

The part of our housing conundrum politicians don't want to talk about

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homes are built in the west-end of Ottawa on May 6, 2021. SEAN KILPATRICK/THE CANADIAN PRESS

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There doesn't seem to be a day that goes by when people aren't talking about housing, or the lack of it. Or the fact that in this country it is so damn expensive.

Everyone has a solution, but no one has the solution. It's all the gatekeepers' fault, says federal Conservative Leader Pierre Poilievre. More supply will help bring down prices, insists Prime Minister Justin Trudeau, echoing what so many maintain is the answer.

One thing few people talk about is the costs various levels of government impose on the construction of new housing that are helping, in part, to create the ridiculous prices we see in almost every

part of the country, but particularly in centres such as Toronto and Vancouver.

Some of these fees and taxes have always been there, but more have been added in recent years. And in an inflationary environment where the cost of everything has gone up, including labour and materials, you end up with 800-square-foot condos that cost more than \$1-million. The Urban Development Institute in Vancouver recently updated a report it did in 2018 that looked at the various taxes and fees developers must accept if they want to build housing in B.C. It's an eye-opener.

We see high housing prices and automatically think that rich, greedy developers are the culprit. And while there are surely some of those around, there may be fewer than you think. When you look at the analysis UDI has done on taxes and fees, it suggests that governments at all levels are laying the blame for the high costs of housing on everyone but themselves.

In one example, the institute looked at the costs of an 800-square-foot condo in Vancouver in 2023 and what contributed to the unit's staggering average price of \$1.12-million.

Here we go: Per-unit charges include building permits, \$1,376; a development permit, \$3,992; Empty Homes Tax, \$60,000 (to be paid only if a unit sits empty for an extended period of time); development cost levies, \$28,368; a per-square-foot property transfer tax, \$13,688; property tax including an additional school tax, \$11,480; a community amenity contribution, \$89,992; a public art fee, \$1,584. Other charges upon sale include GST, \$56,000; a Greater Vancouver Sewerage development cost, \$1,988; a Translink development cost, \$1,554; and a per-unit property transfer tax, \$20,400. The subtotal for fees per unit is \$290,422 just to build, and upon sale, the total climbs to \$327,565.53 – or 29.25 per cent of the imagined condo's cost.

Which, on the face of it, seems like madness. You can't tell me that back in the great residential building booms of the sixties and seventies, builders and buyers were having to factor in fees, taxes and other charges of nearly 30 per cent into the sale price. Even if the charges are 25 per cent, that's a quarter of the price of a new home in taxes and fees alone.

Many of these same levies apply to developers trying to build purpose-built rentals, which are also in high demand. Yes, there are some

rebates available for this type of housing, but the tax demands on builders and landlords are still extremely high, which is why rental prices are also outrageous.

Now, I get that many of these charges are necessary. They help pay for the infrastructure needed for communities to function.

But don't forget, the taxes and fees do not include the rising costs of material and labour, and other things such as fuel, which developers must account for. There are also green-building requirements, which add to costs. Land values aren't going down either. You can build all the housing you want in places like Vancouver, but it will never be cheap or affordable for the "average" person. Politicians who have control over some of the elements of those costs should stop pretending that supply will solve everything when it comes to affordability.

Under the present scenario, more builds will solve nothing except offer accommodation for rich people to stay, or to people who are mortgaged beyond belief or have benefited from the largesse of wealthy parents.

It's difficult to imagine, at this point, that any level of government will lower the various fees and taxes on housing to help lower the overall costs. They have come to depend on that source of revenue to cover the costs of services they supply to citizens. So, in turn, we have all come to depend on that money as well.

This is not some "poor little wealthy developer" column. It's a wake-up call to the fact that they are not solely responsible for the insanity we are seeing in the marketplace today. In fact, those often complaining the most about high housing costs, like politicians, are the ones most responsible for them.