

# Incentives needed to spark rental growth



**BOB RANSFORD**  
VANCOUVER SUN

## REAL ESTATE MATTERS

There has been a lot of hollow talk about housing affordability during the campaign leading up to today's civic election, but very little discussion of specific initiatives that help spur the construction of new market rental housing as a key to providing more affordable housing in the region. More than half of Vancouverites and more than a third of those living in Metro Vancouver rent their homes. Rental housing is the afford-

able housing option that spans all segments of the housing market. In many ways, it is a relief valve for the pressure that builds when the market can't keep pace. Constructing new homes for the sale market during spikes in housing demand.

Demand forecasts point to the need for more than 310,000 new housing units, 70,000 of them rental homes, by 2021 to meet population growth.

Even with the high levels of housing production in Metro Vancouver during the housing construction boom that just came to an end, rental housing didn't keep up with forecasted demand. The number of rental units built over the last decade represents about only a third of the level required in order to meet the estimated future demand. A significant portion of stratified condominium units have ended up as rental units, especially in pockets of the market like the downtown

## Purpose-built rental housing can help bridge affordability gaps

in the current taxation regime or an incentive program, the prospect of adding significant amounts of new purpose-built rental housing is unlikely.

Vancouver's City Planning Commission is challenging the city's business-as-usual approach to development policies by recommending a solution for the rental housing crisis. The citizen body, of which I am a member, advises city council on long-range planning issues.

We recently challenged those running for city council, along with other community leaders, to consider trading density for purpose-built rental housing in areas around transportation nodes and neighbourhood centres. Vancouver has traditionally been willing to use "density bonusing" as a tool to extract value from new development

and transfer that value to community benefits. The tool has been used to finance the preservation and restoration of a number of heritage buildings. It has been used to provide social housing. But so far, there has been no program in place to trade increased density for purpose-built rental housing.

The commission is recommending that the city adopt such a policy by pre-zoning land around transit nodes and in defined neighbourhood centres to allow a modest increase in density for new multi-family housing in return for the developer providing a certain number of rental homes for a specified period of time. The success of an incentive program like this is dependent on a number of economic variables, such as the amount of extra density allowed, the length of time during which the developer might have to forgo a profit to maintain a rental unit as opposed to selling it as a con-

do unit, etc. These are issues that need to be debated before such a policy is adopted.

The views of the community also need to be heard on issues that arise from increased density. It would be somewhat ironic, however, if, after spending billions of taxpayer dollars in constructing expensive public transit infrastructure, the public rejects the notion of increasing density around transit nodes, like Sky Train stations.

Vancouver's new city council will undoubtedly give serious consideration to the ideas about rental housing advanced by its planning commission since they are among the very few specific ideas about dealing with housing affordability.

Bob Ransford is a public affairs consultant with CounterPoint Communications Inc. He is a former real estate developer who specializes in urban land use issues. E-mail: ransford@counterpoint.ca