

A Made-in-Delta Solution:

A Research Paper on Affordable Housing
and Rental Accommodation

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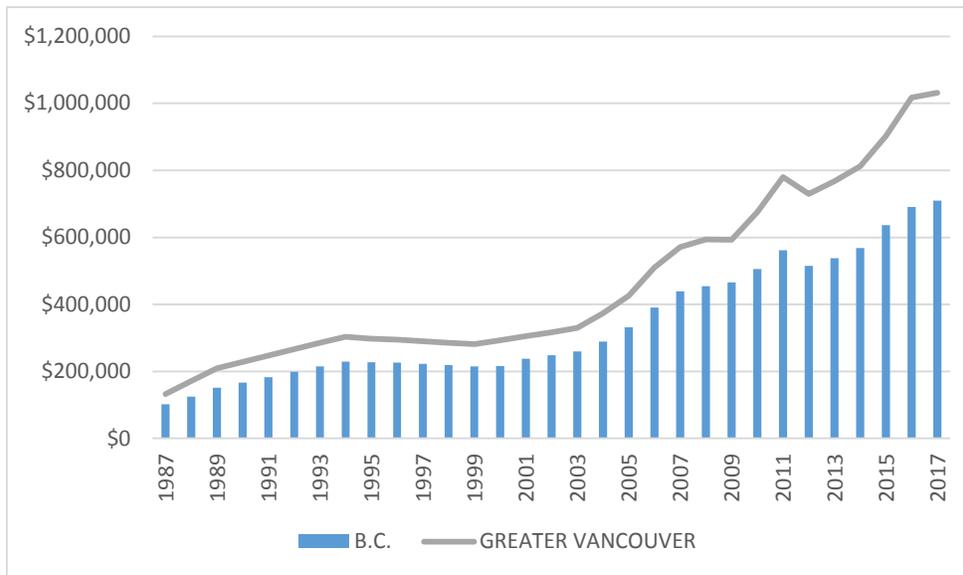


1. EXECUTIVE SUMMARY

- * As is the case in many parts of the modern world, British Columbia – and especially the Lower Mainland – has experienced an increasingly challenging housing and rentals situation. Some observers, including B.C.'s Minister of Finance, have labeled it a 'crisis.'
- * British Columbia's population has increased every year since the province entered Confederation. The province surpassed one million residents in 1946, and then surged past three million and four million in 1986 and 1999 respectively. In 2021 – just three years from today – B.C. is expected to have more than five million residents.
- * The population of Metro Vancouver has grown markedly in recent decades. The region had 1.4 million residents in 1986 when the city and province hosted the world at Expo '86. A short fifteen years later, in 2001, that number climbed to 2.1 million, and in 2017 was almost 2.6 million.
- * Residential-home prices in Metro Vancouver similarly have skyrocketed upward since Expo '86. In 1987, the average house in the region cost \$132,659, but by 2007 that price had soared to \$570,795. A decade later, the average home in Metro Vancouver sold for \$1,031,546.
- * With the respective populations of B.C. and Metro Vancouver continuing to rise ever-higher, the rental-vacancy rate for accommodation has plummeted. In 2001, the vacancy rate across B.C. was 2.6 per cent, but by 2016 that number had fallen in half to 1.3 per cent.

In Metro Vancouver in 2016, the vacancy rate was a mere 0.7 per cent.
- * With vacancy rates plunging, apartment rents have followed housing prices on an upward trajectory. Whereas the median-apartment rent in 2007 was \$830 per month, that number soared in 2017 to \$1,200 per month.
- * According to the Canadian Mortgage and Housing Corporation, median-monthly rental rates in Metro Vancouver grew by an annual-average of 4.5 per cent – or nearly twice the annual-average increase in wages from 2007 to 2017, which was just 2.7 per cent.
- * The population of the City of Delta also has been growing significantly in recent decades. In the year of Expo '86, the number of people residing in Delta was counted at 82,600. By 2017, the community's population was estimated at 103,700.

