

Affordable Housing as a Sustainability Strategy: Policy Implications for Canadian Cities

By: Penny Gurstein: gurstein@interchange.ubc.ca
School of Community and Regional Planning
6333 Memorial Road
University of BC
Vancouver, BC V6T 1Z2

Ph: 604-822-6065; FAX: 604-822-3787

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Introduction

This paper outlines the rationale for an affordable housing strategy both for equity and the environment. This paper argues that housing affordability must be included in any discussion on environmental sustainability. Failure to ensure affordable housing will mean increased transportation costs, and greenhouse gas emissions, as families seek affordable housing further away from the central city. Moreover, while many in North America argue that more density, more housing supply and a mixed, diverse housing will lead to greater affordability, the evidence in Vancouver is not consistent with these premises. As will be shown in this paper, it is the lack of affordability due to rising land values that is driving greater densification.

Using Vancouver, BC as a case study the paper questions the premise that increasing density is tantamount to greater affordability, and argues that density is, over time, a response to escalating land costs that can be at odds with affordability. For Vancouver, increased density has accompanied a major reduction in affordability. The paper by reviewing existing data on housing affordability in Vancouver and demographics, identifies existing trends and their implications for housing delivery. The paper concludes with a discussion of policy implications for housing affordability in Canadian cities using examples of successful strategies from other developed countries.

This research is based on the premise that housing affordability must be addressed to foster healthy and sustainable communities. Lack of affordability impacts the shape of our communities. It is a precipitating factor in sprawl, pollution and clogged roadways as people go further afield to seek housing they can afford. Along with other determinants of livability, affordable housing impacts whether or not companies and employees locate and/or remain in a city or region, as well as the ability of regions to attract and retain both low- to middle-income workers who provide essential services, and creative workers who fuel the economy. In addition, a lack of adequate, affordable housing can aggravate other problems such as food insecurity as households are forced to spend a disproportionate amount of their income on shelter.

Vancouver's Ecological Footprint

The ecological footprint is a measure of human demand on the Earth's ecosystems (Wackernagel and Rees, 1996). It compares human demand with the Earth's ecological capacity to regenerate and represents the amount of productive land and sea area needed to renew the resources a human population consumes and to absorb and render harmless the created waste. Using this assessment, it is possible to estimate how much of the Earth (or how many planet Earths) it would take to support humanity if everybody lived a given lifestyle. For 2006, humanity's total ecological footprint was estimated at 1.4 planet Earths with humanity using ecological services 1.4 times as fast as Earth can renew them. The U.S. has an ecological footprint of about 9.5 global hectares (23.5 acres) per person, but the planet's total remaining supply of productive land and water ecosystems is only 1.8 global hectares (4.5 acres) per person, meaning we need four more planets to sustain our North American living standard. Greater Vancouver's 2.1 million residents have a per capita ecological footprint of 6.7 hectares (16.5 acres) making the total ecological footprint of the city's population almost 300 times its geographical area.

Main contributors to a city's ecological footprint are transport and construction, maintenance and operation of buildings. To reduce a footprint, densification uses less land to house more people, thus reducing pressure on a region's urban sprawl, and creates closer adjacencies to shops, jobs, amenities

and services, resulting in more trips made by walking, biking and public transportation instead of by car. Dense communities can also make diverse green systems, such as district energy, cheaper to build and higher density buildings themselves enable sharing of resources such as energy and water. Moving from single-family homes to condominiums can result to a 40% reduction in the ecological footprint of the household related to housing and transportation.

Based on the premise that density will address the need for ecological sustainability, Vancouver's city planners have introduced measures to increase densification of neighbourhoods. In the last twenty years, the downtown core population has doubled to 85,000 with residents living in high-rise apartments close to shops and amenities. Car trips in and out of downtown have decreased over the last 10 years, and walking has become a popular way to get around downtown. This has resulted in Vancouver being consistently ranked as one of the most livable cities in the world.

Given the objection that many people have to density, Vancouver started by increasing density in new developments, particularly on former industrial land where there are no existing residents who are likely to object. Using a powerful discretionary zoning system and flexible density bonuses to persuade developers to pay for parks, child care, cultural facilities, community centers, and social housing, all ingredients necessary to building complete and vibrant neighborhoods are created.

