Regional Housing and Development Context

EMERGING TRENDS AND CHALLENGES

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MARKET SHIFTS ARE UNDER WAY

Macroeconomic factors and policies reshaping the market

Market Shifts

- Economic factors and policy shifts are cooling demand
- Some segments of the housing market showing signs of slowing substantially (stalled projects)

Good News for Rental

- Construction of purpose-built rental at a recent historic high
- Rents are on a slow but steady downward trend as supply starts to increase

Condo Market Is Challenged

- Condominium market has cooled, limiting ability to capture public benefits

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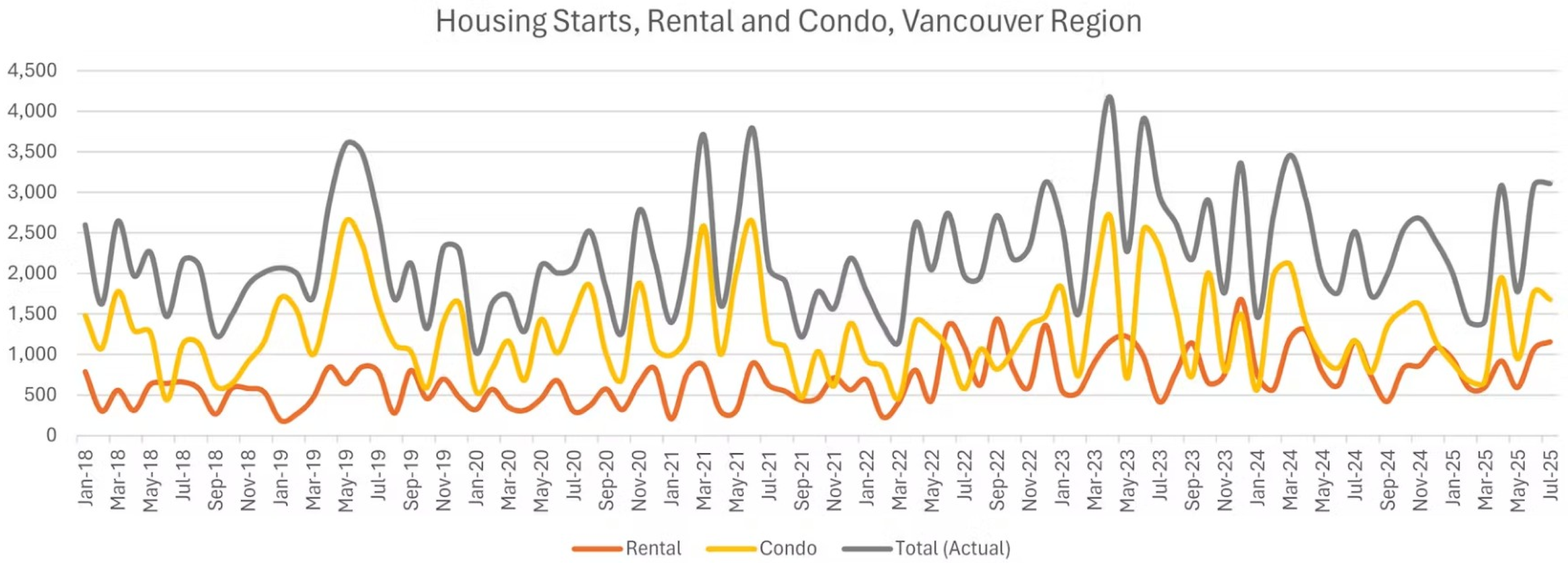
HOUSING STARTS FLUCTUATING

