



Housing Justice

Forum for Housing Issues in Vancouver

Tuesday, November 26, 2013
8:30 a.m. – 10:00 a.m.
World Art Centre, SFU Woodward

The Housing Justice Project is a three-year university/community research and action plan funded by the Peter Wall Solutions Initiative

(<http://pwias.ubc.ca/page.php?/awards/solutions-awards/>) out of the University of British Columbia. More information about the Housing Justice Project can be found at www.housingjustice.ca.

Summary of Key Themes and Issues Identified

On November 26, an informal forum was held to gather perspectives on the delivery of rental and owned housing in Metro Vancouver. The forum brought together stakeholders in the residential housing market in Metro Vancouver. The meeting provided an opportunity for landlords, property managers, developers, and others involved in the housing sector to share concerns about and possible solutions to current key issues in housing policy. A number of representatives of various municipal governments in the region were also participants in the discussion.

The purpose of the forum was two-fold. First, the forum was to serve as an opportunity for those providing and administering rental housing in Metro Vancouver to share and discuss the range of issues, problems, and solutions that proceed from their perspectives on the current crisis around adequate housing in Vancouver. Second, the forum was organized to spur creative thinking about reform of housing policy and law in order to address the shortage of adequate housing in Vancouver. Insights from this forum will inform the Project's continuing research and figure in the development of policy alternatives for municipal, provincial, and federal levels of government.

Discussion was triggered by the following questions:

What works and doesn't work in increasing the provision of adequate housing stock that meets the needs of a diverse demographic in Metro Vancouver?

What can be done to improve policies, strategies and programmes about housing at the municipal, provincial and federal levels?

A number of key themes arose out of the forum. We have organized an overview of these contributions into three general categories: features of the current housing market; opportunities to increase housing stock; and, future directions.

A. Features of the Current Housing Market

1. *Vancouver as increasingly desirable place to live.*

Vancouver has historically had 1-3% vacancy levels. The City is a desirable place to live; people are willing to pay a premium to live here.

2. *The current political and economic environment impedes development opportunities for rental housing.*

Different types of developments occur depending upon the relevant social, political and economic environment. Developers described how they were able to deliver rental housing from 1989 - 1999 because land prices, construction costs, municipal charges, and rental rates were lower than now. In 2000, development costs rose. The building of condominiums increased and developing rental housing was considerably less profitable. It was also noted that changes within our province in terms of resource development have an effect on housing costs.

3. *Rental housing provision is cheaper in other areas of Metro Vancouver and in other provinces*

Some municipalities in Metro Vancouver have conditions that, comparatively speaking, favour the building of rental stock over other housing forms. (For example, Burnaby was mentioned as a more favourable economic and regulatory environment than Vancouver.) Differences are due to a variety of factors, such as land value and availability. Some noted that while they have historically concentrated on housing development in Metro Vancouver, currently they are more involved in housing development in Alberta, the Prairies, and Ontario, where profit margins are higher.

4. *Safety provisions/requirements complicate responsibilities of developers and property managers and municipal staff alike*

The downloading of costs related to occupant safety onto developers and landlords is a continuing challenge. Buildings that do not meet current regulatory standards are required to upgrade according to municipal codes. However, most affordable rental stock is in buildings with infrastructure (i.e. sprinklers) that is not up to code. Upgrading comes at significant cost for property managers. There are rent control mechanisms in place; costs cannot easily be passed down to tenants. If costs are incurred, landlords have few options but to engage in “renovictions” to upgrade as well as cover the costs. The other option is to operate illegally. Municipal staff is aware that preserving older buildings is necessary to keeping housing stock affordable, however, safety standards must be enforced. Municipalities are willing to work with managers and developers on addressing this issue.

5. Rental housing landlords inappropriately treated as social housing providers

Rental housing landlords are increasingly treated as if they were affordable housing providers, if not social housing providers. Yet, although profit margins are lower compared to other market developers, such landlords' aim still is to make a profit. Responsibility for social housing provision has been "downloaded" to private landlords by the general public, policy makers, CMHC.

