

Greedy developers

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The signs are posted everywhere along local highways letting people know of some new development going up somewhere.

Yeah, new homes!

Now find a bank to loan you the money and go into servitude for the next 30 years, because so much of your income is going to be allotted to your mortgage payments you won't be seeing the inside of a restaurant for three decades because you won't be able to afford a night out.

If you listened in your high school economics class during the portion on mortgages and how property taxes are calculated, you realize that over those 25 or 30 years, you will be paying the bank around three times the amount of money you borrowed.

If you made a loan to your neighbour of \$1000, and made him sign a contract saying he would repay you \$3000 for the loan of that money, that contract would not hold up in court. Banks operate differently.

Over the past decade the housing market is placing home ownership out of reach of many people and those that do manage to buy a home probably spend years just trying to come up with a down payment.

Because of the over-inflated price of housing, we now have a new dilemma ? absolute greed on the part of so called ?developers.'

I saw a sign on Highway 9 the other day announcing yet another new development near where I live.

It said they are building townhomes from the low \$500,000's, as if that is some kind incentive to go a take a look.

How is it possible that the price for a 1200-square-foot townhouse ? newly built ? is now \$150,000 more than a townhouse built and sold in the same area the previous year?

Unless these townhouses are equipped with gold-plated faucets and diamond-encrusted chandeliers, something is wrong.

This is just a townhouse. It is a dwelling built with common walls with your neighbour with no room for future expansion and slammed down in an area designed for high density living ? in a rural area no less.

A rise in price of that magnitude is in no way justified.

The cost of building materials has not increased exponentially with the price of these homes. Labour costs have not increased exponentially with the price of these homes, and the average income of a buyer has certainly not gone up to keep pace with the cost of housing.

However, these developers place this price on a home because they know some poor sucker, out of desperation, will take out a huge mortgage they can't afford because they need to have somewhere to raise their family.

This isn't a Bedouin area where roaming around with the family and pitching a tent is a reasonable way to live.

The only way to fight back is to not buy these homes. Don't be drawn in to a purchase and pay the price just because that is what they are selling it for. If consumers simply rejected an entire brand new subdivision because of absurdly over-priced houses, things would quickly change and those prices would come down to a reasonable level as the developer suddenly realizes the bank is calling

his number rather than yours.

I feel lucky. I purchased my modest home before prices skyrocketed and it was affordable. Even then I had to move to another town ? which luckily worked out for me.

However seeing these current home prices, I feel bad for any new couple trying to purchase their first home.

I was speaking to a realtor in King City who told me that almost no one who grew up there can now live in their own hometown near family because they can't afford to purchase in the town where they grew up.

Maybe it's time have another look at how towns are built and grow.

Currently, the developers have the means to buy huge tracks of land in the obvious growth areas meaning the average person is shut out ? completely ? and is at the mercy of what ever a developer decides to build there.

It would be a lot easier if people were given the opportunity to purchase a plot in a growth area and build their own home using existing home building contractors.

You would have knowledge of constructions costs, labour costs, and every other penny that goes into building a home rather just giving it all to the developer and a bank.

Of course you would need the cooperation of the town to have sewers and water mains constructed, but when everyone building there is contributing it would all even out.

If the current situation continues, we will have Bedouin-style camps sprouting up because no one will be able afford a real house built with bricks and lumber.