

HOUSE

Rethinking the Housing Affordability Crisis

The 3rd Annual symposium in the *Rethinking the Region* series

Hosted by the Urban Studies Program, Simon Fraser University

Saturday, May 2, 2015 • 9:00 am - 4:00 pm

SFU Vancouver (Harbour Centre) • Labatt Hall, Room 1700

PROGRAM AND DISCUSSION GUIDE

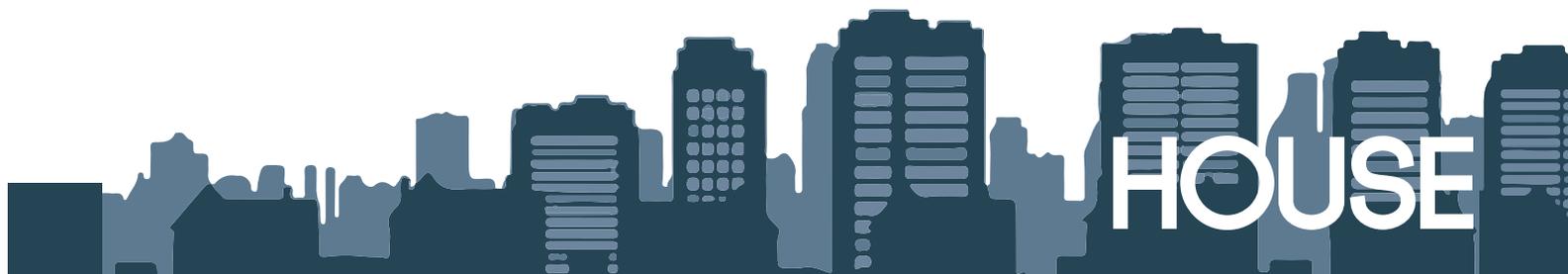


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WELCOME

Is it a crisis? Vancouver has been ranked second-to-last worldwide in housing affordability for six years running, and local polls show that 40% of residents regard the high cost of housing as the city's single biggest issue.

Welcome to **HOUSE: Rethinking the Housing Affordability Crisis**, the 3rd annual symposium in the *Rethinking the Region* series. SFU's Graduate Program in Urban Studies invites scholars, urban development professionals, planners and policy-makers, students and citizens to engage in a dialogue on housing affordability. This symposium responds to critical questions facing the region:

- What is a meaningful definition of housing affordability, which can be applied across socio-economic groups and regional contexts?
- Which municipal policies are most effective in incentivizing the creation of affordable housing?
- Can development, construction and operating costs be substantially reduced? Which, if any, mechanisms should be employed to moderate property values?
- How can alternative models of financing, ownership and tenure help to create a greater diversity of housing options?
- Can multi-lateral initiatives between municipalities contribute to affordability region-wide?

As participants in this symposium, we are all invited to be part of the solution. Join us to:

Dig deep; Reach broadly: To dig deeper into the complex problem of housing affordability, the **morning session** features a panel of experts who will discuss, using the best available evidence, key factors of the crisis. In the **afternoon session**, we'll look towards solutions, inviting a broad range of professionals, policy-makers, developers, designers and activists, to discuss their innovative contributions to creating more affordable housing.

Identify housing stressors across the region: Unaffordability impacts the region differentially. Some inner-city pockets experience more profound challenges in meeting housing demands than other, sometimes less-urbanized areas. But by adopting a regional perspective, we can explore **broad, systems-based solutions**, including considering the role of transportation, social supports and amenities, and regional infrastructures.

Explore issues along the affordability "spectrum": Challenges in housing affordability impact residents in virtually every socio-economic tier. Let's explore how the **causes, experiences, and solutions of unaffordability vary along a "spectrum" of housing stocks** – from supportive housing, to subsidized rental, to market rental and home-ownership.

Focus on evidence-based, local solutions: While exploring past, present and future models of housing, our focus is **real-world solutions**. We'll consider, for example: track records of municipal incentive programs for developers; local associations who have successfully secured alternative housing for their target communities; and a range of innovative built projects, here and elsewhere.

Thanks for joining us,

Dr. Karen Ferguson
Director, Urban Studies

AGENDA

8:30 - 9:00 Registration

9:00 – 9:10 Welcome: Ken Cameron, Adjunct Professor, SFU

9:10 – 9:20 Introduction: Frances Bula, Urban Issues Journalist

Morning Session: Defining the Housing Affordability Crisis

9:20 – 9:50 Andy Yan, Bing Thom Architects
“Housing in Vancouver: A Speculative Past, Present & Future”

9:50 – 10:20 David Ley, Dept. of Geography, UBC
“Housing unaffordability in the Lower Mainland: Causes & consequences”

10:20 – 10:50 Margaret Eberle, Metro Vancouver
“Housing in Metro Vancouver: A regional picture”

10:50 – 11:00 Questions

11:00 – 11:15 Coffee Break

Keynote Session: Ken Greenberg, Greenberg & Associates

11:15 – 12:00 *“Regent Park: Looking to the Future”*

12:00 – 12:15 Questions

12:15 – 1:00 Lunch Break

Afternoon Session: Current Solutions: A Regional Perspective

1:00 - 2:45 **Rapid-fire Panel**
Moderator: Frances Bula, Urban Issues Journalist
Mayor Jonathan Coté, City of New Westminster
Kira Gerwing, Vancity, Community Investing
Alice Sundberg, Innovative Housing Consultants Inc.
Don Luymes, Planning, City of Surrey
Janice Abbott, Atira Women’s Resource Society
Mukhtar Latif, CHO, City of Vancouver

2:45 – 3:00 **Move into Break-out Groups**

3:00 - 3:30 **Break-out Groups:**
Group 1: The Development Community (Leveraging incentives & partnerships (Room 2945)
Group 2: Alternative Financing Models (Room 2510)
Group 3: Alternative Owner & Tenure models (Room 2510)
Group 4: Government Leadership (Room 2520)
Group 5: Cost-saving housing models (Room 2945)
Group 6: Urban Design (Room 2520)

3:30 - 4:00 **Summarizing Remarks**
Frances Bula (Moderator) and Ken Cameron (SFU)

ACKNOWLEDGEMENTS

The organizing team of the HOUSE symposium thanks you for your participation:

Graduate Program and Urban Studies, Faculty & Staff

- Dr. Karen Ferguson (Director)
- Dr. Meg Holden
- Terri Evans

Student Co-ordinators

- Meghan Cross
- Sophie Fung
- Peter Marriott
- Natalie Ord
- Omer Rashman
- Adam Ulrich Rinne
- Karen Sawatzky

Symposium Organizer

- Dr. Danielle Wiley

SPEAKER BIOGRAPHIES

Keynote Address

Ken Greenberg is an urban designer, teacher, writer, former Director of Urban Design and Architecture for the City of Toronto, and Principal of Greenberg Consultants. Cities across the globe have benefited from his advocacy and passion for restoring the vitality, relevance and sustainability of the public realm in urban life. Ken received the 2010 American Institute of Architects Thomas Jefferson Award for Public Design Excellence and the 2014 Sustainable Buildings Canada Lifetime Achievement Award. He is a co-founder and Visiting Scholar at the City Building Institute at Ryerson University. He is the author of *Walking Home: the Life and Lessons of a City Builder* (Random House).

Morning Session

Andy Yan is a senior urban planner with Bing Thom Architects and a researcher with BTAsworks, the firm's research and development division. He has extensively worked in the non-profit and private urban planning sectors, and his projects have spanned Vancouver, San Francisco, New York City, Los Angeles, and New Orleans. He specializes in the fields of urban regeneration, applied demographics, Geographic Information Systems, neighborhood development, public outreach, social media, and quantitative research.

Margaret Eberle is a Senior Housing Planner at Metro Vancouver (truthfully, the only housing planner!). She works with municipal members of Metro to further the region's growth strategy and affordable housing strategy goals. Prior to working at Metro, Margaret was a consultant working in the area of housing policy and an adjunct professor at SCARP.

David Ley is Professor of Urban Geography at UBC, where his research interests include immigration, gentrification and housing affordability. He is the author of *Millionaire Migrants*, a study of wealthy East Asian migrants to Vancouver. His current project is examining house bubbles and their consequences in five world cities.

Afternoon Session

Mayor Jonathan Coté served three terms on New Westminster City Council before being elected as Mayor in 2014. Jonathan is Vice Chair of the Regional Planning Committee, a member of the Housing Committee, the Mayors' Committee, Performance and Procurement Committee and the Zero Waste Committee, and is also a member of the TransLink Mayors' Council. Jonathan resides in the city with his wife Alix and their daughters Renee, Leah and Violet.

Kira Gerwing is a Manager of Community Investment for Vancity Credit Union, where she focuses on Social Purpose Real Estate. Prior to Vancity, she worked for 8 years as a planner in the Downtown Eastside neighbourhoods for the City of Vancouver. While her work has centred on local economic development, she has experience in a variety of sectors: affordable housing, social purpose real estate development, local food, materials diversion, the creative economy, community-based forestry, sustainable fisheries, and eco-tourism.

Alice Sundberg is a housing and community development consultant based in Vancouver BC. Previously, Alice has been involved in social housing advocacy, education and development since 1981, including 16 years as a Development Consultant for co-op and non-profit housing, and 11 years as the Executive Director of the BC Non-Profit Housing Association.

Don Luymes is the Manager of Community Planning for the City of Surrey, responsible for sustainability and growth management, city-wide and neighbourhood planning, and policy development in areas including housing, environment, heritage and social planning. Don lectures regularly in the SFU City Program and is an Adjunct Professor of Urban Design in the School of Architecture and Landscape Architecture at UBC.

Janice Abbott has been the CEO of Atira Women's Resource Society since 1992 and is the CEO of the Atira Group of companies (Atira Property Management Inc., Atira Development Society, Atira Women's Arts Society and The Painter Sisters). Janice led the Society from its inception as a single transition house located in South Surrey, to a large multi-service agency with more than 500 staff. She's headed up numerous capital projects and has led the introduction of recycled shipping container housing to Vancouver.

Mukhtar Latif is Chief Housing Officer at the City of Vancouver. He is responsible for developing and implementing housing strategies and policies to enable more housing affordability within the city. Mukhtar is also the Chief Executive of the newly formed Vancouver Affordable Housing Agency which has been tasked to develop 2,500 new affordable homes by 2021.

Moderator

Frances Bula is a journalist specializing in urban issues and city politics in the Vancouver region. She has a regular column in Vancouver magazine and Urban Fix, and makes frequent contributions to the Globe & Mail's B.C. section and Report on Business. She has received numerous regional and national awards over her 20-year career. She is frequently invited to give political commentary for CKNW and CBC radio.

