

# THE BC RENTAL HOUSING COALITION

*A submission to the National Housing Strategy  
Consultation Process*

October 20th, 2016



BC Society of Transition Houses



## INTRODUCTION

The BC Rental Housing Coalition is pleased to submit this paper to the National Housing Strategy consultation process, Let's Talk Housing. This response represents the views of a broad spectrum of rental housing stakeholders in British Columbia who have an interest in placing housing at the centre of its communities, given its importance to the social and economic fabric of the province.

The focus of this submission is to identify an overarching policy framework and vision statement that will lead to a self-sustaining, dynamic, and sophisticated housing sector capable of ensuring that all British Columbians have access to decent and affordable housing. In addition, the response highlights specific policy issues that are required address housing needs in British Columbia.

## THE BC RENTAL HOUSING COALITION

Formed in 2015 in the lead-up to the Federal election, the BC Rental Housing Coalition is comprised of members representing all aspects of the rental housing sector. This includes the non-profit, cooperative, private and municipal housing sectors along with seniors' advocates, homelessness and Aboriginal housing providers, and tenant advocates.

The following organizations are members of the Coalition:

- BC Non-Profit Housing Association
- LandlordBC
- Co-operative Housing Federation of BC
- BC CEO Network
- Vancity Credit Union
- Urban Development Institute
- BC Senior Living Association
- Aboriginal Housing Management Association
- Ready to Rent BC
- Tri-Cities Homelessness & Housing Taskforce
- School of Community and Regional Planning, UBC
- Inclusion BC
- BC Society of Transition Homes

## **A BC RESPONSE FOR A NATIONAL STRATEGY**

### **Value Statement**

The rental housing sector underpins a variety of positive economic and social outcomes in British Columbia. In addition to the non-profit and co-operative housing sectors providing safe and affordable shelter to roughly 75,000 vulnerable households across the province, the private rental market houses roughly 25 percent of BC's households. In total, renters account for a third of the households in the province, and represent a majority of residents in Vancouver and Victoria, BC's two major urban centres.

In addition to accounting for a third of households, rental housing contributes significantly to economic growth and stability of the province and country more broadly. Roughly 25 percent of BC's GDP is related to the housing sector, and a recent KPMG study found that BC's rental sector contributed \$12.25 billion to Canada's GDP in 2013.<sup>1</sup> Affordable rental housing also reinforces dynamic labour markets, through allowing labour force participants to move with greater ease in pursuit of employment opportunities. Renters themselves are also key contributors to the economy, displaying higher employment participation rates than homeowners in regions like Metro Vancouver.

With homeownership costs increasingly out of reach for younger generations, rental housing provides a key foundation for future economic and social development in the province.

### **Policy Framework**

The rental housing sector in BC is dynamic, and is working collaboratively towards self-reliance. Our sector is becoming more sophisticated in the ways we deliver, maintain, and grow opportunities for affordable housing in our province.

The development of the third sector in the 1960s and 1970s was fueled by governments seeing non-profits, co-operatives, and mission-driven organizations as an effective vehicle to deliver high-quality, community-based affordable housing. Subsequent federal policy and funding initiatives helped establish robust third-sector organizations engaged in housing delivery. Nowhere in the country has this sector thrived more than in BC, where approximately 90 percent of the province's social housing is delivered through these community-based agencies. This trend is likely to continue as the provincial government has recently invested in the sector's capacity by transferring publicly owned land directly to non-profit providers.

With housing affordability increasingly out of reach for the middle-class, there is opportunity for the non-profit sector to further its reach to ensure a broad range of housing

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<sup>1</sup> KPMG, 2008 Economic Impact Assessment Study – British Columbia's Rental Housing Sector. Found at: <http://udi.bc.ca/sites/default/files/news/files/KPMG%20Rental%20Housing%20Impact%20Final%20Report%20014.pdf>

options are available for those whose needs are not met by the market. Strategic policy and investment programs at the federal level can help explore these new avenues as well as ensure that affordability achieved through public investment is not eroded over time. Significant innovations in co-operative, not-for-profit and co-housing delivery models are breaking ground in BC, and finding mechanisms to scale-up these innovations is timely.