Aiming to surpass existing standards, an "ecodensity" initiative, was introduced in 2006 which promotes high-quality densification as a way to reduce the city's ecological footprint. Vancouver's EcoDensity initiative encourages density in existing neighborhoods and provides high quality density in the form of public amenities, infrastructure and mixed use. Since then, the only significant initiative that has been introduced in single family neighbourhoods is the provision for laneway housing.

Affordability Trends

There is an increasing gap between the cost of housing and the incomes earned by lower and middle class people. Because of this there is a substantial market failure with respect to the needs of low- to middle-income families such as service workers and the essential workforce such as police, firemen, nurses, teachers, etc. This trend has been reported in numerous countries, and concerns have been raised about the limits to policies that rely almost solely on the private sector to provide affordable homeownership and rental housing (Yates and Wullf 2005; Shlay 2006).

While spending more than 30% of gross household income on housing is the conventional threshold for indicating stress related to housing costs, housing affordability varies considerably between locales. Several interrelated factors contribute to the affordability of housing: income, housing costs, cost and availability of credit, household demographics, employment and labour conditions and housing supply.¹ The interaction of housing prices, net household incomes, interest rates and mortgage lending criteria also determines affordability.²

- **Affordable housing** - Housing that does not cost over 30% of gross household income for those who make between 60% and 120% of the Average Mean Income (A.M.I.) in a locality. For

¹ Centre for Housing Research: Aotearoa New Zealand (CHRANZ). October 30, 2006. Affordable Housing in New Zealand Fact Sheet Prepared for the National Summit – Affordable Housing, Wellington, NZ. <http://www.chranz.co.nz/>

² Bluestone, Barry, C. Euchner and G. Weismann. 2000. *New Paradigm for Housing in Greater Boston*. Boston MASS: The Center for Urban and Regional Policy Northeastern University (Sept.) <http://www.curp.neu.edu/pdfs/housing.pdf>

renters, shelter costs include rent and any payments for electricity, fuel and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel and other municipal services. This housing is usually rental housing.³

- **Workforce housing** - Housing that is affordable to those whose income is between 80% to 200% of A.M.I. in a locality. In the lower ranges that will necessarily be rental housing, but in the mid to higher ranges, it can be purchased housing.
- **Intermediate housing**⁴ – A distinction is increasingly being made between housing affordability for the lowest income households who access social housing and those who are part of the “intermediate” housing market who can not afford market housing but whose incomes are too high to qualify for social housing. This is a term used in the UK for housing that costs less than market housing but more than social housing. Intermediate housing includes a range of options available to assist households on low to moderate incomes in homeownership, as well as rental where rents fall between social and market rents.

British Columbia has the least affordable housing market in Canada. Over one-third (37.7%) of renters and almost one-fifth (19.2%) of homeowners in the British Columbia pay more than 30% of their income for shelter.⁵ In Metro Vancouver, this is more acute; over two-fifths (44%) of renters paid more than 30% of their household income in rent, while more than one in five (22%) paid more than half their income in rent. These figures are roughly similar for owner households carrying a mortgage (39% paid more than 30% of their income in mortgage interest and other major payments associated with ownership, and 18% more than half their income), although owners also benefit from the capital gains associated with rising home values. The percentage of households in core housing need (i.e. more than 30% of income on housing) is up substantially compared to previous censuses (for example, in 2001, 32% of renters paid more than 30% of their income in rent).⁶

Metro Vancouver ranked as the 4th worst in the world for homeownership affordability in 2009⁷ since it takes 8.4 times the median income to buy the median house (\$509,491).⁸ Detached houses were the least affordable option: the average two-storey house in Metro Vancouver cost \$619,892, requiring 75 per cent of the region's median pre-tax household income to make the mortgage payments and pay taxes as well as other ownership costs.

In a growth economy there is a demand for more housing which drives up the cost of housing if the supply is limited. Economic growth creates more demand for limited assets of developable land and

³ The percentage of income spent on housing, that will be deemed affordable, can be higher if it is served by public transit, &/or in a walkable neighbourhood, close to shopping and work, so the household doesn't need a car.

⁴ South West London Housing Partnership. February 2007. Intermediate and Key Worker Housing Strategy for South West London.

<http://www.croydon.gov.uk/contents/departments/democracy/pdf/617342/kwstrategy07.pdf>

⁵ 2006 Census Housing Series: Issue 3 – The Adequacy, Suitability, and Affordability of Canadian Housing, 1991 – 2006. Socio-Economic Series 09-006. February 2009. Ottawa ONT: CMHC.

