

# Smart Growth BC AFFORDABLE HOUSING POLICY

Prepared by the  
Affordable Housing Policy Committee

Approved by the Smart Growth BC Board  
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## Smart Growth BC Affordable Housing Policy

### 1.0 INTRODUCTION

Smart Growth is development that enhances our quality of life, protects our environment, and uses tax revenues wisely. Smart Growth consists of an inter-related set of development principles that promote housing and transportation choices, preserve environmental integrity, and enhance the economy. By its nature, Smart Growth demands comprehensive, holistic solutions.

Growth is not smart if it precludes or eliminates the ability of citizens to choose suitable housing within their means. Thus, a central tenet of Smart Growth is to provide housing choices that are affordable to residents of a variety of income levels, life stages, and lifestyles. As affirmed by the Smart Growth Network, “Affordable housing is an explicit goal of Smart Growth.”<sup>1</sup>

“Affordable housing” encompasses much more than non-market housing; it means that families and individuals - of all income levels and lifestyles - can find suitable places to live and can enjoy a stable, secure place to call home. Communities that provide Smart Growth and affordable housing ensure that:

- Those who work, such as our teachers, health care providers, professionals, and retail employees, can afford to live in the communities they serve. This reduces the time and expense devoted to commuting, decreases traffic congestion in our regions, and reduces the need to pave land for parking and roads.
- Young graduates can return to the neighbourhoods in which they grew up and find their own home.
- Seniors can find smaller, lower maintenance homes, and can get around independently, in the neighbourhoods they know and love.
- Vulnerable people can find adequate and appropriate shelter and services and are not at risk of being homeless.
- The development patterns in our towns and cities make the best use of infrastructure and resources, keeping property taxes low or directed to other services.

According to the Canada Mortgage and Housing Corporation (CMHC), affordable housing is suitable, adequate and affordable housing where no more than 30% of the household's income is spent on shelter. In 2001, 21% of BC owner households and 44% of BC renter households spent more than 30% of their household income on shelter.<sup>2</sup>

There are many factors that contribute to concerns about housing affordability (such as low incomes relative to housing prices, unemployment, social service cutbacks, and a lack of senior government social housing programs). But as shown above, there are important spatial and land use implications to housing affordability: decisions about the form of our communities, and our land use regulations, can have a significant impact. Ultimately, housing affordability can be facilitated by:

- Concentrating growth in compact, complete communities with a range of housing choices, and
- Explicitly planning for housing affordability.

### 2.0 LAND USE AND AFFORDABLE HOUSING

Land use - the way that towns and cities are built - is a key driver of housing affordability. This section examines critical land use elements that have a significant impact on housing affordability, including housing choice, density, transportation, vibrant economies, mixed neighbourhoods, design, and “green” standards.

## 2.1 Housing Choice

Housing affordability is closely tied to the type of housing we build. Throughout North America, a single-family home on a large lot has become the dominant form of housing. Single-family homes comprised 60% of all 2004 housing starts in the Kelowna census metropolitan area, and 93% of 2004 starts in the Prince George census metropolitan area.<sup>3</sup>

How does this situation affect affordability? In general, low-density single-family homes use more land and infrastructure relative to other housing types. Townhouses, row-houses, apartments, secondary suites, and compact single-family homes on small lots are typically associated with lower rents or ownership costs, lower utility fees, and reduced time or costs for maintenance.<sup>4</sup> By introducing a diverse range of housing types, the average cost of housing in a community can be reduced.

All communities would be well served by a broad array of housing choices. Market surveys continually cite significant segments of the population that would be interested in living in compact, mixed use communities with a wide variety of housing choices, if such living arrangements were available.<sup>5</sup> In BC in 2001, 72% of households were seniors, young graduates, single-parent families, and other types of non-“nuclear” families,<sup>6</sup> many of whom may be interested in diverse housing opportunities.

## 2.2 Density

Housing affordability is also closely related to density (the number of homes, businesses, and other uses in a given area of land). Most communities strictly separate residential, commercial, and other uses, and build these uses at low densities. In Canada, the average urban population density fell from 1,030 persons per square kilometre to 799 persons per square kilometre between 1971 and 1996.<sup>7</sup>

Yet well-designed, attractive density has numerous benefits,<sup>8</sup> not the least of which is affordability. In a higher-density neighbourhood, more units share infrastructure and land costs.<sup>9</sup> As a simple example, in a neighbourhood in which 500 feet of roadway serve 10 single-family homes, the cost to build, plow, and re-pave that road are shared by only 10 households. In a compact, complete community with a mix of uses, that same 500 feet of roadway (and the associated costs) could be shared, for example, by the corner store and 30 households in a mix of single-family homes, duplexes, granny flats, and basement suites. Compact development is also often associated with smaller, more affordable units.

