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MORE SUPPLY WON'T MAKE HOUSING ANY CHEAPER

And transit plans must suit our city, not the reverse, Elizabeth Murphy writes.

As long as real estate is disconnected from the local economy, it doesn't matter how much new stock we build — it will be beyond what most can afford.

The province is expected to make pre-election announcements starting in September featuring housing affordability fixes. Unfortunately, it looks like the policies they are considering may be ineffective and problematic. To find the right solutions, they need to work from accurate assumptions rather than myth.



A 2014 report claimed Vancouver has enough capacity in zoning and city planning to accommodate 20 years of housing demand.

The B.C. Liberals frequently suggest increasing supply as the solution to the housing affordability crisis. In the City of Vancouver, there is already ample zoned capacity. The city's consultant's report of June 2014 confirmed the city "has sufficient capacity in existing zoning and approved community plans to accommodate over 20 years of supply at the recent pace of residential development."

This study only considered multi-family capacity, not any of the other zoned capacity across the city. The report also notes the city anticipates additional capacity beyond the year 2041 in these zones. Plus, the city has done more rezoning since the report was written in 2014 to create even more supply.

The city is also approving a record number of development permits. According to a recent city information bulletin, they are building way more than outlined in the regional growth strategy and are leading the region on permit approvals. The city says the data "demonstrates that new housing supply is at record levels and exemplifies the fact that we are approving significant new housing stock."

Clearly, we do not have to create more zoning supply in Vancouver to meet regional growth. There may be other reasons to adjust zoning, but there is no rush. It must be done very carefully since upzoning causes speculation that drives land inflation. This has the unintended consequence of making housing even less affordable.

Increasing zoning supply generally won't reduce prices for the end product either. To get bank financing, developers pre-sell their units and will only go ahead with the project if they can get their price. Simplistic supply-and-demand economics to create affordability may work in a closed economy, but not with the global capital currently flowing into the Lower Mainland, and the city of Vancouver in particular. As long as real estate is disconnected from the local economy, it doesn't matter how much new stock we build — it will be beyond what most local residents can afford.

The 15 per cent property transfer tax surcharge for foreign buyers may not be the windfall of revenue expected. There are many ways to get around this tax. Foreign capital can be exempt from the tax if it goes through a local purchaser or corporation. The tax may also be successfully appealed through trade agreements such as NAFTA. Other regulatory measures will be required to deal with foreign investment and its impact on affordability.

Provincial investment in infrastructure, such as transit, is dearly needed. However, the province must not further download onto cities to achieve this by

appropriating from the limited civic tax base of property taxes and development fees.

The costs of growth are enormous and mostly paid at the civic level. Development fees such as development cost levies or community amenity contributions only cover about 10 per cent of the costs, with general revenue (mainly property taxes) covering the majority of capital and operating growth costs.

If the province expects these fees to go toward funding transit instead of civic infrastructure, there will be more density bonuses required to pay for transit and less civic revenue for the needed amenities for the increased population.

Even as it is, the city is becoming amenity-deficient for the amount of growth we have taken on to date. There is a structural loss of green space and recreational facilities. Building housing on school board and park board land, such as proposed for the Britannia Centre in the recently approved Grandview-Woodland community plan, will add many more people with less amenities. The school and park systems need to be protected, funded and expanded, not used for yet more housing.

Tying provincial transportation funding to transitoriented development is not a vote-getter. It tends to be implemented in a dogmatic way that forces tower forms that are disconnected from the surrounding community context.

Vancouver was built before the common use of the automobile. It was designed around a streetcar system that has all areas of the city within a 10-minute walk of an arterial, making the city inherently transit-oriented. All we need is more frequent and reliable electric transit. In the city, we need transit to serve the existing population rather than having transit form new land-use patterns like in the developing suburbs.

Using transit to dictate massive changes in land use in an established transitoriented city like Vancouver is letting the tail wag the dog. Land use should be based on local community planning with transit-oriented development in scale with the neighbourhood context.

For example, the Canada Line along Cambie Street was already at peak hour capacity upon completion. That was entirely due to a mode shift without any upzoning. Although some rezoning since then may be justified, there is no justification for the major tower developments at Oakridge and Marine Drive that put the transit way over capacity. And Phase 3 of the rezoning process for the Cambie Corridor is still yet to come.

The dogmatic application of transit-oriented development is not considering the capacity of the system or the surrounding neighbourhood impact.

So increasing housing supply and tying it to transit funding are not the solutions to affordability. But there are real solutions, although complex. These will be for a future discussion.