

# Economy in danger over affordability

## Housing costs ‘major barrier’ to retaining, attracting talent: report

Metro Vancouver is one of the world’s most livable cities, but skyrocketing housing costs and inadequate transportation systems are eroding its ability to attract young talent and business investment, a new report suggests.



*GERRY KAHRMANN* A report by the Greater Vancouver Board of Trade and the Conference Board of Canada says Metro’s economy is limited by ‘exorbitant housing costs.’

The report, produced by the Greater Vancouver Board of Trade and the Conference Board of Canada, ranked Metro Vancouver ninth out of 20 global cities for social and economic vitality — behind Singapore, Copenhagen, Hong Kong and Seattle, but ahead of Toronto, Montreal and Halifax. While Metro gets high marks for its clean air, large number of foreign-born residents and low homicide rate, it loses points for expensive housing and long commutes.

Only Shanghai and Hong Kong had less-affordable housing.

“Anyone contemplating a move to the region faces exorbitant housing costs (and) this limits Greater Vancouver’s attraction to younger people who could represent its future,” the report states. “This represents a major barrier to retaining and attracting talent and therefore business investment. Unfortunately, the identification of causes and remedies for this clear and present danger is highly controversial.”

The report acknowledged the region is constrained by mountains, the ocean and the Agricultural Land Reserve, but said more information is needed to determine the effect of foreign ownership, saying “it seems clear to us that outflows of wealth from China have at least some influence on the Greater Vancouver housing market.”

Housing affordability has become a centre of debate in the region, with various suggestions on how to solve it.

One solution the Board of Trade report suggests is to curtail price growth, with either steps to reduce demand for homes or steps to increase supply. “If foreign demand is the culprit for high prices, this could be reined in by placing restrictions on non-residents’ ability to buy homes, an approach that has been attempted by countries like Australia and Denmark,” the report states. “At the same time, housing supply could be boosted by policies that support intensification (building up) and that increase residential land availability (building out).”

Marc Lee, an economist with the Canadian Centre for Policy Alternatives, is calling on the federal and provincial governments to provide more public investment in affordable housing, saying the region needs 5,000 additional units of affordable housing each year to keep pace with demand.

There is also a need to focus on foreign ownership, Lee said, and he urges the province to get a handle on absentee owners and restrict outside money that distorts the local housing market. He cited cities like London, England, where the government has made its property transfer tax steeply progressive and added an additional transfer tax on purchases made by non-residents, which has helped to cool the high end of the property market.

“Vancouver is just one of the global cities where investors are using real estate to park their wealth — not as a place to live,” Lee said.

“We need to make sure that our housing supply is for people who live in and contribute to our local economy.”

Although 20,000 units are built every year, Lee said, they are often classed as “luxury” investments to allow developers to get the highest price.

He maintains the region could achieve higher density by allowing more three- to eight-storey buildings across the region than towers “shoehorned” into one spot.

“We’re ultimately not building housing stock for people in Vancouver,” he said. “The affordable housing we need should be financed in part by the windfall gains of ownership.”

Anne McMullin, president and CEO of the Urban Development Institute, agrees there is a need for more housing, including social and rental units, but said the issue is compounded by the fact residents are so opposed to higher density, especially in Vancouver, where protests have erupted in places like Gastown and Chinatown. “We want to blame the development industry, but municipalities are not wanting to build because of public opposition,” she said. “You can’t have it both ways.”

McMullin maintains there has to be more political will to rezone land and expedite developments, saying even projects that go ahead are taking three to four years.

Cities like Coquitlam are doing a good job building around transit hubs, she said, but Vancouver could provide a boost in housing just by changing zoning from single-family to duplex or fourplexes, because “you will get more people into the city when right now we’re shutting them out.”

She noted, for instance, there is little incentive to build around the Expo SkyTrain line, which has a mass of single-family homes in what has become a highly urban area.

## ***High housing prices threaten region's future***

Metro Vancouver lags behind other world cities in social, economic vitality



“Perhaps in Langley that makes sense, but does it make sense in Grandview-Woodland?” she said. “If you curb supply, the demand goes up. **We want to build more but we’re not building where the infrastructure is.** The supply is constrained and the demand is up so the price is going to keep ratcheting up.”