## 2.3 Transportation

Transportation, land use, and housing affordability are fundamentally related. Residents who live in close proximity to shopping, employment, schools and transit are more likely to be able to walk, cycle, or take transit on some or many of their daily trips. When attractive, convenient, and viable transportation choices are provided, a household may choose to have one less car or eliminate car ownership altogether. This can free up income to pay for other things, including housing.

Specifically, the Canadian Automobile Association estimates that an average Canadian spends at least \$8,000 per year to own and operate each vehicle.<sup>10</sup> And a study of housing and transportation costs in greater Toronto found that seemingly higher housing costs in central locations are more than offset by lower transportation costs.<sup>11</sup>

Public transportation is much more effective and cost-efficient when communities are compact. And when affordable housing is located in areas that are well served by transit, residents without a car can access employment opportunities throughout the region.

## 2.4 Vibrant Economies

Regional economies are strengthened when jobs are located near a variety of affordable, attractive housing choices. Employers find it easier to attract the skilled employees that they require if there is a supply of well-located and attractive affordable housing. The ability to live near work and/or transit enables employees to spend less time and money commuting. Productivity is higher among workers with easy commutes, and turnover rates and associated training costs decrease when employees are less likely to change jobs to be closer to home. Meanwhile, traffic congestion and air quality can improve when workers need not travel long distances by car.

Companies across North America are realizing the importance of affordable housing in proximity to their workers.<sup>12</sup> While many factors impact the strength of a regional economy, communities that provide affordable housing choices, in mixed-use communities near employment, may enjoy a competitive advantage.

## 2.5 Mixed Neighbourhoods

Smart Growth communities provide a variety of affordable housing choices - both owned and for rent - throughout neighbourhoods and regions. As a result, the elderly can live in communities with young families, and both can enjoy inter-generational bonds. Service and retail workers can afford to live in the communities they serve. And children in disadvantaged families in mixed, Smart Growth neighbourhoods are at lower developmental risk than their peers in similar families living in segregated neighbourhoods.<sup>13</sup>

Affordable types of housing (including non-market or social housing) have a neutral or positive impact on property values in the surrounding area. A ten-year study in BC demonstrated that single-family homes near social housing projects had the same or higher prices increases as homes in similar areas that were not near social housing.<sup>14</sup> The policy of integrating non-market housing into large development projects is well established in Greater Vancouver and Victoria, and most of the resulting projects are hardly distinguishable from the adjacent market rate projects.

Thus, a range of affordable housing choices should be integrated into all neighbourhoods, including in existing communities. Infill and redevelopment can be sensitively accomplished to add value to a neighbourhood (for example, by introducing basement suites or suites over garages<sup>15</sup>). Well-designed affordable housing in existing neighbourhoods makes the best use of infrastructure and can reduce the need for long commutes from outlying areas. More importantly, providing affordable housing throughout towns and regions can alleviate development pressure in undeveloped areas.

## 2.6 Design

Good design is a crucial element for successful Smart Growth. As communities become more compact and efficient, functionality and livability are enhanced through thoughtful design on an infrastructure, neighbourhood and building scale. As an important strategy for Smart Growth, affordable housing can and should be developed to a high level of design.<sup>16</sup> When successfully designed and sensitively integrated into existing neighbourhoods, it provides attractive, safe and desirable housing choices, which will help to facilitate affordable housing throughout all neighbourhoods and regions.

Good design can also directly contribute to the affordability of housing. A high level of design can ensure efficient use of land, infrastructure and resources, all of which make housing more affordable. Well-designed, compact neighbourhoods are attractive and functional and provide a range of transportation choices, reducing the need for costly parking spaces. All these elements make housing more affordable. Design innovation on the building scale can also result in the creation of new types of functional and attractive affordable housing choices. Well-designed housing costs much less in the long run by reducing resource use, maintenance, and the need for redevelopment.

Finally, design quality extends beyond building aesthetics to the aesthetic appearance of public spaces, parks and greenways, maintenance of important views, and other public amenities. Design quality in these elements will ensure that affordable housing in compact communities is livable, embraced and promoted.