INTRODUCTION TO A HOUSING CRISIS

The headlines are constant: Metro Vancouver is, for many of its residents, a superlatively—and increasingly—unaffordable place to live. A steady stream of studies and statistics announce the scale of the problem: Vancouver has the second most expensive housing market in the world¹; Vancouver’s home prices are reaching new records²; the “million dollar line” in the city is moving east.³ Vancouver’s housing prices are even notorious in popular culture, from Rick Mercer sketches to the website “Crack Shack or Mansion”.⁴

These are simplistic representations of housing affordability in Vancouver; there is plenty of nuance to study to fully understand the issue. But there is little doubt that housing affordability in Vancouver is in crisis. Recent plans policy documents from the City of Vancouver and Metro Vancouver have not hesitated to use the term⁵, and governments, scholars and the private sector are devoting considerable attention to the question of housing. Simple answers, however, remain elusive. A housing crisis is really a series of individual crises. The challenges that individuals and families face in accessing affordable, accessible and appropriate housing are different, and overall statistics cannot adequately capture the diverse nature of the problem.

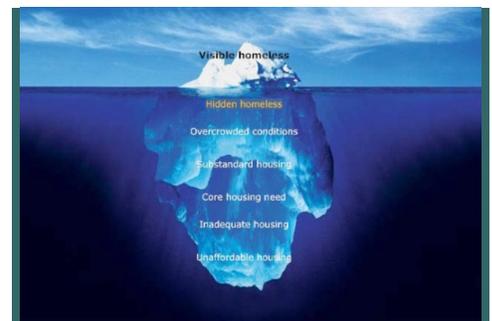
Nonetheless, a broad understanding of the scale of the housing affordability crisis in Vancouver is essential as we embark upon a day of discussion and debate. This introduction provides a survey of evidence of a housing affordability crisis in our region, and some of the factors that are put forward to explain how it has arisen.

Evidence and Indicators of a Housing Affordability Crisis

Discussions of housing affordability bring to light the plural and changing nature of housing in contemporary society. Housing is a fundamental human right, but also a commodity. Housing is a matter of public policy, but virtually all housing is now built through private development. Housing appreciates in value based on its community context, but these gains are allocated to individual owners.⁶ Housing enables—or prevents—the formation of diverse communities, and is an important way in which people realize—or fail to realize—their right to the city.

Metaphors for a Housing Crisis

Perhaps the most immediately visible evidence of a housing affordability crisis is the persistence of street homelessness, prompting calls for governments to respond by eliminating homelessness. But housing issues are interrelated. An iceberg is a common metaphor for housing affordability, and visible homelessness is just its tip. In its most recent homeless count report, Metro Vancouver uses the following image to convey that systemic interventions to address homelessness may require addressing issues throughout the iceberg.⁷



Many housing policies refer to a continuum of housing. The City of Vancouver, for example, uses the following illustration in its Housing and Homelessness Strategy⁸:



This metaphor makes apparent that people facing challenges at any particular position on the housing continuum cascade to other housing types. For example, if relatively higher income households cannot access new market housing, they occupy older and less expensive rental housing in place of lower income households. However, investing public funds in all parts of the housing continuum is a challenging political proposition: the City of Vancouver has been criticized, for instance, for providing incentives to the private sector to build rental units targeting households earning \$80 thousand annually.⁹

But Metro Vancouver does face an integrated housing affordability crisis—one that impacts people at most income levels. Achieving an integrated policy and market response to this crisis remains an uncertainty.

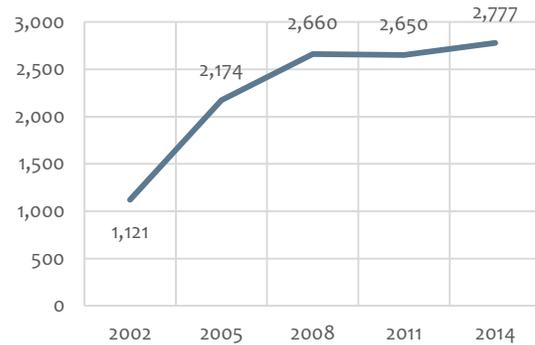
Homelessness

Metro Vancouver has coordinated a region wide count of homeless persons every three years since 2002—usually in March. The count attempts to enumerate all people living on the street, in shelters or with no fixed address. Homeless counts are known to be undercounts of the true homeless population, but they provide a broad understanding of trends over time.

There is a large and consistent population of homeless people in Metro Vancouver, and their numbers have grown considerably since 2002. Over this period, more people have been able to access emergency housing such as shelters, but no reduction in the overall number of homeless people has been achieved.

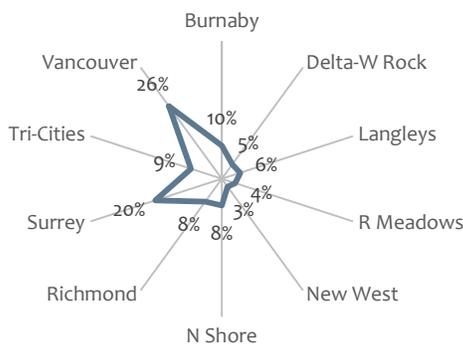
The homeless population counted in 2014 was highly concentrated in the City of Vancouver; the City had, as of the most recent census, 26 per cent of Metro Vancouver’s population, but 65 per cent of homeless persons counted. Vancouver has more established services and resources for homeless people; some cities, such as Burnaby¹⁰, have chosen not to provide social services as it is not part of municipalities’ formal jurisdiction.

Homeless Counts
Total Homeless Persons Counted in Metro Vancouver Counts, 2002-2014

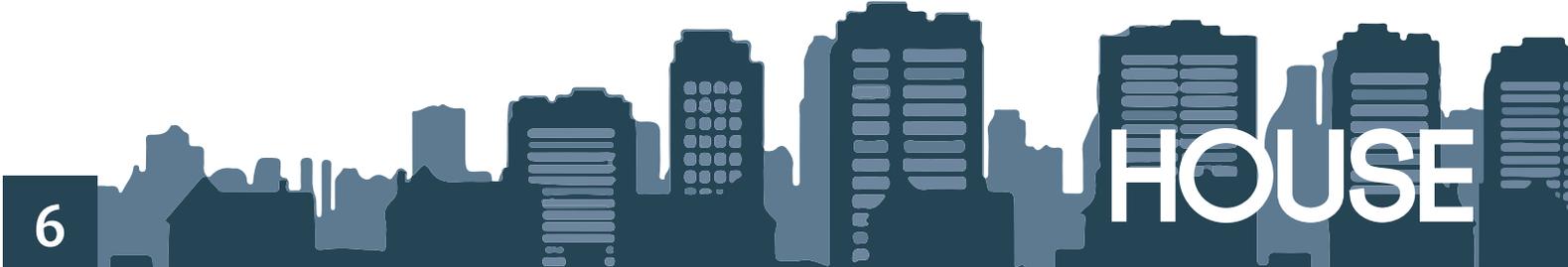
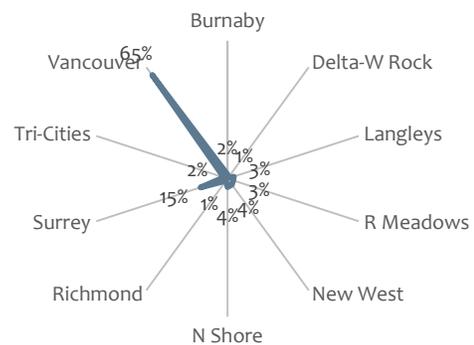


Source: Greater Vancouver Regional Steering Committee on Homelessness, 2014

Population Distribution
Percentage of Metro Van Population in Indicated Areas, 2011 Census



Population Distribution
Percentage of Persons Counted in Indicated Areas, 2014 Homeless Count



Housing Supply

To the extent that it is market commodity, housing is impacted by changes in supply and demand. In principle, then, an affordability crisis is created when low supply and/or high demand leads to an increase in prices.

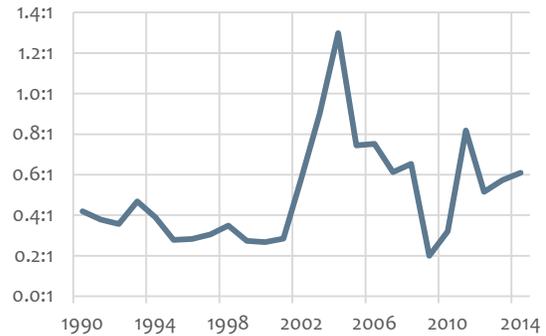
Based on data from the Canadian Mortgage and Housing Corporation (CMHC), Metro Vancouver has seen high levels of new housing being constructed over the past 25 years. However, in recent years housing starts appear to have become more variable with economic cycles. From 1990 to 2001, the rate of housing starts correlated closely to population growth in Metro Vancouver; since that year, the ratio of housing starts to population growth has fluctuated. Housing is susceptible to broader economic trends, with impacts for affordability.

Although 35 per cent of Metro Vancouver households are rented,¹¹ this has not been reflected in new construction for the past 25 years. Due to the introduction of programs by local governments to incentivize rental construction, 2014 was a record year for new rental development. Even so, only 17 per cent of new construction was purpose built rental housing.

Population projections for Metro Vancouver suggest that nearly one million net new residents will arrive in the region by 2040, which will inevitably increase pressure on the housing stock.¹²

Housing Starts and Pop.

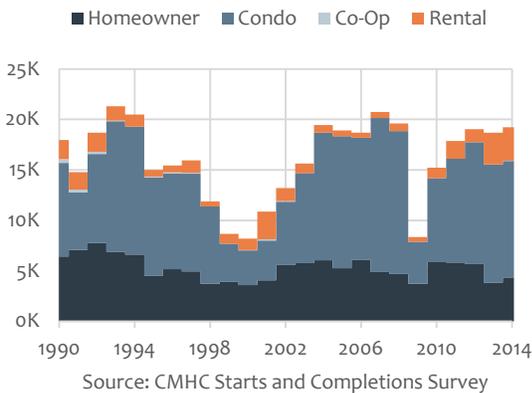
Ratio of New Construction to Annual Est. Population Increase, 1990-2014



Source: CMHC Starts and Completions Survey and BC Stats Population Estimates

Housing Starts

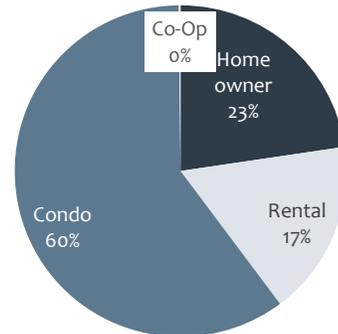
Metro Vancouver New Construction by Housing Market, 1990-2014



Source: CMHC Starts and Completions Survey

Housing Starts

Metro Vancouver New Construction by Housing Market, 2014



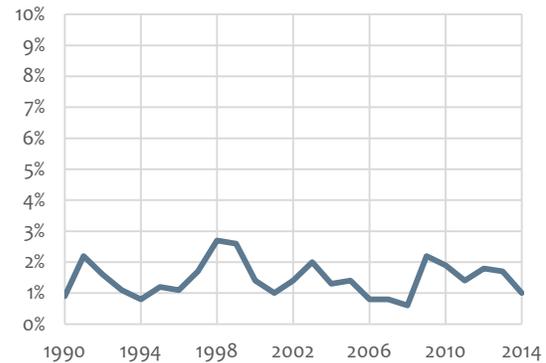
Rental Housing Supply and Costs

A consequence of the lack of new rental construction is a chronically low vacancy rate in Metro Vancouver’s rental housing market. In fall 2014, Metro Vancouver’s overall vacancy rate was one per cent. Typically, researchers understand a “healthy” rental market to have a vacancy rate of around three per cent.¹³ Low vacancies were also observed among the secondary rental market: even though 25 per cent of condos in Metro Vancouver are used for rental, the vacancy rate for this market was even lower, at 0.7 per cent in 2014.¹⁴

Over time, the number of purpose built rental units has declined. New rental construction is not replacing older rental stock. Rental units oriented toward families are particularly scarce: from 1990 to 2014, the number of two bedroom units in Metro Vancouver declined by 12 per cent, and the number of three or more bedroom units declined by 33 per cent.