⁶ John Engeland, Roger Lewis, Steven Ehrlich, and Janet Che. *Evolving Housing Conditions in Canada's Census Metropolitan Areas, 1991-2001*. Ottawa: Canada Mortgage and Housing Corporation and Statistics Canada, Analytical Paper, Catalogue no. 89-613-MWE2004005, January 2005.

⁷ 5th Annual Demographia International Housing Affordability Survey: 2009 Ratings for Metropolitan Markets

<http://www.demographia.com/dhi-ix2005q3.pdf>

⁸ <http://www.chineseinvancouver.ca/2009/02/bc-home-prices-fall-almost-10-2009-ytd/>

servicing capacity. For example, in Metro Vancouver, the inability to increase developable land limits housing development and increases land costs. For the last few years, property value gained around 10%+ per year, and income gained around 3% per year. Economic growth is creating increased housing pressures due to population increase, loss of affordable rental units and rising labour costs steep increases as developers must compete for a relatively finite number of skilled workers.⁹

Further, the market is not building a full spectrum of housing. 2001 to 2006 represented the slowest growth in the Vancouver region's housing stock since the early 1970s and the stock of rental housing declined by over 10,000 units during that period. Vacancy rates in British Columbia were among the lowest in Canada (2.3% in April 2009 in urban British Columbia centres).¹⁰ The vacancy rate of the Vancouver Census Metropolitan Area (CMA) in April 2009 was 1.9% (it was 0.9% in April 2008).¹¹ The secondary market is the main source of new rental accommodation in the Vancouver CMA with more than half of renters in Vancouver in secondary rental units.¹² Investor-owned condominiums (which occupy the higher end of the rental apartment market) make up about one-quarter of condominium ownership, with an estimated 90% of those on the rental market.¹³

The crisis of affordability goes beyond people in extreme poverty. The affordability problem has become acute for those of moderate to middle income including middle-income families, young adults in entry-level jobs and seniors including service workers, teachers, accountants and the police. Over half of Metro Vancouver police (with a before tax income of \$63,000/yr.) live south of the Fraser River; 450 live in Langley Township; only 1/10 live in Vancouver, resulting in long commutes and the difficulty in attracting police to higher priced communities.

While Vancouver has the highest real estate prices in Canada it ranks 6th from the bottom in Statistics Canada list of median family incomes. Thus, the city with the most expensive real estate has one of the lowest median family incomes in Canada. The Median Vancouver household income in 2009 was \$58,200 with middle-class singles and families ranging in income from \$35,000 to \$69,000 per year. The median Vancouver house price in 2009 was \$540,900. In April 2010 the average detached house in Metro Vancouver was \$663,000; in Vancouver's Westside it was \$1,936,000; and in Vancouver Eastside, \$799,000. The household income required to buy a median priced home was \$135,000 with 10% down payment. Home ownership is now consuming more than 70% of typical household's pre-tax income.

Affordability and Its Impact on Sustainability

Housing affordability is as much an environmental issue as higher densities and green building codes, if not more so. In British Columbia housing costs have major implications for transportation, with personal mobility the source of 14% of BC's greenhouse gas (GHG) emissions. As greater numbers of low- and middle-income people, including workers providing essential public services, such as health, safety or educational services such as police, firemen, nurses and teachers, move out of expensive inner cities to seek affordable housing in suburban and ex-urban areas, long commutes contribute to both higher GHG emissions and lower quality of life. This is also resulting in a hollowing-out of inner-city

⁹ This has been lessened somewhat by current global economic conditions.

¹⁰ http://www.cmhc-schl.gc.ca/odpub/esub/64487/64487_2009_B01.pdf

¹¹ Ibid.

¹² http://www.cmhc-schl.gc.ca/odpub/esub/64487/64487_2009_B01.pdf

¹³ Ibid.

neighbourhoods. In the City of Vancouver, families with children accounted for a mere 27% of households in the last Canadian census in 2006, compared to 41% for the rest of Metro Vancouver.

This uneven distribution of families with children is due to the elevated cost of homes and property within Vancouver, as well as the paucity of developers targeting this demographic in their new developments. Families with children need more space than other households. As developers seek to maximize their profits through maximizing the density of people and units on each site, dwelling types that target households with large incomes and minimal space requirements are often chosen. This reality ultimately forces the dispersal of households who do not fit this demographic market – families with children and/or extended families, in particular - and serves to create homogeneous and less robust neighbourhoods.