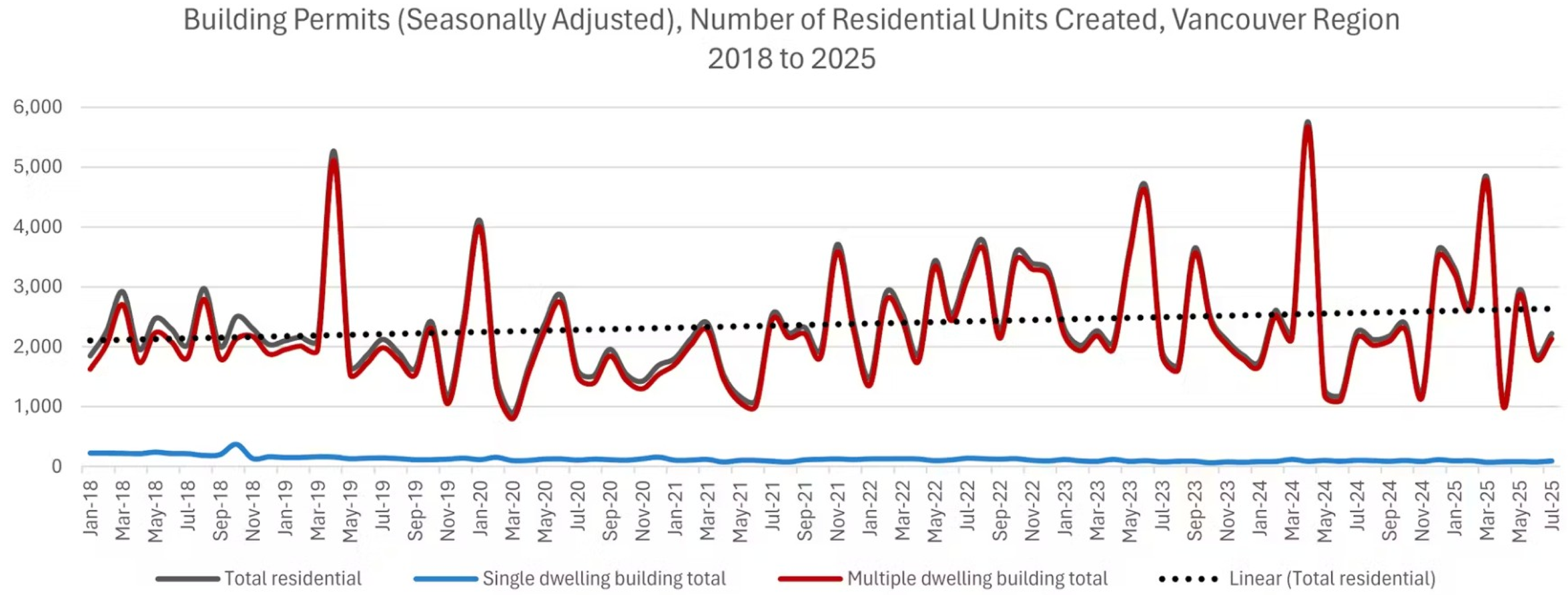
Recent volatility, with starts still high and rental strong



Data Source: CMHC

BUILDING PERMITS

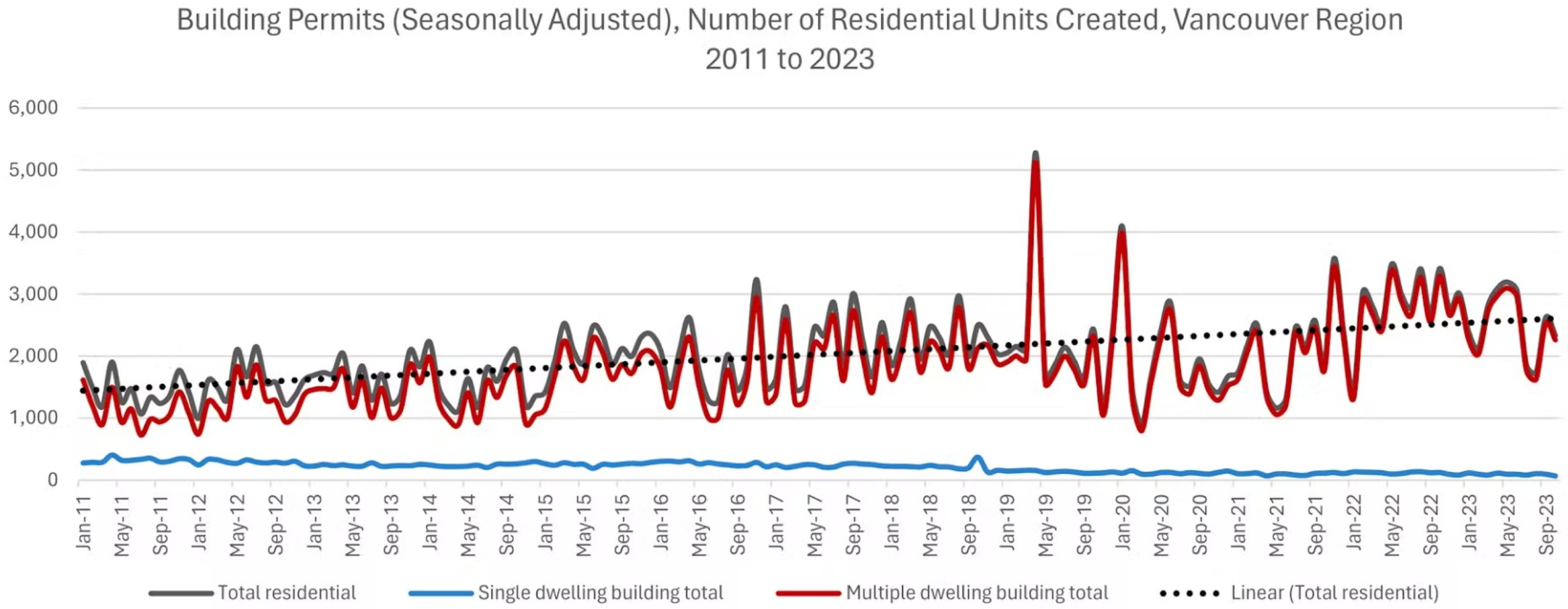
Long-term trend unchanged, though volatility has increased