Rental Housing Vacancy

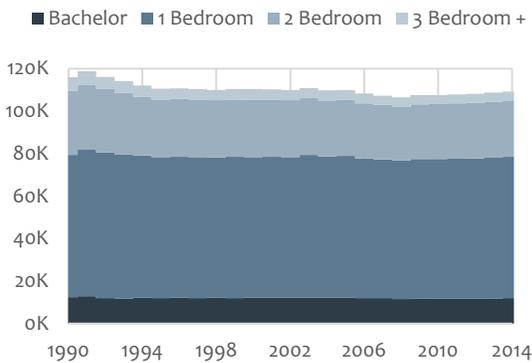
Metro Vancouver Vacancy Rate for Rental Housing, 1990-2014



Source: CMHC Rental Market Survey

Rental Housing Supply

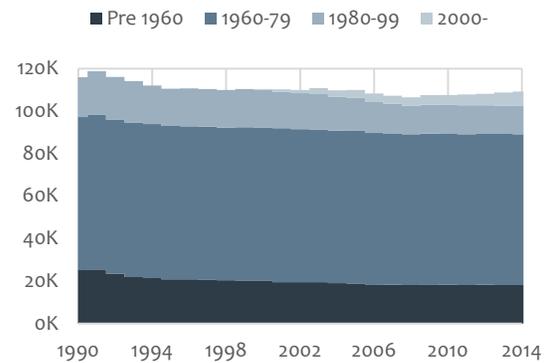
Rental Units in Metro Vancouver by Number of Bedrooms, 1990-2014



Source: CMHC Rental Market Survey

Rental Housing Supply

Rental Units in Metro Vancouver by Period of Construction, 1990-2014



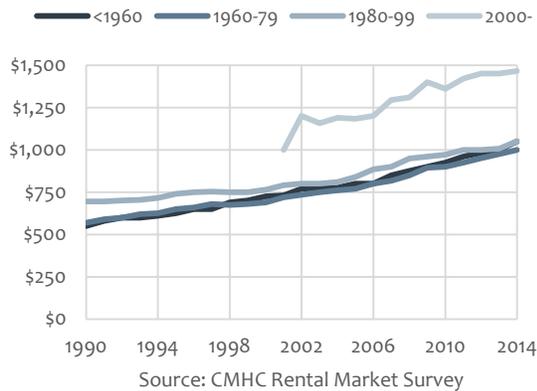
Source: CMHC Rental Market Survey

Rental housing costs have increased steadily over time. From 1990 to 2014, the overall median rent in Metro Vancouver increased by 77 per cent. In addition, new rental units are also less affordable than older units. There is a gap of approximately \$400 between the median monthly rent for rental housing built after 2000 and housing built before 2000 in Metro Vancouver.

Rent in Metro Vancouver is high, but is not the highest in the country: among large census metropolitan areas, median rent for a two bedroom apartment was highest in Calgary and Edmonton in fall 2014.

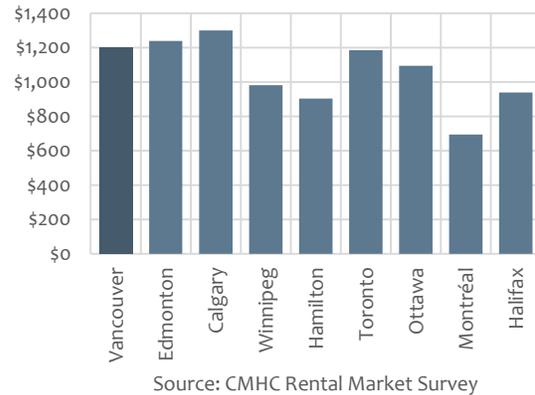
Rental Housing Costs

Metro Vancouver Median Rent by Period of Construction, 1990-2014



Rental Housing Costs

Median Two-Bed Apartment Rent, Selected Census Metro Areas 2014



Owned Housing Costs

The purchase price of housing in Metro Vancouver has increased drastically over time; from 1990 to 2014, the median price of houses and condos in the region has quadrupled. Valid comparisons with other cities are challenging because of different types and mixes of housing construction in each city, but the average price of single family housing in Metro Vancouver is the highest of any large metropolitan area in Canada.

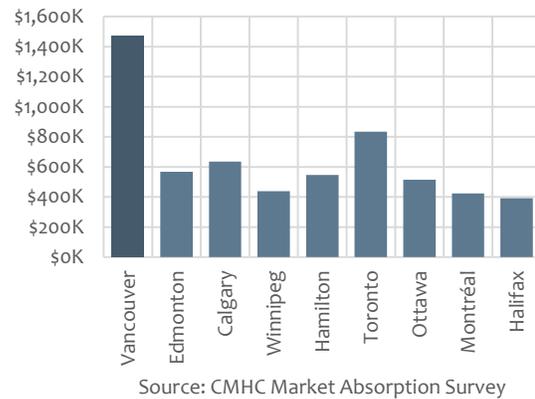
Ownership Costs

Metro Vancouver Median Costs of Owned Housing Units, 1990-2014



Ownership Costs

Avg Single-Detached Home Price, Selected Census Metro Areas 2014

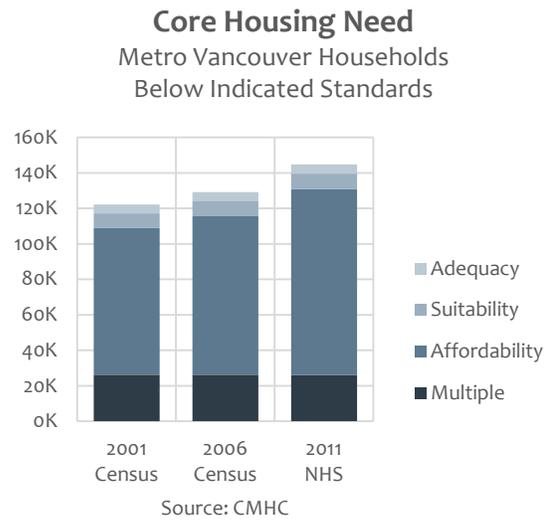
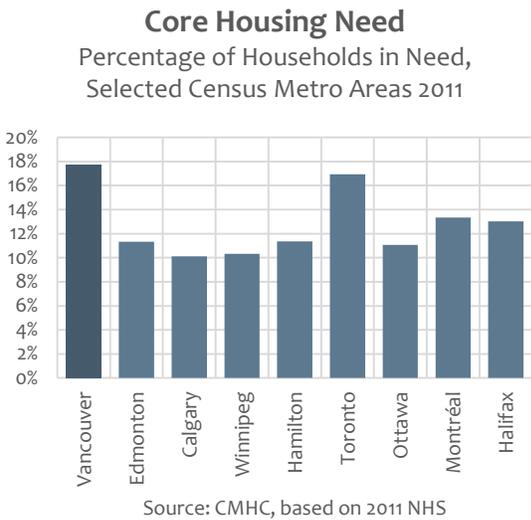


Costs and Income: Housing Affordability

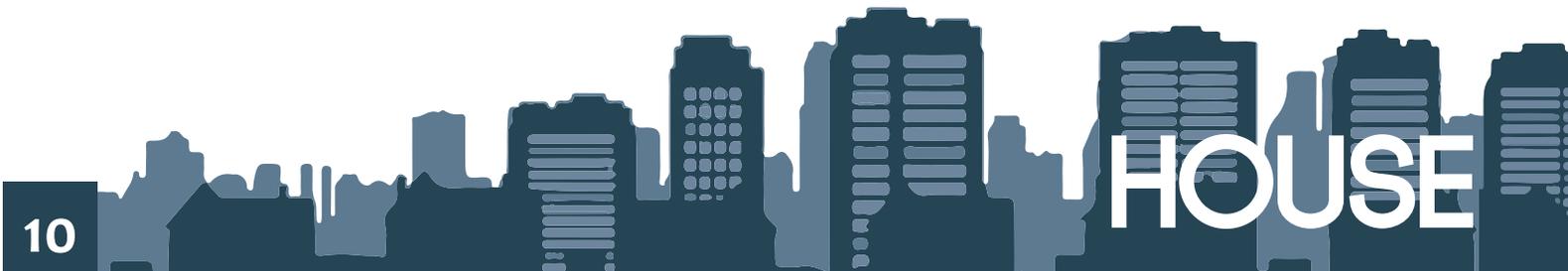
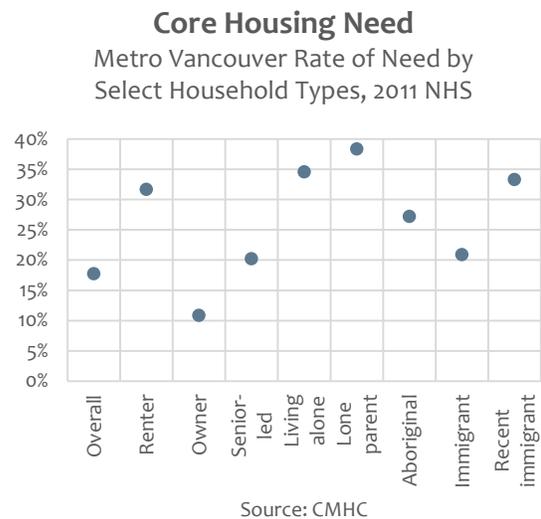
Housing affordability also needs to be understood in terms of people’s ability to purchase housing. CMHC defines households as being in “core housing need” if they fail to meet any of three criteria:

- A home is **adequate** if it is not in need of major repairs.
- A home is **suitable** if it has enough bedrooms to accommodate the number and family configuration of persons living in it.
- A home is **affordable** if shelter costs are less than 30 per cent of household income.

Based on 2011 National Household Survey (NHS) estimates, Metro Vancouver has an estimated 145 thousand households considered to be in core housing need, or almost 18 per cent of households. This is the highest rate of any census metropolitan area in Canada, and the number of households in Metro Vancouver in core housing need is increasing.



A number of intersecting social, economic and demographic factors make housing adequacy, suitability and especially affordability more challenging. Based on 2011 estimates, the rate of core housing need in Metro Vancouver is 79 per cent higher for renter households than for all households; 116 per cent higher for lone parent led households; 53 per cent higher for households led by persons with Aboriginal identity; and 88 per cent higher for households led by people who immigrated between 2006 and 2011.



