

## Vancouver councillors mull affordable housing program

### City would aim to help households purchase 300 homes in three years

Vancouver city councillors are set to consider a shared-ownership scheme that would help moderate income, longer-term residents buy homes in the city.



*STUART DAVIS/FILES* The City of Vancouver is considering an affordable housing pilot program that would grant density to a developer in exchange for an ownership stake in some or all of the building's units. Eligible buyers would then purchase those units, but they would pay less than market value.

The idea for an affordable home ownership pilot program is slated for council next week. Its aim would be for the city to help members of working households purchase 300 discounted Vancouver homes in three years, according to a staff report.

But don't start lining up for a home just yet, because there are a few snags.

Staff don't yet know precisely how the pilot program would work; the province would need to amend the Vancouver Charter before it could get off the ground; and the city would hold a stake in any units bought under the program.

Under the city's working model for the pilot, it would grant density to a developer for a given site. Eligible buyers would then purchase those units, but they would pay market value less the city's continued share in ownership.

Councillor Raymond Louie said the band of buyers that would be eligible for the pilot is under extreme pressure and the main thing the city is trying to achieve for them is security of tenure.

“It isn’t just about getting into the market, it’s about giving people the chance to put down roots in a community. Many people want more security than renting currently provides,” Louie said in an interview.

“We know renters are less likely to stay in a neighbourhood for any length of time and this way we can build better communities.”

Mukhtar Latif, the city’s chief housing officer, said the city would be looking for a minimum stake of 20 per cent of market value for units offered under a pilot project. With that level of share, an eligible buyer could purchase a \$500,000 home for \$400,000.

“What we saw here in Vancouver with escalating prices is that it’s very hard for people to move from renting to owning,” Latif said. “We’re also hearing about families not being able to afford to be in Vancouver.”

While the program would be aimed at first-time homebuyers, it would also allow families living in “a unit insufficient for their family size” to move into larger units. The city has a target for at least 50 per cent of all units under the pilot to have two or more bedrooms and be sold to families with children.

Access to the program would be limited to permanent residents or citizens who have lived in Vancouver for at least five years and buyers would need to be employed in the city, according to the report.

Buyers of studio and one-bedroom units could not make more than \$67,540 per year, and parents with dependent children living at home who bought larger units could not make more than \$96,170 per year.

“Obviously, selling units at discount, there will be a demand for them,” Latif said, adding that the city would have a third-party administrator check the eligibility of prospective buyers.

Staff are considering time restrictions on first resale to cut down on flipping, and renting would be restricted, according to the report.

Latif said the cost to taxpayers for Vancouver’s program could not be calculated in cash, but rather in increased density that it would offer to developers on sites that would not normally be rezoned unless it was for specific projects that help meet the city’s housing goals.

“It’s a density contribution and that will vary on a project-by-project basis. That will be transparent as projects come forward,” Latif said.

Staff say more consultation is needed with developers, the Canada Mortgage and Housing Corporation and mortgage lenders before further specifics could be set out. The pilot project would have to be brought back to council for review, “hopefully concurrently with the enactment of the requested Charter amendments,” before it could launch.

Many municipalities in Canada and the United States — among them Calgary, Toronto and Whistler — have programs designed to help residents purchase homes. The way they work varies by jurisdiction. Some allow for initial buyers to build equity through market appreciation while others limit that gain to keep costs low for subsequent buyers, according to the staff report.

Although the B.C. government has urged the city to find ways to grow affordable housing and clean up any regulatory problems that are preventing new construction, the province had a lukewarm reaction to the staff report Wednesday.

Community, Sport and Cultural Development Minister Peter Fassbender said he had yet to read the report but that it was a complex issue worth further discussion.

"I'm not going to jump to opening up the Vancouver Charter on one issue," said Fassbender. "I know the city has some perspectives, I appreciate that, and I look forward to hearing them."

Louie said it was positive the province did not say "no" outright, but added that he hoped they would warm to the idea.

"I hope that if this is not a program that they will support that they come up with something of their own ... we've got a proposal that we think will help," he said.