CHART 01 – House Prices in B.C.: BC Multiple Listing Statistics – Average Residential Price, 1987–2017



(SOURCE: BC Real Estate Association and Canadian Real Estate Association, produced by BC STATS, January 22, 2018.)

* In February 2018, the Province of British Columbia unveiled its Budget and Fiscal Plan for 2018/19 to 2020/21. To address the issue of home affordability and rental accommodation, the government simultaneously released announced a new initiative called ‘Homes for B.C. – A 30-Point Plan for Housing Affordability in British Columbia’.

* In her Budget Speech, the Finance minister noted:

“People have clearly been hurt by the housing crisis, and B.C. businesses and our economy are feeling the effects as well. Three out of five Vancouver Board of Trade members cite housing unaffordability as a barrier to recruit and keep employees. Nurses, construction workers, teachers, engineers and city workers are building careers, growing families and contributing to our province. They should be able to put down roots.”

She continued:

“Housing affordability affects us all. The problem has been ignored for too long, and the consequences are being felt throughout B.C., with housing costs skyrocketing. The result is that renters have seen vacancy rates drop while prices rise dramatically. ... First-time home buyers have been side-lined as housing prices soar out of their reach. ... Parents have told me that they worry their children won’t have a safe, secure place to live, let alone be able to afford a house.”

* Although the provincial government is taking the lead to address housing affordability with its 30-Point Plan, many B.C. municipalities also are taking action.

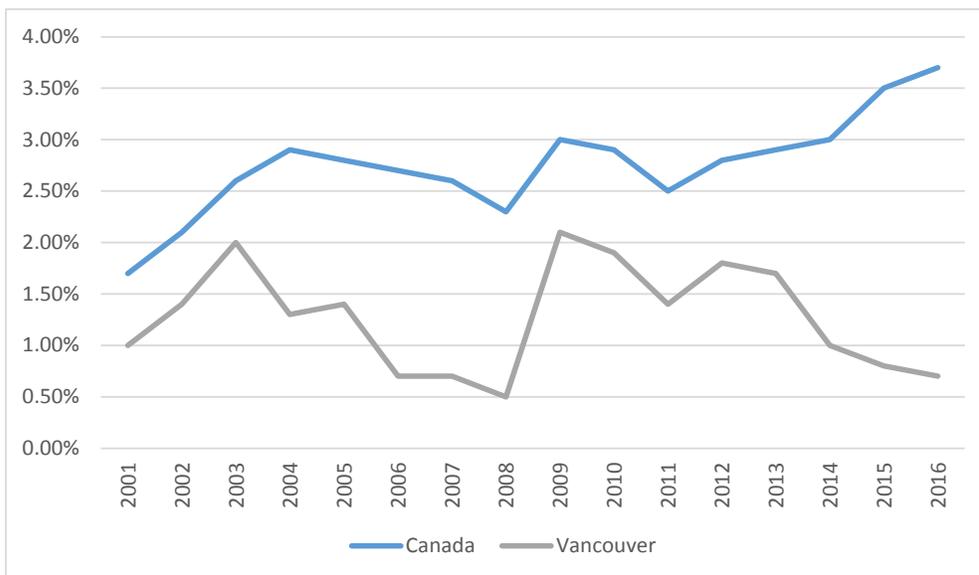
Cities as disparate in size as Quesnel, Chilliwack, New Westminster and Richmond have developed their own unique 'Affordable Housing Strategy' programs. Among the components of these plans are financial incentives for the development of affordable housing, subsidized rental housing, and plans to preserve the stock of safe, affordable and appropriate rental housing.

* The City of Langford on Vancouver Island for many years has had an 'Affordable Housing Program' that provides lower-income families with housing in newly-developed neighbourhoods

* The City of Delta, too, has taken steps to improve housing affordability, as well as the supply of rental accommodation, but much remains to be done.

