

HOUSING VANCOUVER

Vancouver Housing & Homelessness Strategy Reset– Emerging Directions
March 28, 2017



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Housing Vancouver – Emerging Directions Introduction

Kathleen Llewellyn-Thomas

General Manager of Community Services

Introduction

- Families and young people finding it hard to rent or buy homes that suit their incomes and family needs
- Evidence supports what we've heard
- Census data and modelling based on income bands and household types to 2026
- Business As Usual development pattern will not supply housing needed
- Overall Conclusion: We have plenty of Supply – What we need is the Right Supply



Introduction

1. **Review of Housing & Homelessness Strategy** at mid-point (“Housing Reset”) in midst of intensified housing crisis
2. **Recommendation A:** Receive Emerging Directions for new 10-year strategy – *Housing Vancouver*.
3. **Recommendation B:** 1-Year Rezoning, Development & Building Permit Pilot to Prioritize Affordable Housing
4. **Recommendation C:** Public engagement & technical review will lead to final draft *Housing Vancouver* strategy (July 2017)

4

Vancouver's Housing and Homelessness Strategy

2012-2021

A home for
everyone



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How do we plan for the city we want to be?

Introduction by Gil Kelley

General Manager of Planning, Urban Design and Sustainability

Video – Housing Vancouver

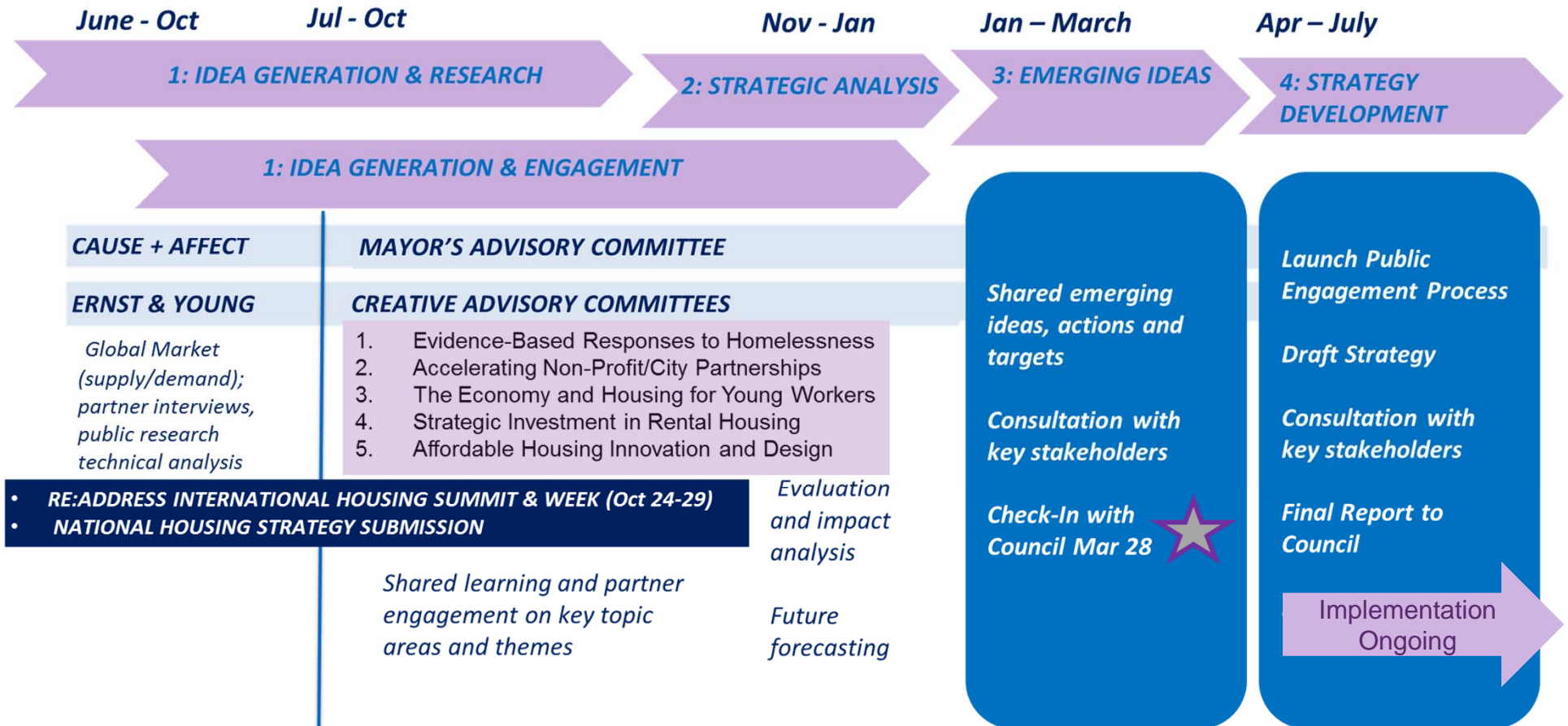
<https://vimeo.com/210361419/dfd95e4339>

Housing Vancouver – What We’ve Heard, What We’ve Learned

Dianna Hurford

Planner, Housing Policy & Projects

Where We Are At, Who We've Engaged



Other Forums:

- ✓SRO Task Force
- ✓Development Advisory Group
- ✓UDI Policy Committee
- ✓UBC 'Housing Lab' Partnership
- ✓Shaping Futures Global Network
- ✓F/P/M Meetings + National Housing Strategy Submission
- ✓Renters Advisory Committee



What We Heard

What We've Heard

1

Housing Crisis Has Intensified: *Rapid escalation of housing prices is putting more stress on a greater number of local residents, creating limited transfer of wealth between generations*

- ✓ New private market rental supply is not affordable for majority of renters
- ✓ Ownership out of reach for younger generations
- ✓ Housing is only one part of the affordability equation

What We've Heard

2

Vancouver is not alone: *Cities around the world are experiencing similar challenges*

- ✓ Housing continues to be an investment for local and global capital in livable cities like Vancouver
- ✓ Cities play a significant role as economic drivers and housing leaders, but lack necessary revenue and authority to respond to housing crisis
- ✓ Alternate progressive tax policy/approaches could benefit local residents, including the new “missing middle”

What We've Heard

3

Need to Act Quickly: *Vancouver's economic prosperity, neighbourhood diversity, and livability are all at risk*

- ✓ Vancouver is a diverse city currently, but neighbourhoods are changing
- ✓ Employers cannot attract and retain new employees
- ✓ Partners want to work together to urgently respond
- ✓ More supply is needed, municipalities need to improve approval times for affordable housing



What We Learned from Evidence

What We've Learned

1

Housing Crisis Has Intensified: *Rapid escalation of housing prices is putting more stress on a greater number of local residents, creating limited transfer of wealth between generations*

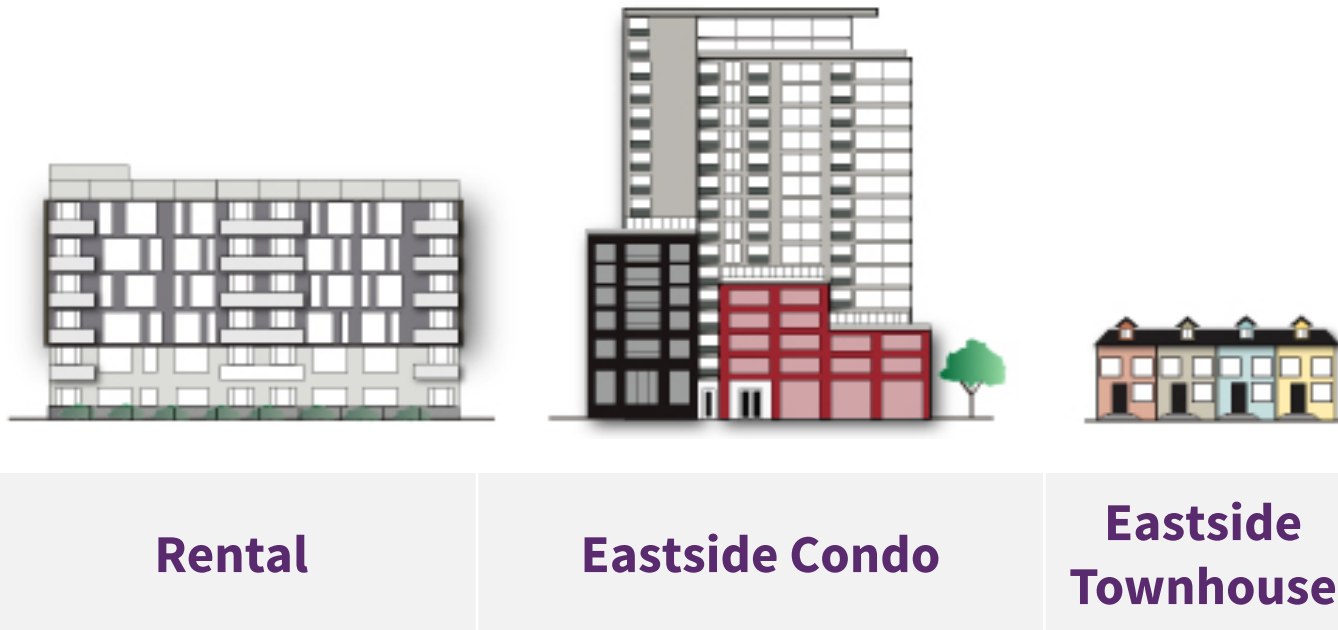


What We Heard: New private market rental supply is not affordable for majority of renters. Ownership is out of reach for younger generations.



What We Learned: From October 2006–2016, city-wide average rents increased 46% and the rental vacancy rate is at 0.8%. Benchmark prices increased for Eastside condo by 80%, and Eastside Townhouse by 88%.