The specific asks in this consultation paper must also be accompanied by a larger policy framework that provides a vision for the rental housing sector in BC. Some elements of this framework could include:

- Renters are a critical contributor to diverse, robust, and healthy economies and communities. Policy initiatives should create opportunities for renters to build their asset base in ways that meet their individual economic goals and are comparable to what our economic and financial systems currently provide for home owners (e.g. pension allocations and retirement savings, collateral for accessing debt, building personal equity, etc.)
- Third sector organizations are a key vehicle for delivering affordable housing infrastructure. Policy initiatives should recognize and enable these organizations to utilize and grow their assets. This can be achieved by retaining a long-term ownership stake in projects, building ongoing revenue streams and financial sustainability, and partnering with values and mission aligned entities to impact positive social change through innovative housing delivery and operating models that increase affordability over time.
- The status quo for resource flows and policy interventions are not meeting the housing needs for all Canadians. Policy initiatives should enable a “re-think” about how resources flow in support of the delivery, maintenance, and growth of affordable housing infrastructure. This includes rethinking a variety of aspects related to Canadian housing policy, including: delivery and operating models; repurposing existing housing assets; sharing or broadening distribution of wealth generated from housing development; housing’s role in addressing economic inequality; growing the asset base towards greater self-reliance; re-thinking taxation policies to incentivize the development of non-market and market rental housing; and establishing needs-based targets and monitoring.

## **SPECIFIC BC POLICY ISSUES**

### **Needs-Based Funding Allocation**

Federal affordable housing dollars have historically been allocated on a per capita basis rather than a per-need basis. The Affordable Housing Initiative (AHI) that ran from 2001 to 2011 allocated 13 percent (\$162M) of program funds to BC. Similarly, as of June 30, 2016 BC has received 12.6 percent (\$162 million) of the funding under the existing Investment in

Affordable Housing (IAH) program. These figures align with census household counts, with BC representing 13.2 percent of all households in 2011.

Despite BC accounting for roughly 13 percent of the Canadian population, the province contains a disproportionate share of the country's cost-burdened renter households. BC's share of Canadian households spending more than 50% of their income on rent is nearly 16%, and BC has a proportionately higher number of overcrowded households. Of the top ten municipalities in Canada experiencing a rental housing crisis, six of them are in BC.<sup>2</sup>

Additionally, municipalities in BC have a larger homelessness problem than other parts of the country. According to research conducted by the Homeless Hub, Vancouver and Kelowna have some of the highest per capita rates of homelessness in the country.<sup>3</sup> At the same time, tent cities have become entrenched in several parts of the province, including both large and small centres.

As such, the BC Rental Housing Coalition recommends federal policy interventions and accompanying funding programs for future and existing programs be based on need, rather than on a per-capita basis. This recommendation is consistent with proposals submitted by the Federation of Canadian Municipalities, which recommend that the formula be based on factors such as local affordable housing demand and rates of homelessness.<sup>4</sup>

### **Link Transportation and Affordable Rental Housing Investments**

Transit development in the Lower Mainland has posed significant challenges to the region's affordable housing stock, and has potential to pose similar challenges to other regions in the province. When new transit lines are developed, existing rental housing stock near these lines has been threatened through increased property values, demolition, and reconversion of existing stock toward market ownership developments. While largely a provincial and regional policy matter, the federal government can also play an important role in ensuring that rental housing is preserved and expanded near transit areas.

The BC Rental Housing Coalition would like to see the Government of Canada build in incentives for transit location when soliciting proposals under the proposed Affordable Rental Housing Financing Initiative. In addition, the federal government can tie

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<sup>2</sup>The Rental Housing Index, Indicator Scores for Municipalities, found at: <http://rentalhousingindex.ca/pdf/Ranked-Indicator-Scores.pdf>

<sup>3</sup>Tanya Gulliver-Garcia, "Which city in Canada has the most homeless people and why" Found at: <http://homelesshub.ca/resource/which-city-canada-has-most-homeless-people-capita-and-why>

<sup>4</sup>Bill Curry and Jeff Gray. "Mayors to pressure Ottawa to address affordable housing crisis" Found at: <http://www.theglobeandmail.com/news/politics/mayors-to-pressure-ottawa-to-address-affordable-housing-crisis/article32155458/>

conditionality to transit investments to ensure that municipalities zone for affordable housing in transit development areas. This will help guide (re)development patterns so that affordable housing is included in area development plans. These initiatives would help lower the cost burdens for lower-income households who are more likely to rely on transit systems, and will contribute to an increased ridership for local transit authorities.

The Coalition also recommends the federal government develop a program similar to the Sustainable Communities Initiative (SCI) in the United States, which provided grants to local and regional actors to support land use planning and coordination for affordable housing and transit. The Initiative proved successful in leading to greater integration of housing and transit investments at a local level.

### **Crisis-Response to Homelessness**

The levels of mass homelessness experienced in communities throughout BC are a new phenomenon that will continue to escalate unless addressed from a crisis-response framework. The short- and long-term costs of homelessness on our health, justice and emergency systems are estimated to be \$7 billion annually in Canada, and are steadily increasing year over year.<sup>5</sup> A fundamental shift is required in how we address homelessness, which involves a crisis-response similar to how we respond to communities experiencing natural disasters.