Why a Housing Affordability Crisis?

There is no single and simple explanation for the emergence of a housing affordability crisis in our region. Housing affordability is a challenge for many cities around the world. This section reviews some of the possible explanations, but it is incomplete and speculative.

One possible explanation is the general decline in public spending on social programs starting in the 1980s. The federal government has almost completely exited from playing a role in building or enabling housing directly. Meanwhile, provincial governments have cut social welfare programs and benefits. This has put pressure on local governments to address large scale housing needs with limited resources, with the result that comprehensive strategies to address housing affordability have not yet been successful. In this explanation, housing unaffordability is a consequence of political choices: federal and provincial governments have transferred more of the costs of housing and social supports to municipal governments and, especially, to the private sector. In this political environment, the housing market may be more strongly influenced by market volatility.

Others argue that local land use and development policy choices in cities have limited housing supply and increased costs. Examples of policy choices include limiting developable land—with some arguing, for instance, that the preservation of agricultural land has drastically driven up the cost of housing development.¹⁵ Other examples are municipal restrictions, processes and development costs charged by cities.¹⁶ From this point of view, policies intended to provide public benefits might have the opposite effect. Related arguments are made that municipal zoning and development permitting processes limit the capacity of the private sector to deliver affordable housing, such as by making some affordable housing types unfeasible.¹⁷

Housing is also subject to changing local and international dynamics. A frequently heard argument in Vancouver is that a substantial portion of housing (particularly new housing) is used as a financial investment by people in other countries, thus further limiting accessible housing supply and increasing prices. However, its impact remains unclear: research in the City of Vancouver noted large data challenges in measuring this phenomenon, and was unable to assess its impact or propose any ways to address it.¹⁸ Meanwhile, the emergence of new short term rental economies (such as AirBnB) may also impact supply and affordability, though their effect has yet to be tested.

Measuring, assessing and disentangling these and other factors is extraordinarily difficult. And some arguments suggest that it may not be fruitful. For some, the root of the housing affordability crisis is a philosophical and conceptual problem: that of treating housing as a commodity. On this view, subjecting the basic need of housing to the caprice of the capitalist marketplace is the core problem, and solving the problem must entail re-framing it as a public good and a basic right.¹⁹ In that case, all that is needed to solve the housing affordability crisis is a revolution.

Discussion Questions

- Who should be able to live in Metro Vancouver? Who can live in Metro Vancouver?
- Whose responsibility is it to solve the housing affordability crisis?
- Can Metro Vancouver be sustainable if it is unaffordable?
- Does solving the housing affordability crisis require bigger societal changes?

Notes

1. "Vancouver's Housing 2nd Least Affordable in World," CBC News, January 21, 2014, www.cbc.ca/news/canada/british-columbia/vancouver-s-housing-2nd-least-affordable-in-world-1.2505524.
2. Brent Jang, "Vancouver Housing Prices Head Toward New Record High," *The Globe and Mail*, November 4, 2014, www.theglobeandmail.com/report-on-business/economy/housing/the-real-estate-beat/vancouver-housing-prices-head-for-new-high/article21430079.
3. Andy Yan, "The Erosion of Vancouver's One Million Dollar Line," *BTA Works*, March 2, 2013, www.btaworks.com/2013/03/02/the-erosion-of-vancouvers-one-million-dollar-line.
4. For Rick Mercer see <http://youtu.be/yqnoseUyPDg>; for "Crack Shack or Mansion", see www.crackshackormansion.com.
5. See e.g. City of Vancouver, *Downtown Eastside Local Area Plan*, adopted by City Council on March 15, 2014.
6. Matt Hern, concluding comments at "Vancouver in the 21st Century" (presentation at Simon Fraser University, September 24, 2014).
7. Greater Vancouver Regional Steering Committee on Homelessness, *Results of the 2014 Homeless Count in the Metro Vancouver Region*, www.metrovancouver.org/services/regional-planning/homelessness/HomelessnessPublications/2014MVHomelessCountJuly31-14Results.pdf.
8. City of Vancouver, *A Home for Everyone: Housing and Homelessness Strategy 2012-2014*, vancouver.ca/housing.
9. Nathan Crompton, "Unpacking Vision's Lies on Affordable Housing," *The Mainlander*, November 14, 2014, themainlander.com/2014/11/14/unpacking-vision-lies-on-affordable-housing.
10. Derek Corrigan, "Burnaby Mayor: Cities Can't Solve Homelessness Alone," *The Tyee*, October 31, 2014, theyee.ca/Opinion/2014/10/31/Derrick-Corrigan-Homelessness.
11. Adapted from Statistics Canada, 2011 National Household Survey estimates.
12. Adapted from BC Stats PEOPLE Population Projections Database, September 2014.
13. Federation of Canadian Municipalities, *No Vacancy: Trends in Rental Housing in Canada*, 9, www.fcm.ca/Documents/reports/FCM/No_Vacancy_Trends_in_Rental_Housing_in_Canada_EN.pdf.
14. Adapted from CMHC Secondary Rental Market Survey, 2014.
15. For an extreme example of this view, see Wendell Cox's *Demographia* website.
16. For research into this issue, see the *Getting to Groundbreaking* project initiated by the Greater Vancouver Homebuilders Association and carried out by Simon Fraser University Urban Studies.
17. Tracy Sherlock, "UDI/Vancity Housing Affordability Index: Townhouse Gap Affects Entire Housing Market," *Vancouver Sun*, February 13, 2015, www.vancouver.sun.com/business/affordability/Vancity+Housing+Affordability+Index+Townhouse+affects+entire+housing+market/10809374/story.html.
18. Vancouver Mayor's Task Force on Housing Affordability, *Academic Working Group - Foreign Investment Report*, 2012, vancouver.ca/files/cov/committees/mayors-task-force-housing-affordability-foreign-investment-report.pdf.
19. On the right to the city, see e.g. David Harvey, *Rebel Cities* (London: Verso, 2012).

THE ROLE OF GOVERNMENT

As market priced housing is unattainable for many residents, all levels of government play a critical piece in producing and maintaining affordable housing.

Role of Federal Government

Historically, the federal government played a significant role in creating affordable housing. After World War II, the national housing agency, Canada Mortgage and Housing Corporation¹, was created to administer programs to house returning veterans.² The federal government continued to play a large role in proceeding decades as it took on public housing and urban renewal projects.³ In the 1970s, CMHC focused on the creation of non-profit and co-op housing through various funding initiatives. By 1978, 164,000 units of public housing were built.⁴

With a review of federal housing expenditures in 1984, the government resolved to shift its focus to instead assist families with very low incomes and new initiatives were to be shared with provincial governments.⁵ A decade later, in the 1996 'Budget Plan,' the federal government announced that it phase out its remaining administrative role in social housing to provinces and territories.⁶

Today, CMHC provides research, acts as an international advisor on housing and assists Canadians with financing options.⁷ The national housing agency also delivers the federal government's housing agenda and programs, which include funding to create, preserve and adapt affordable housing.⁸ One such program is the renewal of the Homelessness Partnering Strategy, which will contribute \$119 million every year over five years to provide housing, and support services to Canadians who experience extended homelessness.⁹

Role of Provincial Government

Similar to other provinces and territories across Canada during the 1960s, British Columbia formed its own provincial housing corporation.¹⁰ In 1967, the British Columbia Housing Management Corporation (BC Housing) became responsible for developing new social housing under the Provincial Housing Programs; these programs include the administering of the Shelter Aid for Elderly Renters Program, Rental Assistance Program, licensing of builders, overseeing third-party home warranty insurance system, and administering a variety of federal and provincial housing programs.¹¹ Its mandate is to fulfill the BC government's "commitment to the development, management and administration of subsidized housing as set out in the Government's Letter of Expectation as reflected in an Order-In-Council under the Ministry of Lands, Parks and Housing Act."

In 2006, the provincial housing strategy, *Housing Matters BC – A Housing Strategy for British Columbia* was adopted to support the changing needs of low- and moderate-income households. The strategy's six goals include:

- The homeless having access to stable housing with integrated support services,
- BC's most vulnerable citizens receive priority for assistance,
- Aboriginal housing need is addressed, low-income households have improved access to affordable rental housing,
- Homeownership is supported as an avenue to self-sufficiency and BC's housing and
- Building regulatory system is safe, stable and efficient.

Through the Strategy, the province will also be spending \$300 million over the next five years to expand its rental assistance programs and build 100 new non-profit housing units.¹²

In 2013/2014, BC Housing connected 6,770 homeless people to housing through initiatives like the Homeless Outreach Program, the Aboriginal Homeless Outreach Program and gateway services offered through the Emergency Shelter Program. Last year, BC Housing also created more than 1,500 units of affordable housing in communities across the province. 481 of the units were built under the Community Partnerships Initiative, 480 units from the Memoranda of Understanding with local governments and 56 units from the Canada/BC Investment in Affordable Housing. In the Lower Mainland 64,280 households were assisted through subsidized housing.

Role of Regional Government

Metro Vancouver plays multiple roles in facilitating affordable housing in the region. The regional body operates Metro Vancouver Housing Corporation, a non-profit housing organization responsible for developing social housing under programs funded by the federal government, including the Homelessness Partnering Strategy.¹³ Metro Vancouver also sets regional housing strategies, for example in 2007, the *Regional Affordable Housing Strategy 2007* was adapted to increase the supply and diversity of modest cost housing, eliminate homelessness across the region, and meet the needs of low income renters. In 2011, *Metro 2040* was adopted to provide a growth management framework for the region with a focus on residential and employment growth in frequent transit development areas and urban centers.

Furthermore, the regional government provides housing data and research to its 21 municipality partners and convenes municipal staff and politicians from across the region to discuss housing issues. Finally Metro Vancouver advocates to senior governments for housing resources and policies.

Role of Local Government

It is not within the jurisdiction of local governments to provide affordable housing.¹⁴ However, within the Local Government Act, municipalities across the region can enact tools to increase housing affordability all along the housing continuum, such tools include:

- Regulatory measures which use planning development control processes to increase and encourage housing supply (area and land use and community plans, density bonuses, inclusionary policies, or small lot zoning);
- Fiscal measures that are designed to improve the economics of housing production such as direct funding, provision of city owned land, and relief from fees and charges;
- Direct service provision through a housing corporation (e.g. Bowen Island Municipal Housing Corporation) that provides housing and support services to low and moderate income households;
- Education and advocacy to build community awareness and support for affordable housing, guides for developers and advocacy for increased provincial and federal government support.¹⁵

Examples of municipal tools used to encourage affordable housing are demonstrated in Richmond's Kiwanis Tower. Along with a multi-stakeholder approach, the City of Richmond employed its Affordable Housing Strategy (goal to provide rental housing options that meet the income requirements of low to moderate income households), inclusionary zoning, density bonusing, and waived development cost charges to provide 296 low-end market rental units for low-income seniors.

In the case of North Vancouver, Chesterfield House, a 24 unit supportive housing building was made affordable due to a joint partnership between the City of North Vancouver, BC Housing and Marineview Housing Society. Through the use of the City's Affordable Housing Reserve Fund, increased density, reduced parking requirements, sustainable and energy efficient building practices and infill development, a variety of unit types were made available for mental health clients.