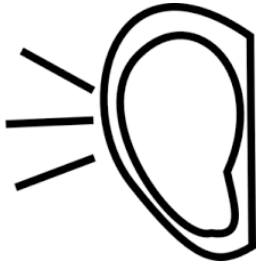
New rental not affordable enough, Ownership out of reach



Ownership out of reach, more pressure on rental 2006-2016



Source: CMHC Rental Market Report, MLS Home Price Index

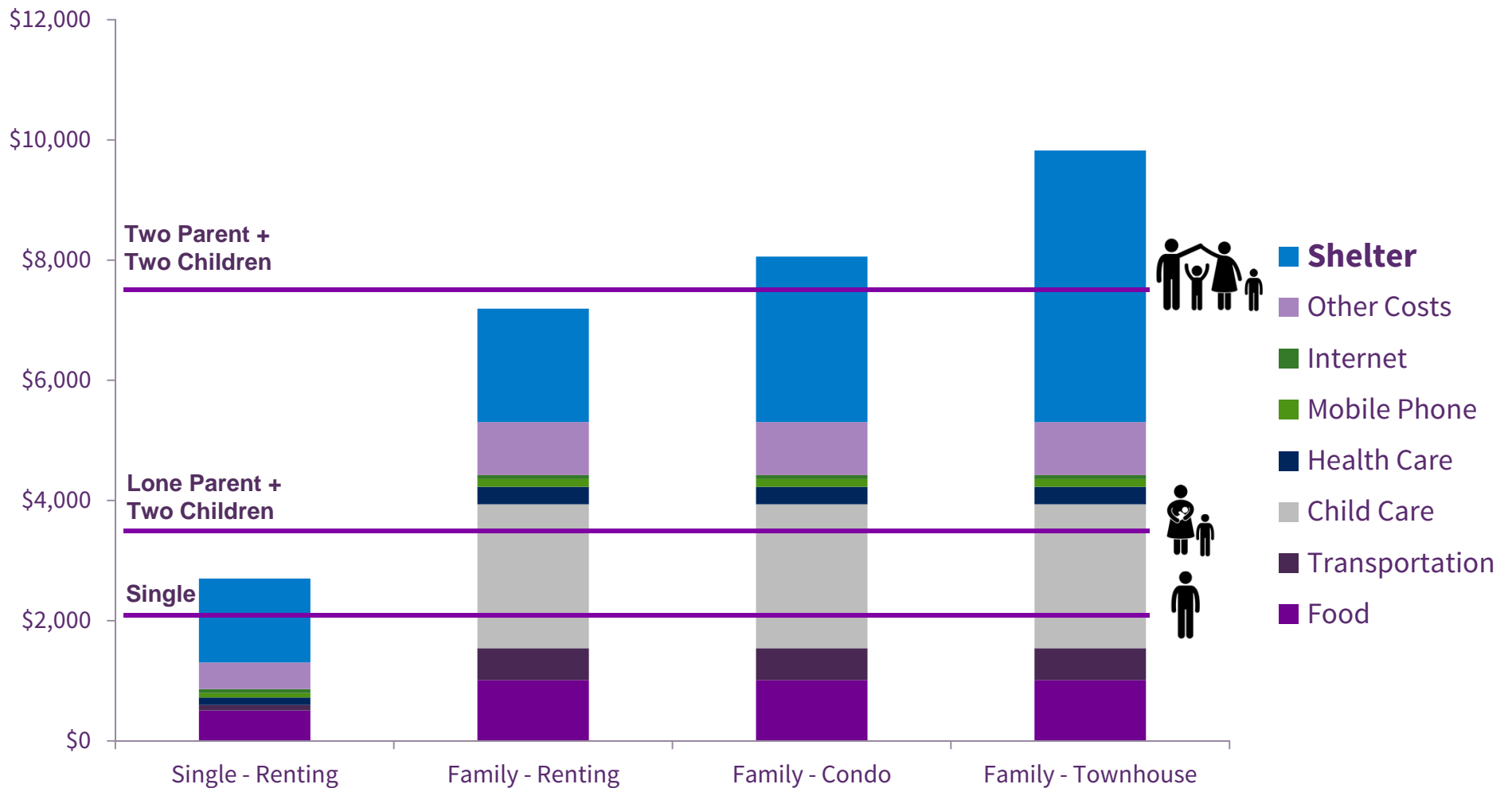


What We Heard: Housing is only one part of the affordability equation.



What We Learned: Other costs of living, especially childcare for families, is adding additional financial stress on local residents.

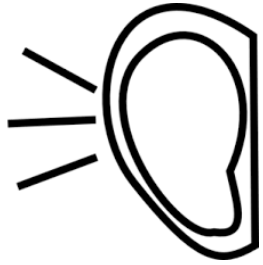
Affordability challenge is not just housing



What We've Learned

2

Vancouver is not alone: *Cities around the world are experiencing similar challenges*



What We Heard: Housing continues to be an investment for local and global capital in livable cities like Vancouver. Cities play a significant role as economic drivers as economic drivers and housing leaders, but lack revenue and authority to respond to crisis. Alternative tax policy/ approaches could benefit local residents, including the new “missing middle”



What We Learned: New 2016 Census data indicates 15% increase of unoccupied homes in Vancouver since 2011. Tax policies are an important consideration for addressing inequities in the housing system.

Housing continues to be an investment for local and global capital



STEPHEN QUINN

In soaring housing costs, Vancouver is not alone – but **London offers hope**

STEPHEN QUINN

Special to The Globe and Mail

Published Friday, May 20, 2016 8:22PM EDT

Last updated Saturday, May 21, 2016 2:45PM EDT

Paris Sets Its Sights on Owners of Second Homes

Property taxes on vacation homes in the French capital could rise to five times their current rate.

FEARGUS O'SULLIVAN | [@FeargusOSull](#) | Jun 15, 2016 | 4 Comments

Jerusalem doubles 'ghost apartment' taxes as housing costs soar

From 2016, property tax on empty homes will be twice the city's current highest rate; mayor says this will aid young renters

BY TIMES OF ISRAEL STAFF | December 30, 2015, 4:37 pm |

Housing

David Pegg

Sunday 21 February 2016
14:31 GMT

NY REAL ESTATE RESIDENTIAL

New York City Mayor De Blasio Weighs Pied-à-Terre Tax

Proposed Tax Could Be as Much as 4%

By JOSH BARBANEL

Sept. 23, 2014 9:12 p.m. ET

Tens of thousands of London homes deemed 'long-term vacant'

Data obtained by the Guardian shows more than 22,000 left empty for longer than six months despite chronic housing shortage



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Cities play a significant role as economic drivers, but lack revenue and authority to respond to housing crisis

Annual Property Transfer Tax collected by Province from City of Vancouver taxes was nearly one-quarter of \$1.15-billion total for BC in 2016 (\$266.5 million).

Cities will continue to need strong investment and partnerships with senior governments to maximize housing affordability and keep economy strong

Alternative approaches explored to benefit local residents and address inequities for “missing middle”

Applied annually, the City’s Empty Homes Tax is a 1% tax on the property’s assessed value if empty (i.e. not a principal residence or rented on a long-term basis). Net revenues from the tax will be reinvested into affordable housing initiatives.

What We've Learned

3

We Need to Act Quickly: *Vancouver's economic prosperity, neighbourhood diversity, and livability are all at risk*

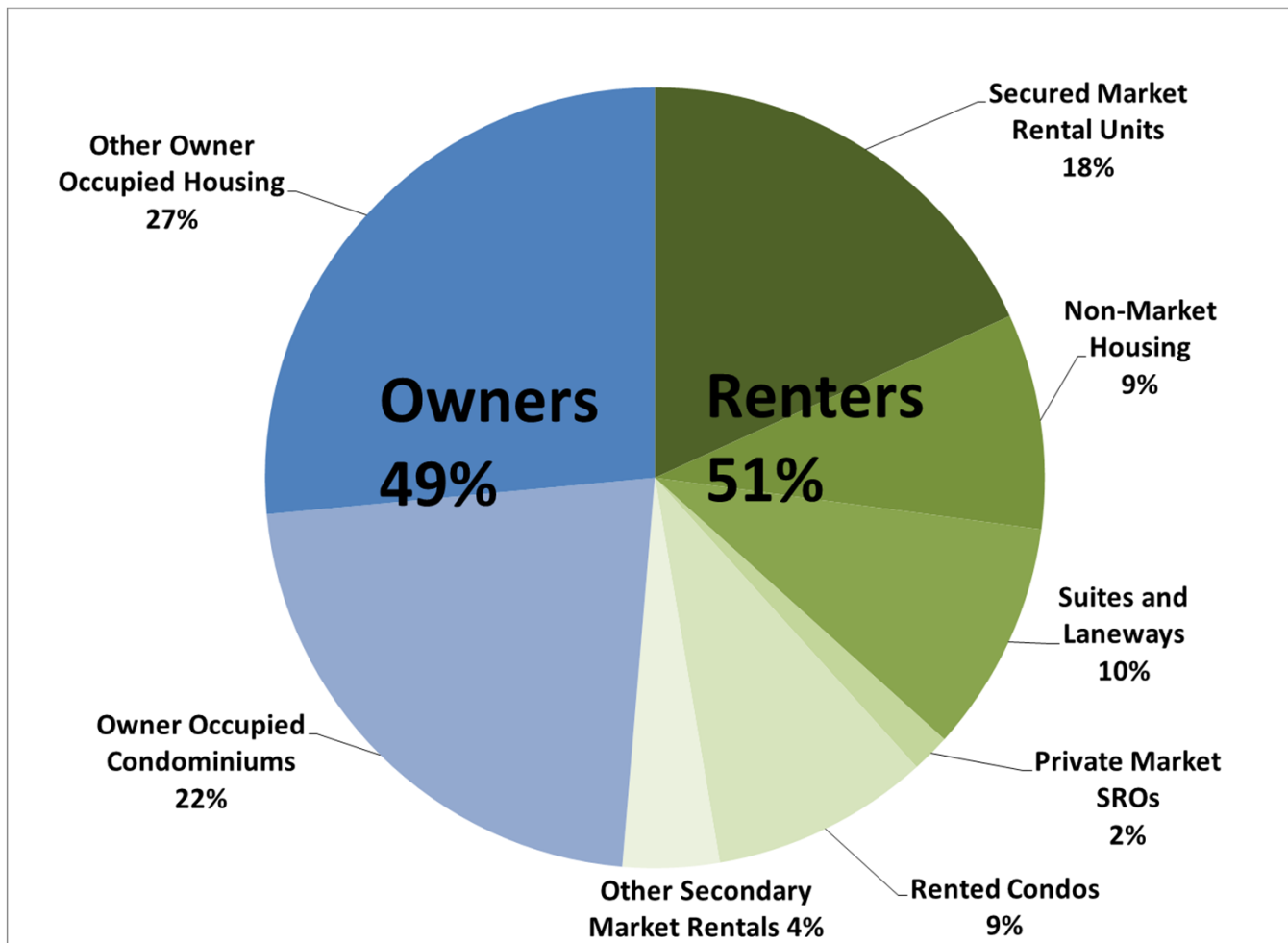


What We Heard: Vancouver is a diverse city currently, but neighbourhoods are changing

