

## Rental crunch: housing at crisis levels

### Residents vulnerable to evictions in battle for available suites

[Brent Richter](#) / North Shore News

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Residents at the Mountain Court rental complex will be putting up Christmas decorations in their aged but affordable apartments for the last time this year.

The 75 units will be demolished in 2016 to make way for 246 condos and 75 rental apartments, beyond the budgets of pretty much all the existing residents. And with less than 0.7 per cent vacancy in North Vancouver, the families know there's almost nowhere for them to go.

"It's really hard to find a place. The prices are astronomical," said Yvette Mercier, one of the residents who led the fight to stop the project. "We haven't found anything yet that's suitable or that takes cats. Everybody is feeling the same."

It was among the most controversial redevelopments in the District of North Vancouver in recent years but what happened at Mountain Court is just the symptom of a larger problem being felt across the country. The current rental crisis has been coming at us in slow motion for the last 30 years.

What the numbers say A first-of-its-kind, wide-ranging study released last month by the B.C. Non-Profit Housing Association paints a bleak picture of the country's rental market. Using data from Statistics Canada, the study examined incomes relative to rents, the number of residents paying more than 30 or 50 per cent of their income for rent and utilities and the total incidence of overcrowding based on the national occupancy standard.

The Canada Mortgage and Housing Corp., along with most other housing agencies, recommends that people not spent more than 30 per cent of their pre-tax income on housing. Any more than that and people tend to start foregoing other necessities, like proper food, saving for retirement or education for themselves or their children, said Brian Clifford, one of the policy analysts who worked on the study. The City of North Vancouver ranked 510 out of 521 municipalities overall, among the most critical in Canada. Thanks to higher than average reported incomes, the district fared better but when you look at the bottom 50 per cent of wage earners, the same troubling patterns appear. Renters comprise roughly 45 per cent of the city's 22,790 households. The average household income is \$44,306 while the average rent was \$1,226 (regardless of the number of bedrooms). For those who listed retail or hospitality as their industry, the average income falls to \$33,239 and \$22,869 respectively. Forty-three per cent of households are paying more than 30 per cent of their monthly income to cover the lease, plus gas and electricity. Almost a quarter have more than 50 per cent of their paycheques going to the landlord alone. People under the age of 30 and over the age 65 are disproportionately represented among those paying more than they can afford and it stands to reason, Clifford said, so are single moms, people with disabilities, immigrants and First Nations members.

There were also 1,585 cases of overcrowding, about 15 per cent overall.

Now, time for a major caveat: These numbers are all the product of the 2011 national household survey. No secret to anyone in the Lower Mainland, the housing market both for ownership and rental has continued to be thrust into the stratosphere since then.

A search of one-bedroom apartments listed online shows a price range between \$800 for basement suites to \$1,200 for something above ground. For two beds, the range is closer to \$1,200 to \$1,800.

When the index is updated following the results of 2016's long-form census, we can expect a rude awakening in the results, said Clifford.

And the study indicates things are going to get a lot worse before they get better.

"Something's got to give," said Penny Gurstein, director of the school of community and regional planning at UBC. "I'd say people should be marching in the streets and saying, 'We are in a crisis situation. Do something about this.' Government has to do

something."

How did we get into this mess?

It's rare in the study of complex systems that academics, politicians, bureaucrats and the private sector so uniformly agree. It's simple supply and demand, and it's the federal government's fault for cutting off the supply.

Most people take it for granted but almost all of the purpose-built rental housing stock in Canada was built entirely because of federal subsidies and tax incentives in the 1960s, '70s and early '80s.

The Assisted Rental Program provided construction subsidies to developers building rental housing and the Multi-Unit Rental Program granted tax deductions to high-income individuals if they financed rental housing starts. Those two programs accounted for nearly 358,000 units of housing, about 56 per cent of all market rental housing built since the mid '70s and early '80s.

"It worked. It was very successful. It did exactly what it was intended to do. It built a lot of quite affordable housing and people got tax writeoffs from it," Gurstein said. But both programs came to an end in 1984 when Brian Mulroney's Conservative government cut them as a cost-saving measure, bringing about the genesis of today's crisis. "When the federal government axed that program, it killed all rental development across the country," said David Sander, director of Hollyburn Properties, one of the largest rental firms in Canada. "There needs to be continual redevelopment and increase of rental supply in order to have a healthy rental market. We're at the stage where we haven't had any rental built in 30 or 40 years and everybody's all of a sudden wondering why it's so unaffordable."

In 1993, Liberal prime minister Jean Chretien stopped the federal spending on building social housing stock. Up to that point, more than 600,000 apartments had been built for low-income people.

The homelessness seen in Canada's major cities has grown out of this as a direct result, Clifford added.