The lack of rental housing throughout Vancouver is a further barrier to accommodating families with children since this type of tenure supports the vast majority of young families who rent prior to purchasing. Consequently, as the number of rental units decreases while average rents rise faster than incomes, families with children are inevitably pushed out. In addition, essential services such as schools and daycares become endangered in areas losing family households, a fact reflected in pressures to close several neighbourhood schools throughout Vancouver.

Families with children are also families with prime-age workers. Cities that passively allow the cost of housing to increase also suffer the troubling attrition of workers who cannot afford to live close to work. Thus, the same forces that are pushing these families with children to the fringes of Metro Vancouver are also affecting workers of all stripes, and especially workers in low-paid service industries.

Of particular concern for the well-being of Vancouverites are impacts on workers providing essential public services, such as health, safety or educational services. An example of this was made in a recent article in *The Province*, reporting that the Vancouver Police Department (VPD) is concerned about its ability to recruit new officers. Already, only 18% of the city's police officers live in the city proper. The rest are scattered throughout the suburbs, with some commuting from as far away as Abbotsford and Chilliwack.¹⁴ Currently, the VPD is aggressively recruiting 200 new officers and has been forced to go well beyond city limits for applicants, due to a surprising lack of applications. Undoubtedly, there are a number of factors contributing to this phenomenon, including personal preferences, but it is very likely that an inability to purchase a home of one's own within the means of an average income acts as a deterrent.

A lack of affordable housing thus undercuts the possibility of living close enough to bike, walk or even take a short transit ride to work. Residential home prices close to UBC are so high that the vast majority of the people working at the university do not have an income sufficient to cover a standard mortgage for a detached house (average sale price of \$3.9 million) were they to look at buying into the market. Only two percent could afford a standard townhouse (average of \$1.2 million) and just 11% could afford a standard condo (\$724,000) in the neighbourhood.¹⁵

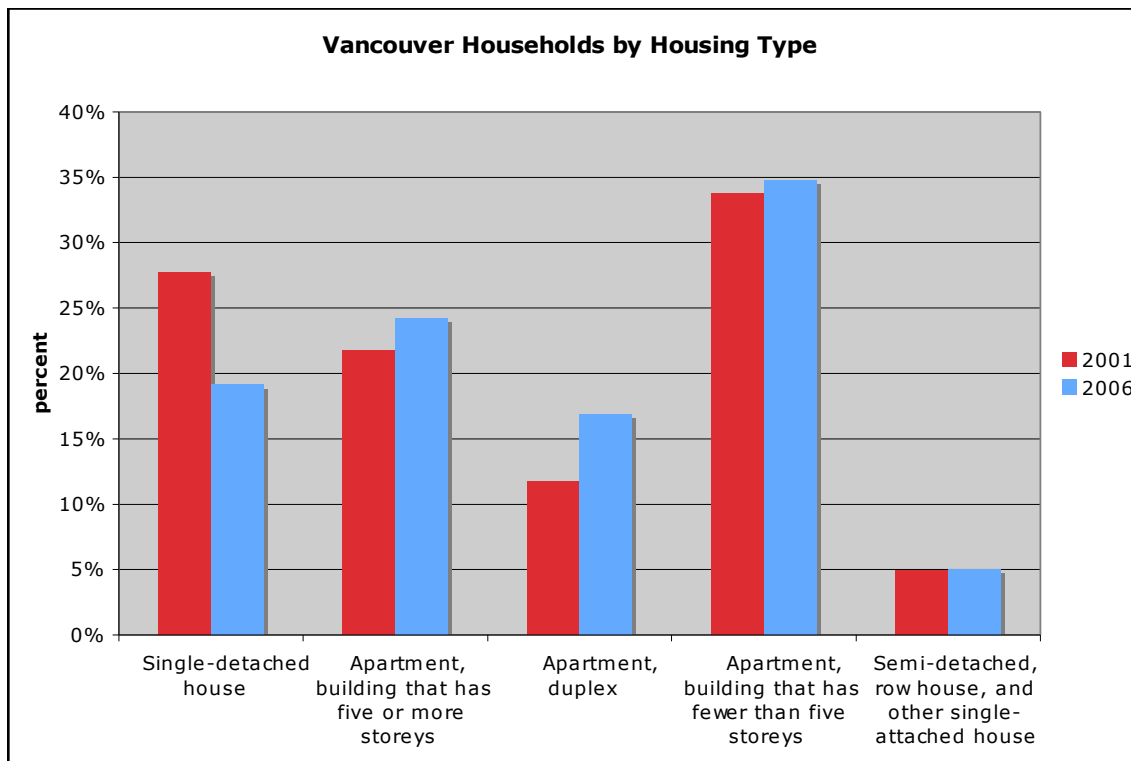
From a climate change perspective, trends that see families and workers moving further from their respective work places and commuting longer distances act in direct opposition to the environmental

¹⁴ Cheryl Chan, "Cost of Living Driving Police Officers Away from Metro Vancouver" in *The Province*, February 17, 2008.