6. Community backlash against affordable housing

Municipal staff and developers noted that though they would like to see increased rental housing density in local areas, it is difficult to convince communities of the desirability of such new housing developments. Some groups in the community are opposed to the increased density and change in development form required for purpose-built rental housing. Councils, consequently, are hesitant to go forward with rezoning processes in certain neighbourhoods.

7. Municipal tools and resources, including land, are limited

Municipalities have limited tools to assist in the creation of affordable housing. Some of these tools include rules around such things as strata conversions or "density bonusing". It is also difficult to coordinate all parties necessarily involved in the provision of new affordable housing. There is an increasing demand on municipalities to provide an array of community amenities. Some participants argued that affordable housing provision should be provided ahead of community amenities. Development cost charges (DCCs) and community amenity charges (CACs) are perceived to have immediate payback, whereas developing rental housing is not perceived in the same way. Others noted that the lack of uniform licensing between local governments can be an impediment (i.e. imposition of different building inspectors). Developers felt that municipalities generally create a too lengthy a delay for development approvals. It was also noted that municipalities in Metro Vancouver underuse municipal land. Such land could be used for rental housing provision. It was also noted that municipalities lack the resources, and the taxation powers, of senior levels of government.

8. Political timelines are not aligned with long-term rental stock planning and development

Rental stock is a long-term asset, but the political time horizon is not intergenerational. The latter is, rather, 3-5 years, the span of election. Developers and municipalities alike need long-term perspectives for market rental housing stock. A large master-plan for rental development is needed.

9. Expiration of Housing Agreements

Federal operating agreements are set to expire in the next few years (2017), with Vancouver alone losing subsidies on 900 units of non-market and co-op housing. Metro

Housing Corporation will also lose subsidies on 3,500 units. The federal government has stepped out of the housing delivery business. However, there is an opportunity to leverage legacy projects and protect the total number of rental and co-op housing units by finding a way to extend or renegotiate existing housing agreements

B. Opportunities to Increase Adequate Housing

1. *Preservation of existing housing stock and increasing density in existing stock*

Participants recognized that existing rental stock should be preserved alongside the construction of new rental units. Creating more density within existing stock through refurbished, smaller units was proposed. It is important to protect existing and aging rental housing stock with lower rents as a measure to ensure affordable housing.

2. *Striking balance between preserving and creating affordable housing stock necessary*

When new affordable housing units are created, it is often at the cost of more affordable, existing units being torn down to make way for market development. Increasingly, the condominium market has provided the bulk of new rental housing. Yet, condo rentals do not provide the same security of tenure as purpose-built rental housing. Even new building stock considered “affordable” is usually more expensive (and consequently less affordable) than the units such stock has replaced. Legalizing secondary suites is an important mechanism for increasing affordable housing, particularly in municipalities where it is illegal. Density bonuses are an effective tool to supporting rental housing in a mixed use building in perpetuity.

3. *Municipal streamlining of development process*

Municipalities can support architects by providing simplified, clear regulatory options,. Another improvement would be to provide a coordinated municipal point of contact. The goal of such a ;point would be to walk architects and homeowners through the regulatory framework that developers may be familiar with, but smaller, independent contractors may not. Overall, reducing uncertainty in the development permit process is to be emphasized.

4. *Purpose-built rental will be delivered where easier to do so*

Developers are looking to build and rebuild in areas like Alberta (where profit margins are ~7%) and Burnaby (which provides tangible incentives, for example, density bonuses.) But, generally, developers’ existing rental stock will last a long time if not redeveloped because property managers still put money towards the maintenance of these older buildings.

5. *Partnerships key for financing and building*

Partnerships between governments, developers, and non-profit housing providers are necessary for both effective discussion of, but also action towards, creative solutions and financing arrangements for rental housing delivery. The “P3” model can leverage the capital and knowledge of the business community. The distinction between non-market and market sectors is blurring. Non-market housing providers used to access subsidies/grants, which do not exist anymore. The non-profit sector is trying new models that include using the development of market housing to subsidize the costs of non-market housing. In this model the non-profit housing provider incurs the same costs as the for-profit sector, and develops market rental housing that the uses net operating income to subsidize the non-market housing. The more “free” land non-profit housing organizations get, the more rental income can be used to subsidize other projects. Generally, market level units can subsidize a portion of below market rental units without government subsidies.

