



How to Encourage More Purpose-Built Rental in BC

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Agenda:

- Overview of Greater Vancouver Homebuilders' Association (GVHBA)
- Obstacles
- Possible Solutions



GVHBA Vision Statement:

“The voice of the residential construction industry, advocating for both members and consumers.”



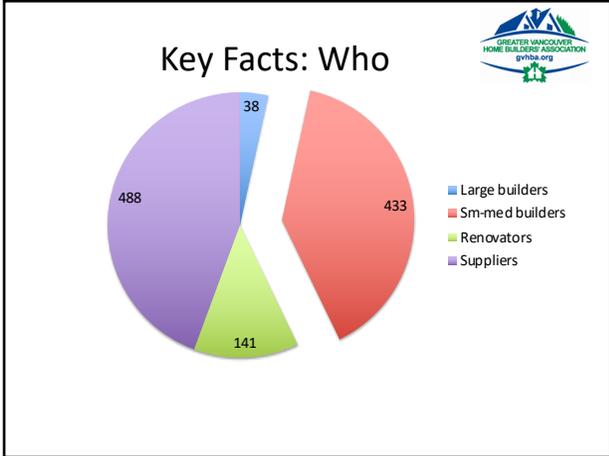
Member Services:

ADVOCACY: Reducing transaction costs of working with City Hall by improving transparency, consistency and responsiveness.

EDUCATION: Keeping pace with building code changes; certification; regulatory requirements; technical and economic information transfer.

MEMBERS ONLY: Offering member-only deals; providing public visibility and recognition; and exposition opportunities.

NETWORKING: Connecting members to members at 100+ events per year



- ### Key Facts:
- Established in 1974
 - ~1,100 members (up from 630, 5 years ago)
 - Members are spread out in each of Metro Vancouver's 21 municipalities from Langley to Horseshoe Bay
 - Funded by: member fees + sponsorship + events
 - Members are part of a local-provincial-federal structure
 - In 2017, GVHBA Builders built 11,389 homes (53% of total)
 - Focused on market housing for sale and rental
 - Committed to collaborating with (primarily local) government to promote a more rapid expansion of supply

So What About Supply?

- ### Primary Drivers of Supply:
- Stock of Land (not making it anymore)
 - Time taken to complete building projects
 - Direct taxes on new development
 - Tax treatment of capital gains



What can we do?



Land

- Okay, I know you wanted 3 ideas, but this one doesn't count! Why?
- Expanding the land base in Metro Vancouver is no simple matter:
 - Eliminate the ALR
 - Knock down a mountain or two
 - Build man-made islands in Coal Harbour
- Besides: suburban cities have plenty of land eligible for development; it's held up by lack of infrastructure and bureaucracy



Time

- Province could modify legislation for cities to require:
 - Elimination of single-family zones in urban areas and enable additional density in every neighbourhood by pre-zoning. This would skip a step in the current process (e.g. CoV Laneway homes)
 - Have separate bodies create official community plans (elected officials) and consider rezoning applications (an arms-length expert body, provincially chartered) this would combat NIMBYism run amok
 - "Nexus lanes" for builders who have a track record of good applications, versus current system that treats owner-builders the same as volume builders (e.g. about to be trialed at CoV)



Cost

- ~25% of all building costs of a new home (including land) go to the 3-levels of gov't. Cities take ~7% in the form of DCCs, CACs, permit fees, etc.
- All three levels of government need to begin providing meaningful exemptions from these charges for purpose-built rental → many cities already are, but BC and the Feds need to take a closer look at this
- For example, currently, purpose-built rental projects pay and collect GST just like any other project. An exemption from this would improve the project economics

Capital Gains



- “Back in the day” in the 1970s, under the MURB program, owners/developers of land destined for rental development could “rollover” any capital gains crystalized at the time of the new development
- When this ended, in effect, so did the boom in rental housing construction
- If capital gains rollovers for purpose-built rental projects were reintroduced, it would dramatically change project economics in cities where land is still within the stratosphere (i.e. not in CoV, but definitely in the surrounding suburbs)

A word on NIMBYism



- “NIMBY: Not In My Backyard”
- Number one obstacle to densification and/or new development
- A property rights battle between today’s residents (well-organized) and tomorrow’s residents (not organized)
- Competition over tangible (community amenities, roads) and intangible (views, lifestyle, aesthetics) assets
- Slows the creation of new supply

What Can Be Done?



- Permanently de-couple the problem whereby the same city council that approves an OCP also considers rezoning applications
- Move land-use planning decisions to a ‘higher’ level such as regionally or provincially to reduce potential for bias

Thank You!!!



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