

# GENERATION | **squeeze**

**January 5, 2022. For Immediate Release.**

## **New report from CMHC funded Lab identifies Housing Affordability Solutions:**

Led by Dr. Paul Kershaw, the Generation Squeeze Lab located in the University of BC School of Population & Public Health is releasing the report: *Wealth and the Problem of Housing Inequity across Generations*. With funding support from the National Housing Strategy's Solutions Labs Program administered by the CMHC, and input from over 80 housing experts, the study explores how to address the large and growing gap between home prices and local earnings that is fuelling Canada's housing affordability crisis. The full report, along with infographics and visuals, is available [here](#).

## **Canada's perverse addiction to high and rising home values**

"If a pandemic-induced recession is insufficient to slow down home prices," observes Kershaw, "then we can no longer ignore the probability that our housing system is actually structured, even if unintentionally, to grow housing values out of reach for local earnings."

In response, Lab participants explored how many everyday Canadians are entangled or incentivized by public policies to bank on profits from homeownership to secure our financial future and gain wealth.

## **Report identifies three policy domains that entangle Canadians and their governments**

1. Monetary and lending policy, including how inadequate measurement of home price inflation (which long predates current attention to living cost increases) has helped to disguise the scale and impact of rising home values.
2. Tax policy, including how the current home ownership tax shelter drives significant housing inequity. The hard work Canadians do every day in their jobs is taxed far more than housing wealth windfalls gained by many home owners while they sleep and watch TV.
3. The absence of 'protective' policies to help insulate home owners from a potential stall or fall in home prices – something that 60% of Canadians support according to [recent polling](#).

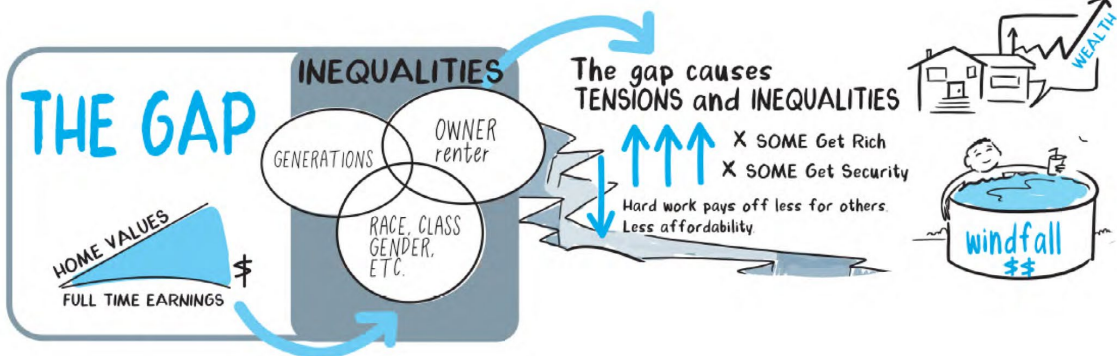
## **Four recommendations for housing policy innovation**

"There is no silver bullet to solve housing unaffordability," Kershaw notes. "Instead we need silver buckshot to address the range of policy tools that shape the housing system, beginning from the recognition that restoring affordability for all requires home prices to stall so earnings can catch up."

The report proposes four areas for policy innovation:

1. Align the mandates of the Canada Infrastructure Bank and the CMHC to incentivize lending to scale up green co-op and affordable purpose-built rental supply.
2. Adjust the treatment of home prices in the Consumer Price Index, and report annually on the influence of monetary policy on the growing gap between home prices and earnings.
3. Put a modest price on the housing inequity created by runaway home prices, via an annual (deferrable) progressive surtax on the top 10% of homes valued at over \$1 million.
4. Create a program and savings plan to transition low-density housing into permanently affordable rental units, financed by a Perpetual Affordable Housing Bond.

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What if it's PARTLY **US ...?!**

Hypothesis: Many everyday Canadians are incentivized or entangled to count on home prices rising faster than earnings for their security and wealth...

it's "OTHER" People creating the tensions

foreign buyers  
speculators  
developers  
realtors  
NIMBY

But ... policy changes made to influence "other peoples'" actions haven't been enough

Download the full report [HERE](#)

**Wealth and the Problem of Housing**  
**Inequity across Generations:**  
**A Solutions Lab**