The recent move through Canada's Homeless Partnering Strategy to a Housing First approach was based on a robust evidence base, and provides a foundation for how to develop an effective crisis response. This approach will also require cooperation and coordination with the Province of BC to ensure that sufficient rent supplements and support services are available. Federal policies and funding need to be sufficient to address the crisis, and implementation requires community coordination in order for homeless individuals with the highest vulnerability to be prioritized for available units. Coordinated access into the housing system should also be put into the hands of community service providers and harmonized across the region so that it is possible to understand specific needs as well as collect data to further understand the flow in and out of homelessness. Implementation of these programs matters, and requires program delivery design that is nimble, responsive, and customize-able to address the unique needs of the communities it's serving.

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<sup>5</sup> "Cost Analysis of Homelessness" <http://homelesshub.ca/about-homelessness/homelessness-101/cost-analysis-homelessness>

## SPECIFIC POLICY OPTIONS FOR INVESTMENTS IN RENTAL HOUSING

The BC Rental Housing Coalition members are supportive of the following Federal policy options, which are geared to increase investment and incentives for various forms of rental housing along the rental continuum.

<b>1. Build Rental Housing</b>		
<b>Policy Outcomes</b>	<b>Examples of Policy Measures</b>	<b>Rationale</b>
Stimulate private rental housing production	<ul style="list-style-type: none"> <li>- Allow roll-over of Capital Gains upon the sale of rental housing when proceeds are re-invested in new rental housing properties.</li> <li>- Increase the depreciation rate (Capital Cost Allowance or CCA rate)</li> <li>- Restore soft cost deductibility as a direct incentive for rental construction.</li> <li>- Allow Small Landlords to qualify for the Small Businesses tax deduction</li> <li>- Rental Housing Protection Tax Credit for property owners selling affordable assets to non-profit housing providers</li> <li>- Establish GST exemption for capital costs related to new affordable rental units and extend exemption eligibility to mixed market projects</li> <li>- Allow cautious re-development of rental buildings along transit corridors that protects and increases the supply of rental housing</li> <li>- Low interest loans through the CMHC's Direct Lending Facility to support new rental housing construction</li> </ul>	<p>These policy measures would help stimulate the development of private purpose-built rental housing, thereby increasing moderate-income housing supply and creating more affordability for these groups.</p> <p>The measures would also stop the erosion of affordable rental housing as existing buildings are lost to conversion.</p>
Stimulate subsidized rental housing production	<ul style="list-style-type: none"> <li>- Establish a patient equity revolving loan fund for pre-construction financing for non-profits</li> <li>- Low interest loans through the CMHC's Direct Lending Facility and/or capital grants to support new rental housing construction</li> <li>- Increased funding for the Investment in Affordable Housing (IAH)</li> <li>- Reinvest legacy savings from the expiry of operating agreements back into affordable housing</li> <li>- Prioritize surplus federal land for affordable housing</li> </ul>	<p>The non-profit sector needs broader access to diverse and flexible sources of early entry project equity that can be accessed on a reliable and predictable basis. Such measure would reduce barriers to develop and increase the supply of affordable rental projects.</p> <p>These policy measures would help re-establish a strong federal role in the production of adequate and affordable housing for lower-income households.</p>
Protect the affordable housing stock	<ul style="list-style-type: none"> <li>- Tax credits to protect the affordable rental housing stock (Rental Housing Protection Tax Credit)</li> <li>- Lending facilities, capital grants or other investments in renovation and rehabilitation projects</li> </ul>	<p>The older and lower-rent housing stock continues to experience losses through deterioration and demolition.</p> <p>Tax credits could help prevent this loss of affordable housing stock through allowing investors who own small and</p>

		<p>midsize rental properties to minimize tax liabilities if sold to non-profit housing providers. Tax credits can also be designed to minimize the incentive to demolish existing housing to avoid recapture.</p> <p>Federal investments in renovation and rehabilitation would also help to upgrade deteriorating housing stock.</p>
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<b>2. Support Tenants</b>		
<b>Policy Outcomes</b>	<b>Examples of Policy Measures</b>	<b>Rationale</b>
Ensure tenants are supported to maintain housing	<ul style="list-style-type: none"> <li>- Establish federal funding for a provincially administered rent supplement and benefit programs</li> <li>- Increase housing supports for tenants living with mental health and addictions issues, through mechanisms such as a social services transfer</li> <li>- Continue to increase supports for tenant groups in transition, including youth aging out of care, women leaving violent relationships, people discharged from prison and hospital with no fixed address</li> <li>- Invest in tenant and landlord education programs to reduce operating costs and ensure healthy tenancies</li> </ul>	<p>Along with an expanding stock of affordable housing, rent supplements and housing benefit programs are necessary to help house those experiencing housing insecurity and homelessness.</p> <p>With expiring operating agreements, tenants who live in rent geared-to-income (RGI) units in both co-ops and social housing may experience rent increases. Provincially administered rent supplement programs will help offset the loss of RGI units, and help low-income tenants stay housed.</p> <p>Problematic tenancies have significant social and financial costs. A prevention model reduces costs for tenants and landlords and is key to homelessness prevention.</p>
Assist tenant seniors to age in place and reduce use of emergency health care	<ul style="list-style-type: none"> <li>- Investment for in-home health supports</li> </ul>	<p>Affordable housing is the number one issue for seniors in BC (Office of the Seniors Advocate)</p> <p>By investing in on-site health supports, housing providers can help seniors age in place, provide a higher quality of life for persons with disabilities and decrease pressure on public health care system.</p>
Manage the transition for providers with ending Operating Agreements	<ul style="list-style-type: none"> <li>- Remove funding cap for mortgage pre-payment program (currently \$150 million) and introduce greater application flexibility</li> <li>- Provide EOA transitional support services</li> </ul>	<p>An estimated 40% of units under Operating Agreements are going to be non-viable at expiry, potentially leading to increased homelessness. Ensuring the viability of existing supply is as important as developing new supply.</p>



