

BUSINESS VANCOUVER

Published September 24, 2013

PETER LADNER

New business balks at Metro's affordable housing crisis

Lower housing prices are a dream for most of Metro Vancouver's business community and a nightmare for the real-estate-construction-home-financing consortium

By Peter Ladner

Vancouver mayor Gregor Robertson cites Vancouver's unaffordable housing prices as a top priority. Surveys of CEOs by the city's economic development commission have identified crippling housing prices as a top barrier to business retention, expansion and attraction. Stories abound of promising young employees leaving town and senior management recruits unable to move here.

Can anything be done?

Lower housing prices are a dream for most of Metro Vancouver's business community and a nightmare for the real-estate-construction-home-financing consortium – and many business owners who depend on real estate equity. Municipal governments ride the friction between the uppers and downers, loving the new taxes and development cost revenues financed by high prices, suffering the human and economic fallout from unaffordable housing.

So they mandate developers to build a portion of new developments as "affordable housing," which for developers usually means waiting for a federal or provincial funding bus to pull up. Think very long wait times. Is there anything that could be done without waiting for housing-averse senior levels of government to show up with funding, wondered ParkLane's Peeter Wesik, then head of the Urban Development Institute (UDI). To answer that question, he helped SFU's Centre for Dialogue organize a symposium for private and non-profit developers, politicians, financiers and prospective buyers to showcase what has already been done in our region to provide homeownership for low to middle-income workers – with household incomes between \$35,000 and \$80,000.

The most striking example came from Whistler, where workers essential to the local economy couldn't afford to live there. So the municipality's Whistler Housing Authority (WHA) extracted housing contributions from developers, assembled land, financed construction of homes for renters and owners, and now houses half of all resident employees in resident-restricted housing.

Ownership is restricted to local workers, and when they sell, any gain in equity is limited to a small cost of living increase, not market increases.

"We can provide a nest, but not a nest egg" is how WHA GM Marla Zucht described it.

After the conference, I got involved as a fellow at the SFU Centre for Dialogue with a coalition of developers, financiers, non-profit housing providers, housing consultants and Metro Vancouver in organizing a demonstration project. Our goal was to use this project to deliver some affordable units and help key decision-makers learn more about how to do more. We searched for municipal partners and ended up in negotiations with the City of North Vancouver, Coquitlam and Abbotsford.

We asked them for a suitable piece of land available at a reasonable price, with some of the lift from added density to help deliver affordability for buyers.

In spite of workforce housing ownership being a widespread municipal policy goal, we were unable to strike a deal.

Suitable municipal land was in short supply; what was available was under lots of pressure for other uses; and any form of subsidized housing tends to rouse neighbours. But the biggest barrier was that municipalities didn't want to take the lead. What few funds they had to aid affordability were already earmarked for parks, community centres and other amenities strictly in the municipal domain.

They were also understandably squeamish about funding home ownership when so many other more urgent housing needs are still unmet. And so municipalities continue to jump up and down, real estate investors keep rubbing their hands, mere income earners keep looking for other places to live and new businesses give us a pass. •

© Copyright 2013, Business In Vancouver

Story URL: <http://www.biv.com/article/20130924/biv0319/309249924/0/biv/new-business-balks-at-metros-affordable-housing-crisis>