¹⁵ Jim Frankish, "Home Cost Crunch: UBC's Role" in *The Tyee*, April 22, 2008.

imperative. Furthermore, households with higher incomes have much larger ecological footprints than other income groups, with the perverse possibility that people who bike or take public transit to work are displaced by others who are more likely to drive. Ultimately, an approach based on fostering complete neighbourhoods that are compact, but also feature a broad mix of income levels, is required to make Vancouver live up to its ambition of reducing its ecological footprint.

While Vancouver has been densifying for decades, and there are more housing units, higher densities, and tremendous growth in precisely the housing types targeted by these densification measures increasing density has accompanied a major reduction in affordability due to market forces. The shortage of affordable housing has occurred because of the surge in real estate prices, the declining share of rental housing stock, and the disappearance of senior governments in building new social housing and promoting policies that encourage the building of affordable housing by the private sector.



According to census data, between 2001 and 2006 the number of single-detached houses plummeted from 65,390 to 48,435, even as the overall number of dwellings rose from 236,095 to 253,385.¹⁶ The accompanying figure shows that in 2001, 28% of Vancouver households lived in single-detached homes; by 2006, this fell to 19%. This has meant substantial growth in the number of Vancouverites living in high-rise condominiums, row housing, duplexes and other denser dwelling forms.

Thus, claims that more housing supply and different types of housing will improve the affordability of living in Vancouver are contradicted by the recent increase in real estate values that have made the city more unaffordable than ever before. Density is, over time, a response to escalating land costs that is

¹⁶ Statistics Canada, 2006 and 2001 censuses.

ultimately at odds with affordability. From the perspective of construction costs, densification in the form of low/mid-rise housing (such as duplexes, townhouses, three- and four-storey walk-ups) can be very affordable because these housing types can be built using wood-frame construction and forgo the increased costs of going to reinforced concrete (almost double that of wood frame construction). But affordability (or lack thereof) is related more to land values than to building costs. The densest "developed" cities in the world – New York, London, Tokyo – are also the most expensive places to live. Vancouver is no exception, and the fact that wealthy people are eager to live or buy property in Vancouver pushes up prices for everyone else.

Residents in poorer parts of the City are deeply concerned about what increased density might do to their already dense neighbourhoods. Ready access to public transit and workplaces combine with high-density accommodation to make the Downtown Eastside (DTES) unique in Vancouver for achieving a remarkable degree of environmental sustainability. Any additional density is unlikely to produce significant dividends of increased environmental sustainability, but is very likely to have significant implications for the low-income population.

Unfortunately, experience has proven that increasing permitted densities in the area will almost certainly be accompanied by higher land values along with unintended consequences of displacement and increased homelessness. Speculation on DTES properties is currently rampant, and property values, including SRO land and building values, have doubled within the last three years. As a result of these increasing property values, the owners and operators of these low-income rental buildings are given significant incentives to flip their buildings for speculative purposes. These incentives to sell buildings or convert to other uses become even more compelling in an environment of extremely low shelter allowance rates under current provincial welfare policies.

The DTES has already lost, or is in the process of losing, 464 low-income units since December due to hard and soft conversions, as well as fire and closures due to unsafe conditions for residents. This trend, could put up to 4,000 low-income residents living in SROs at risk of displacement, or worse, homelessness. Applying increased density to the DTES would put Vancouver's already precarious social sustainability at significant risk, with no appreciable increase in environmental sustainability.

Ensuring Affordability Amid Density

As argued above, density does not necessarily equate to affordability. That said, there is merit in denser living arrangements to the extent that they enhance livability, ensure greater energy efficiency, greater utilization of transit, walking and biking as alternative modes to cars, and more robust public and private goods and services in the local neighbourhood. If affordable housing can become a core principle of sustainability, it raises the possibility of meeting the twin objectives of sustainability and equity. But if housing affordability is neglected, or left to passive policies, then increased density will force more low- and middle-income households out to the suburbs.