### 3. Integrate Housing Policy

Policy Outcomes	Examples of Policy Measures	Rationale
Stimulate the economy	<ul style="list-style-type: none"> <li>- Ensure social housing is eligible for federal infrastructure funding</li> <li>- Explore mechanisms like Living Wage or Basic Minimum Incomes to address the growing disparity between incomes and housing costs</li> </ul>	<p>Housing comprises 20% of Canada's GDP, including the costs of rent and construction. (FCM).</p> <p>Rental housing in BC contributed \$10.6 billion to Canada's GDP in 2013 (KPMG).</p> <p>A robust supply of affordable rental accommodation supports development in the north.</p>
Transportation policy	<ul style="list-style-type: none"> <li>- Ensure affordable rental housing along transit corridors is developed and sustained</li> <li>- Provide incentives to retain and expand supply of rental housing along transportation corridors as new rapid transit is developed</li> </ul>	<p>Rental housing close to frequently used transit lines gives lower-income households choice to spend less on personal vehicles, save money by using transit, and not sacrifice mobility by making that choice (Metro Vancouver, 2015)</p>
Health policy	<ul style="list-style-type: none"> <li>- Ensure greater federal and provincial coordination in health and housing policy to improve health in tandem with initiatives to improve housing (Canadian Policy Research Networks)</li> </ul>	<p>Affordable, suitable, and adequate housing is a key social determinant of health. Investments in housing reduce health care costs by alleviating the health impacts of poverty. For instance, the average monthly cost of housing a homeless person in a hospital bed is \$10,900, but only \$200 in social housing (Gaetz, 2012).</p>
Justice policy	<ul style="list-style-type: none"> <li>- Expand rent supplements for people leaving correctional facilities to lower recidivism rates</li> <li>- Support local and provincial homelessness prevention initiatives to reduce impact on justice systems</li> </ul>	<p>Homeless people are more likely to end up in the criminal justice system. Investments in housing would reduce these costs. For instance, the average monthly cost of housing a homeless person in a Provincial jail is \$4,300, but only \$200 in social housing (Gaetz, 2012).</p>
Aboriginal Affairs	<ul style="list-style-type: none"> <li>- Ensure that Federal Aboriginal Affairs policy is integrated with housing policy so that First Nations communities can provide safe and adequate housing to their members both on and off reserve.</li> <li>- CMHC provides \$303 million annually to build on-reserve housing. An up-to-date audit of housing on-reserve is needed to determine if the funding levels are sufficient (Homeless Hub)</li> </ul>	<p>Aboriginal people make up 4.3% of the Canadian population, but 59% of the homeless population in Terrace, 31% in Metro Vancouver, and 23% in Kelowna. The quality and safety of on and off reserve housing is crucial to solving this problem.</p>
Homelessness	<ul style="list-style-type: none"> <li>- Extend and expand scope of the Homelessness Partnering Strategy</li> <li>- Expand and Improve National Homelessness Information System</li> <li>- Expand and make permanent the Surplus Federal Real Property for Homelessness Initiative</li> </ul>	<p>Homelessness costs Canadians \$7 billion per year; these investments will reduce these costs.</p>

Disability Policy	<ul style="list-style-type: none"> <li>- Ensure greater federal and provincial coordination in disability and housing policy to improve quantity and quality of supported independent living options for people with physical and/or intellectual disabilities</li> </ul>	<p>-Adaptable and accessible housing is usually priced out of range for people with physical disabilities and mobility issues.</p> <p>Currently people with intellectual disabilities only receive provincial housing subsidies if they live in group homes or shared living situations, not in supported independent living situations.</p>
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