Data Source: Statistics Canada

BUILDING PERMITS – HISTORICAL (2011 TO 2023)

Long-term trend unchanged, though volatility has increased



Data Source: Statistics Canada

STALLED PROJECTS – DATA GAPS

Emerging conditions are hard to quantify with available data

Inconsistent or unavailable data
(leading indicators)

Municipal data

Pre-application

Rezoning

Development Permit

Building Permit

Housing start

Housing under construction

Housing completion

Occupancy Permit

Typical development timeline

StatsCan & CMHC data
(lagging indicators)

Statistics Canada
- Building permits

CMHC
- Housing starts
- Housing under construction
- Housing completions

COST OF DEVELOPMENT

Rising construction costs are reducing viability

Primary Drivers

- **Rising Construction Costs**: Construction costs make up 48%–73% of total development costs.
- **Land Costs:** Second largest driver of overall cost

Other Drivers

Impact of DCCs is less than all other drivers:

- Total Region-Wide DCCs comprise 1.8%–5.7%
  - Metro Vancouver DCCs comprise 0.8%–1.5%

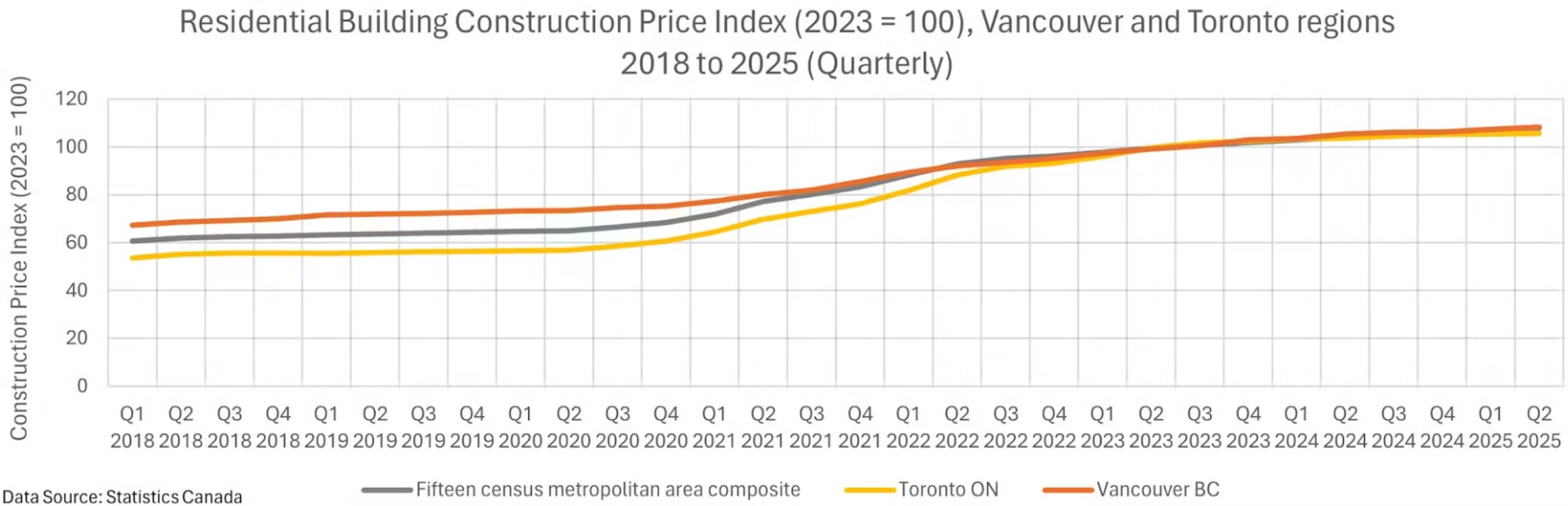
Pro Forma Schematic

RISING CONSTRUCTION COSTS

A challenge for cities across the country

In the region, construction costs for residential buildings increased by:

- 58% between Q2 2018 and Q2 2025
- 3% between Q2 2024 and Q2 2025

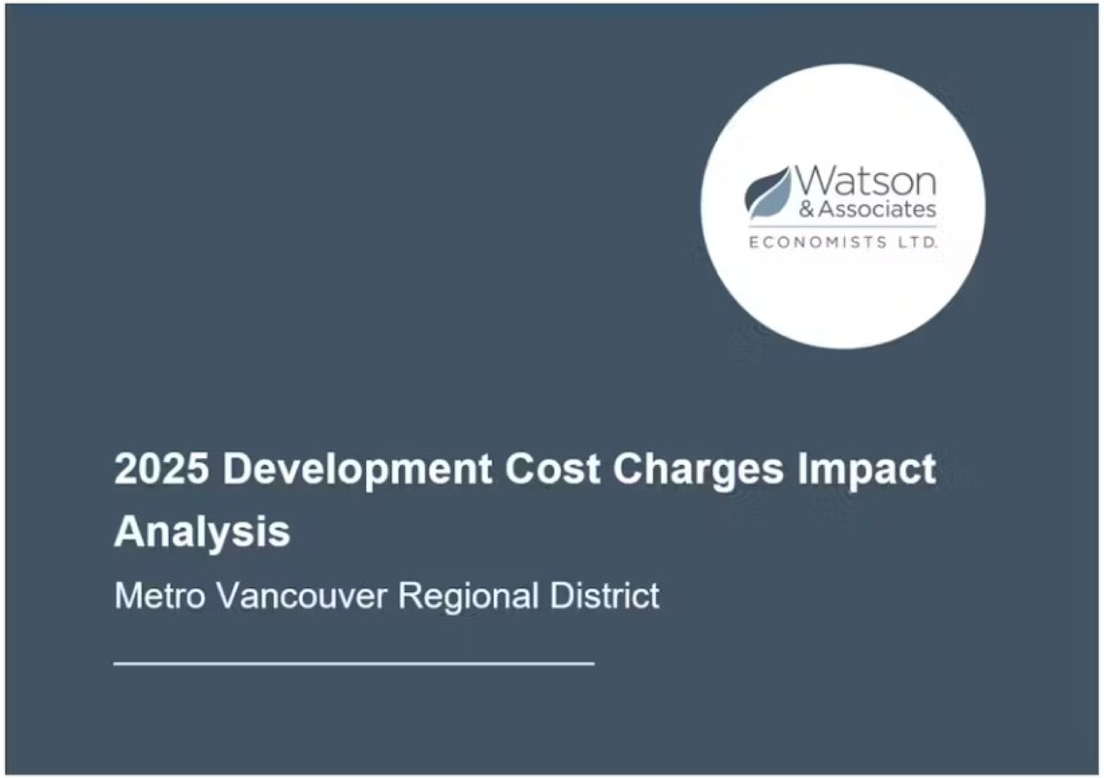


Data Source: Statistics Canada

HIGHER DENSITY PROJECTS ARE MOST CHALLENGED

Watson analysis found high density projects are currently challenged

- High-density projects are currently challenged, primarily due to high construction and land costs.
- Low-density projects are generally viable, particularly in areas with lower land values.
- Construction costs escalation may have peaked.
- **Removing DCCs entirely would not make most high-density projects viable under current market conditions.**



GOVERNMENT ACTION ON HOUSING

Government of Canada / Federal Agencies

CMHC Grant Funding
- Affordable Housing Fund
- Rapid Housing Initiative
- Indigenous housing

CMHC Financing
- Apartment Construction Loan Program
- Co-op Housing Development Program

CMHC Data and Research

Other Programs
- Affordable Housing Innovation Fund
- Housing Accelerator Fund
- Federal Lands Initiative