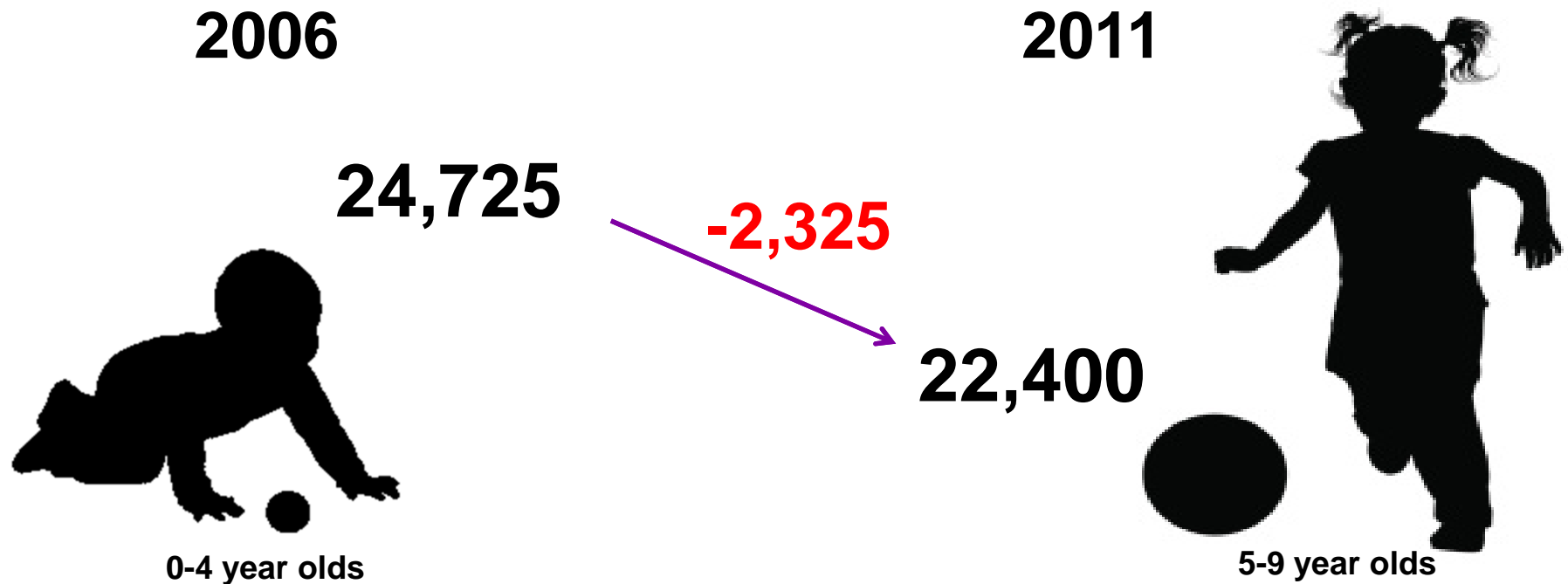


What We Learned: Vancouver is a city of renter households (51% renters vs. 49% owners) with a diversity of incomes and family sizes. The median income of Vancouver residents is low - \$56,000/year. A “missing middle” is emerging for residents between age 20 and 44, who make sacrifices financially and find themselves lucky to access the housing market.

Owner and Renter Diversity in Vancouver Today



Recent Decline in Population of Young Children



Source: Statistics Canada, Census.

Affordability a key driver of population loss among younger generations, creating a “Missing Middle”

- 75% of millennial households (aged 20-34) were renters; 55% of early Gen-X households (aged 35-44) were renters
- 48% of millennial renter households earning under <\$50,000 were cost burdened (paying over 30% of income on rent)
- 17% of millennial renter households earning between \$50,000-\$80,000 were cost burdened

Source: 2011 National Household Survey



No Room to Grow: Over 35% of Metro Vancouver Millennials and Gen-Xers plan to move to more affordable markets in the next 5 years – Insights West Poll, 2016



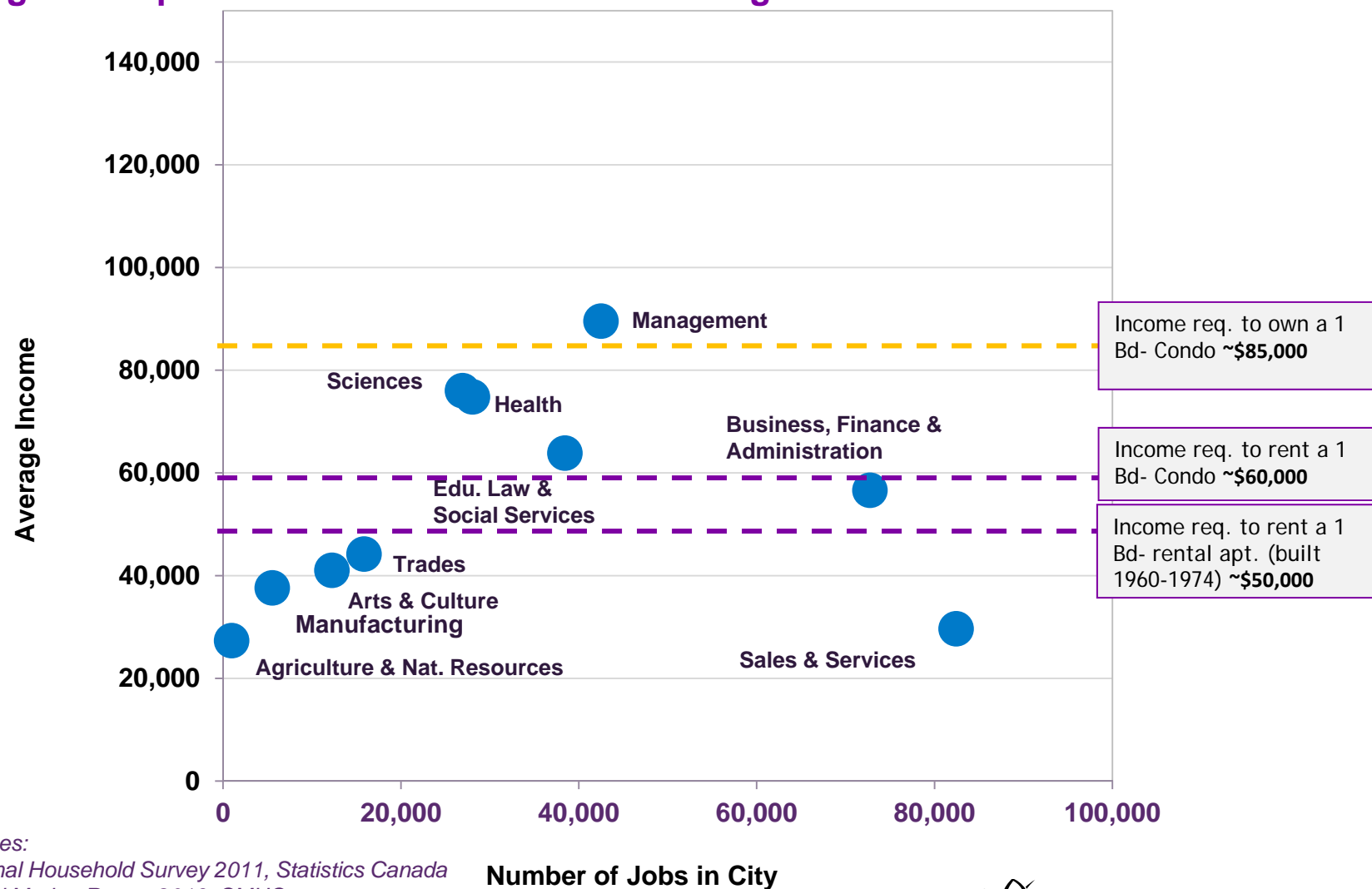
What We Heard: Employers cannot attract and retain new employees



What We Learned: Ten years ago, key workers earning below \$50,000/yr in industries such as the sales & service, arts and culture, and trades could afford a 1-bedroom in Vancouver. Today, higher incomes are needed to live in the city. Employees with families now need to earn over \$150,000 to buy.

Employers cannot attract and retain new employees

Singles - Gap Between Local Salaries & Housing Costs



Sources:

