

January 28, 2020

City of Regina
2476 Victoria Ave
Regina, SK S4P 3C8

Attention: City Clerk

Dear City Clerk,

It has been brought to our attention by one of our members, that City Administration has proposed an increase in the 2019 HIP allocation limit. We as an Association would like to voice our support for City Administration as they bring forward this proposal. We believe that now more than ever, homeownership needs to remain a priority for the City of Regina.

According to the latest CMHC housing data, Regina's new home market has not been this depressed since 2002, with the city as a whole absorbing only 636 units in 2019. Additionally, in 2019 we saw overall home absorptions fall 50% below the 10-year average. Given these economic conditions, it is not surprising that the number of residential building permits issued by the City also fell 63% in 2019, with only 260 projects making up 459 units. With this abrupt reduction in supply, it is only a matter of time before our existing housing inventory will be depleted.

3 Quarters of Renters Would Prefer to Own Their Home

New research by *Earncliffe Strategy Group* (ESG) found that three out of four Canadians believe that to be "middle class" means you should be able to own your own home. ESG also found that 76 per cent of Canadians think that with the way things are headed, only the rich will be able to own a home in their desired neighbourhood. Recently, in our own research which focuses specifically on residents of Regina, we found that 76 per cent of local renters would like to own their own home if it were at all possible.

Unfortunately, as a result of the federal government's attempts to slow price acceleration in the hot housing markets of cities such as Toronto and Vancouver, markets across Canada are subject to policies which leave many residents with no other option but to rent. While the federal government's policy changes to the mortgage stress test have served their intended purpose by forcing more and more "would be home-owners" into renting, these policies have brought upon - and will continue to result in - significant socioeconomic impacts. Rather than giving the majority of Canadians the opportunity to build equity by owning their own home, over time we can expect to see wealth concentrate in the hands of a few successful landlords.

Why the City of Regina's HIP Capital Grant Program is so Effective at Turning Perpetual Renters into Homeowners.

The HIP Capital Grant Program provides renters who have adequate income (but no down payment) the chance to own their home. By granting a down payment that is recognized by CMHC, this unlocks the potential of homeownership for many individuals and families that would never have had the opportunity to purchase a home. The 5-year property tax abatement is also a wonderful tool that helps lower the ongoing costs borne by families as they transition themselves from renters to homeowners.

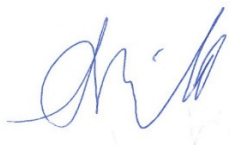
Why Homeownership Matters

For the housing market to function most efficiently, it needs a wide variety of choices and diverse housing options for citizens. However, homeownership has several unique benefits that the City Administration must acknowledge. With today's workforce being more mobile than ever, owning a home is one of the largest reasons why families plant roots, and this establishes a sense of community. The economic opportunities resulting from this can be felt in our everyday lives; from more customers at our local restaurants and shops, to more students enrolled in our University. Homeownership also provides families with additional wealth accumulation through the forced saving mechanism of a mortgage. This will become increasingly important if you consider a recent poll by the Angus Reid Institute (ARI) on the saving habits of millennials. According to ARI, roughly 60 per cent of millennials (ages 18 to 37) surveyed, described the amount they have saved as "not much" or "none".

Mortgages force individuals and families to budget and save for their futures, which will ultimately become more important as they near the age of retirement. As the dream of homeownership slips further away from many millennials, this, coupled with a general lack of financial savings from their earlier years suggests that a very problematic scenario is likely to play out over the coming decades.

In closing, we acknowledge that the downturn in the residential housing market is not a variable that the City of Regina can directly control. However, we strongly support the proposed increase of the 2019 HIP allocation limit and the Capital Grant Program, as these programs have proven to be extremely useful mechanisms for helping both individuals and families in Regina achieve their dream of homeownership where it would otherwise be unattainable.

Thank You,



Stu Niebergall
President & CEO