New Federal Agency
Build Canada Homes

Province of BC / Provincial Agencies

New LG Tools
- Inclusionary zoning
- Density bonusing
- Tenant protections
- Infrastructure, TDM

New Housing Legislation
- Proactive Planning
- Development Finance
- TOD Areas
- SSMUH
- Tenant Protections
- Housing Target Orders

BC Housing
- Capital and operating funds, inc. Indigenous Housing Fund & Community Housing Fund
- BC Builds
- Housing provider
- Data and research

Metro Vancouver

Advocacy
- Standardized HNR method
- Inclusionary Zoning authority

Policy coordination
- 15% affordable housing target near transit

Direct delivery
- Expanding MVH housing stock, surpassing targets

Data and research
- Housing Data Book
- IH Regional Policy Framework and Calculator
- What Works Guides

Strategy
- Metro 2050
- Housing 2050

Member Jurisdictions

Funding / grants

Land contributions

Housing Entities
(e.g. housing authorities / societies)

Existing Incentives
- Fee waivers / reductions
- Additional density
- Inclusionary housing
- Parking reductions
- Accelerated approvals

Implementing new tools
- Pre-zoning
- Inclusionary Zoning
- Development finance (ACCs, DCCs)
- Tenant protections

Proactive planning
- OCP / Zoning Bylaw updates
- Housing Needs Reports
- Housing strategies

Housing Targets

FEDERAL GOVERNMENT POLICIES

Designed to decrease speculation and increase rental supply

Decreasing speculation

- Restrictions on foreign investment
- Underused housing tax

Boosting rental supply

- CMHC construction financing for purpose-built rental
- Build Canada Homes

PROVINCIAL GOVERNMENT POLICIES

Designed to boost supply and protect affordability

Boosting supply

- New Housing Legislation
- New Local Government Tools
- Housing Target Orders
- Restrictions on Short Term Rentals
- Speculation and Vacancy Tax

Protecting affordability

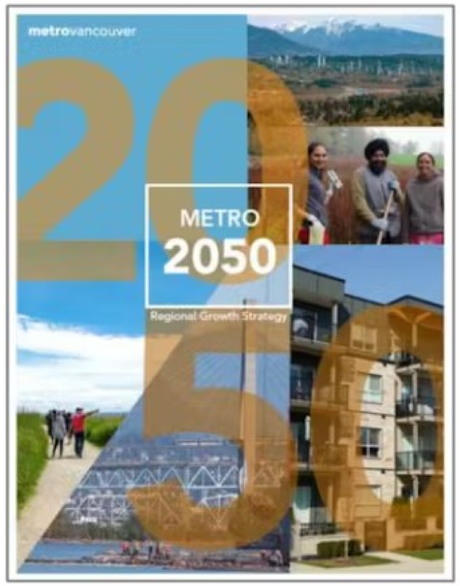
- Rental Protection Fund
- Expanding Tenant Protections

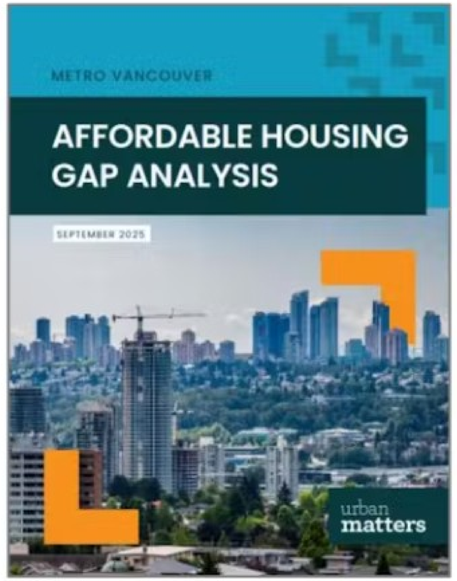
LOCAL GOVERNMENT CONTEXT

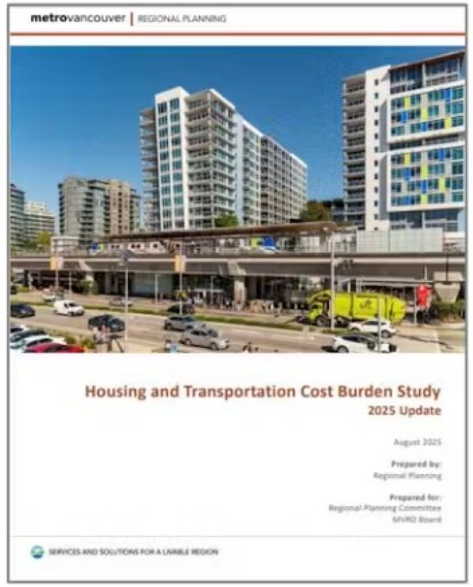
Adapting to rapidly evolving policy and economic landscape

