



Changes required to provide affordable market rental and ownership homes continued

Comparing Vancouver and Toronto

Since 1989, across Canada Concert Properties has completed 10,000 units and 4,000 of these are rental. In Vancouver, from 1989 to 2002, Concert Properties completed 1,585 rental units. But since 2002, all rental construction activity by this company has been in Toronto. The following table lays out the reasons.

		
Land Value	\$120 psf	\$40 - 50 psf
Construction Costs	\$215 - 240 psf	\$180 - 190 psf
Municipal Charges	Equal	Equal
Soft Costs (architectural, legal)	Equal	Equal
Rental Rates	\$2.35 psf NLA*	\$2.50 psf NLA*
Operating Costs	~35%	~32%

Source: Concert Properties
*per square foot Net Leasable Area

Affordable market rental housing solutions

Solutions put forward to increase affordable rental housing by participants at the Housing Affordability Symposium, included:

At the municipal level

- Provide incentives including lower cost or free land, reduced development cost charges and reduced property tax rates for smaller units and lots.
- Amend bylaws to permit increased density for smaller lots, coach houses, row houses, townhouses and higher density developments.
- Adopting density bonus provisions.
- Reducing parking requirements for housing located close to transit.
- Identify sites to be leased at or below market value to non-profit housing organizations.
- Reduce or eliminate taxes and fees which are a disincentive for new rental housing construction and reduce affordability.

At the provincial level

- Reconsider rent controls.
- Provide tax incentives to builders who are making buildings more energy-efficient.
- Introduce tax breaks for capital cost allowances similar to recommendations to the federal government.

At the federal level

- Eliminate the GST/HST on new rental housing.
- Provide a reduction in the mortgage interest rates.
- Allow a capital gains rollover or deferral provisions.

- Allow adjustments in capital cost allowance (CCA) rates, for example, at 4% and transferability of losses against other income and at 5%, with deductibility of soft costs and transferability of losses.
- Allow builders and developers to be taxed at small business rates.
- Allow a one-time capital grant (\$50,000 per unit).

Affordable market ownership housing solutions

At the municipal level

- Encourage zoning for higher density in existing residential neighbourhoods. This includes smaller lots, duplexes, townhomes, fee simple row houses, secondary and accessory suites and laneway homes. In areas close to transit, this includes three- and four-storey walk-ups.

At the provincial level

- Increase the 1% Property Transfer Tax (PTT) threshold to \$525,000 from \$200,000 and in expensive markets increase it to \$700,000.

At the federal level

- Raise the HST New Housing Rebate threshold to \$700,000 from \$525,000 in expensive markets.

What's next?

There will be a detailed action plan coming out of the Housing Affordability Symposium that will be released later this year. For information and copies of participant presentations, visit the symposium's website at: www.withinyourmeans.ca