## **2.7 Green Standards**

“Green” standards for buildings and infrastructure (energy efficiency, water conservation, minimization of paved surfaces, etc.) are often promoted on the basis of their environmental benefits. Yet these standards can also have positive impacts on housing affordability. Utility costs and property taxes constitute a significant share of on-going housing costs, and can be reduced by efficient, green buildings and infrastructure.

For example, energy and water efficiency can reduce utility costs for renters and homeowners; an energy-efficient home can use up to 30% less energy than a standard home.<sup>17</sup> Implemented on a regional scale, these efficiencies could delay or eliminate the need for new facilities (e.g. a new power plant or reservoir), with a corresponding benefit to taxpayers. Meanwhile, greener roads, stormwater systems, and other community-wide infrastructure can be less costly to build and maintain for the local government over the long term.<sup>18</sup> With reduced capital and operating costs, the local government could reduce property taxes or increase services.

## **3.0 PLANNING FOR AFFORDABLE HOUSING**

Smart Growth requires a comprehensive approach, including specific strategies to ensure a range of housing choices for people of various income levels, life stages, and lifestyles. On its own, the market is unable or unlikely to provide an adequate range of affordable housing. In addition, mixed use, attractive and well-designed dense communities often experience rising housing costs: vibrant, livable neighbourhoods are in high demand, which increases prices in those few places that are compact and complete.

Thus, any Smart Growth strategy must also include explicit planning for affordable housing, including a comprehensive evaluation of tools and techniques (such as policies, incentives, public funding, and regulations) that contribute to housing affordability.

For example, limits on low-density urban expansion (such as greenbelts and urban growth boundaries) must be complemented by policies that allow infill, intensification, creation of high-density town centres, and a mix of uses within the boundary. This will ensure that an adequate supply of housing can be provided within the developable area, and alleviate potential pressure on land prices that could occur if supply was constrained.

## **4.0 SMART GROWTH BC'S AFFORDABLE HOUSING VISION**

*Smart Growth BC supports the provision of a range of housing choices that are affordable to residents of a variety of income levels, life stages, and lifestyles, in compact and complete communities and in every neighbourhood.*

## **5.0 GUIDING PRINCIPLES**

Smart Growth BC supports land use and housing planning based on the following principles:

- 5.1 Municipal and regional governments should create, adopt, and regularly update an affordable housing strategy that proactively examines the tools and mechanisms to facilitate affordable housing.<sup>19</sup> The strategy should be developed in partnership with local citizens and developers, and should be implemented and monitored.
- 5.2 Municipal and regional governments should adopt and implement land use policies and regulations that support affordable housing and compact, complete communities. Such policies and regulations should promote:

- a. A wide range of housing choices (including a variety of dwelling types, tenures, and sizes) throughout all neighbourhoods
- b. A match between the type, tenure and price of the housing stock and the income levels and demographics of the community (see item 5.5)
- c. Integration of rental, ownership, market and non-market housing (see item 5.5) within neighbourhoods and buildings
- d. Protection of the existing affordable rental housing stock
- e. Development and re-development at sufficient levels of density to promote transportation choice and efficient use of infrastructure
- f. A mix of uses within neighbourhoods and within buildings
- g. Infill and intensification in existing areas that are already served by municipal or regional infrastructure (such as sewers, water, roads, transit, schools, health facilities, and community facilities)
- h. An appropriate range of transportation choices
- i. Proximity of housing near employment centres
- j. A high standard for design of buildings and neighbourhoods
- k. Green standards for buildings and infrastructure

5.3 Municipal and regional governments should adopt the following specific strategies:

- a. An urban growth boundary, greenbelt system, servicing limit, or similar measure, along with complementary policies to increase housing choice and supply within the developable area
- b. Legalization of secondary suites
- c. Development Cost Charges (DCCs) that vary by housing type, density, unit size, and location,<sup>20</sup> to account for the lower servicing costs for compact development in existing serviced areas
- d. Clear design guidelines integrating compact housing forms on a neighbourhood and building scale, developed through an inclusive community-based process
- e. A reduction in parking standards (in walkable neighbourhoods with transportation options) to reduce the construction costs of parking
- f. A target for the minimum percentage of homes in the local housing stock that are not low-density single-family
- g. A target for the minimum percentage of housing which is for rent in the local housing stock

5.4 Citizens should proactively support the introduction of well-designed housing choices into all neighbourhoods, to capture the benefits of density and alleviate pressure for development on the fringes of towns and regions.

5.5 Federal and provincial governments should fund and/or provide housing as necessary.

5.6 Federal and provincial governments should ensure that infrastructure investments (e.g. transportation projects) contribute to and are compatible with compact, complete communities with a range of housing choices.

