



What Does the Future of Housing Supply and Affordability Look Like to Surrey's Business Community?

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1. INTRODUCTION

The Surrey Board of Trade (SBOT), a not-for-profit city-building business organization with a membership of over 6,000 business contacts and close to 3,000 businesses, supports business and attracts business. Our role is to enhance economic opportunities. The Surrey Board of Trade contributes to city-building initiatives that enhance livability.

Having a safe and affordable place to call home is something that every Canadian needs. Yet finding affordable housing remains a challenge. The Federal and Provincial governments continue to make some inroads to deliver on their commitment to make housing that is safe, suitable and well-maintained, making quality housing more affordable and within reach for Canadians.

Federal Minister of Finance Bill Morneau, Provincial Minister of Finance Carole James and Provincial Minister of Municipal Affairs Selina Robinson announced the members of the Expert Panel on the Future of Housing Supply and Affordability. The panel is chaired by Joy MacPhail.

The Expert Panel will examine housing trends for rental and homeownership, exploring options to allow British Columbians to have further access to housing that they need and can afford. The Expert Panel members are leaders and specialists in a range of fields with relevant expertise who will consult with stakeholders to identify and evaluate measures that could build on recent investments and initiatives to increase the supply of housing in British Columbia to meet demand.

The Surrey Board of Trade was asked to participate as a stakeholder in targeted discussions on measures that would promote more affordable housing markets in British Columbia. The conversation will focus on the impact of high housing costs on job creation and recruitment.

The Surrey Board of Trade asked its membership through a survey for their input on the housing supply discussion. The conclusion from this survey, as well as ongoing housing advocacy from the Surrey Board of Trade, is that there was overwhelming support for all levels of government to work together to decrease the cost of housing. Additionally, it was concluded that there is a need for wages to remain competitive, to match inflation and cost of living. Surrey businesses indicated that affordable housing is good for business as it is good for the employees that work for these businesses.

2. RESULTS SUMMARY

A simple survey was distributed to the Surrey Board of Trade's membership and network via email and social media. The survey contained four questions:

What job creation and staffing challenges do you associate with housing costs in the Lower Mainland?

There were four major themes that were presented:

1. Finding employees within BC;
2. Difficulty recruiting from outside of BC;
3. Retention issues; and,
4. Wages are not consistent with cost of living.

The talent pool within BC is vast. High levels of immigration to, and mobility within, the province adds to an exceptionally diverse workforce with tremendous talent. It is a challenge for employers to hire as there is little incentive for a qualified and talented candidate to live in an area that is unaffordable.

On top of that, wages have not kept up with inflation and cost of living increases¹. High housing costs and low wages are the leading causes of this housing crisis. Without higher wages, businesses face retention issues as employees look elsewhere for work and relocate to affordable cities or companies that pay more.

What programs and/or investments do employers consider offsetting employee housing costs?

Employers were asked what programs they offer employees. Employees also provided examples of programs and incentives that were offered by employers. The four themes were:

1. Employers provide the ability to work remotely or in a virtual space;
2. Financial support for moves, housing allowances, damage deposits, and/or transportation;
3. Annual cost of living raises and/or bonuses; and,
4. They are unaware of any such program.

¹ <https://globalnews.ca/news/3531614/average-hourly-wage-canada-stagnant/>



When employers provide the ability to work remotely, it allows people to save on costs such as transportation, daycare, and other expenses. With the ability to work remotely comes the ability to be in a different city. This is counterintuitive to growing a city and region. If the workforce is being found in other areas or even other countries, it does not provide a direct benefit to the community where the job is centrally located. The Surrey Board of Trade is working to make Surrey an opportunity city. If our workforce is being outsourced, then there is little incentive to remain in the city.

Respondents also indicated that financial support in the form of a housing allowance, employers providing money for relocation, damage deposits, and other transportation allowances such as paying for a portion of insurance allowed employees to remain in costly cities. Many respondents also indicated that annual raises and bonuses provide incentive for employees to work and live in the Lower Mainland.

Over 40% of respondents indicated that they were not aware of any programs. This indicates that many employers and employees alike do not know that these programs are an option. There is an opportunity for all levels of government to provide education, resources, and incentives for employers to explore such options.

What broader collective or government measures do you think would be helpful to address housing cost concerns?

