

We need to find solutions in housing

DAVID DUPLISEA
COMMENTARY

There is a growing consensus that the most immediate economic challenge facing our region, province and nation is securing new growth in housing. Without sufficient room for people to live, neither communities nor businesses can grow.

I'm hearing this from our member businesses on a regular basis, because lack of housing is impacting people's lives and the economy on a measurable scale.

You can see the impact in trends from increasing homelessness and poverty to slowing immigration, labour force development and population growth.

We're at the point where businesses are finding it difficult to attract workers to our region, because when prospective employees look on the Internet for apartments to rent or homes to buy, they can't find anything.

It is critically important that governments at all levels deploy a creative and co-ordinated response to the housing crisis today, because it will be several years before we see any results.

David Campbell, the principal economist at Jupia Consultants, recently authored a report that illustrates the nature and scale of New Brunswick's housing challenge. Between July 2021 and July 2023, New Brunswick's population grew by more than 41,000 people. That's as much growth in two years as our province experienced in the 37 years between 1979 and 2016.

Housing starts – the construction of new houses and apartments – have actually been growing in New Brunswick since 2016; they just haven't been growing fast enough to keep up with the sudden increase in demand.

And it's not just growth in the population that is driving demand; demographics plays a role too.

New Brunswick's increasingly large number of college-age students, working singles, new immigrants and downsizing seniors has raised the demand for rental apartments and will continue to do so. Keeping up with demand is going to require an unprecedented effort by governments and property developers.

According to Campbell's calculations, if Saint John can sustain moderate population growth of 1.5 per cent per year, the city "will require an unprecedented level of new housing construction eclipsing the 1960s and 1970s when there were over 900 new houses constructed per year." In a fast-growth scenario of two per cent annual increases in the city's population, our region will need to sustain more than 1,500 new starts per year, including apartments and stand-alone houses.

To put these figures in perspective, New Brunswick's population has been growing at the phenomenal rate of 2.9 per cent a year; and here in Saint John, there were only 608 housing starts in 2022 and there will be only 670 projected housing starts for 2023.

In August, there were only 69 apartments, condominiums and homes under construction in the Saint John region, stretching from Charlotte County past Hampton and St. Martins. None were in the South End. There were only five on the West Side and nine on the East Side. Millidgeville, which has been green-lit for increased residential development by city planners, has just 31 housing units under construction. The rest of the month's new housing starts are all in outlying areas.

At the rate we have been building new dwelling spaces in greater Saint John, we're falling nearly 1,000 units further behind the market demand for housing each year.

The federal government has admitted its culpability in the housing crisis and recently offered a partial solution: it is pledging to remove federal sales tax on the construction of new apartment buildings for renters. It's also going to require local governments to end exclusionary zoning and encourage building apartments near public transit in order to have their federal Housing Accelerator Fund applications approved.

This is a good start, but all levels of government need to build upon it, and quickly.

Saint John has an affordable housing action plan to deal with issues such as preserving and improving existing housing stock, expanding the supply and range of affordable housing options, and leveraging new partnerships and resources. Our region is in a good position to move quickly as new housing incentives are created, provided the city continues to improve the zoning process and reduce the number of bureaucratic hurdles developers must clear to get shovels in the ground.

The Province of New Brunswick also needs to act. It could start by agreeing to the federal government's call for provinces to drop the provincial portion of the HST on construction of rental properties, matching the federal tax break.

And let's not forget those enormous budget surpluses that the Province of New Brunswick has been accumulating, year after year. New Brunswick today has greater capacity than many other provinces to make direct, strategic investments that incentivize the construction of new homes and apartments. It should do so, as soon as possible.

The housing crisis isn't going to be an easy problem to resolve. Global supply chains for construction materials and equipment are still operating on a hit-or-miss basis.

Across the board, construction has been slowed by a shortage of skilled tradespeople. And, with rental space in short supply, recruiting workers from other provinces and countries will continue to be a challenge. So governments need to be prepared for slow progress at first, and engage with the construction industry so that the obstacles to housing growth can be overcome.

We need more money pumped into affordable housing, and we need policies that act with enough urgency to get units built quicker. When more affordable units get occupied, more market units will become available, and the pressure will start to ease, allowing our region to grow.

David Duplisea is Chief Executive Officer of the Saint John Region Chamber of Commerce. His commentary appears monthly.