Making matters worse, many of the old walk-ups are reaching the end of their useful lifespans and developers are eager replace them with condos, much like Mountain Court, further diminishing the supply of the most affordable suites.

"Many of those buildings are well kept and have been well cared for and are in great condition - and many aren't," Sander said. "I think councils should spend the time to go through their rental stock and ask themselves: 'Is this an important part of our housing in the community and should we reinvest in it? Or should we let it slowly fall away and deteriorate?'" The owners of Mountain Court said the building needed plumbing and electrical upgrades that would have resulted in tenants being evicted and rents going up regardless. For a time, Ontario did offer incentives for rental building owners to update and maintain their apartments in exchange for rent controls.

How can we get out?

Despite the lack of federal help, there have been a handful of purpose-built rental buildings started in the last few years, including Hollyburn Properties' 14-storey BridgeWater tower now under construction at corner of 14th Street and Chesterfield Avenue, near North Vancouver City Hall.

Hollyburn received the pre-zoned land from the city in a convoluted land and density swap that saw developers fund the construction of the new city library, renovated city hall and plaza linking the two. Hollyburn opted to break ground in 2014, despite having the land for a decade. Demand for rental units had been steadily increasing while interest rates dropped and construction costs stabilized, Sander said, finally making the project feasible. So far, about 240 people have signed up to apply for one of the 130 units in the building when it is completed in the fall of 2016, and that's without doing any marketing beyond posting signs outside the construction site. Hollyburn has another proposal filed with the city for 19-storey mixed-use commercial and residential building with 144 rental units (mostly one-bedroom) on the northwest corner of 13th and Lonsdale. But the **prices for brand-new units are far higher than what the old wood-frame walk-ups could fetch.** The 500-square foot studios at BridgeWater will start at \$1,300 per month. "What gets built today is going to get charged out at market and that's the way it should be, otherwise, developers won't build it but 20, 30, 40 or 50 years from now, that then becomes the affordable rental," Sander said.

Some new strata units also end up on the rental market, although their prices tend to be at the high end of the range.

Municipalities like the city will also allow developers to build more density if a portion is guaranteed to remain rental.

"Municipalities are starting to understand, I think, that they need to provide incentives to facilitate the development of rental," Sander said. "The alternative is that developers don't build rental and if you look at what rental does for a community, it fulfils a very important housing need. It helps employers attract employees. It's more affordable than owning. People transition through the housing continuum." Municipalities have also added to the supply by allowing secondary suites and coach houses. The city has added about 510 rental units this way. The district has 4,212 registered secondary suites (almost four times as many suites as purpose-built rental).

"It's not a huge amount," Gurstein said, looking at the big picture. "It's significant and it's a good thing these suites were legalized ... but it can't take the place of purpose-built rental housing." As for whether the feds will return to the housing market, that was something promised by the Liberals in the run-up to their October election win.

North Vancouver's newly elected Liberal MP Jonathan Wilkinson said he expects his government will begin rolling out its promised national housing strategy within the next six months, although the details of what it will include are still being worked on.

"The national programs really will include a number of things we talked about during the campaign, including things like prioritizing investments in affordable seniors facilities, in building new housing units, giving support to municipalities to maintain rent-geared-to-income subsidies and co-ops and those kinds of things," he said. "What we talked about there was removing all GST on new capital investments in affordable rental housing. That basically is injecting about \$125 million in tax incentives."

More than wooing the private sector back into the rental business, Wilkinson said the feds have a role to play in providing social housing as it once did.

But even if market forces and government intervention align and cities start ushering in new rental units in the thousands, we still have a growing population that will be clamouring for limited rental stock.

"This is that issue of having 20 years of disinvestment from the federal government," Clifford said. "We have this public backlog of housing that needs to come online before we can even meet current demand. We need 116,000 new units of rental housing (in Metro Vancouver) by 2036 to house everybody coming into the region."

In the meantime Not being able to resolve the rental crisis on their own, municipalities have been seeking to soften the blow on renters displaced by redevelopment. The city recently developed a policy that states owners of rental buildings up for redevelopment must provide two months' notice, three months' rent, a tenant communications plan, access to tenant relocation co-ordinator to find three comparable suites for the displaced tenants and give existing tenants the first right of refusal to live in the new building.

In Mountain Court's case, developer Polygon agreed to put off the evictions and demolition until the end of June so kids could finish the school year. They also offered relocation packages to compensate renters but the catch is, you must stay until the very end, Mercier said, meaning July 2016 is going to see renters with some very stiff competition, indeed.

"A lot of people who have moved in this period of time were not given any money. They're not supplying any monies unless you stay until the very end, which means there's going to be a mass of people who are moving out," she said.

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