Discussion Questions

- How can local and regional governments effectively advocate for the provision of affordable housing from senior levels of government?

- Besides funding, are there additional methods by which different levels of governments can provide leadership on the affordable housing issue?

- Should different levels of government be responsible for contributing to different parts of the housing continuum?

Notes

1. Canada Mortgage and Housing Corporation, “History of CMHC,” 2015, www.cmhc-schl.gc.ca/en/corp/about/hi/index.cfm.
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4. Ibid.
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6. Government of Canada, Department of Finance. “Budget Plan 1996 - Budget Plan,” fin.gc.ca/budget96/bp/bp96e.pdf.
7. Canada Mortgage and Housing Corporation, “What CMHC Does,” 2015, www.cmhc-schl.gc.ca/en/corp/about/whwedo/index.cfm.
8. Ibid.
9. Government of Canada, “Homelessness Partnering Strategy,” *Canada’s Economic Action Plan*, January 2015, actionplan.gc.ca/en/initiative/homelessness-partnering-strategy.
10. See supra note 3.
11. Content on the provincial government’s role in housing is paraphrased from: BC Housing, *Housing Matters BC – Housing Strategy for British Columbia: A Foundation for Strong Communities*, 2014, www.housingmattersbc.ca/docs/HousingMattersBC_2014.pdf; and BC Housing, *2013/2014 Annual Report*, www.bcbudget.gov.bc.ca/Annual_Reports/2013_2014/pdf/agency/bch.pdf.
12. Metro Vancouver, *Regional Affordable Housing Strategy Update – Discussion Paper*, 2014, www.metrovancouver.org/services/regional-planning/PlanningPublications/HOU_StrategyUpdate.pdf.
13. Information on the role of the regional government is paraphrased from *Metro Vancouver’s Affordable Housing Strategy Update – Discussion Paper*. See supra note 12.
14. Metro Vancouver Regional Housing, *What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities*, 2012, www.metrovancouver.org/services/regional-planning/PlanningPublications/1267_WhatWorks_LR.pdf.
15. Information on the role of municipalities has been extracted from *Metro Vancouver, What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities*. See supra note 14.

ALTERNATIVE OWNERSHIP AND TENURE MODELS

Alternative ownership and tenure models have the potential to increase the range of affordable housing options available. This backgrounder provides an overview of some examples found in Metro Vancouver.

Housing Co-operatives

Housing co-operatives' (co-ops) come in many shapes and sizes, ranging from townhouses and small buildings with just a few units to large, apartment-style complexes with many units. Some co-ops are geared towards families, while others provide housing options for individuals or a mix of both. All co-ops are democratically run and jointly owned by the housing members, who purchase a share in the co-op and pay a monthly housing charge. Members elect a resident board of directors, approve the annual budget, and set policy, including determining the amount charged for housing. Members are often required to participate on committees which take on a number of tasks, including building and grounds maintenance. This helps to both keep costs low and build a strong sense of community. Most co-ops in Canada are non-profit corporations, meaning members do not own equity in their housing. They do, however, have security of tenure and can remain in their unit for as long as they wish providing they abide by the co-op's rules and pay their monthly housing charge.

Since housing charges are set to cover the costs of running the co-op, co-ops can offer housing that is affordable relative to private sector rental costs. Some co-ops offer subsidized units for lower income members in which the housing charge is adjusted to the income of the household. The balance of the cost is covered through government funding (federal/provincial/municipal). Most co-ops have waiting lists, which are particularly long for those in need of subsidized housing. The standard wait time in BC can be anywhere from three months to three years.

From 1973 to 1991 the federal government was involved in the development of housing co-ops through various programs under the Canadian Mortgage and Housing Corporation. Long-term operating agreements coinciding with the length of the mortgage for the project were put into place, assuming that once the mortgage was paid off there would be no need for further government support and that revenues would be high enough to pay for on-going operating expenses and future capital and repair costs. While the government has continued to honour existing operating agreements, many of them are expiring causing concern that this will mean the loss of the rent geared to income assistance for low income members. Once federal funding ends, co-ops may also need to raise housing charges in order to remain financially viable.²

Equity Co-ops

Equity co-ops are a subset of housing co-ops that are financed by members without the aid of government subsidy. In equity co-ops members purchase a share that is equal to the value of the housing they will occupy, which can range from the market price to the cost of development. When members leave, their shares are sold back to the co-operative to find new members. The re-sale price may be limited to a percentage of the market value or based on the original purchase price plus inflation in order to maintain affordability for successive owners.³ Almost all equity co-ops in BC are seniors' projects. This is in part because some municipalities have identified a need for affordable seniors housing, with equity co-ops being specified as a preferred tenure, and in part because seniors are more likely to have equity and access to capital relative to families. In BC equity co-op members do not hold individual title to their units, but rather hold a share in the co-op as a whole. This means that all members share in the liability created if another member defaults. Because of this as well as poor market conditions, many equity co-ops in BC have converted, or are in the process of converting, into strata title status.⁴

Collaborative Housing

Originating in Denmark in the 1960s, cohousing⁵ is an intentional, collaborative housing model in which future residents participate in the planning, design, development and operation of the community to ensure that it meets their needs. Cohousing communities consist of privately owned homes with access to common areas, such as gardens, courtyards, a playground and a common house. The common house is the social centre of the community, and typically contains recreational facilities, guest rooms, and a large kitchen and dining room. While the method of ownership can vary, cohousing communities typically use a strata title ownership structure in which residents own their home and a share of the common facilities, similar to a condominium. Cohousing communities do not receive government subsidy, and are typically financed by the future residents, who tend to primarily be families and seniors. One of the major challenges with building cohousing communities is securing sufficient land, especially when in competition with development companies which have greater means and resources. Once the development is completed and loans are paid, each household purchases their unit. Monthly strata maintenance fees cover on-going costs. Residents share activities which may include cooking and eating together, as well as childcare and gardening. Residents also manage the community, which includes taking care of maintenance work, as well as regular meetings to solve problems and develop policies using a non-hierarchical consensus-based decision making structure.

A number of cohousing communities currently exist in Metro Vancouver. An established community currently exists in each of Burnaby, North Vancouver and Langley; there is a community in development on Bowen Island as well as one in Vancouver and a second in the process of forming. The Vancouver Cohousing project⁶ is the first cohousing development in Vancouver and is slated to open in the fall of 2015. The 31 unit, multi-generational project is currently being built on 33rd close to Victoria Dr, and will consist of one, two and three storey buildings. The property is owned by the Cedar Cottage Cohousing Corporation, which is entirely owned and operated by members of Vancouver Cohousing. The development company will dissolve once they take possession of their units and form a typical strata arrangement. With regards to cost, suggested prices are at \$550/sq ft, with units going from \$300,000 to \$720,000. Cohousing isn't necessarily more affordable than regular market prices however, due to the extensive common areas, residents can live in smaller, less expensive units than they might otherwise choose to. Residents can also take advantage of affordability gains by way of bulk food buying and shared internet, as well as shared tools and equipment. Some cohousing communities may also choose to create a subsidy fund to support lower income households in becoming part of the community. That being said, cohousing generally isn't accessible to low-income households.

Discussion Questions

- In the absence of new, large-scale federal government funding programs, what can alternate tenure and ownership models contribute to the creation and preservation of affordable housing stock? What opportunities and challenges do they present?
-
- What could provincial and/or municipal governments do to support alternate models in creating and maintaining affordable housing options in the region?
-
- What other alternate tenure and ownership models can you think of that haven't been discussed in this brief that may have had some success in other cities or countries? Could they be applied to the Metro Vancouver context to create affordable housing options in this region? If not, why not? If so, what might the challenges and opportunities be?
-
- Which of these models (or others that you can think of) would you like to see more of in Metro Vancouver? Which do you think could be most effective in providing affordable housing options?
-

Notes

1. Much of the information found in this section is paraphrased from:
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Canada Mortgage and Housing Corporation, "Guide to Co-operative Housing," summer 2014, www.cmhc.ca/en/co/buho/gucoho/index.cfm;
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2. Canadian Housing and Renewal Association, "Housing for All: Social Housing for People in Need," 2014, housing4all.ca/the-details.
3. Co-operative Housing Federation of Canada, "Equity Housing Co-ops," 2012, www.coopscanada.coop/assets/firefly/files/files/COOP_submission_CHF2.pdf.
4. Canada Mortgage and Housing Association, "Alternate Tenure Arrangements: Housing Affordability and Finance Series," 2000, publications.gc.ca/collections/collection_2011/schl-cmhc/nh18-1-1/NH15-379-2001-eng.pdf.
5. Much of the information found in this section is paraphrased from:
Vancouver Cohousing, "What is Cohousing?" vancouvercohousing.com/vancouver-cohousing/what-is-cohousing;
Walk to Cohousing Developments, "Walk to Cohousing," walktocohousing.ca;
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Canada Mortgage and Housing Corporation, *Alternate Tenure Arrangements*, 2000, publications.gc.ca/collections/collection_2011/schl-cmhc/nh18-1-1/NH15-379-2001-eng.pdf.
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Hadani Ditmars, "Vancouver embraces its first 'co-housing' project," *The Globe and Mail*, April 19, 2013, www.theglobeandmail.com/life/home-and-garden/real-estate/vancouver-embraces-its-first-co-housing-project/article11429679;
Kerry Gold, "Vancouver co-housing movement gains traction," *The Globe and Mail*, October 24, 2014, www.theglobeandmail.com/life/home-and-garden/real-estate/vancouver-co-housing-movement-gains-traction/article1288424; and
Jordan Yerman, "Cohousing in Vancouver: Living outside the box," *Vancouver Observer*, March 18, 2013, www.vancouverobserver.com/real-estate/cohousing-vancouver-living-outside-box.

FINANCING MODELS

Overcoming the barriers to creating affordable housing requires innovation, cooperation, and an understanding of the available tools, including financing tools. This backgrounder discusses some of the most common of tools used to finance affordable housing in Canada, examples of how they've been used, and some advantages and disadvantages of each.¹

Equity Loans

Equity loans are a type of loan meant to help low and middle-income households buy a home, even when they lack a downpayment large enough to qualify them for a conventional mortgage. Qualified households are able to use an equity loan as the downpayment, or part of it, instead of having to come up with the money themselves. While this strategy is not widely used in Canada, there are examples of both private and public sector institutions providing equity loans, including in Toronto and Saskatoon. In Toronto, non-profit developer Options for Homes has provided equity loans to help 2,000 purchasers buy its “no-frills,” condominiums since 1997. In 2011, the City of Saskatoon, working in partnership with Affinity Credit Union, launched the first municipal equity loan program in Canada in response to escalating local house prices and a tight rental market. The goal was to assist 250 low and middle-income renting households over five years by providing them with a five-percent down payment on an entry-level home. The city provided \$3 million to be used for low-interest loans to qualified applicants. Among the eligibility conditions were that applicants had to be moving out of a rental unit, employed, earning between \$45,000 and \$70,000 per year and have an acceptable credit history.