Sylvia Bishop and Team Delta have introduced an 'Action Plan for Housing Affordability' and pledged to convene a 'Summit' of housing experts and community activists within 100 days of winning election to Council in October 2018.

CHART 02 – Rental Vacancy Rate, Canada and Metro Vancouver, 2001–2016



(SOURCE: Canadian Mortgage and Housing Corporation.)

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3. INTRODUCTION

British Columbia's Lower Mainland, like many other parts of the industrialized world, is currently experiencing a challenging housing and rentals situation which some observers, including B.C.'s Minister of Finance, have labeled a 'crisis.'

"People have clearly been hurt by the housing crisis, and B.C. businesses and our economy are feeling the effects as well," Finance minister Carole James told the Legislative Assembly during her Budget Speech on February 20, 2018.

She added: "Seniors struggling to meet rising housing costs on fixed incomes are at risk of homelessness. Parents have told me that they worry their children won't have a safe, secure place to live, let alone be able to afford a house."

British Columbia joined Confederation in 1871, and the province's population since then has climbed steadily upward in each and every year. The number of people residing in B.C. slipped past the one-million mark in 1946; exceeded two-million in 1968; surpassed three-million in 1986; topped four-million in 1999; and is forecast to reach five-million in 2021.

Most of B.C.'s population growth has been in the Lower Mainland region. Over the three decades between 1986 and 2017, the number of people who live in Metro Vancouver climbed from 1.4 million to 2.6 million.

Along the way, residential-home prices in the Lower Mainland surged skyward. One year after B.C. hosted the world at Expo '86, the average house in the region sold for about \$132,700. Thirty years later, in 2007, the same house cost nearly \$571,000, and last year the price-tag for the average home reached \$1.03 million.

Rental prices for apartments also have skyrocketed in Metro Vancouver in recent decades. Between 2007 and 2017, for example, the median-apartment rent rose from \$830 per month to \$1,200 per month.

The Canadian Mortgage and Housing Corporation has calculated that over the decade from 2007 to 2017, the median-monthly rent for an apartment in Metro Vancouver grew at an annual-average rate of 4.5 per cent. That was almost twice the rate of the annual-average increase in wages over the period, which was only 2.7 per cent.

And as the affordability of apartment-rentals has declined since the turn of the century, the supply of accommodation similarly has plummeted. Across B.C. in 2001, the vacancy-rate for rentals stood at 2.6 per cent, but by 2016 it was down to just half that rate, 1.3 per cent.

Over the same period, the vacancy-rate in Metro Vancouver fell from one-percent to just 0.7 per cent.

When B.C.'s Legislative Assembly convened for the 2018 spring sitting, it quickly became evident that addressing the province's housing and rental challenges would be a top priority.

On February 13, the Speech from the Throne declared:

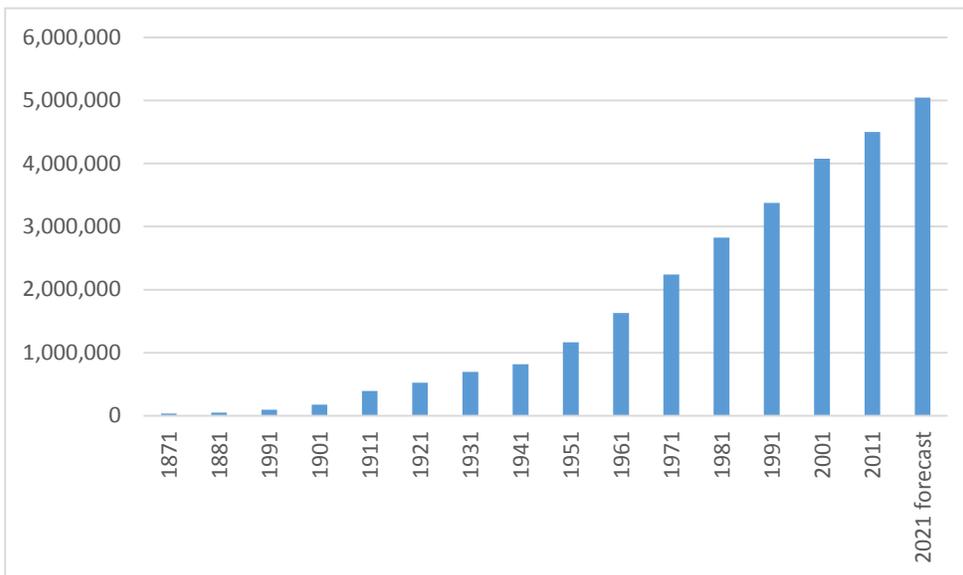
The single greatest challenge to affordability in British Columbia is housing. Home is at the heart of belonging – to a neighbourhood, a community, a province or a country. Home is the place to hang our hat, to raise a family, to feel safe and secure.

