



Study Shows Housing Affordability Best Served by Market

The Connectedness of Our Housing Ecosystem, an article by Daniel Herriges, reflects on a study called *The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market* by economist Evan Mast.

Mast tracked the migration of families moving in and out of homes in 12 cities. He reveals housing is an ecosystem of migration chains impacting all price points. Some of Herriges' observations include:

- Simply building government subsidized housing will not solve the affordability problem. The resources available are "nowhere near the scope of the challenge."
- For every two market-rate homes, approximately one affordable home is created "in terms of reducing the displacement of low-income people."
- A new high-end apartment building with 100 homes will result, on average, 30 or 40 affordable homes.
- Inclusionary Zoning may discourage and therefore decrease new development. This directly eliminates migration chains that

cause "homes in low-income neighborhoods to be freed up for new occupants."

- "This means letting people build more homes—yes, even if some are luxury homes."
- Mast's migration chains suggest that creating more market housing produces greater affordability than regulation and government mandated projects.

Herriges concludes, "The housing market is a complex system, and its overall outcomes—who finds a home at a price they can afford in a place they want to be—are going to largely be shaped by an ecology of causes and effects that defies micromanagement or simplistic understandings of cause and effect."

This is not well-understood by well-intentioned governments trying to solve the affordability problem through more regulation and taxes.

The study shows that encouraging market supply at all price points, thereby producing more migration chains, is better equipped to address affordability than government regulation.



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