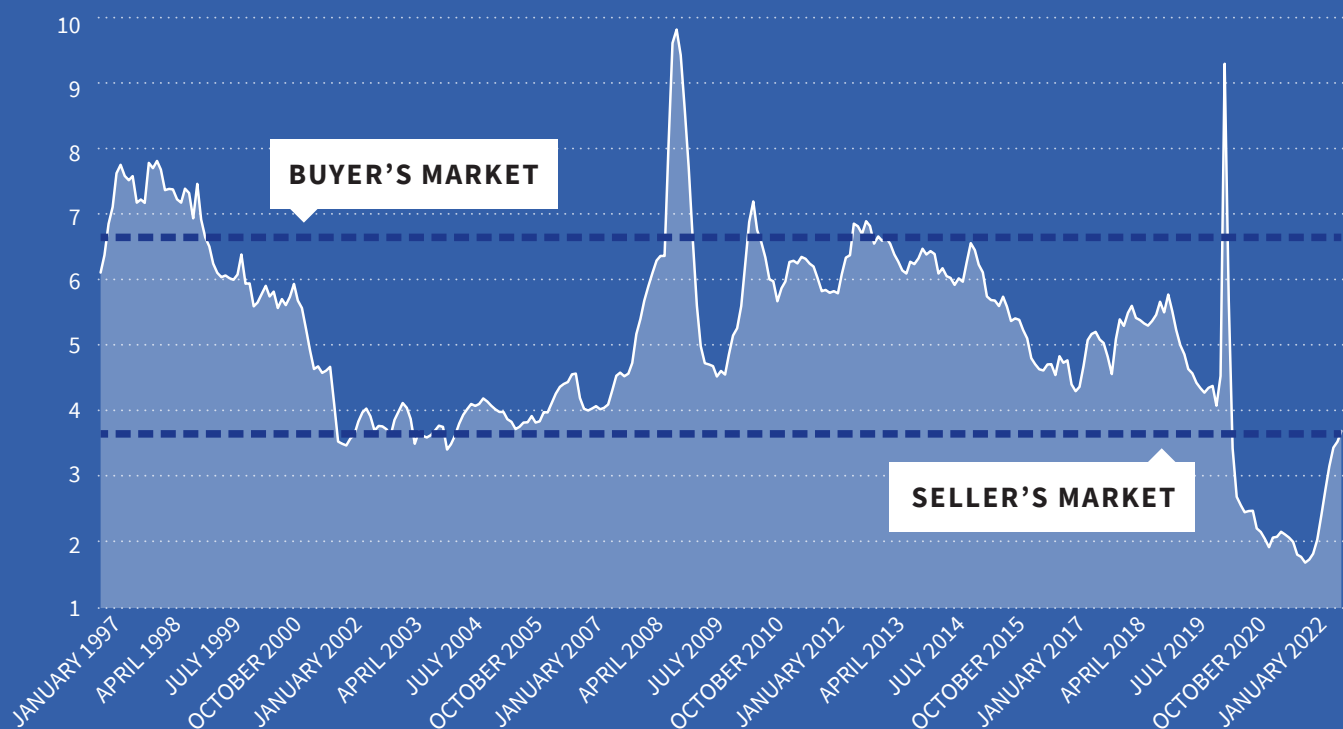
This is also true with the number of months of inventory. It was 3.5 months nationally at the end of the summer. The long-term average is five months. We are still, technically, in a seller's market at the national level. In many regions it is quite a bit lower.

The Bank of Canada is soon expected to wind up its rate tightening cycle. Buyers and sellers

will eventually adjust to higher interest rates. Prices will stabilize and buyers will come off the sidelines and back into the market. However, the fundamental imbalance between the number of people who need to live somewhere and the housing stock that currently exists across the country has not changed.

## CANADIAN MONTHS OF INVENTORY

(SEASONALLY ADJUSTED)



Source: The Canadian Real Estate Association

# REALTOR® RECOMMENDATIONS

## RECOMMENDATION ONE: PERMANENT NATIONAL HOUSING ROUNDTABLE

**CREA recommends the establishment of a permanent national housing roundtable to bring together all stakeholders in the housing sphere and help address its challenges with an inclusive, holistic and an innovative approach.**

The federal government should take a leadership role and convene a permanent national housing roundtable bringing together federal, provincial/territorial, and municipal authorities along with builders, real estate professionals and civil society organizations.