In Saskatoon's case, the equity loans were to be repaid over five years. In other such programs (Options for Homes, for example) the loan is repayable after an agreed period (five years is common). The idea is that by then the purchased property will have appreciated (creating equity for the borrower) or the borrower's income will have increased. The borrower is then able to refinance the mortgage and repay the lender. Alternatively, the loan can be repaid upon the home's sale. Typically, the loan is registered as a second mortgage on the property. The loan may be no-interest, low-interest or market rate, depending on the lender's goals and requirements.

Benefits

- Makes home ownership accessible to credit-worthy, employed borrowers who have been shut out of the housing market due to lack of an adequate down payment.
- Depending on the loan terms, little or no public subsidy is necessary. The programs can be set up to be self-financing.
- Frees up rental units for those whose only option is renting.

Drawbacks

- The funding mechanism is a loan, so participating borrowers end up increasing their debt levels beyond the standard mortgage.
- Requires a substantial upfront investment on the lender's part and a willingness to defer investment returns (“patient capital”).
- If the property does not appreciate or the household's income does not increase, it may be difficult to refinance and the lender may not be able to recoup the loan as quickly as planned.
- Eligibility is limited to households who are employed and considered credit-worthy.

Shared Equity

This strategy (also known as shared ownership or a housing equity partnership) is typically used by nonprofit groups, or nonprofits working with local governments. It is different than equity loans in that it requires the proponent to provide the down payment, rather than loaning it to borrowers. The proponent recoups this investment upon sale, along with a share of the price appreciation proportionate to the percentage of the down payment. For example, if the down payment was 10 percent of the sale price, the proponent also gets 10 percent of the appreciation. This strategy, combined with several others, was used to create affordable housing (20 percent below market) in the Verdant building, a 60-unit project on Burnaby Mountain composed of two and three-bedroom units suitable for families. The units are reserved for SFU faculty and staff. Verdant is part of the larger UniverCity project, developed by SFU Community Trust and Vancity Enterprises. Properties are subject to a restriction that limits their resale price to 20 percent below market value.

Benefits

- Makes home ownership accessible to credit-worthy, employed borrowers who have been shut out of the housing market due to lack of an adequate down payment.
- Allows proponent to provide housing for targeted groups, such as employees of the proponent.
- Over time, homeowners share in any appreciation of the properties, even though they didn't provide a down payment.

Drawbacks

- Is best suited for rising or stable housing markets but need is greatest in high-priced urban areas where there is a risk of periodic price decreases.
- Not all low and middle-income households have the capacity to carry the monthly costs of homeownership, limiting the applicability.
- Requires a sponsor organization to provide discounted land to the developers, and a socially-minded developer.
- A trust or similar entity is needed to administer the resale restrictions that preserve long-term affordability.

Community Land Trusts

A nonprofit organization that acquires property, often through donations and grants, in order to make or maintain the property as available for affordable housing. The trust, governed by a local board of directors, usually holds the land in perpetuity and leases it out on a long-term basis to individuals, families, cooperatives or other nonprofits, depending on the trust's mandate.

On Denman Island, residents concerned about escalating housing costs formed the Denman Community Land Trust Association (DCLTA) in 2008 and began accepting bequests and donations. As of 2014, the DCLTA has tenants in one affordable house and continued to assemble a parcel of land for a five-unit seniors project.

Benefits

- CLTs can start small and expand as resources become available, making them a useful tool for communities of various sizes.
- CLTs can be run with few staff, because the homeowners are responsible for maintaining their own units.
- CLTs provide homeowners both security of tenure and the right to earn equity.

Drawbacks

- CLTs do not typically produce high volumes of new housing.
- The legal agreement required by a CLT is more complex than a conventional mortgage.
- Resale restrictions must strike a balance between ensuring the long-term affordability of the unit and allowing homeowners to build a reasonable amount of equity.

Housing Trust Funds

Differs from a community land trust in that it has ongoing dedicated funding from government. HTFs are usually established by legislation and have a semi-autonomous relationship with their sponsoring government. The money in the fund is distributed to organizations that build or operate affordable housing. B.C. local governments that have created housing trust funds include Vancouver, Victoria, Surrey, Richmond, North Vancouver, New Westminster, Coquitlam, Whistler and the Capital Regional District.

Benefits

- HTFs do not have to rely on getting other types of financial support from community or government stakeholders.
- HTFs usually have semi-autonomous relationships to politicians and bureaucrats and their strong links with the community. They are therefore capable of fostering new housing solutions that respond to local opportunities and needs.

Drawbacks

- Establishing an HTF with a designated government revenue source requires strong commitment from governments.
- Dedicated sources of funding must be politically sustainable if government priorities change.
- If the funding source is an existing levy or tax, governments must make up shortfalls in other ways. If the funding comes from fees, levies and taxes on housing in general, the affordability of market-priced housing may be slightly reduced.

Group Mortgages

In high-cost housing markets, it may take more than two incomes to buy a home. Group mortgages allow friends, roommates or family members to enter into a legal co-ownership agreement, thereby increasing their purchasing power. Group mortgages are still uncommon and few financial institutions offer them. Vancity Credit Union has offered a mixer mortgage option since 2006, but it doesn't track the number of this type of mortgage it issues. Vancity is also able to guide people who are considering co-ownership through the process and refer them to lawyers who are familiar with co-ownership agreements.

Benefits

- Properties that may be out of the price range of an individual or couple may be affordable when more people contribute to the down payment and monthly costs.
- Co-owners may find other ways to reduce their living costs, such as by sharing vehicles, major appliances, or baby-sitting costs.
- Co-owners may experience intangible benefits through the experience of shared living and community-building.

Drawbacks

- Prospective co-owners will need to put a lot more thought into the legal arrangements and limits of their partnership agreements than is typically done by borrowers who are single or in couples.
- Lending options are limited since not all financial institutions are willing to back this unconventional form of ownership.
- Finding a group of people with whom one is willing to enter into substantial financial liability with is difficult, so this option may not be widely applicable.
- It can be difficult for unrelated people to agree on all the legal issues required to enter into this type of mortgage. In practice, it seems to work best for a small number of people, such as two siblings, roommates or two sets of couples, again limiting its applicability.

Discussion Questions

- Can these tools be used to an even greater extent in Metro Vancouver than they already have?

- If yes, why aren't they? What, if anything, needs to change?

- If not, why not? Do Vancouver's high land costs mean that "it's different here"?

- Junior governments and nonprofits have put many of the financing strategies discussed here into action in absence of significant federal contributions. Does that end up creating unrealistic expectations of how much local governments and the nonprofit sector can accomplish? Does it ease the pressure on the federal government to come back to the table in a meaningful way?

- Which of these strategies would you most like to see used more often in Metro Vancouver?

Notes

1. Much of the information found in this section is quoted, condensed or paraphrased from the Financing and Tenure section of CMHC's Affordable Housing Centre website: www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce/afhostcast/afhoid/fite/index.cfm. Please see that website, as well as the other resources cited at the end of this document, for more information.

THE DEVELOPMENT COMMUNITY

Metro Vancouver, straddled by the mountains and the ocean on one side, and constrained by the agricultural land reserve (ALR) on the other, presents itself as a unique case study to explore different aspects of the housing sector. The private sector has an important role to play in the provision of affordable housing, though this does not negate the role that governments can play in helping to establish a conducive environment for development. The public and private sectors must work collaboratively to address the increasing demand for affordable housing.

Disincentives for Providing Affordable Housing

Land and Construction Costs

As a desirable place to live and with an increasingly constrained land supply, property values have skyrocketed, region wide. It is estimated that only 25% of the anticipated growth in the region can occur on previously undeveloped greenfield land.² The other 75% will need to be addressed through infill development at higher densities.³ Reduced accessibility to land and increasing costs of construction have diminished the ability for developers to justify the economic viability in providing affordable housing.

Time Constraints

Time constraints also act as another barrier which limits the private sector's involvement in affordable housing. Firstly, due to a negative lending environment and complicated requirements for government grants, the opportunity to access and obtain financing in a timely manner limits the number of projects and types of projects that can be considered by developers.⁵ Secondly, home builders are feeling pinched by the time delays, fees and charges associated with filing a municipal development permit. A recent study undertaken in the region has found that 'both municipalities and home builders agree that delays in the residential approval process create undesirable inefficiencies'.⁶ These time constraints act as a deterrent in the pursuit of specific types of housing projects including affordable housing, due to decreased margins.

Lack of Clarity

Another element that may factor in to the housing affordability challenge is the lack of clarity that developers have around what role they can play in the provision of affordable housing. "Affordable housing is a contested construct and often difficult to define",⁷ which causes increased uncertainty for industry professionals and the public at large. Different interpretations and definitions for affordable housing make it unclear to developers as to the applicable housing type for different intended users.

Opportunities for Providing Affordable Housing

The private sector has a critical role to play in providing affordable housing throughout the region. Their ability to leverage capital and financing and for reasons of efficiency and effectiveness the development community are in a good position to help increase the supply of affordable housing.⁸ Municipalities have a strong influence on housing affordability and diversity in their respective jurisdictions. In Metro Vancouver, where housing prices continue to grow and where there is a low rental vacancy rate, implementation of measures to help mitigate the affordability crisis and support development are increasingly important. These measures can be divided into four overarching categories: policy measures, regulatory measures, fiscal incentives and education and advocacy.

Policy Measures

One of the most important policy measures to be undertaken by local governments is the incorporation of an affordable housing strategy into their planning processes. The inclusion of policies that address the need for affordable housing within official community plans and neighbourhood planning processes is necessary in order to develop and implement appropriate responses to this crisis.⁹ Streamlining the planning process can reduce the time it takes to obtain a development permit, which in turn reduces costs for the developers and helps to improve affordability.

Regulatory Measures

Regulatory measures are another way that local governments can help to stimulate the creation of affordable housing. Density bonusing, alternative development standards and inclusionary zoning are three such examples.¹⁰ Density bonusing “allows developers to add more floor area or additional density in exchange for certain provisions that benefit the community”.¹¹ Alternative development standards, such as reduced setbacks and narrower lot sizes, help developers reduce construction costs and allow for a more efficient use of land.

Zoning, a land use management tool, can also be employed in an effort to help increase density and diversity of the housing stock, and in turn increase affordable housing. Inclusionary zoning legislation, for example, requires that a development project include a special component desired by the municipality, such as a certain percentage of affordable housing in every development, as a condition of approval.¹² Developers aren’t always in favour of this type of regulation, as it reduces their profits and can be interpreted as a way to get the private sector to pay for affordable housing.

Fiscal Incentives

Fiscal incentives offered by local governments may also help stimulate the creation of affordable housing by developers. There are a number of examples that could be implemented including but not limited to, amendments to the federal tax laws, land contributions, direct subsidies and the reduction or waiving of municipal fees.