Vancouver's housing market performs reasonably well supplying housing for the upper-middle to high-end of the population, but has fared poorly for low- to middle-income families. Because a large segment of the population is priced out of the housing market, there is a compelling need for various forms of non-market and market rental housing to be developed. Demand for real estate in Vancouver limits the scope of some proposed solutions, such as reducing development cost charges, as these may not be passed along to the purchaser.

City officials often lament the lack of senior government funding for new social housing. However, there is much the City can do on its own given the resources it has available. A key dynamic that must be kept in mind is that upzoning land parcels increases their economic value. When upzoning the City can ensure a continued increase in the stock of new affordable housing by ensuring that it captures a portion of the lift in property values.

Such a model is often referred to as inclusionary zoning. The City should mandate that a minimum of 20% of all new private development go to creating new affordable housing. The emphasis of such inclusionary zoning should be on units rather than land. Such units could be owned by the City, perhaps operated by non-governmental organizations with experience in housing, or alternatively placed under a tenure arrangement, such as a covenant that would place restrictions on resale values. A review of the economics is in order, but the City could also waive parking minimum requirements or provide density bonuses towards meeting affordable housing targets.

Furthermore, up to 25% of the cost of new built form is the private developer's profit. The City should create a housing development corporation that could act as a non-profit developer of housing better suited to the needs of the population. Because the current situation is one of systemic and pervasive market failure for low to middle-income families, public intervention should be part of the solution, rather than trying to incent market forces that require large profit margins before taking projects on. In addition, the provision of inducements to the private sector to offset both the high cost of land, government development cost charges, and construction, in return for registered agreements to keep the product priced affordably could ensure affordable private sector housing.

Other alternative models include cooperatives and community land trusts that ensure affordability on an ongoing basis. In conjunction with plans for more housing on the arterials, greater intensification in single-family neighbourhoods, greater provision of suites, and development of laneway homes, the city should consider and study subsidy and tax incentive packages for the expansion of these housing types that is overtly tied to new affordable housing that is locked in for the future.¹⁷

Taxation is an important tool of social policy and can be used to increase affordable housing options combined with other initiatives. Property taxes as a percentage of market value in Vancouver range from 3% to 6%, while in Toronto the range is 7% to 10%. Among high-end homes in similar type areas, with the same value, it is not uncommon to find the owner of the Toronto homes paying double what the owners of the Vancouver homes pay in property taxes. An affordable housing property tax surcharge could support a housing fund used to construct housing, and combined with a community land trust would allow the permanent removal of affordable housing from the vagaries of the marketplace.

Policy Interventions: Demand- and Supply-side to Promote Affordable Housing

An analysis of strategies to support housing affordability reveals that policy interventions, including subsidies, may be either demand- or supply-side. Subsidies may be categorized in a number of ways depending on how the subsidy is repaid and/or retained in the system. Because there are a number of commonly used specific subsidy tools that may be used to enhance housing affordability, a systematic approach is needed to determine which work best for the particular context. There are a number of ways

¹⁷ A number of these innovations around affordable housing, including case studies, are made in the 2008 SmartGrowthBC report, *Creating Market and Non-market Affordable Housing: A SmartGrowth Toolkit for BC Municipalities*.

to finance housing. There are common principles of successful affordable housing programs and developments at the local level.

Demand side strategies work to reduce constraints on consumption of housing. They support conventional market driven means of housing production. They may be designed to provide information and encourage behaviour change through incentives, or they may directly enhance purchasing power in the form of housing allowances or tax subsidies.

Supply side strategies look to either reduce the cost of housing and/or directly or indirectly increase the supply. The key types of supply side interventions are the provision of housing through direct supply, development incentives to undertake affordable housing and financing methods such as the provision and/or generation of finance for affordable housing.

There are a number of subsidy tools that may be used to enhance housing affordability. The World Bank offers comparison of subsidy tools against a number of criteria.¹⁸ They have found that the goal of most housing policies are primarily to gain political approbation and therefore the most common result is subsidy policies that are very popular politically but often without much effect relative to their true cost. Overall, they conclude that efficient, effective and transparent subsidy schemes are quite rare. A systematic approach to determining housing goals and matching policy approaches is recommended that determines the housing issues or goals, determines if regulatory or policy reform would be more appropriate than a subsidy, and then identify which subsidy would be most appropriate.

