

Mayor tries to boost rental housing

Vancouver wants to stimulate economy by encouraging the construction of apartments

BY DARAH HANSEN, VANCOUVER SUN APRIL 4, 2009

Vancouver Mayor Gregor Robertson has released details of a "bold" plan designed to stimulate the sagging economy and encourage badly needed rental-housing construction in Vancouver.

"This is new stuff," Robertson said in an interview Friday.

The strategy, which has yet to be approved by council, calls for the fast-tracking of development proposals that would add to the city's existing rental housing stock as early as next year.

Incentives include a relaxation of costly parking requirements, increased density allowances and reductions in development cost levies and property tax exemptions for up to 10 years.

Each development would be eligible for its own combination of incentives in accordance with the number of rental units proposed and how soon the construction could break ground.

It's the first "major" step in a broader economic development strategy planned for the city, Robertson said, adding, "Other municipalities haven't gone this far or been this aggressive."

Vancouver, like other municipalities, has been struggling as development slowed and construction jobs were lost.

The number of development permits currently before the city is down 50 per cent this year from last, according to Coun. Raymond Louie, who chairs council's finance committee.

The city is hoping the new stimulus plan will boost those figures, potentially creating "thousands of jobs," said Robertson.

But equally critical to the strategy is the construction of rental housing.

"We have a huge shortage," Robertson said.

Vacancy rates in Vancouver continue to hover well below one per cent, sending rental prices soaring. According to statistics provided by the city, renters pay on average \$936 a month for a one-bedroom suite in Vancouver.

Most of the units were built in the 1950s, '60s and '70s when federal tax incentives existed to support rental housing construction.

That program no longer exists, and rental construction became too expensive for developers to invest

in, Louie said.

The new incentive plan is designed to reduce those costs enough to encourage immediate construction, he said.

Vancouver's plan – set to be introduced later this month to a specialized "round table" of stakeholders - comes one month after Surrey Mayor Dianne Watts garnered rave reviews from the business community for her city's radical recession-busting strategy.

Surrey has called for the creation of tax-free economic zones, as well as reduced development cost charges and building permit fees in a bid to attract developers and generate jobs during the economic downturn.

The new incentives would apply to projects worth more than \$10 million that are under construction before the end of 2010.

A typical \$20-million project would save about three to four per cent in costs.

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