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Agency a catalyst for more unaffordable housing

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Publishing date:
Jun 04, 2017 • June 6, 2017 • 5 minute read

Nathalie Baker. PHOTO BY SUBMITTED / HANDOUT /PNG

On May 25, the City of Vancouver announced it had allocated eight more city-owned properties to Vancouver's Affordable Housing Agency (VAHA) to enable the "development of new affordable rental housing." According to the announcement, the properties have a combined value of $72 million. The announcement also states the agency will be issuing a request for proposal (RFP) for a number of the sites to "select partners to design, build, fund and operate affordable rental homes."

Created by city council in 2014, VAHA is a legally independent agent of the City of Vancouver whose purpose is to leverage "city and partner-owned land to create new housing projects that offer both, a greater diversity of home options and greater affordability, than what is currently offered by the private market."

A city staff report in support of the creation of VAHA dated July 3, 2014, by then-chief housing officer Mukhtar Latif explains that in terms of affordability the units will target households with incomes ranging from social assistance to those with a maximum income of $86,500. Eighty-six-thousand-five-hundred dollars represents the top end of the range of household incomes identified through the Mayor's Task Force on Housing Affordability. According to the report, "affordability" will be "based on a maximum allocation to housing cost of 30 per cent of household income." Using this measure one would expect the units created through VAHA to be rented at or below $2,162.50 a month (30 per cent of $86,500 over 12 months).

As we have seen over the last few years, "affordable" has proven to be a somewhat nebulous term. In 2013, a Vision Vancouver councillor provided this widely mocked definition: "Something that somebody can afford." Since that time, council has tried to spell out its parameters in the Development Cost Levy (DCL) bylaw. DCLs are an important source of revenue for the city and help pay for things like parks, infrastructure and child-care facilities made necessary by the development. Under the city's Rental 100 Program, the city waives DCLs where the developer builds "for-profit, affordable rental housing." The city's current rental incentive guidelines (http://vancouver.ca/files/cov/rental-incentive-guidelines.pdf) define affordable rental housing in Vancouver west as falling below the following rental thresholds:

Studio, $1,496. One bedrooms, $1922. Two bedrooms, $2,539. Three bedrooms, $3,333. (In Vancouver east, the rents are only marginally lower.)

If these rents seem high, it's because they are. What the city considers affordable rental housing is even more surprising when you consider the size of the units the developers are permitted to build to obtain the waiver. The city's bylaw places a maximum size on the units: 450 square feet for studios, 600 sq. ft. for one bedrooms, 830 sq. ft for two bedrooms and 1,044 sq. ft for three bedrooms. Again, these are maximum unit sizes, so the units can actually be much smaller. In fact, under Rental 100, the size of the units can be reduced to only 320 sq. ft. Developers, however, can still charge the maximum rents.

Using the 30-per-cent-of-income formula, maximum rents should be roughly $2,150 a month. However, under Rental 100, which is supposed to target the same income levels, households will require incomes well beyond $86,500 to make these units "affordable." The required income to make a three-bedroom unit rented at $3,333 a month "affordable" is about $130,000.A household would require a combined income of over $100,000 to make the two-bedroom units "affordable" if rented at $2,539 a month. To put this in perspective, the City of Vancouver housing characteristics fact sheet (http://vancouver.ca/files/cov/housing-characteristics-fact-sheet.pdf) states that in 2014 median-before-tax income for couple families in Vancouver was $80,050 and lone-parents' income was $41,500.

The VAHA is proposing to enter long-term leases with its developer partners for the life of the building, or 60 to 100 years. Robert Brown, president of the Catalyst Community Development Society, says that taking the land costs out of the equation will help make the housing projects more economically viable (http://www.metronews.ca/news/vancouver/2017/05/25/vancouver-makes-eight-sites-available-for-housing.html). Catalyst is currently developing two VAHA projects, one on the East Fraser Lands and the other at 2221 Main St. Catalyst and Macron Development have applied to rezone 2221 Main St. to permit "145 social-housing units."

If you're comforted by the fact that the developer will be building "social housing," don't be. Last summer, council approved a rezoning application by Catalyst to permit 46 "social-housing" units at 585 W. 41st Ave. On Sept. 20, 2016, council also approved a grant of $620,000 toward the construction of those units. This grant is in addition to the estimated $454,523 DCL waiver. The rents for these new social-housing units? The June 14, 2016, staff report in support of the rezoning of 585 W. 41st Ave. confirms that only 15 of the 46 units will be rented at or below rents affordable to B.C. Housing Income Limits ($49,500 a year for a two bedroom) and that the remaining 31 units will be rented "at starting rents that are at or below the maximum rents described in the DCL bylaw for for-profit affordable rental housing" (http://council.vancouver.ca/20160628/documents/p1.pdf). In other words, in Vancouver "for-profit affordable rental housing" and "social housing" are now one and the same.

To date, the city has been high on rhetoric and short on details. The properties being offered up by the city include 3279-3297 Vanness Ave., East Fraser Lands (Parcels 13 and 34), 1190 Burrard St., 1210 Seymour St., 1001 Kingsway, 501 Powell St. and 1618-1680 East Hastings. The city has placed a value of $72 million on the entire portfolio. That's an average of only $9 million per site. How exactly did the city reach this valuation? It seems inordinately low when you consider that two of the sites are right in the downtown core.

The public should be demanding more transparency of council and the VAHA regarding these deals before they go any further. How is the city going to ensure these rental buildings actually produce affordable rental housing? If the city is going to enter into low-cost land leases with developers that won't expire until 2117 or later, the people who live and work in Vancouver and subsidize these developments deserve to get value in the form of truly affordable rental housing, not social-housing units renting at $3,000 a month.

Unchecked, deals like this will only add further momentum to the current housing crisis.

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