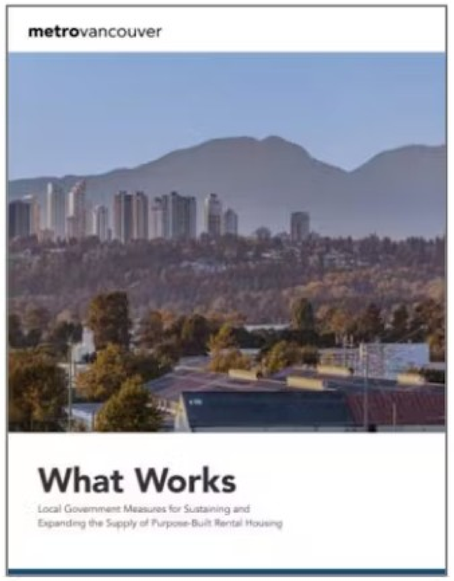
- Cities play an important role enabling housing, including affordable rental, often without recognition
- Many are leading the way with new policies and innovative approaches
- Limitations in financing growth and affordability
- Challenges achieving community benefits in current environment
- Many municipalities on track to meet or exceed housing targets with a growing number of approved projects

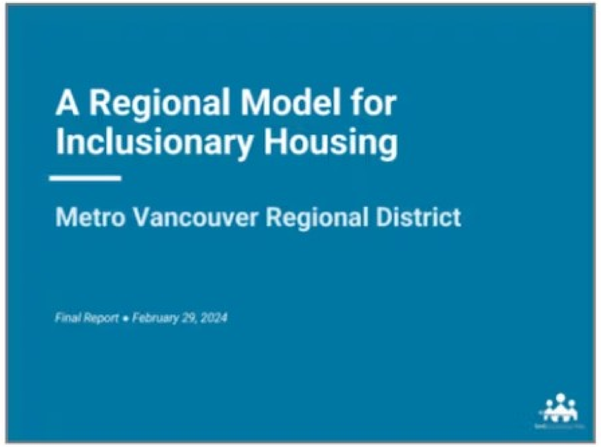
METRO VANCOUVER INITIATIVES











HOUSING 2050

A Roadmap to Implement Metro 2050's Housing Goal

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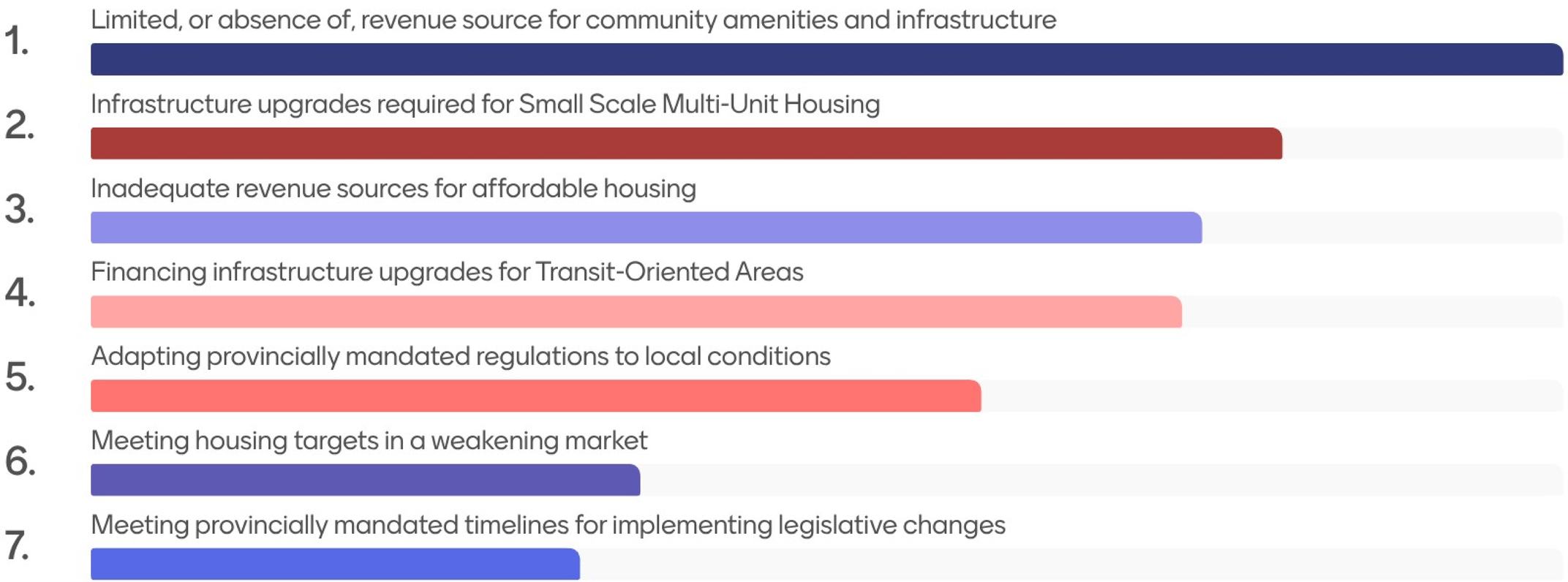
Q1. What challenges are you seeing in your community in the current development environment? (Rank from Most to Least Challenging)