When people can't find an affordable home, that safety and security is taken away. We become uncertain about the future and our place in it. This is how far too many families in British Columbia live today. Renters are afraid of eviction or unexpected rent increases that will force them to relocate when prices are sky-high and vacancies hover at record lows.

One week later, the Minister of Finance, Carole James, unveiled her Budget and Fiscal Plan for 2018/19 to 2020/21. In her Budget Speech she said:

Three out of five Vancouver Board of Trade members cite housing unaffordability as a barrier to recruit and keep employees. Nurses, construction workers, teachers, engineers and city workers are building careers, growing families and contributing to our province. They should be able to put down roots. ...

CHART 03 – B.C.'s population by Census Year



(SOURCE: BC Stats – 'B.C. Annual Population Estimates.')

Young professionals are faced with moving out of their communities or the province. First-time homebuyers have been sidelined as housing prices soar out of their reach.

Seniors struggling to meet rising housing costs on fixed incomes are at risk of homelessness. Parents have told me that they worry their children won't have a safe, secure place to live, let alone be able to afford a house.

To address British Columbia's troubling housing crisis, the provincial government's Budget and Fiscal Plan introduced '*Homes for B.C. – A 30-Point Plan for Housing Affordability in British Columbia*', that included measures to accomplish four over-arching goals:

- * to curb demand and stabilize the market – including through a new 'speculation' tax;
- * to crack down on fraud and corruption;
- * to build and make available new affordable homes; and
- * to protect renters from problems such as rising prices and fixed-termed leases.

While the province is moving quickly across a broad spectrum of actions to address housing issues, many B.C. municipalities also are taking action.

Unique 'Affordable Housing Strategy' initiatives have been undertaken in communities of such disparate size as Quesnel, Chilliwack, New Westminster and Richmond. These strategies, among other things, offer financial incentives for the construction of affordable housing and to subsidize rental accommodation, and move to preserve the existing stock of apartment rentals.

In 2004, a small community outside of Victoria developed the 'Langford Model,' whereby the local government could waive application fees and development-cost charges so as to reduce the construction costs for non-profit housing. The initiative allowed tenants to pay lower rental rates.

The City of Delta has not been immune to the affordable-housing and rentals issues that have troubled other communities in B.C. and notably in the Lower Mainland.

In part that is due to the city's steadily-growing population. From 1986 to 2017, the number of people making their home in Delta grew from 82,600 to 103,700.

By 2041, according to BC Stats, the community's population is expected to reach 115,400.

Delta first wrote an Official Community Plan in 1986, and it has been updated since then, most-recently in 2015. Still, much work remains to be done – especially in light of the growing seriousness of the challenge facing those who seek affordable housing and those in need of rental accommodation.

Sylvia Bishop and Team Delta recently introduced an 'Action Plan for Housing Affordability,' with a pledge to convene a 'Summit' of academics, economists, community and housing activists, developers, leading Delta residents and others within 100 days of winning election to Council in October 2018.