National Household Survey 2011, Statistics Canada

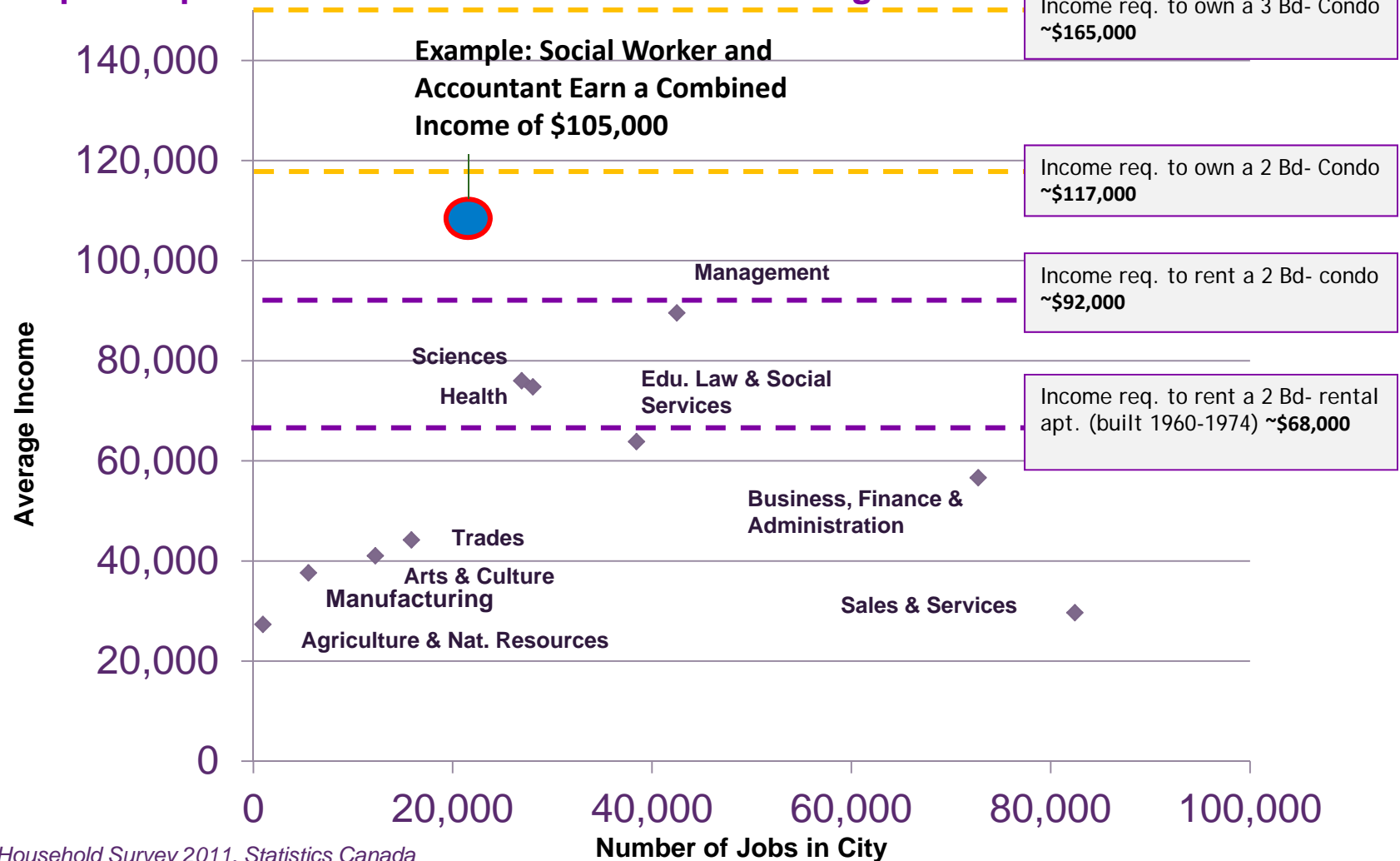
Rental Market Report 2016, CMHC

Condo Sales Data 2015, BC Assessment

Number of Jobs in City

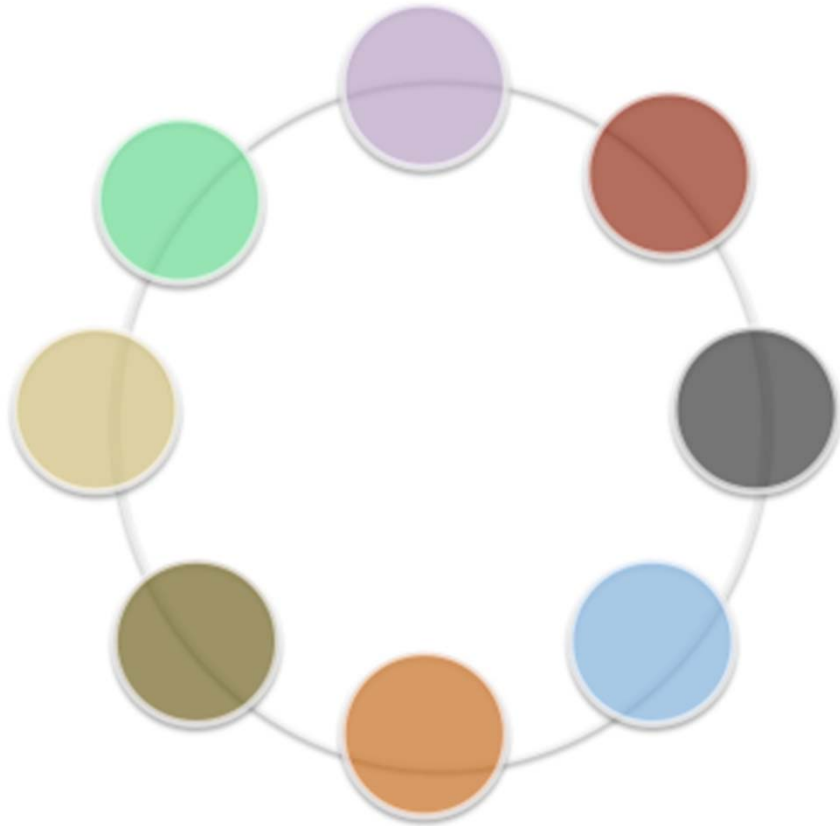
Employers cannot attract and retain new employees

Example: Gap Between Two Local Salaries & Housing Costs



Sources:
National Household Survey 2011, Statistics Canada
Rental Market Report 2016, CMHC
Condo Sales Data 2015, BC Assessment

Partners want to work together to urgently respond



Non-Profit & Private Sector
Landlords
Single Family Homeowners
Employers
Financial Institutions
Health Authorities
Senior Governments
Regional City Mayors
Younger Generations
YIMBY Associations



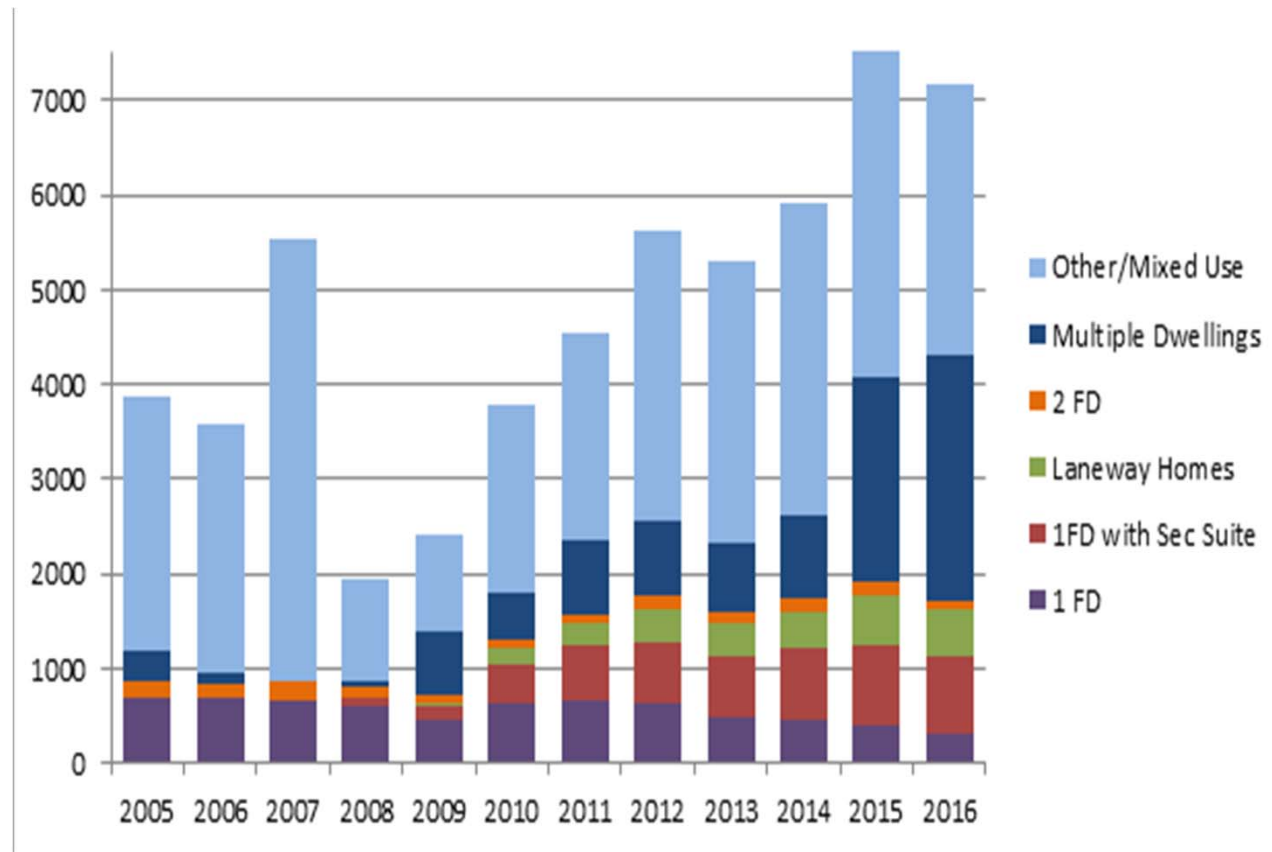
What We Heard: More Supply is Needed and municipalities need to improve approval times for affordable housing



What We Learned: Over the last three years, Vancouver has been creating new housing supply at a record rate. Vancouver also provides the rental supply for the region.

Over the last three years, Vancouver has been creating new housing supply at a record rate (7200 city permits issued in 2015)

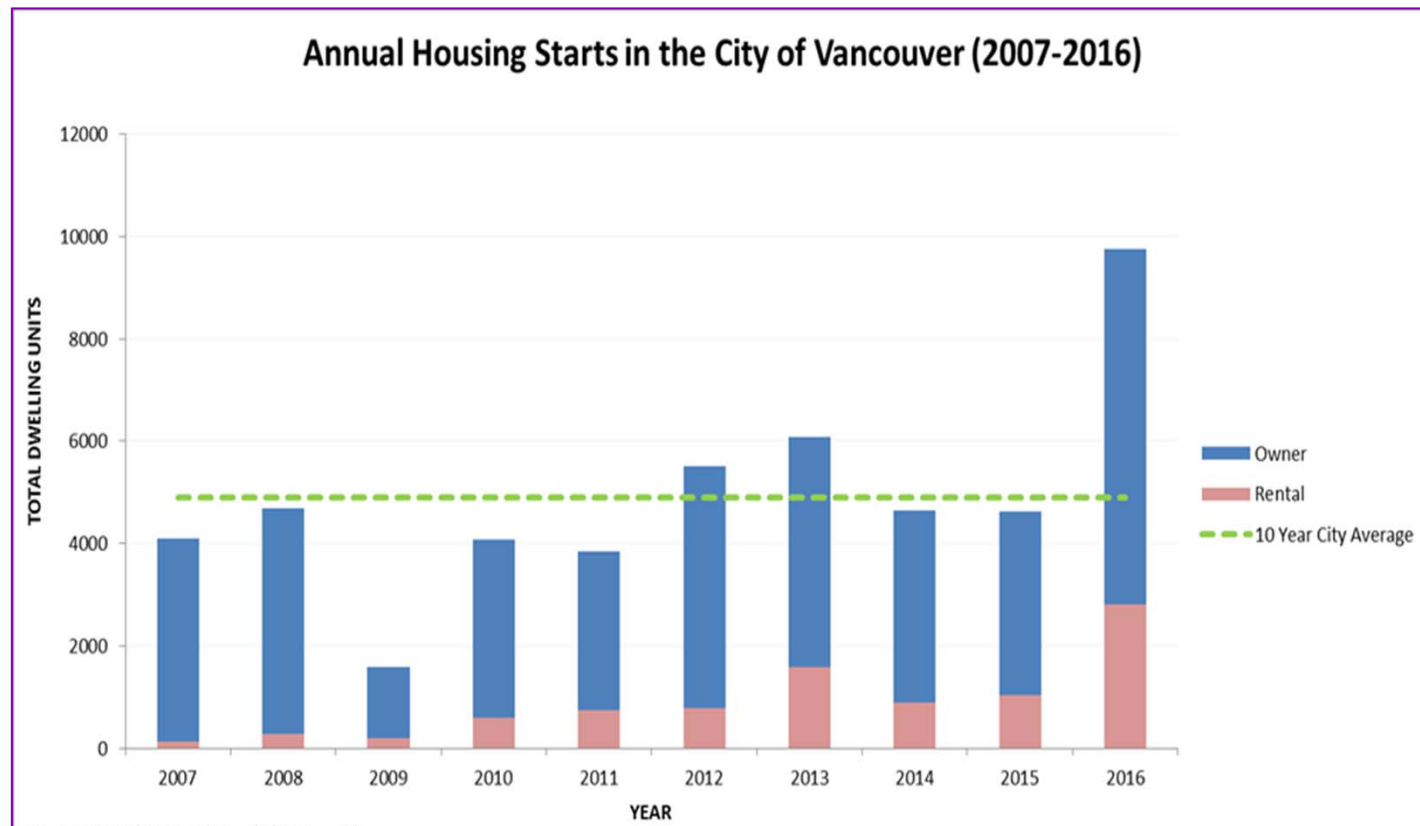
Figure 2: City Permits Issued for New Construction 2005- 2016^[1]



^[1] COV data, 2016

The following year, 9,800 annual housing starts (2016 a record year)

Figure 3: Annual Housing Starts in City of Vancouver (2007-2016)