The Urban Land Institute in the USA, notes a number of common principles that are shared among successful affordable housing programs.¹⁹ These include using flexible, adaptable and comprehensive approaches to housing policies and programs; using public resources, policies, programs and land to leverage private investment in affordable housing; creating public/private partnerships when appropriate; making it easier to develop affordable housing by waiving fees, and expediting the entitlement and permitting process; supporting and building mixed-income communities; and providing opportunities for affordable homeownership through homebuyer education.

International Affordable Housing Approaches/Initiatives

A review of development tools and affordability leverages that are being used in Canada and internationally to reduce the cost of housing to middle-income (and low-income) households²⁰ reveals that Vancouver is not alone in facing a significant and growing affordability problem for middle- and lower-income households.

Demand-side financial tools are used to augment the purchasing power of individuals on the open market either through asset building, housing assistance from employers or shared-equity ownership

¹⁸ World Bank, 2003. Design and Implementation of Subsidies for Housing Finance, World Bank Seminar on Housing Finance. All material presented below is based on this document. Many pieces are direct excerpts.

¹⁹ The Urban Land Institute, 2006. Workforce Housing: Innovative Strategies and Best Practices. Washington, D.C.: The Urban Land Institute.

²⁰ Included in the analysis was: Australia, Austria, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Spain, Sweden, and the UK. Canada and the United States were not explicitly reviewed as this was not included in the focus of the research but references have been made to significant programs and policies in these countries.

arrangements. These approaches help households obtain the financial means to access ownership of housing whether it is full ownership on the private market, cohousing or co-operative housing.

Supply-cost savings tools provide affordability gains in the design and construction process. Building a home incurs many different costs. Land, materials, labour, parking requirements, administrative fees and financing all contribute to the overall cost of building a home. Once the home is occupied, on-going operational costs such as heat and electricity as well as property taxes contribute to the maintenance of a home. Although some of these actions can cost more upfront, they have been shown to result in significant cost-savings over time.²¹

Communal housing options such as co-operatives, cohousing and life leases are not necessarily more affordable than conventional housing, but demonstrate some alternative housing types and living arrangements that may be used to accommodate the needs of a diverse and changing population, particularly the elderly who may be looking to move from their single-family homes. Because land will remain as the most expensive piece in the housing equation, land distribution tools such as land leases and Community Land Trusts (CLTs) are used to retain land in the public interest with restricted appreciation. Acting as a coordinating role, the use of housing associations with the explicit function to capitalize and experiment with these tools plays a strategic role in the realization of successful models.

Significant trends reveal the demand for affordable housing for households of low and moderate income is increasing in every country while the supply of social rental units are decreasing in stock, such as in the UK where tenants may purchase public housing. Owner-occupation is the most common tenure and is increasing in countries such as Sweden where public and non-profit housing played much stronger roles until recently. Owner-occupation, however, has “matured” in most countries.

A great diversity of policies, products and range of definitions of affordable housing is exhibited. Many actors and organizations are involved including local governments, private investors, co-ops, non-profits and employers, any of which range in size and organizational forms or models of governance. In many countries, social housing delivery focuses on workers of middle-income, in addition to the vulnerable and those of low income. Allocation criteria may be universal or targeted. The needs of the “intermediate” market are increasingly being recognized in many countries, many of which are beginning to formulate policy responses. Commonly used tools and policies to increase home-ownership for the intermediate market include: direct and/or indirect state subsidies; a range of mortgage products, particularly in the “shared-equity” tenure, with government as guarantor or providing the loans; employee housing funds; savings programs for first time home ownership. In many countries, housing policy is predominantly the domain of the National-level government while in other countries the federal government shares jurisdiction with the regional authorities.

Case Studies

Three case studies demonstrate how a variety of tools and policies can be used in concert to provide affordable housing for the workforce.