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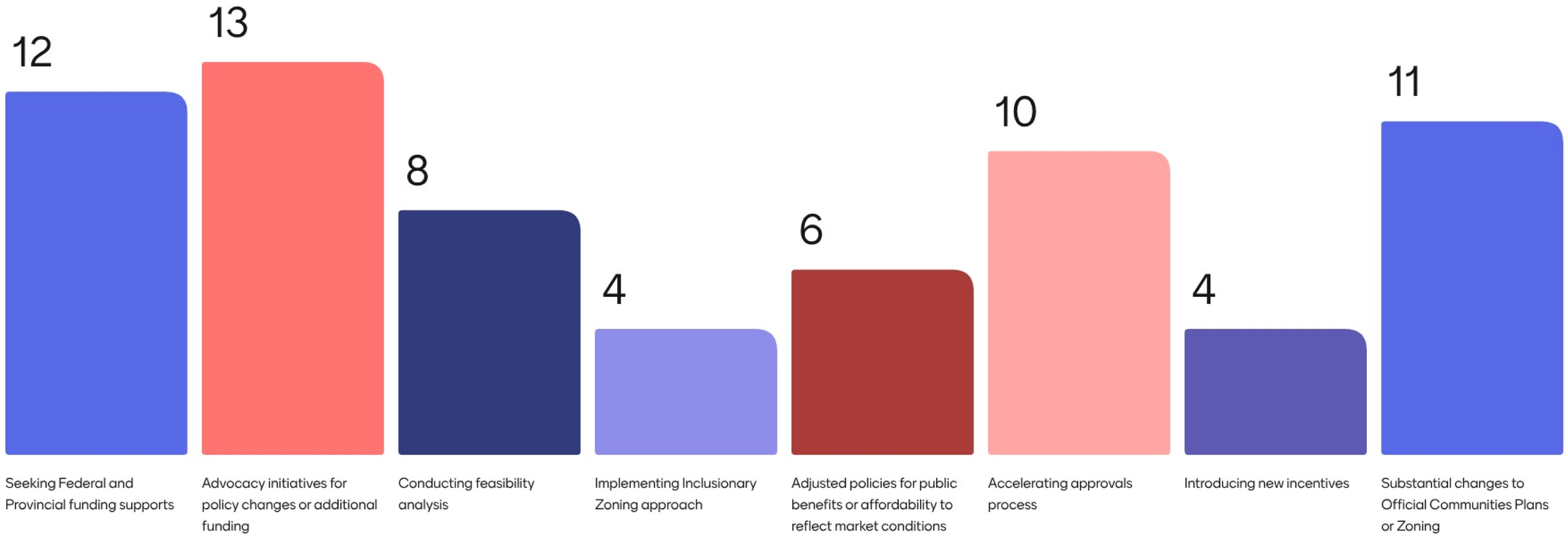
Q2. How has your community responded to these challenges? (Select All That Apply)



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DISCUSSION

What are you seeing in your community in response to these market fluctuations and shifts?

1. What are the most pressing challenges your community is facing in today's development environment?

2. What strategies or actions has your community taken so far to address these challenges?

3. Looking ahead, what actions should local governments consider — either individually or collectively — to adapt to these changing conditions?

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Thank You

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