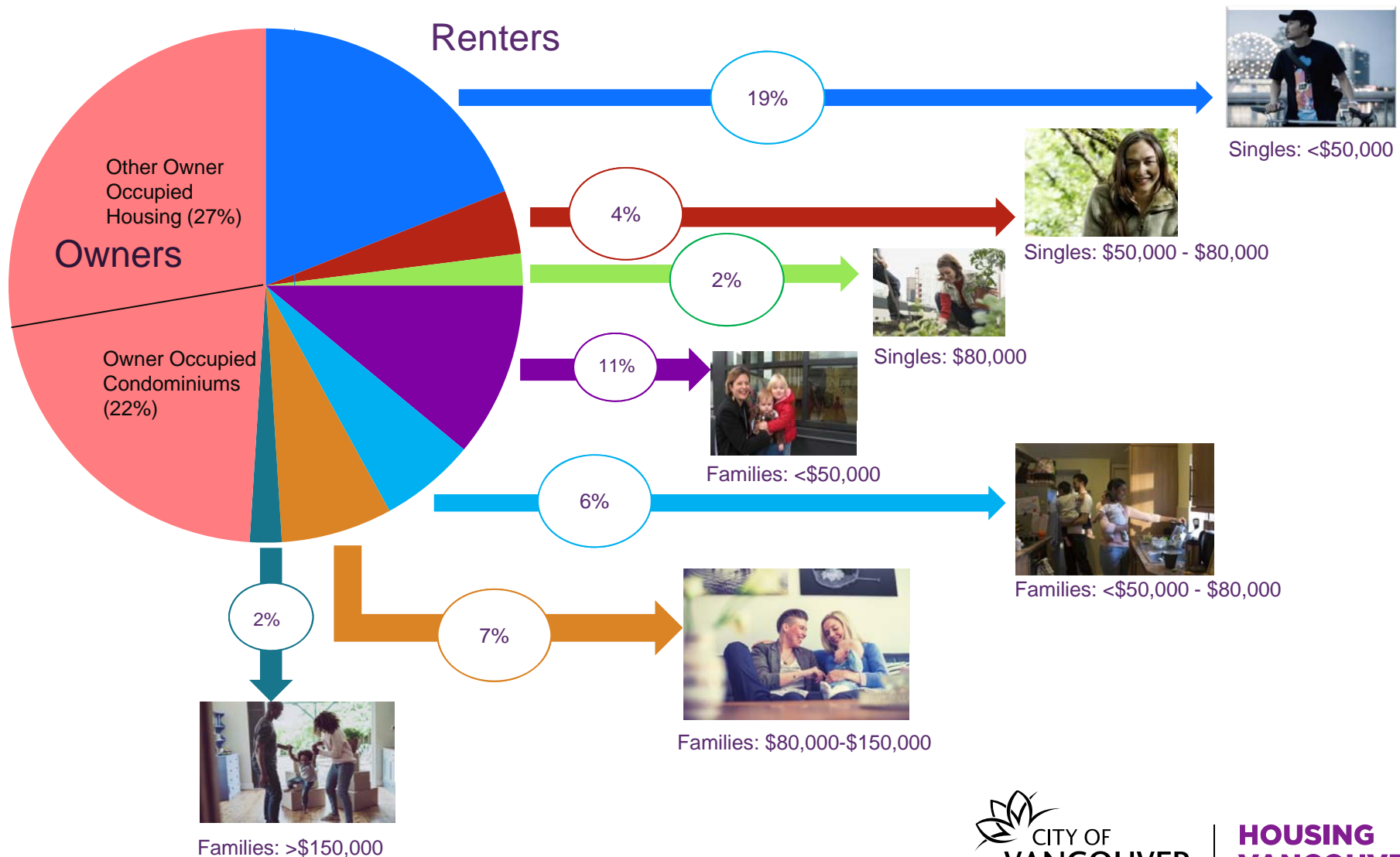


Housing coming on stream from now to 2026 is estimated to continue at 10-year average of ~5,000/year = 47,800 new homes

Technical analysis asked:

- 1) How does new supply match local resident incomes?**
- 2) What is the right supply to maintain our income diversity in the city?**

Sustaining Today's Diversity for Tomorrow



Towards The Right Supply

3 Key Affordability Gaps for Local Residents



Singles earning less than \$50,000 struggle to access the private rental market: not enough below market rental housing



Families earning less than \$80,000 struggle to access the private rental market: not enough below market rental housing for right price, bedrooms needed



Families earning less than \$150,000 struggle to access the homeownership market

Affordability Gap ¹

Housing Out of Reach for Singles



\$0-\$30,000



\$30,000-\$50,000



\$50,000-\$80,000

\$80,000-\$150,000



Occupation: Fixed income
Current Housing: SRO hotel
Housing Dream: Subsidized housing at shelter rates

No Rental: Private rents exceed shelter assistance



Affordability Gap

Housing Out of Reach for Singles



Occupation: Student, part-time job
Current Housing: Lives with parents
Housing Dream: Living alone or with roommates
No Rental: Difficulty finding affordable market rental, even with roommates



\$0-\$30,000

\$30,000-\$50,000

\$50,000-\$80,000

\$80,000-\$150,000



Affordability Gap

Housing Out of Reach for Singles



Occupation: First full-time job
Current Housing: Basement suite w/roommates and a small dog
Housing Dream: Her own pet-friendly apartment
No Rental: Can't afford to rent alone

\$0-\$30,000

\$30,000-\$50,000

\$50,000-\$80,000

\$80,000-\$150,000



Affordability Gap

Housing Out of Reach for Families



\$0-\$30,000



\$30,000-\$50,000



\$50,000-\$80,000

\$80,000-\$150,000



Occupation: Single parent, 2 kids, full-time job

Current Housing: Studio apartment

Housing Dream: An affordable 2bd apartment, rented or owned

No Rental: Limited affordable family-sized rental; ownership far out of reach

Affordability Gap: 2

Housing Out of Reach for Families

Occupation: Two low-income working parents, 2 kids

Current Housing: 2bd rental apartment

Housing Dream: 3bd rental or condo

No Rental or Ownership: Few 3bd rental units, can't afford down-payment on condo



\$0-\$30,000

\$30,000-\$50,000

\$50,000-\$80,000

\$80,000-\$150,000



Affordability Gap ³

Affordable Housing Out of Reach for Families



\$0-\$30,000



\$30,000-\$50,000



\$50,000-\$80,000

\$80,000-\$150,000



Occupation: Two moderate-income working parents, 2 kids

Current Housing: 2bd condo

Housing Dream: 3bd townhouse

No Appropriate Ownership: Limited supply of 3bd townhomes, need higher than \$150,000 household income

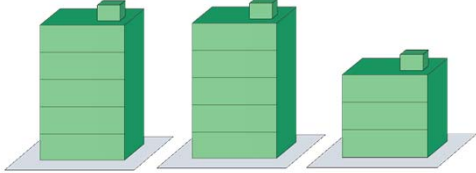
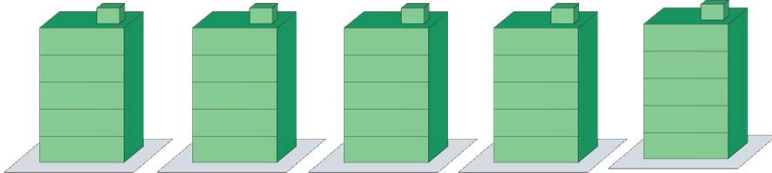
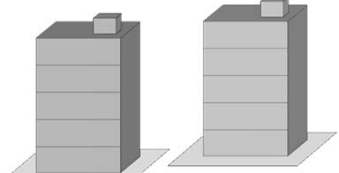
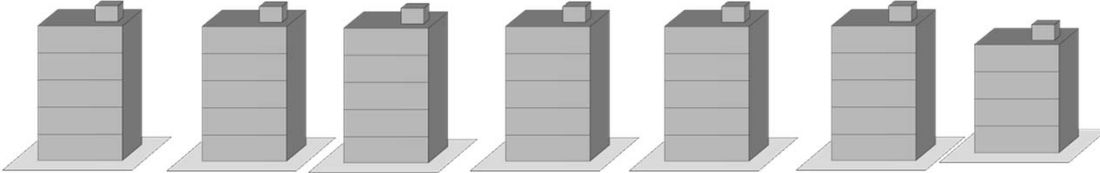


Vancouver doesn't just need supply, we need the Right Supply – Housing being delivered over next 10 years will not provide the kind of housing or affordability needed by our population by 2026.


To maintain diversity, we need:


- 1) 3x amount of housing for renter households earning under \$50,000,
- 2) 2x amount for family renter households earning under \$80,000, and
- 3) 2x amount of family ownership options

2026 New Rental Housing “Business As Usual” Supply For Singles

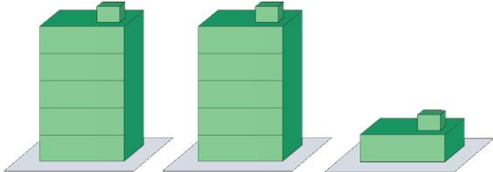
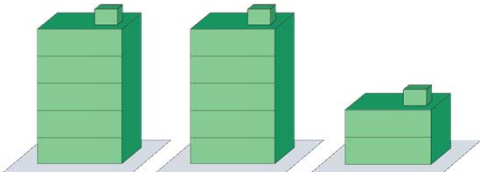
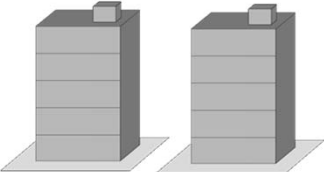
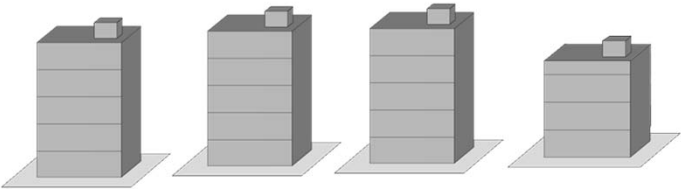
Income	Supply	Rental By Type
<\$50,000		2,600 Units (Social and Supportive) Sub-Total: 2,600
>\$50,000	  	5,000 Units (Secured Market Rental) 2,000 Units (Secondary Suites + Laneway Homes) 6,800 Units (Rented Condos) Sub-Total: 13,800

Total Singles: 16,500

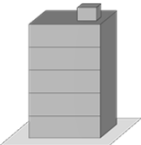
46  = 1,000 secured rental homes

 = 1,000 unsecured rental homes

2026 New Rental Housing “Business As Usual” Supply For Families










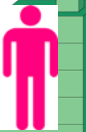
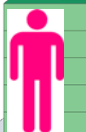
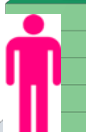
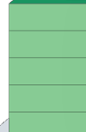
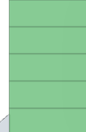


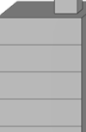




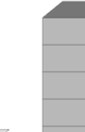

Income	Supply	Rental By Type
<\$50,000		2,200 Units (Social and Supportive) Sub-Total: 2,200
>\$50,000	  	2,400 Units (Secured Market Rental) 2,000 Units (Secondary Suites + Laneway Homes) 3,700 Units (Rented Condos) Sub-Total: 8,100

