



EXECUTIVE SUMMARY

Transit-Oriented Affordable Housing Study

As neighbourhoods densify, and land prices near public transportation trend upwards, the public transit system is becoming more accessible to some households and less to others.

Access to public transit reduces the housing and transportation cost burden on households and supports more equitable access to education, services, amenities and employment opportunities. Given the same location, renters, especially lower income renters, have higher levels of transit use than owners.



There is an estimated yearly shortfall of 2,400 units in the region that are affordable to lower income households.*



The **Transit-Oriented Affordable Housing Study** identifies ways to increase affordable rental housing for lower income households in Metro Vancouver, particularly in locations with good access to frequent public transit.



Constructing new affordable rental housing is financially challenging

Affordable rents typically do not cover development costs (land and construction). These challenges are amplified in transit-oriented locations, where expectations for higher density, absent of any rental tenure or affordability protections, lead to higher land and construction costs.

REDUCING BARRIERS TO AFFORDABLE RENTAL HOUSING

The study identified several approaches to help reduce high land cost, which is one of the main barriers for affordable rental housing.

1. Identify surplus or underutilized lands with potential to accommodate affordable rental housing.

- Consider lands under public ownership (e.g. municipalities, school districts) or non-profit ownership (e.g. places of worship, legions).
- Consider surplus public lands resulting from transit infrastructure projects.

2. Continue to trade market density increases for new affordable rental housing.

- Combine density bonusing or rezoning with affordable rental housing requirements or cash-in-lieu.

3. Make use of Housing Agreements between municipalities and landowners.

- Lock in the long-term affordability of new rental housing units and establish the rent and other matters related to the administration and management of the units.

4. Use residential rental tenure zoning to preserve existing rental housing units and protect the opportunity for new rental housing development.

- This tool can achieve certain goals, but it could make redevelopment more challenging, and additional density may be required to make rental housing projects financially viable.

5. Send clear and early expectations to the development community and land market that affordable rental housing is to be integrated with transit investment planning and redevelopment.

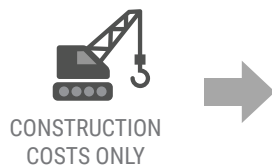
- Establish affordable rental housing expectations in conjunction with transit corridor and station area planning.
- Medium-density neighbourhoods near frequent bus corridors or neighbourhoods adjacent to rapid transit stations are appropriate locations for mid-rise, wood-frame (i.e. lower construction cost) rental housing construction.
- Affordable rental housing should be incorporated in market housing projects to accommodate lower income renters in transit-oriented neighbourhoods.

6. Consider establishing a regional transit-oriented affordable housing fund to provide low-interest loans to help finance new affordable rental housing in the region.



FINANCIAL BARRIERS TO CREATING AFFORDABLE RENTAL HOUSING*

Rent needs to include the costs of creating a new housing unit.



To build a new non-profit, wood-frame project with zero land cost, the average break-even rent is about **\$1,750 per month**.

AFFORDABLE RENT for lower income households is about **\$1,500 per month**.

WOOD FRAME BUILDING

\$1,750/MONTH



Even with land provided at no cost, the rent needed to cover the costs of the construction of a new concrete building is about **\$2,800/month** (\$2,000/month for non-profit developers).

CONCRETE BUILDING

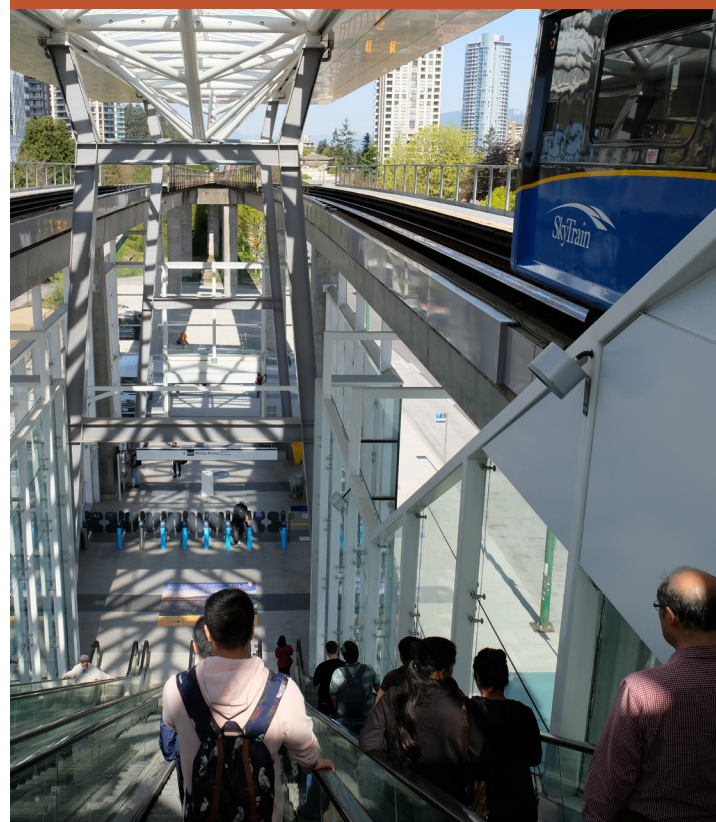
\$2,800/MONTH

All scenarios require a break-even rent higher than the \$1,500/month considered affordable for households earning \$60,000 per year. Add in land cost and the break-even rent will be even higher.

*The study focuses on housing that is affordable to households that earn less than \$60,000/year, which is 80% of the regional median income. "Affordable housing" has been defined as housing that costs less than 30% of a household's pre-tax income, which equates to a monthly rent of \$1,500/month. The rent projections used are based on a 2-bedroom unit.



Reducing or eliminating land cost is a key part of the solution.





GOVERNMENT INITIATIVES

Local governments are taking action to increase the supply of new affordable rental housing. Some approaches being used are:

- Using zoning authority to increase the supply of affordable housing (e.g. secondary suites, laneway housing, inclusionary housing policies associated with density bonusing and rezoning).
- Reducing or waiving development fees and reducing minimum parking supply requirements for new development.
- Requiring that existing rental stock be replaced as part of redevelopment.

The provincial and federal governments are investing in affordable housing through grants, loans, technical assistance and partnerships.

ABOUT THIS STUDY

This study received a 2019 CMHC Gold Roof Award for Housing Research Excellence.

This study was undertaken by Metro Vancouver and community partners:

TransLink

BC Non-Profit Housing Association

BC Housing

Vancity Credit Union

Ministry of Municipal Affairs and Housing

Canada Mortgage and Housing Corporation

The Urban Development Institute

The Real Estate Foundation of BC provided a grant to support a portion of the study. The study findings do not necessarily represent the views of all of the partner organizations.

MORE INFORMATION

metrovancover.org (search 'transit-oriented housing')



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