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Article rank | 30 Jan 2015 | The Vancouver Sun | Daphne Bramham dbramham@vancouversun.com

Little for taxpayers in shelter sell-off 5

Sophistry in action: It's politics, not vision, behind the sale of public housing

Buy land. They're not making it anymore. Mark Twain's sensible advice is familiar to most of us, who struggle to follow it.

So, why is the B.C. government selling all 350 of BC Housing's properties — including many in Vancouver — to non-profit housing societies?

Sophistry, in the form of selling a public asset for the shortterm (political) gain of balancing the annual operating balance.

Of course, that's not the official reason.

The official reason is that it will allow non-profits — 90 per cent of which currently operate on government-owned land — to secure long-term financing for maintenance, repairs and, if needed, replacement of aging buildings.

There's no question that this is a problem and has been ever since the federal government decided that it no longer had any responsibility to ensure that there is an adequate stock of affordable housing.

In the past few years, several small non-profits (including the Voice of the Cerebral Palsied of Greater Vancouver and First United Church Social Housing Society) have either sold or had BC Housing take over their aging buildings because they didn't have the money to upgrade them or a means of raising the money to do the work.

It's a problem that could have been solved by retaining ownership and granting leases of 99 years or more, which for lending agencies are as secure as freehold ownership.

By retaining public ownership, the government could have shown the same kind of vision that previous administrations had when they secured valuable urban property for parks. Only this time, the vision would be to ensure that B.C. cities of the future will not only be green, but provide affordable homes for the next generation.

Instead the government is transferring title to millions of dollars worth of public land. The scheme means citizens will essentially pay the cost of buying the very land that our government is selling.

Under the plan, BC Housing will arrange the mortgages and provide financial assistance to pay the debt servicing costs. It will pay the property transfer tax as well as the legal fees and any other costs "to ensure a smooth transition of ownership."

It will continue to subsidize tenants' rent and conduct annual operational and financial reviews of all the non-profits. It will monitor its operating agreements with the non-profits to ensure that the existing tenant mix is maintained. It also promises that all proceeds of the land transfers will be plowed back into building more public housing.

BC Housing won't release the list of properties or their assessed values, but after surveying its members the B.C. Non-Profit Housing Association estimates that the land is worth anywhere from \$500 million to \$1 billion.

(BC Housing is currently negotiating the sale of two Vancouver properties that it owns and operates and the first sale may be completed as early as next week. The 368unit Stamps Place with 10.19 acres in downtown Vancouver is being offered for \$50.4 million, while the 20-storey, 219unit Nicholson Tower in the heart of Vancouver's West End is for sale for \$34 million.)

Yet, once the debt-servicing subsidies and rent subsidies are paid and the non-profits monitored, it's not clear how much money — if any — will be left for building new social housing units.

Regardless of why the government is doing this, there is also a risk in transferring as much as \$1 billion of public assets to non-profits.

Many are small Mom-and-Pop type organizations run by well-meaning people. But few have the skills and capacity to leverage land ownership to finance renovations and redevelopment.

Yet, they will be able to do all of that by borrowing against the land. But will they know how to hedge against rising interest rates or be adequately prepared if their equity investments tank if there's another recession like the one in 2008?

Some smaller non-profits may have to make way for bigger ones, says Tony Roy of the B.C. Non-Profit Housing Association. But he's quick to add that he doesn't think there will be "mega-non-profits" that squeeze out all the others.

Still, even some of the big ones have problems related to transparency and accountability. Last year, for example, audits of the Portland Hotel Society found that tens of thousands of dollars were misspent on limousines, luxury hotels, spas and parties.

Not surprisingly, many nonprofits are thrilled at the prospect of owning land.

Why wouldn't they be? Who wouldn't rather be an owner than a tenant, especially when ownership costs are subsidized?

And, who — other than the provincial government — wouldn't look forward to the prospect of capturing the future benefits of increased land value?

But the government is looking to the short term. With revenues falling because of dropping oil prices and LNG looking less and less like a realistic possibility in the near term, selling valuable public land will help Premier Christy Clark meet her promises.

Those mortgages for the non-profits will be accounted for as assets and the cash that flows from those mortgages is a direct infusion into general operating revenue.



So, what's in it for citizens and taxpayers? Not much.

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