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4. POPULATION GROWTH IN B.C. AND METRO VANCOUVER

British Columbia's population grew from approximately 36,000 to 2.2 million over the 100 years – from 1871 to 1971 – that followed the province's entry into Confederation.

It then took fewer than 30 years to add another two million people as B.C.'s population by 1999 had surpassed four million. Today, in 2018, British Columbia is home to more than 4.8 million people – and that number is expected to hit five million in 2021.

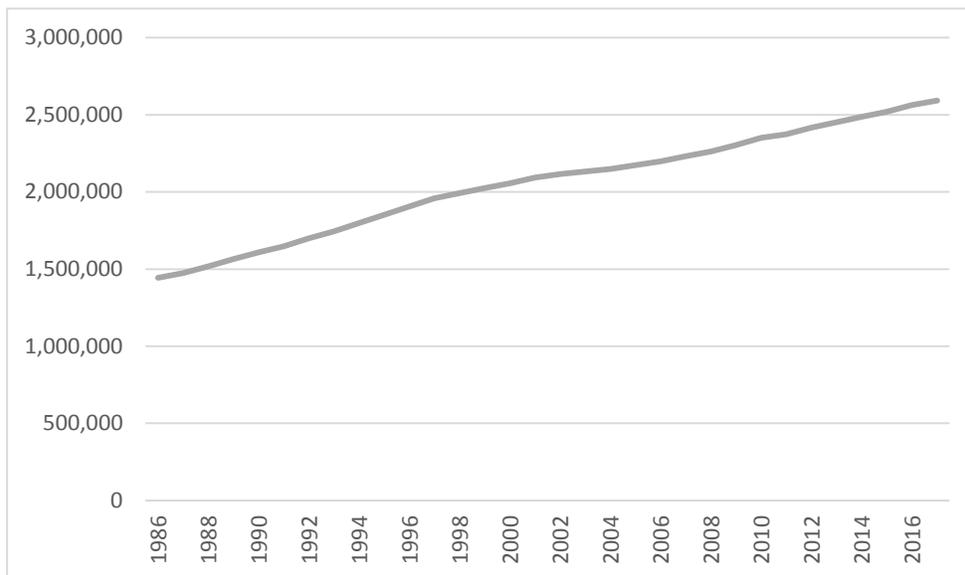
By 2041 – just thirteen years from today – it is estimated by BC Stats that the provincial population will be approximately 6.1 million. Most of the province's population growth has taken place in the Lower Mainland region, and that especially is true for the Greater Vancouver Regional District – now known as Metro Vancouver.

Three decades ago, when British Columbia celebrated Expo '86, the population of Metro Vancouver was pegged at 1,442,647.

Within eleven short years, in 1997, that number exploded upward by more than a half-million, reaching 1,958,688. Then, over the two decades between 1997 and 2017, Metro Vancouver added another 633,500 new residents and the regional district's population was counted at 2,592,206.

According to forecasts by BC Stats, the Metro Vancouver region by 1941 will be home to nearly 3.5 million people.

CHART 04 – Metro Vancouver's population growth since Expo '86



(SOURCE: BC Stats, 'Sub-Provincial Population Estimates.')

5. HOUSE PRICES IN B.C. AND METRO VANCOUVER

The price of the average home in British Columbia has climbed dramatically over the last three decades.

In the year following Expo '86, the average price of a residential home stood at almost \$102,000. But that price doubled over the next six years, reaching \$215,000 in 1993. The pace of growth moderated through the rest of the 1990s, but a decade later, in 2003, the price of the average home in the province had climbed to \$260,000.

Residential housing prices clearly were on a tear, and two years later, in 2005, the cost of a typical B.C. home was over \$332,000. And two years after that, in 2007, it had surpassed \$439,000.