47  =1,000
secured
rental homes

 =1,000
unsecured
rental homes

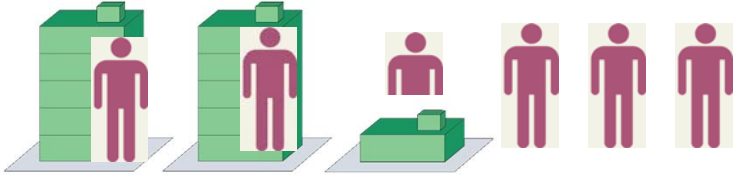
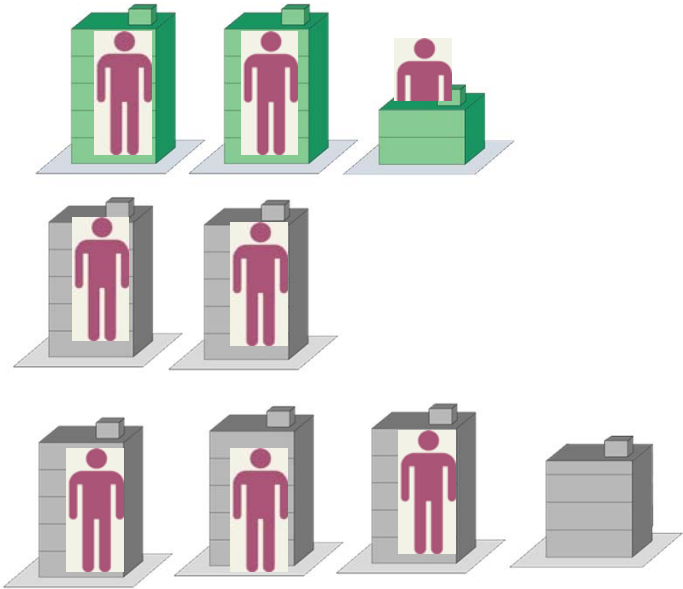
2026 New Rental Housing Total BAU

Supply/Demand For Singles

Income	Supply/Demand	Affordability Gap
<\$50,000	        	<p><u>2,600 supply</u> 9,000 demand</p> <p>= Gap of 6,500</p>
>\$50,000	             	<p><u>13,800 supply</u> 3,000 demand</p> <p>= <i>Mismatch</i> <i>estimated</i> <i>10,800 homes</i> <i>above demand</i> <i>for families</i></p>



2026 New Rental Housing Total BAU Supply/Demand For Family Households

Income	Supply/Demand	Affordability Gap
<\$50,000		<p><u>2,200 supply</u> 5,400 demand</p> <p>=Gap 3,200</p>
>\$50,000		<p><u>8,100 supply</u> 7,200 demand</p> <p>= Mismatch Estimated 900 homes above demand for families</p>



2026 New Rental Housing Total BAU

Supply/Demand for <\$50,000 Household Earners

Income	Supply/Demand	Affordability Gap
<\$50,000		<p><u>4,800 supply</u> 14,400 total HH</p> <p>= Overall Gap estimated 9,500 homes</p>



2026 New Rental Housing Total BAU

Supply/Demand for >\$50,000 Household Earners

Income	Supply/Demand	Affordability Gap
<\$50,000		
>\$50,000		<p><u>22,000 supply</u> 10,200 demand</p> <p>= Mismatch Estimated 11,800 homes above demand</p>



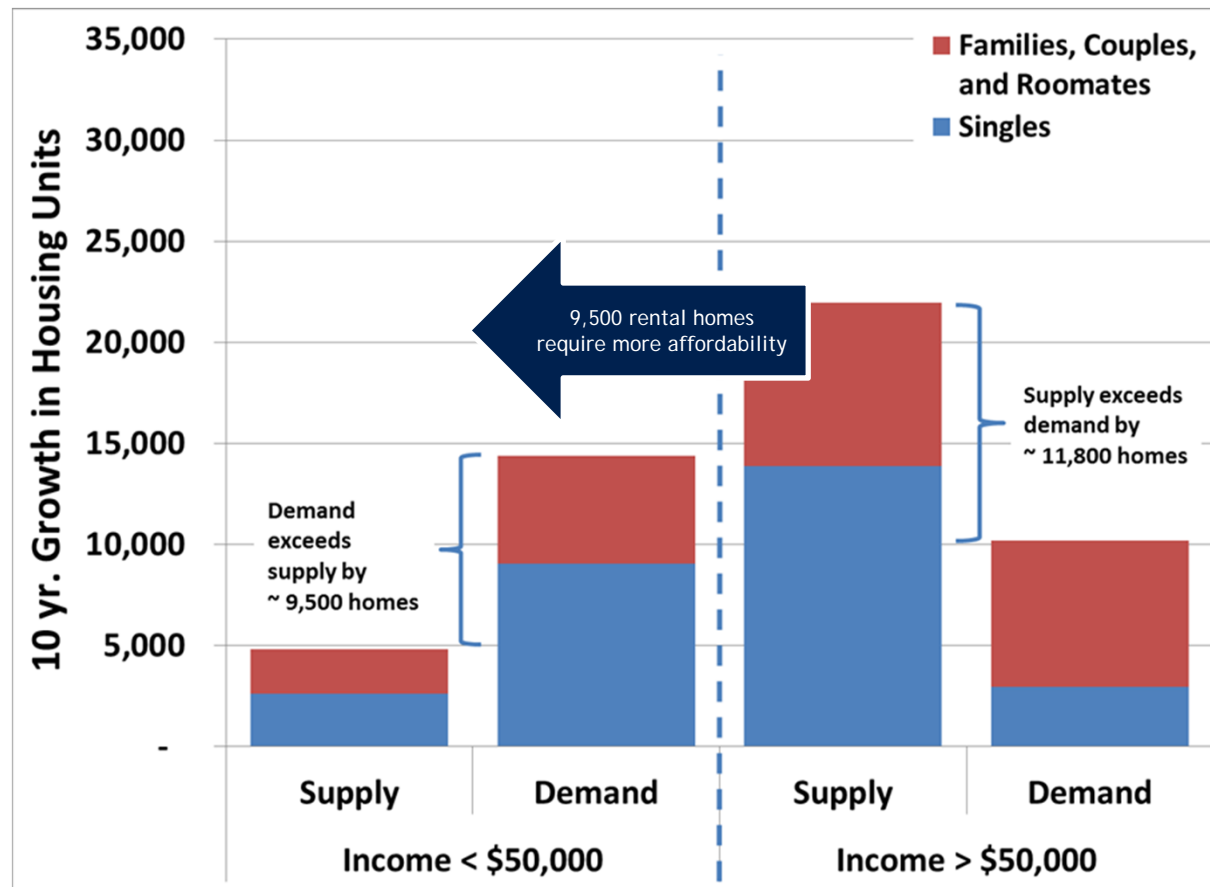
=1,000 single households



=1,000 family households

Course Correction Needed: Affordability for ~9,500 rental homes

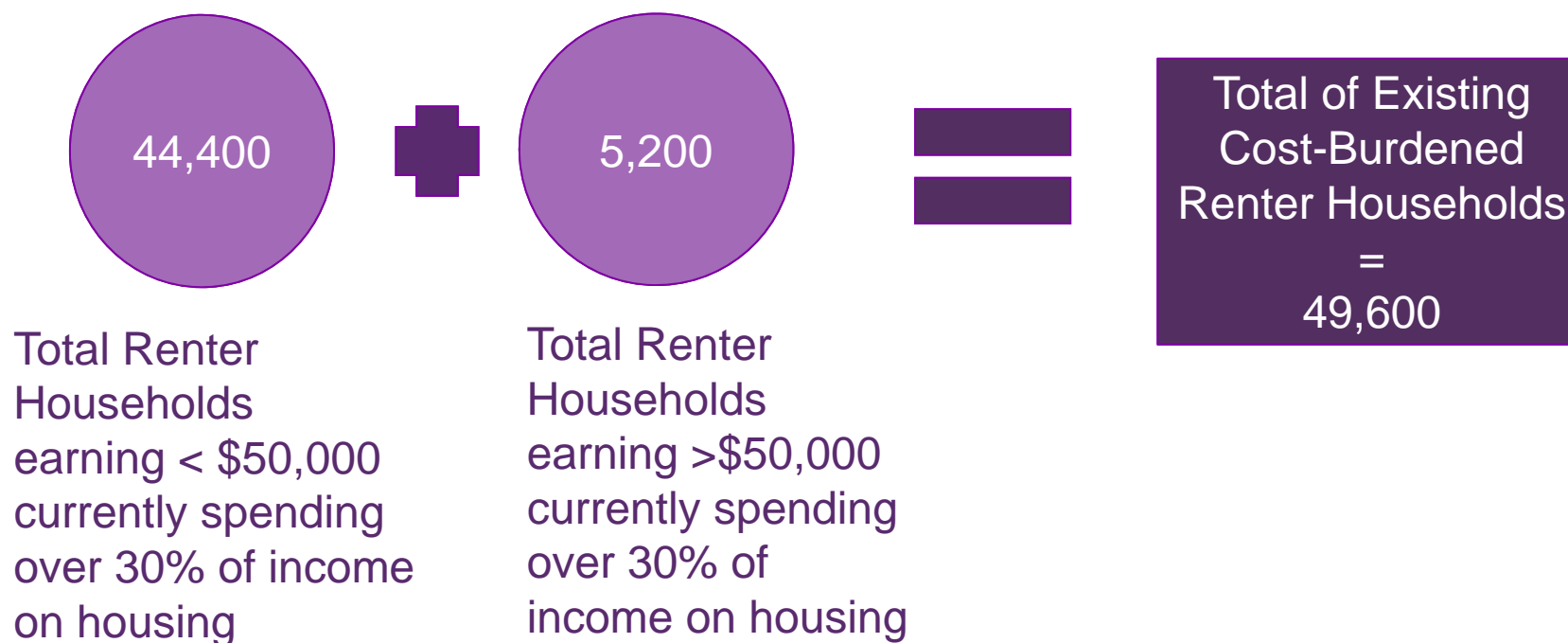
2026 Summary New Demand / Business as Usual Supply Affordability Gap



In addition to the affordability gap between new demand and new supply, a significant number of renters are currently cost burdened.