## 8 Comment(s)



[Anaconda](#)

14 April 2016

04:42

Mull a pay cut, mull close the bike lanes and let cars move , stay out of real estate, you suck at it.



[GMan](#)

14 April 2016

06:46

To solve the housing problem we need to know why Vancouver houses are so unaffordable. The simple reasons are high demand and undervalued homes.

High demand is obvious. Many people in Metro want to live close to work in the downtown core. Foreign investors, who have no intention or need to live in Vancouver also see this demand and add too it because they see a possibility to make a profit. This is especially true when a small house is on a big lot and the zoning bylaws allow for bigger houses to be built or the purchaser believes the zoning bylaws can be changed or bent to increase the density on the lot. This is where undervalue comes in.

City Hall can not control demand but it can control value. This is where the Robertson led government has become the biggest part of the problem. A decade ago a single family house was considered just that. Then Robertson came along with his green city and densification plan and investors realized that the Vision city councilors could be convinced to rezone a piece of land to higher density and therefore bigger profit.

Thousands of single family houses across Vancouver have been legislated into a state of undervalue. Basement suites, condos and laneway houses are all forcing the single family home to become undervalued. The only possible solution to this undervalue of a single family home is to raise its price until it is at a level where developers can not make as large a profit, but that is a level at which a family can not afford to buy.

The solution: get rid of the densification strategy touted by Vision since they have been in City Hall; stop changing the zoning to suit developers; zone all remaining homes so as to not allow extra square feet to be added.



[GMan](#)

14 April 2016

07:21

This new, low income housing initiative will make it more affordable for those on low income, but it will make it less affordable for everyone else.

300 houses are going to be taken off the regular market thereby decreasing supply. Simple economics says this will increase the price of all other houses.

The developer will be paid \$500,000 for his property with the owner paying \$400,000 and the city paying \$100,000. The city will be raising everyone else's taxes to pay for this.

Since the city will own 20% of the house, they will only be able to collect tax on the other 80% of the houses value. Everyone else will have to chip in to make up the shortfall from these houses.

[WaskesiuT](#)

14 April 2016

08:12

These "mullers" are screwing around on problems they don't understand and have no capability of handling.

Whenever 'affordability' and 'politicians' are combined in the same sentence, bullshit will be the result.

[tug](#)

14 April 2016

08:21

Does an affordable home in Vancouver cost 2 million instead of 3.5 million?



[Ricketty Rabbit](#)

14 April 2016

10:33

"Affordable" in Vancouver is a joke. GMan is correct that this is an imbalance of supply and demand. There's not much the City can change to increase supply. But all 3 levels of government could reduce demand, though hitting "equilibrium" so that current prices are maintained is about the best they'd be allowed to do by voters.

Don't forget that more people already own homes in Vancouver than are currently looking for homes. And most would squeal if their homes start to decrease in value as a result of policy changes. Imagine thousands of families owing more on their mortgages than what their homes become worth after a "successful" government policy change. All hell would break loose.

Stopping densification won't help. It's true that the cost per SF of new apartments is astronomical compared to homes. But when a 10,000 SF lot is converted from low rise to high rise, that footprint could go from housing 30 families to housing 150 families. That's densification, and it means an additional 120 families can afford to own in Vancouver.

Without these additional families, Vancouver's commercial infrastructure will wither and die for lack of employees. When a tear-down in East Vancouver is priced at over \$1M, and there are no additional apartments, the prices on apartments would also skyrocket.

Most of the drivers of the affordability problem are not within the City's scope. Get the Province to crack down on real estate businesses, and get the Feds to crack down on income tax cheats. Add in a tax for vacant real estate. Together, those would slow the flow of offshore buyers looking to move money out of China, and that would at least slow the rate of price escalation.



[GMan](#)

14 April 2016

12:45

RR all your points are valid and should be acted on. As you say though the government has already set its plan in motion and it will be hard to reverse the densification drive without hurting people who have bought in at the inflated prices.

[Rancher](#)

14 April 2016

13:16

Why on earth would I want to to densify my city by subsidize a bunch of people who can't afford to live here?