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Average house prices of \$2M foreseen

Vancouver's chief housing officer Mukhtar Latif said the city is already working on all of those ideas, including its new Affordable Housing Agency, which plans to build more than 1,000 units over the next four years on city-owned land that will be mainly rentals for people with low to moderate incomes, up to \$86,000 per year.

He said the Rental 100 program gives incentives to developers to build more rental housing, and that new community plans in Marpole and the Downtown Eastside increase density.

"We are looking at initiatives all the time about how we can create supply and we are implementing many of those recommendations already," Latif said.

"We are working with the region, through the Regional Housing Strategy, and the other municipalities have recognized the need to keep supply up."

The report also makes recommendations for provincial and federal governments, such as giving better property tax incentives for affordable housing, requiring permanent affordable housing zones that would be similar to the Agricultural Land Reserve, dedicating a portion of the property transfer tax to support affordable rental and home ownership options, and offering tax credits for affordable housing or accelerated depreciation of rental buildings.

Architect and real estate consultant Michael Geller said he agrees with all of those suggestions, except the notion of a permanent affordable housing zone.

"I strongly disagree with this idea, which I find horrifying. The fact is, for decades we have been trying to create neighbourhoods with a broad social and economic mix," Geller said.

"While some neighbourhoods will always be poorer or wealthier than others, they change over time."

"We can see this on the east side of Vancouver and elsewhere around the region."



A new Vancity report indicates single-family homes are getting further out of reach for average families.

Andy Yan, a planner with Bing Thom Architects and an adjunct professor of planning at the University of B.C., said he gives kudos to Vancity for researching the issue. "They are a locally headquartered financial institution and this gives them a unique insight into Vancouver real estate," Yan said, adding that the recommendations are interesting and should spark a conversation that could lead to informed, considered decisions on how to make housing more affordable in Vancouver.

Financial institutions could also act to slow rising prices by stabilizing interest rates, including rent from roommates or renting out a room into mortgage approval calculations, and creating access to down payment loans, the report recommends.

On the bright side, while single-family homes are becoming further and further out of reach for average families, many condominiums are still affordable, particularly outside of Vancouver.

The city is a very desirable place to live and ranks very high on livability surveys, which is at least part of the reason for its high housing prices, the Vancity report says. Wages, however, are not keeping pace, the report adds.

The average property in Metro now requires more than 48 per cent of the median household monthly income to buy, while the Canada Mortgage and Housing Corp. recommends a debt-load of no higher than 32 per cent of income. In the past 15 years, the percentage

of income required to maintain a home in Vancouver has risen to almost 76 per cent from a low of 42 per cent in 2002, the report found.

If trends are not reversed through a combination of public policy and changes in financial practices, even homes in the suburbs will become increasingly out of reach for people earning the median income, the report projects.

If price trends continue, by 2030 Langley will be the only affordable community still below the 32 per cent threshold, the report says.

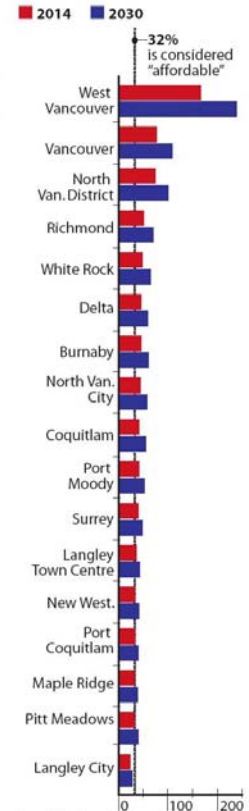
The report assumes a rise in income of 2.5 per cent a year, and used historical average price growth by community.

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Debt required to own a home soars

Percentage of median income needed to purchase the average home in each municipality is projected to skyrocket in next 15 years

Gross debt service ratios per municipality



Source: Vancity report