5.7 Federal and provincial governments should provide incentives to local governments for promoting housing affordability and Smart Growth (such as cost sharing for infrastructure in compact communities, or grants in response to zoning changes that increase capacity, density and affordability).

5.8 Financial institutions should recognize and promote the financial value of living in “location efficient” areas (near transportation choices)<sup>21</sup>

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- <sup>2</sup> BC Stats, *2001 Census Profile British Columbia* (2004).
- <sup>3</sup> Canada Mortgage and Housing Corporation, *Housing Starts (Units) Urban BC, January to December 2004*.
- <sup>4</sup> Smart Growth on the Ground, *Affordable Housing* (2005). <http://www.sgog.bc.ca/uplo/Sq1Housing.pdf>
- <sup>5</sup> For example, National Association of Realtors and Smart Growth America, *2004 American Community Survey* (2004). <http://www.realtor.org/sg3.nsf/pages/NARSGA2004Survey>
- <sup>6</sup> Statistics Canada, *Household Type, in Private Households, 2001 Counts, for Canada, Provinces and Territories - 20% Sample Data* (2001). <http://www12.statcan.ca/english/census01/products/highlight/PrivateHouseholds/Page.cfm?Lang=E&Geo=PR&View=1a&Table=1&StartRec=1&Sort=2&B1=Counts>
- <sup>7</sup> Nancy Hofmann, *Urban Consumption of Agricultural Land* (2001). <http://www.statcan.ca/english/freepub/21-006-XIE/21-006-XIE2001002.pdf>
- <sup>8</sup> Benefits of density include creation of vibrant districts, walkability, support for local businesses, efficient use of infrastructure, and increased viability of transit. For more, see National Multi Housing Council, *Higher Density Development: Myth and Fact* (2005). <http://www.nmhc.org/Content/ServeContent.cfm?ContentItemID=3422>
- <sup>9</sup> For example, Halifax Regional Municipality, *Settlement Pattern & Form, With Service Costs Analysis - Preliminary Report* (May 2004). <http://www.halifax.ca/regionalplanning/Publications/PatternBook.pdf>
- <sup>10</sup> Canadian Automobile Association, *Driving Costs* (2005). <http://www.caa.ca/PDF/3708-EN-2005.pdf>
- <sup>11</sup> Neptis Foundation, *Travel and Housing Costs in the Greater Toronto Area: 1986 - 1996*. <http://www.neptis.org/travelhousing.asp>
- <sup>12</sup> For example, see <http://www.metroplanning.org/articleDetail.asp?objectID=956>
- <sup>13</sup> Clyde Hertzman, Sidney McLean, Dafna Kohen, Jim Dunn, Terry Evans, *Early Development in Vancouver: Report of the Community Asset Mapping Project (CAMP)* (2002). <http://www.earlylearning.ubc.ca/vancouverreport.pdf>
- <sup>14</sup> Ministry of Community, Aboriginal and Women's Services, *Impact of Non-Market Housing on Property Values* (2000). [http://www.housing.gov.bc.ca/housing/00\\_Jan\\_PropVal.html](http://www.housing.gov.bc.ca/housing/00_Jan_PropVal.html)
- <sup>15</sup> Smart Growth BC, *Barriers and Solutions: A Secondary Suites Workshop* (2003). <http://www.smartgrowth.bc.ca/downloads/secondary%20suites%20workshop%20proceedings.pdf>
- <sup>16</sup> For example, see *Affordable Housing Design Advisor*. <http://www.designadvisor.org>
- <sup>17</sup> Smart Growth on the Ground, *Energy Management in Maple Ridge* (2004). <http://www.sgog.bc.ca/uplo/mr4energy.pdf>
- <sup>18</sup> Canada Mortgage and Housing Corporation, *Infrastructure Costs Associated with Conventional and Alternative Development Patterns*. <http://www.cmhc-schl.gc.ca/publications/en/rh-pr/socio/socio026.pdf>
- <sup>19</sup> For example, see <http://www.crd.bc.ca/regplan/rgs/rhas/index.htm>
- <sup>20</sup> Coriolis Consulting Ltd, *Do development cost charges encourage Smart Growth and high performance building design?* (2003). <http://www.wcel.org/wcelpub/wrapper.cfm?docURL=http://www.wcel.org/wcelpub/2003/14083.htm>
- <sup>21</sup> <http://www.locationefficiency.com>