6. *Lobbying senior levels of government*

No one at the forum predicted that the federal government will return to significant involvement in housing. However, some felt that lobbying and advocacy at the provincial and federal level were nonetheless necessary. The provincial government plays a role through property taxation (i.e. differentiating between existing rental and newer rental) and rent supplement programmes. It was suggested that the province should have institute a royal commission on the future of major urban development outside of Metro Vancouver, given social, economic and environmental changes underway.

7. *Municipal land*

Municipalities have land to make available for purpose-built rental housing. Municipalities can also use inclusionary zoning to facilitate social and rental housing. The *Local Government Act* should be amended to empower municipalities to zone based on tenure and to provide incentives to development based on tenure types.

8. *Soften regulations for safety provisions*

Maintaining affordable and adequate housing is costly. Developers/owners bear these costs. In light of unaffordability concerns, regulations for safety could be relaxed for older buildings. However, representatives of the municipalities were clear in their emphasis that safety is a key concern; municipalities are looking to create incentive programmes to improve safety.

9. *Financing and subsidies*

There are investors who already own buildings and are looking to redevelop sites with better “cap” rates. Many buildings will reach a point where they need to be redeveloped,

rather than maintained, although many buildings have another 50-60 year lifespan. There is a high demand for rental housing from stakeholders, including the investment community, but builders need more inducements. The newer buildings will have smaller units, but gross rents may not be much higher. It was proposed that amenity contributions could be pooled regionally. A number of participants argued that rent supplement programmes should be expanded to cover single renters, not just families, as is currently stipulated.

10. *Public Engagement and Density Issues*

Municipalities have an important role in educating the community on density issues and the role of rental housing as a public good. Residents do not necessarily understand or appreciate alternative public benefits. A mixed community with both owner occupied and rental housing has great social benefits.

11. *Leveraging construction costs to create affordability*

Design modifications such as reduced parking requirements could create more affordability. Expansion of the renovation tax credit would prompt personal renovations and encourage use of licensed builders. Such a programme could be introduced in the corporate sector, providing developers with write-offs, stimulating employment and encouraging renovations of existing rental stock. Further, affordability needs to be looked at more broadly, in terms of housing and transportation costs, for instance. Rental housing near transit systems is important.

C. Future Directions

1. Case studies of successful affordable housing initiatives by private, non-profit and public sector partnerships should be compiled and shared.
2. Metro Vancouver is updating its Regional Affordable Housing Strategy and engaging municipal stakeholders to identify the barriers to affordable housing, with a focus on promoting housing diversity.
3. Another forum specifically focused on affordable home ownership and non-market housing provision should be organized.

Appendix 1: List of Participants

Participants

1. Robyn Newton – City of Coquitlam
2. Jeff Nightingale – Prospero Realty
3. Amy Spencer – Landlord BC (Formerly Rental Housing Council)
4. Pat Bourque – Independent Architect
5. Brian McCauley – Concert Properties Ltd.
6. Michael Epp – City of North Vancouver
7. Karl Schmidt – Jordan Development Corp
8. Darren Kitchen – CHF BC
9. Andrea Gillman – City of Vancouver
10. Margaret Eberle – Metro Vancouver
11. Bernadette Mah – Peter Wall Solutions Initiative
12. Phil Boname – Urbanics Consultants
13. Barry Fenton – Mortgage Investment Association of BC
14. Claudia Freire – District of West Vancouver

Notetakers

15. Tamara White - SCARP
16. Krystie Babalaos – SCARP
17. Maureen Mendoza – SCARP/Housing Justice

Facilitators

18. Penny Gurstein - SCARP/Housing Justice
19. Margot Young – UBC Law/Housing Justice