

At Large

Peter Ladner

Height and density could help ease affordability crisis

Last week's announcement that Vancouver has the most unaffordable housing in Canada will come as no surprise to anyone who has tried to buy a house or condo in the Lower Mainland lately.

I was visiting a friend last month the day she was bidding on a 1,295-square foot two-floor upper suite in a modest 15-year-old fourplex in Mount Pleasant. It had a big south deck, one garage space and no views. It was listed at \$595,000. She put in an offer at \$620,000, then hiked it to \$630,000. The suite sold for \$650,000, a new high for that part of town - \$502 per square foot!

Then came media reports that the new highest-end Concord tower in North False Creek, the Erickson, had pre-sales "touching \$2,000 per square foot." When will this come down to earth?

The data from the 2006 Second Annual Demographia International Housing Affordability Survey (www.demographia.com/dhi-ix2005q3.pdf) found that Vancouver is now the 15th most unaffordable city in six countries: Canada, the U.S., the U.K., the Republic of Ireland, Australia and New Zealand.

With housing prices at 6.6 times the median income, we were rated "severely unaffordable," worse than Toronto ("seriously unaffordable" at 4.4x), Ottawa and Calgary ("moderately unaffordable" at 3.2x) and Winnipeg, Edmonton and Quebec ("affordable" at around 2.5x).

"Housing prices that escalate to the point that millions of households are denied home ownership is anything but good news for the future of an economy," the report warns.

On top of the unconscionable doubling of homelessness and the elimination of the majority of young workers from the Vancouver market is a whispered high-end version of the affordability crisis. CEOs confide that they can't attract middle and senior executives from other parts of the world where \$500,000 buys a swank, spacious home with a big yard. Even the elite can't afford the upgrade to the Vancouver market - a sure signal that we've become more of a resort than a city.

The fever pitch of public anxiety about housing prices was manifested in a recent stormy meeting at Vancouver city council where impassioned advocates for affordable housing lined up at the podium for two days to speak in favour of more subsidized housing in the city's new waterfront development in Southeast False Creek.

They were demonizing council's decision to put more than twice the city average of subsidized housing into the area and resist financing additional subsidies in a way that would diminish the city's ability to provide future social housing.

The Demographia study had no hesitation in naming a single culprit for the affordability crisis: government policies that create land scarcity and restrict supply.

It's all about balancing supply and demand.

The cry for supply is a challenge to the Greater Vancouver Regional District as it reviews its Livable Region Strategic Plan. That plan advocates compact communities, protected green zones, and regional town centres linked by transit. Some would argue that those policies restrict supply, driving up prices for both residential and industrial lands.

I would add a word of caution about blaming housing affordability only on "smart growth" restrictions of land use. Using housing purchase price alone as an affordability indicator doesn't take into account other significant household, health and infrastructure costs associated with commuting from cheap houses far away from jobs, schools and shops.

Limited supply isn't just about land scarcity. What about the resort syndrome of non-resident owners and investors who tie up housing and rarely or never use it? Investors who buy but don't use their houses and condos are limiting supply for people who want to raise families and work here.

Other than somehow targeting absent owners, the "smart growth" way to add supply and make housing affordable in a geographically-constrained area like the Lower Mainland is to go up and go dense in the right places.

We would do well to follow the lead of the newly-rezoned Kingsway and Knight neighbourhood in East Vancouver and get much more creative with infill housing in conventional single family neighbourhoods. Legalizing secondary suites is just a start.

Peter Ladner (www.peterladner.ca) is a Vancouver city councillor and vice-president, Business in Vancouver Media Group, pladner@biv.com. His column appears every two weeks.