B.C. housing prices over the last decade have continued to soar ever-higher. In 2010, the average house in the province cost more than a half-million dollars, and by 2017 that price was calculated at \$710,000.

To be sure, there was – and is – a considerable variation in the average price of a residential home across B.C.'s far-flung economic regions.

Indeed, in the 13 regional zones monitored by the BC Real Estate Association, just one – Greater Vancouver – featured home-prices that consistently were above the provincial average.

In 2017, for example, the average residential house in the South Okanagan and Okanagan-Mainline regions cost \$400,000 and \$498,000 respectively. Home prices in the Kamloops region Okanagan, meanwhile, were about \$365,000 – or just over half the B.C.-wide average.

Both Victoria and the Fraser Valley – \$653,000 and \$702,000 respectively – were much-closer to the provincial-average than many of the remaining regions, including the Northwest, Northern Lights, Kootenay, Northern B.C., Chilliwack and Vancouver Island.

It was in Greater Vancouver – now Metro Vancouver – where the costliest increases in residential home prices have been seen.

In 1987, one year after Expo '86, the average Metro Vancouver house sold for \$133,000. By 1994, a short eight years after the world's fair, that price had soared by almost 130 per cent, to nearly \$304,000.

Again, as elsewhere in the province, prices moderated through the remainder of the decade, but then took off again in the new millennium.

By 2005, the average home in Metro Vancouver sold for almost \$426,000, and then in 2011 hit a near-term peak of \$780,000.

Five years later, in 2016, the average-price of a residential home in the region surpassed \$1.0 million dollars, and last year reached an eye-popping \$1,031,546.

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6. RENTAL ACCOMODATION AND PRICES

The vacancy-rate for rental accommodation in communities across in British Columbia – and notably in Metro Vancouver – has plummeted as the province’s population continues to soar skyward.

In Metro Vancouver, the vacancy-rate in 2016 was a mere 0.7 per cent. That compares to a B.C. average vacancy-rate that same year of 1.3 per cent – and of a Canada-wide vacancy-rate of 3.7 per cent.

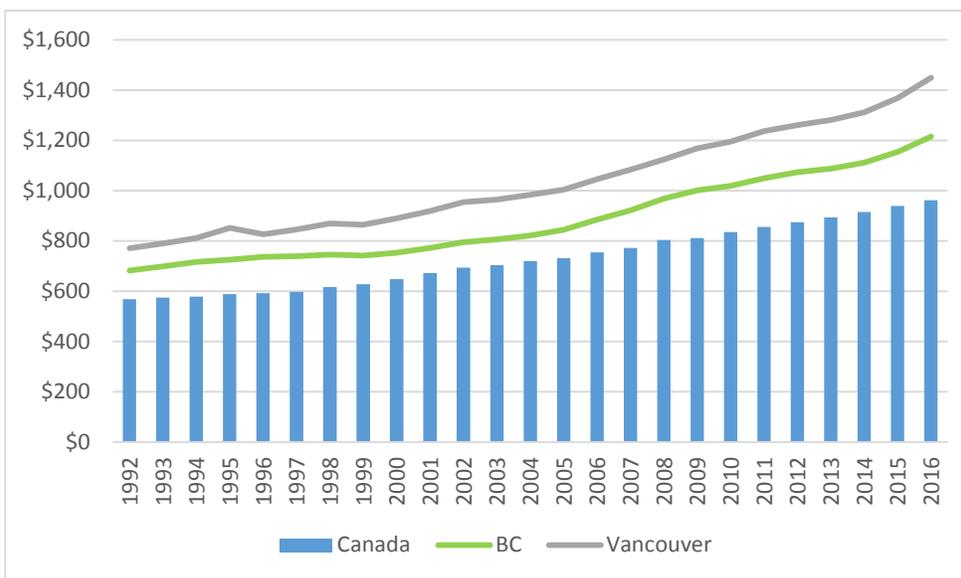
It plainly is evident that the availability of rental accommodation in British Columbia is considerably lower than it is in the rest of the country. And it is even lower – desperately so – in Metro Vancouver.

