American cities show that growing, prospering metropolitan areas can also be affordable to live in

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VANCOUVER—Housing in Canada’s biggest cities became less affordable over a recent 10-year period, while housing actually became more affordable in many growing cities in the United States—including those with increasing populations and rising incomes, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Many people make the assumption that when you have a growing, prosperous city, housing will inevitably become less affordable, and the evidence suggests otherwise,” said Steven Globerman, a Fraser Institute senior fellow and co-author of Changes in the Affordability of Housing in Canadian and American Cities, 2006–2016.

The study measures changes in housing affordability—shelter costs as a share of income—over a 10-year period in 396 cities in Canada and the U.S.

It finds that while housing affordability increased by an average of 10.5 per cent for the 344 American metropolitan areas included in the analysis, housing affordability decreased by 7.6 per cent, on average, in the 52 Canadian metropolitan areas over the same 10-year period.

For example, the large metropolitan areas surrounding Dallas and Houston, Texas and Atlanta, Georgia all experienced rapid population growth and rising incomes similar to Toronto, Vancouver and Montreal. But whereas shelter costs relative to income in the three American cities fell by 13 to 16 per cent—meaning housing became more affordable—shelter costs relative to income increased in the Canadian cities by 10.6 per cent in Vancouver, 8.5 per cent in Toronto and 1.8 per cent in Montreal.

Put differently, while the majority of U.S. cities included in the analysis simultaneously experienced population and income growth and increasing housing affordability, Canada’s largest cities—while experiencing similar population and income growth—became less affordable to live in.

“Housing affordability is crucial to attracting top talent, so municipal policymakers in Canada should investigate how American cities managed to grow and prosper while at the same time remain affordable in a way that Canadian cities have not,” Globerman said.

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