As a part of this roundtable, CREA, and REALTORS® can bring their expertise to the roundtable through well-researched reports and can generate data-informed perspectives to identify priority issues and deliver solutions to various market challenges. Along with other industry professionals, CREA and its members can help identify where, what type, and how much supply is needed most. As Canada's main source of housing market data, CREA is able to identify where and to what degree there are challenges and thus help identify policies that would make an impact.

Solving Canada's housing challenge should be a national priority as addressing the issue of housing supply requires all hands on deck.

### ACTION NEEDED

The following is a potential framework for the permanent national housing roundtable:

**Mission:** A unique, independent, national policy advisory body on housing to engage Canadians and all levels of government in the creation and promotion of sustainable housing development and solutions.

**Purpose:** The permanent national housing roundtable can help play a catalyst role in identifying, explaining, and promoting initiatives to incorporate sustainable principles and best-practices of housing development into all aspects of government and society throughout Canada by:

1. undertaking research and gathering information and analysis on critical issues of the housing spectrum;
2. advising governments on ways they can integrate social and economic considerations into their decision-making processes, ensuring housing is accessible to all;
3. identifying principles and practices that promote a fair housing market and implementing them in the sectors and regions they're most needed;
4. promoting the understanding and increasing public awareness of the cultural, social, economic and policy changes required to improve access to housing; and
5. facilitating and assisting innovative efforts to overcome barriers to the attainment of sustainable housing.





# REALTOR® RECOMMENDATIONS

## RECOMMENDATION TWO: LEVERAGE INFRASTRUCTURE FUNDING

**CREA recommends including clauses in Infrastructure Bilateral Agreements with provincial and territorial partners encouraging the creation of more housing supply.**

Investments in infrastructure are being made through streams like public transit, green infrastructure, community culture and recreation, and rural/northern communities. CREA suggests the federal government go a step further and add clauses to these agreements to create new housing that's indexed to population growth. Doing so will help address the needs of the housing market.

International research indicates good infrastructure is crucial to addressing the shortage of housing supply. The Government of Canada recognizes housing supply and infrastructure are inherently linked as both play a role in improving the economy, creating jobs, and helping to build thriving, inclusive communities. Therefore, through the Investing in Canada Infrastructure Program, more than \$33 billion in funding is being delivered through bilateral agreements between Infrastructure Canada and the provinces and territories.

When municipalities create opportunities for homeownership, they invest in their communities by offering stability, identity, and inclusion by allowing residents to plant firm roots in their cities and towns.

### ACTION NEEDED

Federal infrastructure funding should be leveraged to incentivize provinces, territories, and municipalities to stimulate the following:

1. **Revise zoning laws:** In many regions of the country, current zoning laws prohibit converting single-family properties into 'missing middle homes' (townhome, duplex, triplex or fourplex). Revising these laws will get housing built in existing neighbourhoods at a lower cost.
2. **Speed up planning and approval processes:** In exchange for a municipality reducing red tape, permitting improvements, and taking initiative to speed approval processes, the federal government could invest in the infrastructure needed to build housing (telecommunications, roads, sewers, and water) and provide funding to increase capacity of staff to further improve approval processes as part of its skills development role.
3. **Increase density of housing:** The federal government has a bilateral agreement with the province of Manitoba, tying future infrastructure funding to density, which should be the case for all provinces and territories.
4. **Innovation:** Encourage provinces and territories to adopt innovative methods that reduce wait times and delays getting construction started. Governments use different systems to collect data and information relevant to housing approvals, which slows down the process. A permanent national housing roundtable could create uniform data standards to encourage governments to adapt by leveraging infrastructure funds.
5. **Conversion of distressed properties:** Adopting infrastructure clauses requiring the creation of more housing and prompt a review of building codes and municipal restrictions in central downtown locations. This would facilitate the conversion of distressed properties into housing units and improve density.
6. **Social and affordable housing:** Higher emphasis should be placed on the availability of social and affordable housing for all Canadians, encouraging a more balanced, fair, and sustainable approach to planning.
7. **Provide infrastructure in the right place at the right time:** Bilateral agreements should include a condition ensuring there's a coordination plan in place for infrastructure and residential housing to be rolled out at the same time.





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