The reduction or elimination of taxes would help stimulate developers to create new rental housing construction. An increased supply of rental housing units would help lower the costs of rental over time.¹³ In a region where land constraints are a huge barrier, land contributions from the municipality to non-profit builders can also help increase the amount of affordable housing. Non-profit builders are in the best position to operate and develop mixed income rental housing.¹⁴

Direct subsidies, either through capital grants or subsidized mortgages or loans, reduce the funding gap between the cost of development and potential revenue generation for developers. Further to this the reduction or waiving of municipal fees or development cost charges can also help close this gap. Intended to finance infrastructure associated with urban growth, Development Cost Charges (DCCs) or Community Amenity Contribution (CACs), impact the cost of housing and therefore affordability throughout the region. These costs, when applied to the developer are inevitably passed on to the home buyer, reducing affordability.

Education and Advocacy

Education and advocacy are other important steps required to help bridge the housing affordability gap from the perspective of the developers. Efforts in this domain help increase the understanding of and expertise on building affordable housing and strengthen the relationships between all parties involved in its development.¹⁵

Housing development is a crucial element to sustaining the stealthy pace of growth taking place throughout Metro Vancouver and both developers and municipalities have a role to play in the provision of affordable housing.

Discussion Questions

- What role can developers play in providing alternative solutions to the housing affordability crisis?

- Would a regional and more coordinated response to affordable housing development from local government's be more effective?

- What role can municipalities play in clearly defining 'affordable housing' and further articulating the needs of their communities and neighbourhoods?

- What roles can developers play in advocating to all levels of government for improved incentives for the provision of affordable housing?

- Are DCCs and CACs extra costs that are passed onto home buyers and renters or do they reduce the profit potential for developers?

Notes

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COST-SAVING HOUSING MODELS

Recent developments in architecture and construction methods, alongside social-demographic changes, have led to a formulation of Cost-saving housing models, which could reduce the cost of building and therefore provide affordable housing opportunities for urban and suburban residents. This briefing note examines three models: prefabricated and modular housing; small and self-build housing; and micro housing units.

Prefabricated and Modular Housing

Prefabrication in housing may take three different forms, each reflecting a different degree of mechanization in home construction. These are: prefabricated components, modular housing, and manufactured housing.¹ Prefabrication of windows, doors, kitchen cabinets and roof trusses has a long tradition in home construction. Recent innovations have resulted in an even wider variety of prefabricated components, which have a great impact on affordability. In modular housing construction, components of a house or even whole dwelling units are built in a controlled factory environment, rather than on site. Modular housing must follow the same building codes as site-built construction and go through the same development procedures.²

Finally, with manufactured housing, the house is built entirely in the factory. The entire house, containing all the same amenities as a site-built home, is shipped to the site and placed on a permanent foundation. Increasingly, manufactured housing is durable and desirable and represents a viable alternative for providing affordable housing.

LaHave Heights is a land-lease housing community in Bridgewater, Nova Scotia, with 215 manufactured homes developed by the Home Centre Group of Companies. The Home Centre bought the units from Kent Homes, a producer of manufactured and modular housing with plants in Nova Scotia and New Brunswick, transported them to the site and placed them on surface-mount foundations. The Home Centre then completed the homes, adding a porch and/or garage as required. The units are energy-efficient and come in a range of sizes and designs, but a typical home is approximately 104 m² (1,120 sq. ft.). With an average cost of around \$100 a square foot, this translates into a typical price of around \$112,000.³

Advantages

- Construction costs per square meter of factory-built homes in Canada are 15 to 20 per cent less than for comparable site-built homes.⁴
- Prefabricated components speed up construction time, resulting in lower labor costs.⁵
- Improved time efficiencies can lead to lower carrying costs because the units can be occupied sooner.⁶
- Prefabrication allows for year-round construction; work is not affected by weather delays (related to excessive cold, heat, rain, snow, etc.).⁷
- There are less wasted materials than in site-built construction.⁸
- Computerization of the production process permits a high degree of customization, at an affordable cost.⁹
- Improved quality of the modules can lead to reduced costs for ongoing maintenance.¹⁰
- Improved sustainability of the construction process and modules can lead to cost savings through reduced waste and increased energy efficiency.¹¹
- Modular construction can save costs in distant communities, where skilled labour may not be available.¹²
- Cost savings through prefabrication can reduce the income required to qualify for a high ratio mortgage by up to one third compared to a conventionally built home of the same size.¹³

Challenges

- Many municipalities have zoning regulations against manufactured housing because of earlier perceptions created by trailer parks and movable housing.¹⁴
- Local governments have raised concerns about whether taxes paid by manufactured homes adequately cover the services and amenities required by their owners.¹⁵
- The requirement to transport manufactured homes or modules to their intended site can mean that prefabrication potential may be limited for infill projects in inner city areas.¹⁶
- High production volume is required to achieve affordability through prefabrication.¹⁷
- The modular industry may not yet be ready to build large-scale projects in B.C.¹⁸
- Modular units are susceptible to damage during transport.¹⁹
- Transportation costs can be high when building in remote locations and units are transported over long distances, as plants are typically located in the southern part of the province.²⁰

Small and Self-Build Housing

Many argue that small houses will enable us to live more efficiently, modestly, and eventually more affordably. The most common form of the “small house” in Metro Vancouver is laneway housing.²¹ Laneway houses are usually small cottage-like structures located at the rear of a lot, replacing structures like garages or carports. Laneway housing can provide additional dwelling space for the homeowner (for example, for extended family members), or can be rented out for a secondary income. In addition to laneway houses, many municipalities in Metro Vancouver allow secondary suites, in which the basement or ground floor of the principal dwelling is used as a rental unit.²² Both laneway houses and secondary suites are seen as a way of providing affordable rental housing in traditional single family neighbourhoods.

Another cost saving housing model is the self-owner-build or do-it-yourself (DIY) method. In general, self-built houses are “kit homes” sold by specialty firms. Purchasers transport and then assemble them on site, usually relying on substantial volunteer labour.²³ These homes are meant to be easy to assemble, energy efficient and above all, affordable for low- and middle-income earners. A wide range of aesthetic and functional types, as well as sizes are available in the different kit homes. In B.C., owners or builders must build or directly manage the construction of their new home and are required to obtain authorization from the Homeowners Protection Office.²⁴

A local example of a company reducing housing costs through smaller design and modular components is Small Works Homes, based in Vancouver. This company offers home designs for secondary self-contained buildings on existing properties. They are currently designing three standard models to minimize design costs.

Advantages

- Laneway houses and secondary suites facilitate home ownership by providing additional income that allows potential owners to qualify and pay for mortgages.
- These dwelling units also increase density in already developed areas without major changes to the built form or character of the neighbourhoods.
- Secondary suites are one of the most cost-effective ways of providing affordable housing, as they create lower-cost rental units without subsidies from any level of government.
- Home ownership options have traditionally been limited to single-family homes on 5,000 sq. foot lots or condominiums. The small Lot Ordinance extends this ownership option to include laneway houses, or other types of infill housing typically only available for rent.
- Self-build homes cost up to around 20% less than conventional homes, as they dramatically reduce labour costs, as well as developers' fees.²⁵

Challenges

- The increasing number of laneway houses and secondary suites may create pressure on the existing infrastructure in traditional single-family neighbourhoods.²⁶
- There is a significant absence of “kit home” products available in B.C.²⁷
- If volunteer and unskilled labor is not properly managed, time, patience and capital can be lost in the process.²⁸
- Without experienced construction labor and assistance, self-build projects also run the risk of not meeting building codes and being inferior in quality and aesthetics.²⁹

Micro Units

Micro unit housing, also known as micro apartments, is an emerging trend in housing development in North America’s larger cities.³⁰ Micro-units are usually around 200-300 square feet, but are complete apartments with a living/bedroom area, a small bathroom, and a kitchenette. To make them feel larger, micro-units often include flexible furniture systems, high ceilings (more than nine feet), oversized windows, built-in storage, gadget walls, and movable kitchen islands. In some cases, bathrooms and kitchens are shared among residents on the same floor and the micro-units are primarily for sleeping and sitting.

A local example is the Burns Block building in Vancouver’s Gastown neighborhood. The historic, previously abandoned building underwent extensive building safety and heritage restoration upgrades, in its redevelopment into self-contained furnished rental micro-apartments. Each micro loft unit in Burns Block is between 226 and 291 sq. ft.—the smallest in Canada—and will rent for around \$900/month including utilities. The micro loft building offers a rooftop garden, gym, bicycle storage, and features several environmentally-friendly elements. All 30 suites have built-in pull-down wall beds, integrated folding tables, flat screen TVs, compact appliances, storage, and a built-in safe for valuables. Since its opening, the project has had high occupancy rates.³¹

Advantages

- While micro unit rents are higher per square foot than larger units, the small size makes them more affordable than larger apartments.³²
- Developing and operating a rental apartment community with micro units is more expensive, but the higher rent per square foot achieved more than makes up for the added cost.³³
- Micro apartments may be well-suited to the demographic shift in North America towards one-person households.³⁴
- Densification with micro-apartments can promote affordability at the city scale by helping support the provision of public transit and neighborhood amenities alongside reduction of road congestion.³⁵

Challenges

- As these housing developments usually provide little parking, they may increase parking pressures on the local neighbourhood.³⁶
- Micro apartments are usually targeted a market of young, single urban professionals and may be unsuited to broader community of families and older people.³⁷
- Market rents for new micro units are often unaffordable for lower-income individuals.³⁸

Discussion Questions

- Do you think that the North American dream of living in a big detached house is changing in the region? Could you imagine more families in the region moving to smaller houses and apartments?

- Which one of the presented cost-saving housing models is the most suitable for mass design and building in the region and why?

- What are the best approaches to enhance the construction of those cost-saving housing models in the region? What kind of zoning regulations need to change in order to promote these housing models?

- What are your thoughts about the concept of laneway houses in the region? From your experience, what kind of positive and negative effects do they have on traditional single family neighbourhoods?

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COMMUNITY AND URBAN DESIGN

Affordability is more than just the raw cost of housing. Urban design plays a key role in determining this relationship. Through a discussion of the role that a social and housing mix could help in bridging the gap between rich and poor, how the polynucleated region has shaped development of transit oriented communities (TOCs), and through the design of complete communities to address the need for people to live, work, and play within their own communities the topic of housing affordability will be analyzed.

Affordability Through Mixing

The Regional Growth Strategy defines complete communities are “walkable, mixed use, transit-oriented communities where people can: find an appropriate place to live at all stages of their lives, earn a living, access the services they need, and enjoy social, cultural, educational and recreational pursuits.”¹ By this very definition, complete communities call out for a mixture of housing types and tenure, as well. The intention of these communities in practice is to attract a diversity in the types of residents. By embracing a diversity in its population, income levels, and age, the affordability challenge has the potential to be addressed. In reality, this isn’t always the case, and the march toward a “fair city” seems impossible.

