

## Making sense of new trends in affordable housing

by Tim Wake

Affordable housing used to be an issue for low-income families, seniors on fixed incomes, and people with special needs. Considerable human and financial resources from all levels of government, non-profits, and the private sector were applied to the problem and its impact on perhaps ten percent of our population. But another emerging problem affects a growing number of people in many BC communities: ***affordable housing for people who used to be able to afford housing***. And while the root cause of this problem is painfully simple, the solutions seem impossibly complex.

### The Simple Cause?

Rapidly rising real estate values: The price we must pay to purchase a one-bedroom condo, a townhouse, a duplex, or a single-family home, close to where we work, learn, play, and shop. For example, in BC, the average price of a single detached home — according to Statistics Canada — increased 61 percent from \$241,000 to \$391,000 between 2001 and 2006. We have seen similar increases in townhomes and condominiums.

### The Complex Solutions?

It's difficult to pinpoint solutions, but anyone who thinks we should build more housing further out on cheaper land to keep prices down is sadly mistaken. We have proven the limitations of that approach — traffic congestion, daily commutes of an hour or more each way, neighbourhoods where we do not know our neighbours, and prices that still are not affordable for most of us.

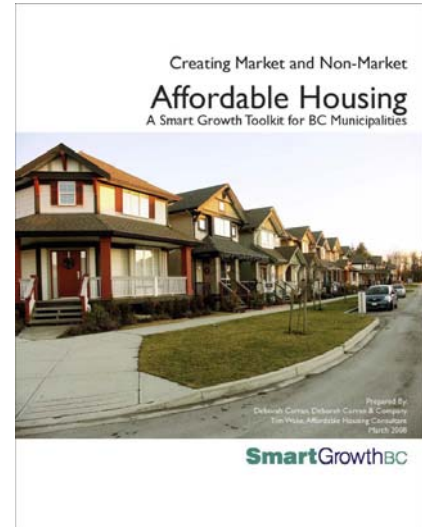
### What About Renting?

Rental accommodation is not being produced at anywhere near the rate it used to be in BC, nor anywhere else in Canada. In Vancouver, as construction of new rental has decreased, and condominium conversion has continued, the net inventory of rental accommodation actually dropped in 2007, contributing to a 0.7 percent vacancy rate (CMHC Rental Market Survey 2007). Real estate values are outpacing market rents, and condos are selling fast and furiously. In Victoria, for example, the BC Real Estate Association reports that 70 percent of new home construction is multi-family and sales of multi-family units (new and existing) represent 40 percent of all sales. Add to this the increase in rental demand from those who can no longer afford home ownership, and it is clear that the rental market is not going to solve this problem anytime soon.



### What About Smart Growth?

This is one approach to help us create more compact, walkable communities where services and work are close by, and transit allows us to move freely to destinations further afield. Smart growth is more challenging to apply in smaller communities, and while it may produce housing that is less expensive because it is compact and more efficient, it still may not be affordable to low- and moderate-income households. Other options for municipalities to create and retain more affordable housing are numerous, but they are also complex. They involve policies and tools that are not well understood by local governments or developers.



*Published by Smart Growth BC, this guide outlines eight tools and strategies, from inclusionary zoning to land banking, and highlights examples of best practices across BC demonstrating how local governments are adapting affordable housing strategies to fit their unique needs. It addresses the gap between 100-percent market-rate housing and 100-percent social housing.*

No single tool or policy can save the day: a suite of approaches is required. A dedicated housing organization, a secondary-suite policy, density bonus, and a housing fund could make a difference. Perhaps a public private partnership, inclusionary zoning, resale price restrictions or land banking might help.

A **dedicated housing organization** is a non-profit society or corporation with a mandate to create and manage affordable rental and ownership housing. It typically has paid professional staff who report to a volunteer board of directors. It may serve a region or a municipality or a neighbourhood.

A **secondary suite policy** allows dwelling units that are auxiliary to main dwellings. These may take the form of separate suites within the main dwelling, coach houses over garages, or stand-alone cottages.



Through a **density bonus**, a municipality grants extra developable area in a project in return for the inclusion of some affordable housing in that project or on an adjacent site. In some cases, the contribution to affordable housing may come as land or cash-in-lieu of land or housing.

Contributions to a **housing fund** can come from developers in the form of cash-in-lieu contributions, from development cost charges for affordable housing, or from an assessment on the municipal tax base.

Affordable housing projects often occur through a **public private partnership**, in which a local government secures a site, and perhaps some funding from a granting organization or a housing fund, and then partners with a private company to construct and sell or rent the housing at an affordable, non-market price.

**Inclusionary zoning** requires a developer to contribute some affordable housing as part of the rezoning of a site for a specific development. This contribution usually represents 15-20 percent of the development.



**Resale price restrictions** are a means of controlling the price of an affordable home when it transfers from one owner to the next purchaser. Instead of letting the open market determine the resale price, the price is determined through a covenant registered on title of the property.

**Land banking** is the practice of zoning or setting aside land specifically for future affordable housing when no project is immediately planned for the site. A municipality or a housing organization usually manages the land bank.

For more information about these options, visit [www.smartgrowth.bc.ca](http://www.smartgrowth.bc.ca) and download '*Creating Market and Non-Market Affordable Housing: A Smart Growth Toolkit for BC Municipalities.*'

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