



2 Ways the Upcoming Election Could Change the Ontario Housing Landscape

Description

The Ontario election continues to dominate headlines, as we're now one week away from the crucial vote. Throughout the campaign, housing has emerged as a key issue in a province that has introduced significant regulatory changes over the past year. The slide in sales and prices in the Greater Toronto Area has negatively impacted the broader view of Canadian real estate.

Real estate stocks have also been battered. **Home Capital Group Inc.** ([TSX:HCG](#)) is down 17.2% in 2018 as of close on May 30. **Equitable Group Inc.** ([TSX:EQB](#)) is down 21.5%. Many of the [top banks have warned](#) that mortgage growth could slow significantly in the second half of the year.

Let's look at two ways in which the housing climate could change, as in all likelihood, Ontario will welcome a new ruling party after June 7.

The bipartisan push for more affordable housing

The Liberals, NDP, and PCs have all made statements supporting the need for affordable housing. This is no accident, as electoral success will likely depend on this point. The Ontario Real Estate Association (OREA) released a report in late April showing that 70% of millennial respondents agree or somewhat agree that buying a home in their neighbourhood is unaffordable. Among millennials, housing affordability ranked second above jobs and the economy and behind the environment in terms of community concerns.

The NDP are currently polling very close to the PCs, and have surged ahead in some recent surveys. Some points of the NDP plan include building 65,000 affordable homes over the next decade, creating a new Residents Rights Act, introducing a housing speculation surtax on foreign and domestic speculators who do not pay taxes in Ontario, and introducing legislation to make rentals more affordable.

The PCs have been light on detailed policy proposals, but Doug Ford has made comments that suggest that, if elected, his party may seek dramatic changes of a different kind.

A PC government could sharply turn away from the current regulatory path

Back in March, I'd discussed Doug Ford's comments that suggested he would seek to [loosen new regulations](#) introduced to the Ontario housing market. Ford said that he "believed in the market dictating." He also vowed to scrap the foreign buyers' tax that was instituted last year and sparked a dramatic plunge in sales and prices.

There are bound to be critics for both deregulation and the spend-heavy platform of the NDP. Tim Hudak, who previously ran for Ontario premier, is the chief executive officer of the OREA. Hudak has been outspoken in calling into question the impact of the foreign buyers' tax. For Hudak, the key issue is the lack of supply in Southern Ontario.

How should investors respond?

Alternative lenders remain a risky bet ahead of the election, but a PC majority could result in a government that will be more accommodating to the real estate industry. It's a development worth monitoring in the summer.

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