The *Whistler Housing Authority (WHA)*, *Whistler, B.C.*, provides affordable rental and ownership housing for full time employees in Whistler or retirees who have worked in Whistler. The goal of the

²¹ B.C. Housing, Going Green with Existing Housing, <http://www.bchousing.org/aboutus/livegreen/housing>

authority is to secure a sufficient and diverse supply of resident housing in order to keep at least 75% of Whistler's workforce living in the community. Rental and ownership housing are funded through developer and employer contributions which are stipulated in Whistler's bylaws. Contributions may be in the form of units or cash-in-lieu. The WHA uses these funds to secure land and build resident restricted rental or ownership housing. The WHA also works in partnership to oversee the development of inclusionary units where the developer does not provide cash-in-lieu. As of 2007, there were 448 price restricted ownership units and 179 WHA managed rental units for a total of over 1,400 units (4,200 beds). Two thousand additional WHA beds are being planned for the next 3 years, 80% of which will be available for purchase. The WHA is currently interested in broadening its functions to include exploring regional housing solutions, researching housing use and demand, and serving as the primary community resource for resident housing.

Verdant, UniverCity, Simon Fraser University, Burnaby, B.C. is part of a mixed-use development founded on four cornerstones of sustainability: education, economy, equity and environment. At build-out, the entire development will house approximately 10 000 people in multi-unit residences, and will offer a range of community amenities. The planning and development is managed by the SFU Community Trust, a wholly-owned subsidiary of Simon Fraser University. The Trust facilitates the provision of zoned, serviced, subdivided sites to private sector developers on a prepaid, long-term (99-year) leasehold basis.²² The 60-unit Verdant building demonstrates how multiple housing tools and innovations can be used to create affordable housing. Vancity Enterprises worked with the Trust to provide family-oriented ownership housing that will remain 20% below market value for faculty and staff in perpetuity.

Other affordability gains were realized through lower land costs; agreements to develop the project on a fee basis of 10% rather than on a typical profit margin of 15-20%; the use of less expensive finishes which resulted in \$145 CAD per square foot (hard costs); and slightly lower parking requirements than Burnaby's standards. By using these affordability leverages, and others, the cost of building the units were 20% less than market units at the time. Units will therefore be re-sale restricted through covenants on title to remain 20% below comparable market units in perpetuity regardless of the market conditions. By tying appreciation value in this way, owners may still realize some equity gain in a rising market. Yet units will continue to contribute to the stock of affordable housing.²³

The *Australian Capital Territory (ACT)*²⁴ offers one of the most comprehensive and strategic efforts towards ensuring affordable housing. ACT is the capital territory of the Commonwealth of Australia and is the smallest self-governing internal territory. In 2007 the ACT Government addressed its housing needs with its Affordable Housing Action Plan which contained 62 initiatives to provide more affordable housing including home ownership, private rental, community and not-for-profit housing, public housing, and supported housing including emergency housing. The actions taken at the ACT level to contribute to affordable housing include: releasing more land to ease demand (on average 2,750 dwelling sites will be released per year in the following four years); fast-tracking the approval process through a Planning and Development Act and a restructured Territory Plan; enhanced tax

²² UniverCity, website. http://www.univercity.ca/about_us/governance.101.html

²³ Verdant @ Univercity information flyer prepared by the SFU Trust.

²⁴ Australian Capital Territory Affordable Housing website: www.actaffordablehousing.com.au, Progress report on the Plan: http://www.actaffordablehousing.com.au/resources/pdfs/progress_report.pdf. The plan itself is available at: http://www.actaffordablehousing.com.au/resources/pdfs/action_Plan_progress_report.pdf

concession schemes for eligible first time buyers; introducing new initiatives such as “OwnPlace” and “Land Rent” to help more people into the housing market; and providing support for public, and not-for-profit housing providers.

Conclusion

Housing affordability must be a core principle of sustainability because failure to ensure affordable housing will mean increased transportation costs, and greenhouse gas emissions, as families seek affordable housing further away from the central city. Moreover, the premise that more density, more housing supply and mix diverse housing will lead to greater affordability is not consistent with the evidence. In fact, it is the lack of affordability due to rising land values that is driving greater densification. The development pattern has occurred as housing has become increasingly unaffordable.

There is much the City can do to address affordability but only if it acts to proactively ensure new affordable housing stock is built. Without such efforts, including targets and timelines for expansion of affordable housing, Vancouver will not be sustainable environmentally or socially. Vancouver is not the first place in the world to confront an affordability crisis. The experiences of other jurisdictions, offer numerous models that could be replicated or adapted to Vancouver’s specific circumstances. The key point is that a deliberate strategy for ensuring new affordable housing be adopted, along with targets and timelines on a city-wide basis. By playing a more central role, by establishing a non-profit housing development corporation, making extensive use of City-owned land and funds, and using a variety of financial incentives and alternative tenure arrangements the City of Vancouver could secure affordable housing for the long-term.

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