Arguably, one of the success stories of a development that has managed to blend urban design with an eye for affordability has been the Woodward’s development in Vancouver. This development can be seen to bridge the divide between the high towered Vancouverism of downtown and the Downtown Eastside. The development over the Woodward’s Building brought together housing activists, private developers, the city, and senior levels of governments who came to agree on a plan to build 536 market condos, 125 subsidized apartments for singles, and 75 non-market housing units. In addition to this diversity in housing stock, the complex contains a university, retail stores, cafes, and a public space that does allow for urban mixing to take place. While the Woodward’s Building has allowed for gentrification to creep further east, Charles Montgomery makes a powerful point that is worth repeating: “What’s clear is that fairness demands that cities stop concentrating subsidized housing in poor zones... This mixing is the mark of a civilized, democratic, and ethical society.”²

A mix of housing stock to reflect income levels is reflected in Metro Vancouver’s Affordable Housing Strategy adopted in 2007. The first goal of the strategy is: Increase the supply and diversity of modest cost housing, and is expected to deliver the number of affordable units by 2016. Action item 1.2 states that Metro Vancouver in its capacity will: “Require as part of the Regional Growth Strategy that municipalities develop housing action plans or the equivalent which set out specific strategies and objectives for meeting established targets.” One of the strategies include incorporating smaller more affordable housing design, such as suites, smaller lots, coach houses, row houses, townhouses as well as higher density developments, into neighbourhood plans.³ In this diversity of housing stock, it is argued that affordable communities are possible, and social mixing could take place.

Affordability for All

Within the coming decades, Metro Vancouver's population will grow to 3.4-million residents. In this timeframe, the population of the region will also begin to age. Therefore, if this region is to remain livable, affordable housing of all types will need to be addressed so residents of all ages can enjoy their communities without having to worry about affordability. Complete communities should be places where all types of people can live, work, and play at all stages of their lives.

The Centre for Policy Alternatives, in a report entitled *Transportation Transformation: Building Complete Communities and a Zero-Emission Transportation System in BC* recommends that in light of the population and demographic shift that they forecast will happen by 2036, creative solutions will need to be implemented. In the report, they highlight that sustainable transportation needs to be planned for a wide range of residents. By 2036, BC's population is projected to increase to over 6 million with almost one quarter over the age of 65.⁴ With over half of the province's population living in Metro Vancouver, and a large proportion over the age of 65, the challenge of affordable living will be more widespread. One of the answers to address this growing concern could be the development of more transit oriented development. The next section analyzes the current practice of transit-oriented development.

Transit Oriented Development: Livability or Liability?

Metro Vancouver prides itself on its transit oriented development, which can be found most SkyTrain stations in the region. In the *Regional Growth Strategy*, there are 26 urban centres scattered throughout municipalities in the region that Metro Vancouver highlights as sites for future growth.⁵ Transit Oriented Development is defined in a 2012 *Spacing* article as: "moderate to high-density, mixed-use residential and commercial development located around a transit station or corridor...it encourages a compact and pedestrian-oriented form where people are able to live, work and play in the same community."⁶ According to Metro Vancouver, the population of the region will increase to 3.4-million by 2040, and while it is hard to pinpoint where these new residents will live, it is likely that south of the Fraser will absorb a lot of this growth.⁷ TOD will continue to be encouraged as a development model in order to ensure that residents live, work, and play in the same community while enjoying an environment that is less auto-dependent. However, the trajectory toward detached housing that exists in the suburbs south of the Fraser will be a challenge that will need to be overcome.

In its role as a regional transportation provider, TransLink provides guidelines on how to design effective transit oriented communities (TOC). The six Ds that TransLink has identified that make for effective TOCs are: destinations, distance, design, diversity, demand, and density.⁸ TransLink argues that these TOCs should be developed in tandem with routes that can be intertwined with the frequent transit network so that it can be more easily accessible for residents in that community.

Within this background to smart TOC development, TransLink argues that diversity, at the land use and the demographic level, can shape how a neighbourhood accesses transit: "this demographic diversity can be facilitated through decisions to include a wide range of housing types, tenures, and price points in close proximity to frequent transit stops and stations. Special efforts should be made to accommodate seniors, students, and lower-income residents adjacent to frequent transit."⁹ Fundamentally, this provides residents with the opportunity to keep their transportation costs down.

TOCs: Victims of Their Own Success?

There is a notable downside to TOC in that these new developments could place further pressures on an already strained transportation system. In Translink's 2013 *Regional Transportation Strategy*, they note that the prevalence of complete communities has allowed for residents to access a broad range of transportation choices to ensure that their quality of life, their access to employment, and accessibility needs are met.¹⁰ It is generally argued that transportation costs places a burden on personal finances. In 2013 residents of an average household in British Columbia spent \$18,766 on shelter costs (up from \$18,101 in 2012), and \$11,184 on transportation costs (up from \$10,319 in 2012).¹¹

Thus, the design of communities does have an impact on the type of transportation that residents choose in their day-to-day life, which in turn has the potential to allow them to devote a larger chunk of their own personal spending toward private transportation in this case. Metro Vancouver's *Regional Growth Strategy* favours the development of complete communities, but recognizes the need to bring together a broad coalition in order to see this goal through, which includes municipalities, private interests, and TransLink.

As a regional agency, TransLink recognizes the need to invest, manage, and partner in order to ensure that these complete communities can access the frequent transit network and the guidelines set in regional plans.¹² It still remains reliant on cities in the region to zone and plan for the provision of complete communities, but that by developing complete communities, equity could be achieved. Architect and urban designer Bruce Haden articulates that quality transit is a measure of equity: "the quality of life for all of us by limiting the ability of non-wealthy creatives and the providers of basic services to live here. Quality transit helps reduce the overall cost of living for transit users and is a basic component of equity and economic fairness. A city without a middle class is a city worse for all to live in."¹³

Another consideration is that these new transit oriented communities do not adequately address the equity issue, seen in the example of Vancouver's Cambie Corridor. The developments that will soon rise along the Cambie Corridor have not adequately addressed affordability. The Canada Line has been spurring on new development in Richmond since its inception in 2009, and it is forecasted to see 30,000 people live around the line in the city centre. Along the Canada Line in Vancouver itself, the city has approved 12 projects, with 13 applications underway, and 10 more inquiries. In total, 4,100 new housing units will be added along the Cambie Corridor.¹⁴ The *Cambie Corridor Plan* itself has outlined a principle that: "Provide a variety of housing forms, tenures, unit types and sizes throughout the Corridor that can evolve to support different uses and configurations and provide for diversity and resiliency."¹⁵ The challenge as this development moves forward from the planning to the construction phase is to ensure that a housing mix is considered so that that the design allows for affordable housing to be considered on the same level as market housing.

Concluding Thoughts

The design of communities in the region offers the opportunity for creative solutions to address the affordability crisis in Metro Vancouver. Ensuring that the region continues to support the building of complete communities that truly are built for everyone regardless of income, ethnicity, gender, or age to enjoy at any stage in their lives remains an ideal to strive for. The provisions for these communities are outlined in the *Regional Growth Strategy*, are endorsed by TransLink and the municipalities, and are promoted by private interests. However, the question remains: can good design ensure that these communities remain affordable? The answer will require continued discussions between a wide pool of interests to allow for creative thinking to emerge.

Discussion Questions

- What are some examples of design strategies, or policies that could be enacted by Metro Vancouver, municipalities, or TransLink to ensure that the design of these communities allow for affordable housing provisions to flourish?
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- Metro Vancouver, TransLink, municipalities and developers believe that transit-oriented communities is one of the solutions to ensure that the region remains livable. Given the sustained appeal of these communities in an increasingly unaffordable region, is it possible to continue to insist that these communities be developed even if they become unaffordable for most residents?
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- Given the nature of growth in Metro Vancouver, is it possible that the suburbs will be the next battleground to ensure that communities are affordable as they are retrofitted for the next wave of residents? What are the risks of retrofitting the suburbs for the region in terms of ensuring that affordability remains an end goal? And if so, what sort of design strategies could be implemented in order to make the suburbs more complete communities?
-
- Is it possible to consider TOCs as complete communities if they put upward pressures on prices making them less affordable for residents in the long run?
-

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RESOURCES AND FURTHER READING

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- City of Vancouver, Housing and Homelessness: vancouver.ca/housing
- Greater Vancouver Regional Steering Committee on Homelessness: stophomelessness.ca
- Metro Vancouver, Housing Data Book: www.metrovancouver.org/services/regional-planning/data-statistics/housing-data-book
- Statistics Canada, Census of Canada and National Household Survey: statcan.gc.ca

Selected Local Housing Policies

- City of Vancouver, Housing and Homelessness Strategy: vancouver.ca/files/cov/Housing-and-Homeless-Strategy-2012-2021pdf.pdf
- Metro Vancouver, Regional Affordable Housing Strategy: www.metrovancouver.org/services/regional-planning/housing-affordability/strategy
- Vancouver Mayor's Task Force on Housing Affordability: vancouver.ca/your-government/mayors-task-force-on-housing-affordability.aspx

Role of Government: Federal Government

- Housing Services Corporation, Canada's Social and Affordable Housing Landscape: www.hscorp.ca/wp-content/uploads/2014/06/Canada-Social-Housing-Landscape_FINAL.pdf

Provincial Government

- Government of BC, Housing Strategy for BC: A Foundation for Strong Communities: www.housingmattersbc.ca
- BC Housing, Annual Report – 2013/2014: www.bcbudget.gov.bc.ca/Annual_Reports/2013_2014/pdf/agency/bch.pdf

Municipal Government

- Metro Vancouver, What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities: www.metrovancouver.org/services/regional-planning/PlanningPublications/1267_WhatWorks_LR.pdf

Alternative Ownership and Tenure Models: Co-ops

- Co-operative Housing Federation of BC: www.chf.bc.ca
- CMHC, Guide to Co-operative Housing: www.cmhc.ca/en/co/buho/gucoho/index.cfm
- Co-operative Housing Federation of Canada: www.chfcanada.coop
- The Agency for Co-operative Housing: www.agency.coop
- Canadian Housing and Renewal Association: housing4all.ca

Equity Co-ops

- British Columbia Co-operative Association: bccca.coop/content/housing
- CMHC: publications.gc.ca/collections/collection_2011/schl-cmhc/nh18-1-1/NH15-379-2001-eng.pdf
- Co-operative Housing Federation of Canada: www.coopscanada.coop/assets/firefly/files/files/COOP_submission_CHF2.pdf

Cohousing

- Vancouver Cohousing: vancouvercohousing.com
- Walk to Cohousing: www.walktocohousing.ca
- Canadian Cohousing Network: www.cohousing.ca
- Vancouver Observer: www.vancouverobserver.com/real-estate/cohousing-vancouver-living-outside-box?page=0,0
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Financing Models: On Equity Loans

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- City of Saskatoon, Equity Building Program: www.saskatoon.ca/services-residents/housing-property/incentives-homebuyers
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- Verdant: www.verdantliving.com/partnership.html
- "Shared equity housing no fix for B.C. affordability woes: Critics": www.theprovince.com/business/Shared+equity+housing+affordability+woes+Critics/6100405/story.html

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- Housing Trust Funds: Their Nature, Applicability and Potential in Canada and Guide to Creating Housing Trust Funds in Canada: www.cmhc-schl.gc.ca/odpub/pdf/62454.pdf?lang=en

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HOUSE

Rethinking the
Housing Affordability Crisis