

## **Affordable Housing: Supporting Families and Attracting/Retaining Labour**

The rapid rise in house prices over the last several years and the increasingly competitive wage environment from competing employment jurisdictions (such as Alberta, Ontario, the North-Western US) has, and will continue to make it more difficult for communities to attract and retain labour that is essential to these communities' future economic prosperity.

Looked at from a different angle, the problem can be stated as follow: in absence of affordable housing, the wages paid by businesses to attract and retain workers will need to rise to a level where housing IS affordable. The resulting high wage structure will place significant pressure on the ability of communities to attract investment.

The Chamber has been clear, the building and provision of affordable housing is not simply a role for one level of government. Government at all levels is already challenged in their ability to provide a social housing capacity that meets the needs of their communities' disadvantaged individuals. The provision of affordable housing must be market based and focused on a partnership between government at all levels and the private sector.

There are many suggestions as to how Affordable housing should be funded and embedded in the entire question of funding is the issue of equity. For example: who benefits from taxpayer assisted housing, and who does not? How are private developers compensated for building less profitable Affordable Housing projects?

A critical element of funding for affordable housing is that it be both sustainable and secure. With this in mind, the concept of Housing Trust Funds requires some mention as a structure the Chamber believes provides a structures that allows for a true partnership.

Advantages of Housing Trust Funds are:

- **Leverage:** HTFs create a source of equity that can be used to lever funds received from other sources, both public and private.
- **Flexibility:** Funds are very flexible and can be structured to meet the particular housing needs of the communities in which they are established.
- **Targeting:** Because funds are established locally to meet local needs, they can be precisely targeted to meet the most pressing needs.
- **Economic Development:** HTFs create jobs, training opportunities, and increased tax revenues.
- **Partnerships:** HTFs rely on partnerships (including local governments) at the local level to accomplish their goal of building an preserving affordable housing ... a useful way to marshal resources from a number of community-based agencies and to create synergies.

- Innovation: Because they are flexible and local, HTFs tend to be a very innovative in their approach to the development and operation of affordable housing.

Given the current market conditions being experienced in communities across BC, the ability to build housing stock that can be made available for people unable to afford market based housing is becoming increasingly difficult. In this climate the simple reality is that the market cannot be expected to provide affordable housing without some form of assistance, either through direct subsidies or other incentives or concessions.

With this in mind, the Chamber believes that the need for a strong collaborative partnership between all stakeholders is critical to address the scale of new units needed. Within this partnership government at the provincial and local level must be full and active partners with the development community to encourage a new approach.

Within the context of Housing Trust Funds the key partner will be local government. While many local governments are taking action on addressing this issue, there appears to be a lack of coordination in these efforts. While the local government Act requires municipalities to include policies for affordable housing, rental housing, and special needs housing, no mechanism or structure exists to measure the effectiveness of these policies from a provincial perspective.

The Chamber believes that the creation of Housing Trust Funds will provide local government with a dedicated, secure funding stream. However, simply throwing taxpayer dollars at a problem is rarely sufficient when dealing with complex social problems.

This will require new thinking from local government.

While it is certainly true that local government have little control over the numerous factors that influence housing cost, they do have significant control over local land use and development regulations and costs. These factors can, and do, have significant impacts on housing development costs.

For HTFs to be successful there is a need to share what works. Local government works best when it shares amongst themselves and their wider communities its successes.

Local governments need to understand how other communities have been successful in addressing the challenge. To achieve this linkage between communities, The Chamber believes an ongoing best practice guide should be developed. This document would be a constantly evolving document that would provide clear focus on what has worked and what has not.

Communities are the front line in the production of affordable housing. While funding must be a partnership between all levels of government it is only through effective and aggressive action in the local community will anything actually be achieved. They can

do this at the production level by sharing effective practices and encouraging other communities to use and adapt those practices that fit the needs of their communities.

The range of local government powers such as community planning, zoning, approval process, financial incentives, land, and partnerships are potent tools that lend themselves to local solutions. While the range of measures being used reflect the range of power and tools available to local government, they do not necessarily reflect best practices.

The Housing Trust Fund structure allows localized allocation of resources and can accommodate both publicly funded and/or public-private partnership funded projects. As with any infrastructure investment, if the project is properly planned and administered, the result will be funding and development of a permanent, long-lived asset that can be used by successive generations. The benefits of developing an Affordable Housing stock will be more healthy communities and a more competitive economy.

#### THE CHAMBER RECOMMENDS

That the Union of British Columbia Municipalities:

6. undertake and publish a review of programs and initiatives used by each municipality to ensure they enable the development of affordable housing.;
7. develop and promote a best practice guide of land use and zoning policies and development approval processes for municipal government.
8. undertake an education and information program to promote the best practice guide to local governments
9. as part of UBCM's Annual Meeting provide a regular information exchange and problem-solving workshops on affordable housing.

SUBMITTED BY THE WESTBANK CHAMBER OF COMMERCE