~ 50,000 renter households are currently overburdened

Renter Households Spending More than 30% of Income on Housing, 2016

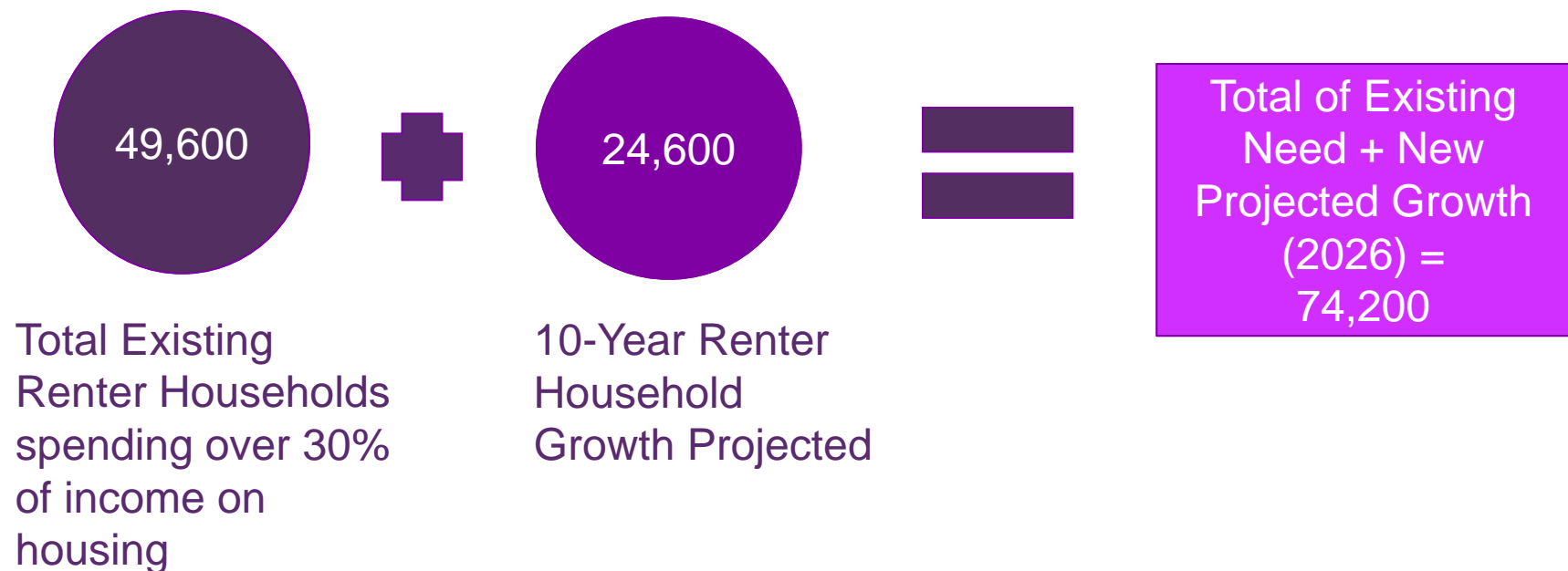


Source: National Household Survey, 2011

Note: As 2016 census data is not available - extrapolation for 2016 assumes that the number of overburdened households grew at the same rate as all households

Estimated Rental Housing Need – 10-Year Growth and Existing Overburdened Households

Renter Households Spending More than 30% of Income on Housing, 2016




Source: National Household Survey, 2011

Note: As 2016 census data is not available - extrapolation for 2016 assumes that the number of overburdened households grew at the same rate as all households

For new family households that are projected to be owners, the “Business As Usual” housing forms will not be the right type of housing

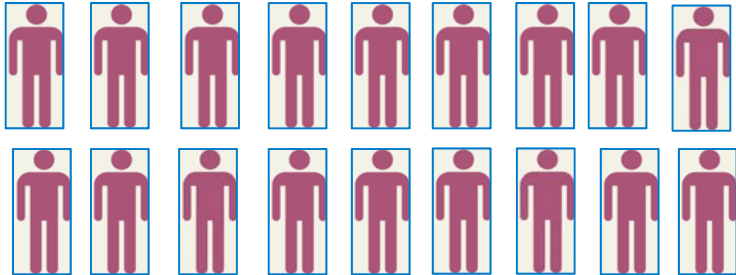
2026 New Owner Housing “Business As Usual” Supply For Families

Income	Supply	Units By Type
		<p>7,300 Units (Ownership)</p>



=1,000 Family Ownership

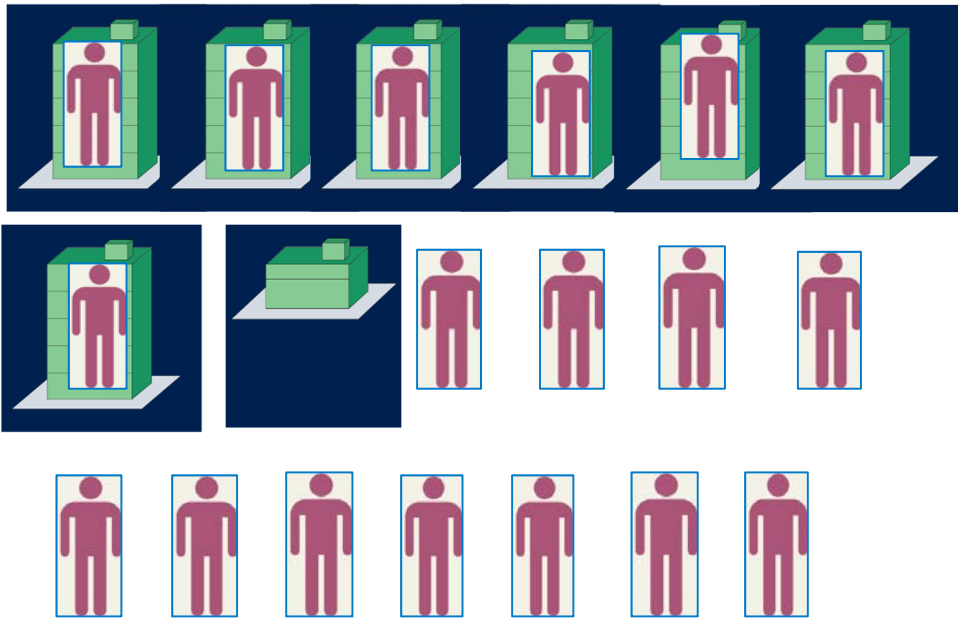
2026 New Owner Housing Demand For Families

Income	Demand	# Households
>\$150,000		17,000 total



=1000 Family Owner Households

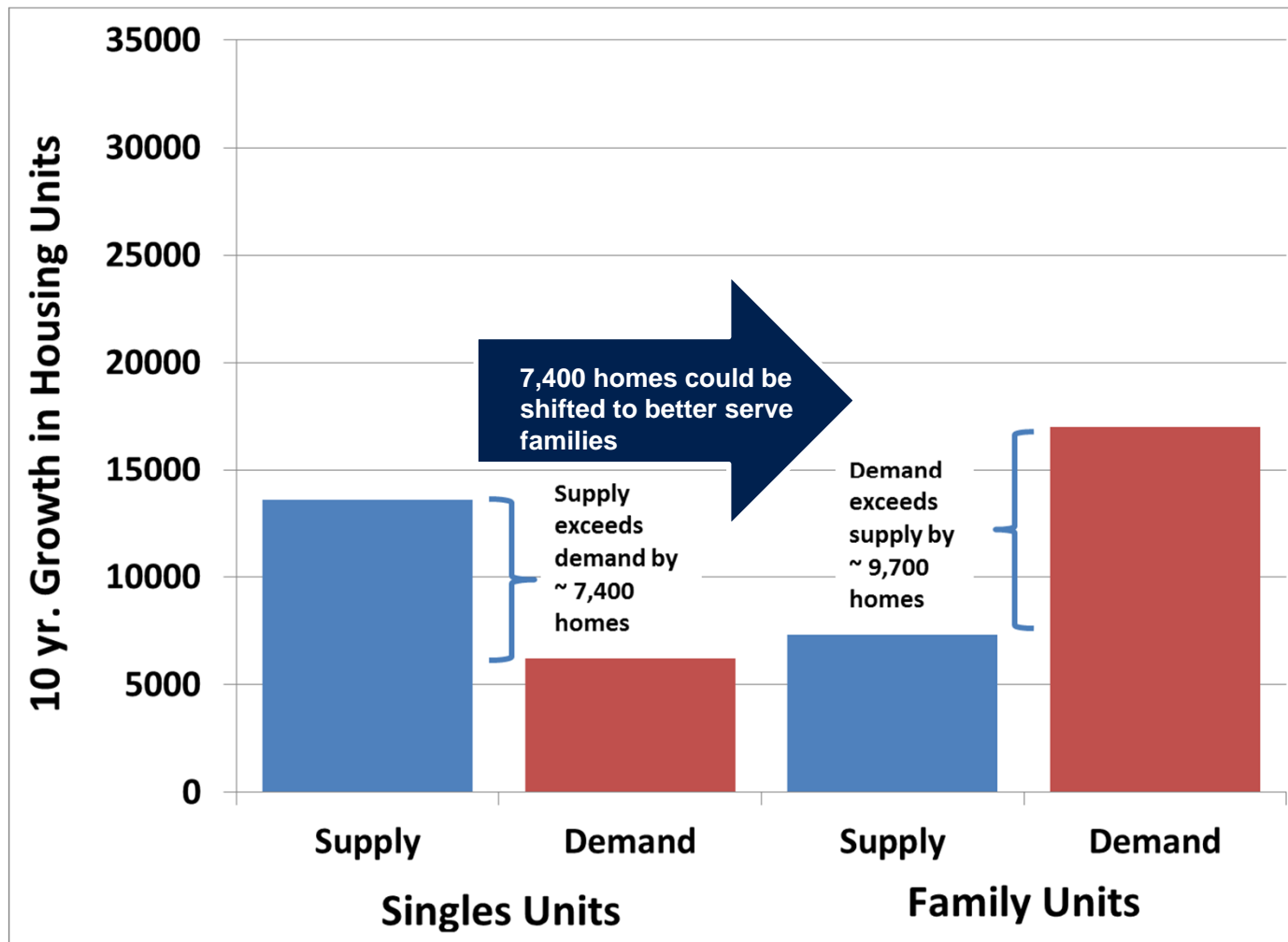
2026 New Owner Housing “Business As Usual” Supply For Families

Income	Supply	Affordability Gap
		<p>7,300 Supply</p> <p>17,000 demand</p> <p>= Gap 9,700 owner family units</p>



=1,000 Family Ownership

Right Supply needed for families



Summary: What We've Heard, What We've Learned

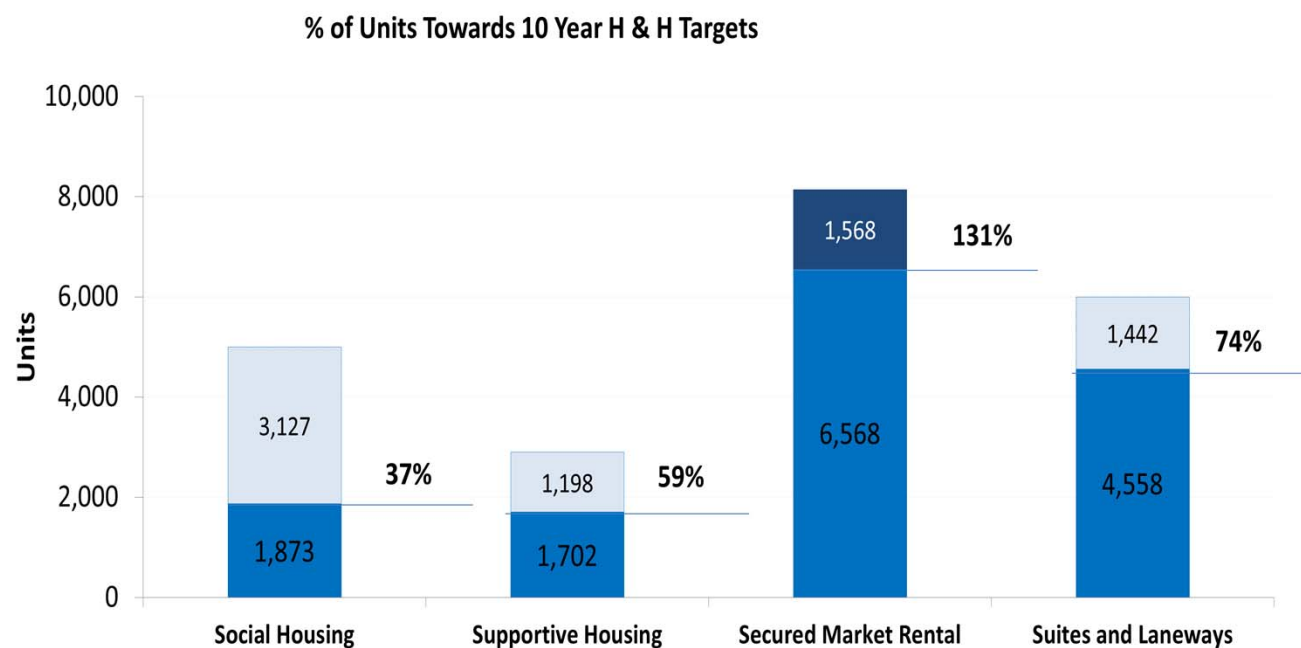
Vancouver doesn't just need supply, we need the Right Supply