Responses to this question were categorized into five themes:

1. More co-op/social housing;
2. Provide incentives for builders in the form of tax-breaks or reduced fees;
3. Affordable rental projects should be done by non-profits; non-profit developers should not have to pay the same fees that for-profit developers would;
4. Review rent controls (rent controls drive up rent prices, as population and demand grow);
5. A comprehensive review of building codes and bylaws associated with development processes with the Provincial and Federal Governments should work with Municipal Governments to improve permitting and zoning processes, which should be aligned in a region, and;
6. Increase the housing supply by allowing coach houses on large parcels of land and being lenient to rental suites in homes.

Cooperative or social housing is an important asset in the fight for affordability. Without an adequate supply of below-market-value housing for renters, migration out of the Lower Mainland is to be expected. Increasing this supply is considered a necessity to the Surrey Board of Trade membership. Additionally, any affordable rental project should be done by non-profits.

These non-profits should not have to pay the same fees that for-profit developers would, either.

Allowing coach houses on large parcels of land and permitting rental suites without fees were two other suggestions were made by respondents to increase the housing supply.

Higher fees, red tape, and taxes applied to developers and builders are ultimately pushed onto consumers. A comprehensive review of building codes and bylaws associated with development should be conducted by all levels of government with the goal of improving efficiency and innovation.

Other comments:

We gave respondents a chance to share final thoughts on the matter of housing supply and affordability. These included:

- Wages need to reflect cost of living; and,
- Making housing a basic human right.

It should be noted that in the recent release of the 2019 Rental Market Report for Metro Vancouver, it showed that most areas with influxes of purpose-built rental buildings saw vacancy rates actually increase. Overall though:

Despite record construction of new units, strong demand kept the vacancy rate at 1.1% for primary rental apartments and 0.3% for rental condominium apartments. The average apartment rent increased 4.7% over the past year, which was more than the provincially allowable increase of 2.5% in 2019. Prospective tenants face higher rents than long-term tenants, with the average asking rent for vacant units (\$1,771) being 20.8% higher than the average rent paid for occupied units (\$1,466) in October 2019. The number of condominium apartments in long-term rental increased by 18.9% (11,118 units) as investor-owners increased their involvement in the long-term rental market.²

The entire affordable housing real estate ecosystem — developers and builders, architects, property managers, and those in law and finance — benefit from creating and preserving affordable housing. Affordable housing stays rented; most properties have waiting lists. And the rents are more reliably paid, often through a voucher system that ensures it. Unlike luxury properties with occupancy rates that fluctuate with the economy, affordable housing rentals remain steady. However, benefits are best accrued to those who are willing to learn about how

² <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sites/cmhc/data-research/publications-reports/rental-market-reports/2019/rental-market-reports-vancouver-64467-2020-a01-en.pdf?sv=2018-03-28&ss=b&srt=sco&sp=r&se=2021-05-07T03:55:04Z&st=2019-05>



affordable housing functions in a community. A potential investor who gains a good understanding of the economic benefits of affordable housing is in an optimum position to invest and build profitably. The bottom line is everyone in the affordable housing equation benefits from its creation and preservation. This includes those looking for homes they can afford, the local businesses that serve them, and the investment and development teams that provide the housing that helps keep a community vibrant and prosperous.³

3. CONCLUSION

The Surrey Board of Trade concludes that Surrey’s business community, as well as local, regional, provincial and federal governments have much to gain from ensuring a region is affordable and livable. In addition to increased job retention throughout the region, various industries will see increased benefits as employees will be happier, healthier, and ultimately more productive.

The Surrey Board of Trade calls for a comprehensive assessment of building codes, developer fees, and regulations for both for-profit and not-for-profit developers. We need to ensure businesses are consulted in a meaningful way before implementing any change. There is resounding support for increasing housing supply and ensuring wages are consistent with inflation and cost-of-living increases.

The real key to affordability is to reduce the level of government interference in the housing market. We need a comprehensive review of taxes to those in the affordable housing ecosystem – that is everyone!

Municipal government planners and councils must allow more diverse housing options in neighbourhoods. They must reduce municipal housing approval times and offer incentives to builders to offset high construction and land costs, as the International Monetary Fund has recently recommended for Canada. Rather than punishing existing homeowners, or picking winners and losers, communities must embrace choices for renters to buy into the market at all budgets, from micro-suites to duplexes and non-strata row homes and apartments.

³ https://www.forbes.com/sites/forbesrealestatecouncil/2020/01/06/how-whole-communities-benefit-from-affordable-housing/amp/?_twitter_impression=true