Indeed, as the chart on page 5 of this report clearly illustrates, vacancy-rates for rental suites in Metro Vancouver appear to be plunging ever-lower, while the availability of rental accommodation elsewhere in Canada rises ever-higher.

Meanwhile, as rental accommodation has become ever-more scarce, prices have climbed out of reach for many British Columbians. Across Canada in 2016, the average two-room rental apartment cost the tenants \$962 per month.

In that same year in British Columbia, a two-room rented suite was going for \$1,215. And in Metro Vancouver, the comparable monthly rent was \$1,450.

CHART 05 – Average Rent for Two-Bedroom Apartments, 1992–2016



(SOURCE: Canada Mortgage and Housing Corporation, Canadian Housing Observer, 2017.)

7. THE CITY OF DELTA

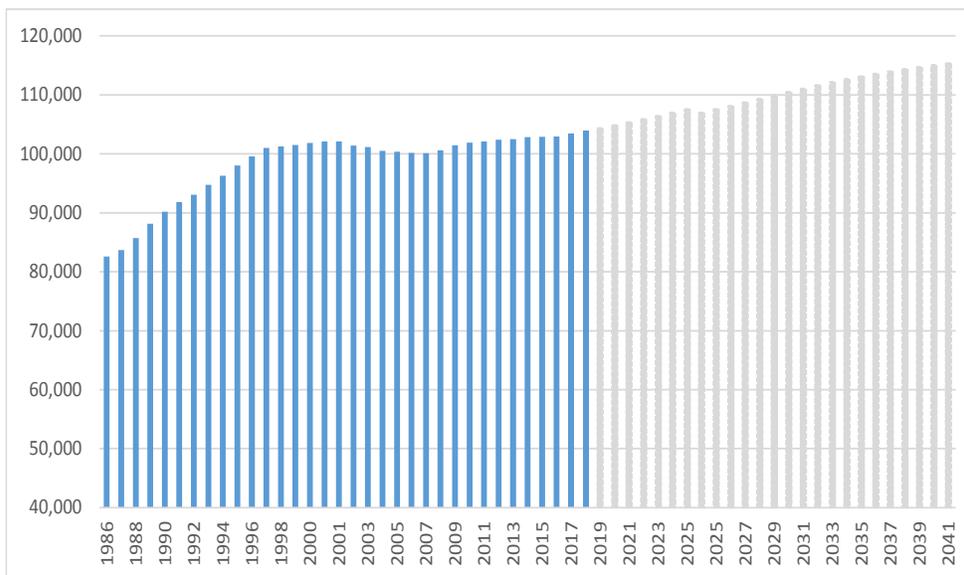
As elsewhere across B.C.'s Lower Mainland, the population of the City of Delta in recent decades has been rising inexorably. About three decades ago, during Expo '86, the number of people residing in Delta was counted at 82,600; by 2017 the city's population was estimated at 103,700. That growth is expected to continue over the near future, as BC Stats forecasts that Delta's population by 2041 will be 115,400.

It also was in 1986 that the City of Delta first wrote its first 'Official Community Plan.' It has been periodically updated since then, most-recently in 2015. The latest iteration of the Plan contains a number of key observations regarding Delta's population. For one, 'the number of older people in our community is predicted to increase significantly,' and for another, households 'in our community are getting smaller; 34 per cent of Delta families do not have children living at home, and 17 per cent have one child only.'

That latter trend is evident in the average size of households in Delta: in 1981, the average number of people living in one home was 3.38; by 2011 the comparable number was just 3.0. With Delta's population both growing and aging, and the average number of people per household in decline, it is evident that the community needs a significant increase in housing. According to the latest Official Community Plan, the number of dwelling units in the city in 2006 was counted at 34,600, and by 2021 that number is expected to rise to 39,000. By 2041, it is forecast that Delta's housing needs will add up to 44,000 units.