Housing Vancouver – Emerging Directions for 10-Year Strategy

Abi Bond

Director of Housing Policy & Projects

Progress Made Over Last 5-Years, More to Be Done



Remainder of 2021 Target



Above 2021 Target



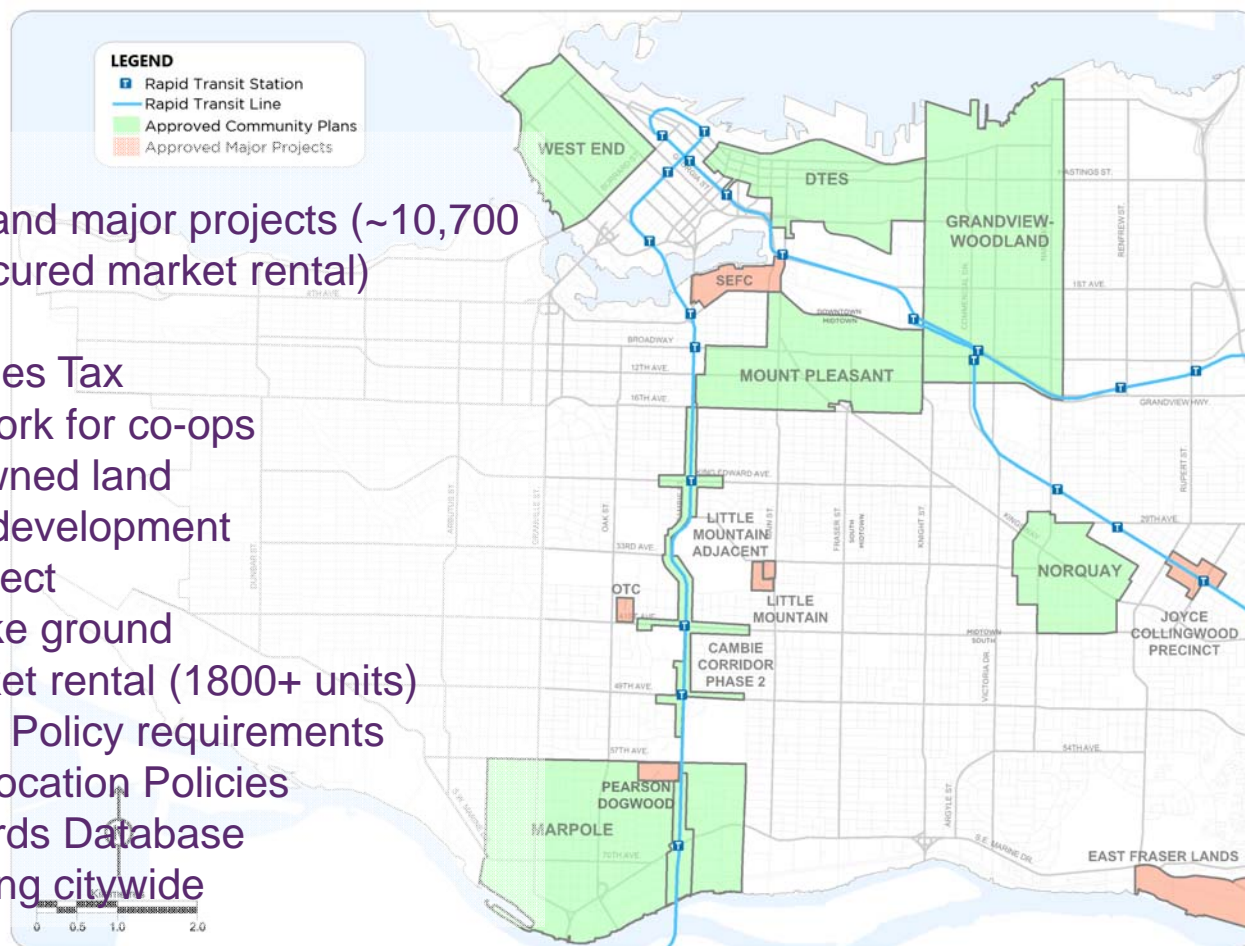
Current Number of Units

[COV data, 2016](#)

Progress Made Over Last 5-Years, More to Be Done

Highlights

- Recently approved plans and major projects (~10,700 social housing, ~8,700 secured market rental)
- Approved AHO
- Canada's first Empty Homes Tax
- Lease negotiation framework for co-ops
- Offered 20 sites of City-owned land
- First 4 VAHA Sites under development
- First modular housing project
- Community land trust broke ground
- Accelerated secured market rental (1800+ units)
- Increased Family Housing Policy requirements
- Approved new Tenant Relocation Policies
- Developed Rental Standards Database
- Expanded Laneway housing citywide



The Right Supply

Actions to increase & speed-up new housing connected to resident incomes, household types, and location

1 Link Housing Affordability Targets to incomes

Housing supply, existing and new, is connected to local residents' incomes, household type, and location

Early Actions:

- Set affordability targets by income range, instead of type of housing supply

Explore

- Require & secure below market affordability





2 Create More of the Right Supply

Expand & densify along transit-oriented hubs, corridors & arterials to increase rental housing

Early Actions:

- Launch 2 new rapid transit station area plans in 2017
- Cambie Corridor Ph 3 planning program

Explore:

- Expand Rental 100 - considering locational criteria and type of supply
- Review IRP to improve affordability outcomes & effectiveness

Who is served?

New and existing low & middle income renter households, singles and families, who are struggling with rising rents and a very low vacancy rate, and who want to live close to transit and services.



3 Complete Neighbourhoods with New Housing Forms

Create new types of affordable homes in existing single family neighbourhoods

Early Actions:

- Review & update existing zoning in Mt Pleasant & Grandview Woodland to increase infill opportunities and align with other zones

Explore:

- Character home review pivot - diversification & gentle densification on single family home lots

Who is served?

New and existing middle income households, especially families, looking to live in lower density neighbourhoods, near parks and schools.





Who is served?

New and existing low & middle income renter households. The degree of partner investment significantly affects the range of affordability delivered.

4 Provide More City Land to Increase Affordable Housing

Use City land & VAHA to deliver more affordable housing units

Early Actions:

- VAHA to move on another 8 sites (~1,000 units)
- Plus an additional 6 City PEF sites (~900 units)

Exploration:

- Expand innovative uses of land e.g. “Community Land Trust”
- Purchase land to replenish land-bank
- Continue to negotiate affordable housing units as public benefits



Who is served?

All new and existing low & middle income renter households, who benefit from faster delivery of affordable rental housing.

5 Prioritize Affordable Housing Delivery

Recommendation to launch one-year pilot to prioritize affordable housing planning and development processes in order to speed up production

- ~20 Projects at any one time / ~2,000 units
- Establish a prioritization framework for housing projects
- Dedicate resources to support priority pilot projects
- Governance & decision making framework enabling issues resolution
- Set service targets
- Expedited process reducing timelines by half from rezoning application through building permit issuance

Smart & Supporting Moves

Support Residents &
Align With Partners

Support for People who are Homeless

Shared responsibility to make homelessness 'rare, brief, and one time'

- Work with Region on Mayors Task Force implementation & “Home Front”
- New Homelessness Services Team
- SRO Report Back – April 2017

Security & Protection for Renters

Prioritize Housing that is affordable, accessible and secured as 'homes first'

- Advocate for RTA changes and Strata Property Act changes
- Incentivize Rental 100 with secured affordability
- Financial Incentives for re-investment and affordability in existing rental

- 70 Short-term Rental Policy



Align City, Residents & Partners to a Shared Vision

City is one of many partners who have a significant role to play

- Vital role of Metro Vancouver and Regional Municipalities
- New non-profit and private sector partnership models
- Engage new voices in decision-making



Summary: What We've Heard, What We've Learned, Emerging Directions

Right Supply of housing urgently needed to course correct affordability gaps under “Business As Usual”, especially for renter households earning under \$50,000 annually and families earning under \$80,000.

The City has committed 8 new sites for VAHA and 6 PEF properties to help meet new affordability targets, but need other government investment.

Partners who align with City objectives will be supported to speed up production through a one-year pilot to prioritize affordable housing planning and development processes.

Homeowners will have the opportunity to add new housing forms for families. Updated family housing design guidelines, including intergenerational Indigenous design.

Smart and supporting moves are needed to make homelessness ‘rare, brief, and one time’, better protect renters, and engage younger generations in decision-making for their future.

Housing Vancouver will require targeted responses and ongoing commitment from the City and all its partners to ensure Vancouver continues to be a liveable city.

Words from Creative Advisory Members

1. David Hutniak (Chair), Strategic Investments in Rental Creative Advisory
2. Marianne Amodio (Chair), Jake Fry, Affordable Innovation in Design & Mayor's External Advisory

Housing Vancouver – Emerging Directions Next Steps & Closing

Kathleen Llewellyn-Thomas

General Manager of Community Services

Summary Remarks

Since the report has been released we have re-engaged with stakeholders and partners and other issues have been raised.

We've heard that:

- Income-based affordability targets shines a light on the need to increase incomes in Vancouver
- Opportunity to link more strongly to outcomes such as health
- Financial modelling required to ensure quality of housing and affordability can be achieved in aging non-profit & private rental
- A strong systems-based approach to housing affordability should include tax policy to address intergenerational inequities
- Job growth is estimated to be high over the next 10-years and regional large employers are keen to pursue housing affordability
- Public spaces and other amenities play an important role in sustaining diversity and vibrancy in urban living

Recommended Next Steps



- **Public Engagement on Emerging Directions** will occur in April/May
- Additional **technical review by staff including target setting, financial and planning analysis** to finalize new *Housing Vancouver* strategy
- Launch One-Year **Pilot for Prioritization of Affordable Housing**
- Final draft of **10 year *Housing Vancouver* Strategy** that closes affordability gaps for lower and middle income renters, younger generations and families to Council July 2017

Words from Creative Advisory Members

1. David Hutniak (Chair), Strategic Investments in Rental Creative Advisory
1. Marianne Amodio (Chair), Jake Fry, Affordable Innovation in Design & Mayor's External Advisory
2. Alvin Singh (Chair), Renters' Advisory Committee