Sylvia Bishop and Team Delta have announced an 'Action Plan for Housing Affordability,' with a pledge to convene – within 100 days of the October 2018 local-government elections – a 'Summit' of academics, economists, developers, and community and housing activists. The object of the meeting will be to discuss and find a range of options to increase the city's stock of affordable housing and rental accommodation.

CHART 06 – Population of the City of Delta, actual and projected, 1986–2041



(SOURCE: Sub-Provincial Population Projections - P.E.O.P.L.E. 2017 (Aug 2017).)

8. POLICIES AND PROGRAMS

Sylvia Bishop and Team Delta believe it is time to devise and implement a ‘Made-in-Delta’ solution to the affordable-housing ‘crisis.’ Many of the initiatives adopted by other governments – some old, some new – provide useful starting points for consideration.

In February 2018, the Province of British Columbia introduced a 30-Point Plan intended to address the challenges of housing affordability and rental accommodation in communities across the province. That Plan details four over-arching goals to:

- * curb demand and stabilize the market – including through a new ‘speculation’ tax;
- * crack down on fraud and corruption;
- * build and make available new affordable homes; and
- * protect renters from problems such as rising prices and fixed-termed leases.

Of the myriad initiatives outlined in ‘Homes for B.C. – A 30-Point Plan for Housing Affordability in British Columbia’, points 25 through 30 are of special interest to local governments. Sylvia Bishop and Team Delta intend to explore three of these proposals that appear to hold promise for our community.

First, Point 26 states: “The provincial government is committing \$5 million over three years to help fund housing need assessments for local governments, the first step to building housing for people. We’ll work closely with municipal partners to eliminate barriers to affordable housing and develop new tools, such as rental zoning, that will empower local governments to support and accelerate the construction of homes people need.”

Second, Point 27 declares: “The Province is expanding the use of municipal and regional district tax revenues to include housing affordability initiatives. Prior to this policy change, MRDT revenues could only be spent on tourism marketing, programs and projects.”

Third, Point 28 pledges: “To help local governments, the Province will mirror the increase to the available tax exemptions provided under municipal revitalization agreements for qualifying purpose-built rental housing. These agreements encourage the construction and preservation of rental housing by waiving municipal property taxes.”

Sylvia Bishop and Team Delta will closely examine these initiatives for utilization by the City of Delta.

Many local-governments across B.C. also have taken significant steps to address housing affordability. In 2007, Metro Vancouver adopted an ‘Affordable Housing Strategy,’ which marked the first time a regional-government had laid-out a framework for municipal action to address housing affordability. Cities such as Quesnel, Chilliwack, New Westminister and Richmond have enacted their own strategies.

The innovative ‘Langford Model’ also may be studied for application as Sylvia Bishop and Team Delta follow through on their pledge to devise and implement a ‘Made-in-Delta’ solution.

9. CONCLUSION

The City of Delta, like many other communities in British Columbia – and especially those in the Lower Mainland – is facing a housing-affordability ‘crisis.’

Housing prices in recent years have skyrocketed, and today the average-price of a residential home in Metro Vancouver is above one-million dollars.

Affordable-rental accommodation is increasingly difficult to find as the vacancy rate in Metro Vancouver in 2016 was just 0.7 per cent. Rents, too, have soared upward – and, in Metro Vancouver, at a rate that is twice the growth-rate for wages.

This research paper is one of the many steps that Sylvia Bishop and Team Delta intend to take as they prepare to lead our municipality. Another is a ‘Summit’ on Affordable Housing and Rental Accommodation,’ that will be convened within 100 days of the local-government elections on October 20.

‘New Leadership, New Ideas’ is the defining characteristic of Sylvia Bishop and Team Delta. They are dedicated to addressing our community’s housing crisis, and to devising and implementing a ‘Made-in-Delta’ solution for all residents.

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