

Regarding Housing Agreement for 1201 Fort Street and 1050 Pentrelew Place Bylaw 18-042
and
Regarding No Rental Restrictions for 1201 Fort Street and 1050 Pentrelew Place Bylaw 18-043

Dear Mayor and Council

This housing agreement, on cursory inspection, collapses and renders itself as ineffectual as described in the past.

The essence of the agreement is that the affordable housing for 5 low-income families and 5 middle income families in perpetuity can be bought for the 'penalty' payment of \$250,000.00. Paying the penalty is obviously in the best financial interests of the developer.

When we first met with the developer, two years ago, he explained how finances work for projects of this type, probably without realizing what he was divulging. To begin, the cost of land has to be 10% of the project's value in order for a development to be viable. The cost of the two properties amounts to approximately \$8 million in 2016 dollars. This suggests a selling price in 2016 dollars of \$80 million, or 20% to 30% more when built (given the escalation in property prices compared to the inflation rate of 2%.)

He also suggested that the goal for the corporation is to make 20% - that's \$16 million - in profit, again priced in 2016 dollars. This will obviously be higher given the speculative frenzy dominating the real estate market. Compare this to the largest public amenity of \$250,000.00 for 'affordable' housing attached to this proposal (which decreases in value to the real estate prices as time marches on.)

Not a bad relationship - for the developer. This profit can only be earned when the City gives away the public wealth of increased height over zoning, increasing massing over zoning, increased density over zoning, and decreased setbacks demanded by zoning. Is this the best the City can do?

Do we really need a new policy to see how deficient this proposal is? Do we have to wait for the future to correct our errors now? Consider how much private wealth is created from the gift of public assets: height, massing, density, setbacks? How much is enough before we change our ways? Is this public giveaway what each Councillor promised the electorate during the last election? Is it not time, to start saying 'No' when a proposal is not good enough? Did the developer not say, in his last letter to Council in December, that if this proposal were declined, he would do his best to come back with something better?

Did anyone notice that in this rendition of the Housing Agreement that the offer is weaker than before? Now, it increases the income to the developer, as now only five units are truly affordable for the quintile of the population that needs it most.

Consider for a moment, if the 'penalty' were \$2.5 million. Then, I believe that there would be a much greater likelihood of the units being built. And, if they were not, the penalty could actually build 10 units at cost.

All of this critique stems from the definition of

1.1 Replacement Housing Agreement

and its consequences

5.0

specifically

5.1 b If...not satisfied by December 31, 2020, the Owner has paid to the City \$25,000.00 for each of the 10 units that does not satisfy the requirements...as a contribution to the City's Housing Reserve Fund.

But, I am sure, that you have already figured this out. I mention it only to be 'on the record' as a witness to the choice you make.

The second part of the Housing agreement would allow all the units to be 100% Rentable. You must know that this allowance will only increase the price of each unit by allowing 'investors' with the money, or easy access to it, to participate in the purchasing of these units as investments. It is well-known that when condominium units can only be lived in by their owners, the prices are lower, the community more stable, and the the community connections stabilized. (I reference the paper on www.choa.bc.ca website. which is attached.)

Finally, as you know, this property will allow all units to be used as Short Term Rentals, as confirmed by Mr. Alec Johnston. If this proposal is accepted, and it is only a proposal, a good name for this development would be "The Pentrelew Hotel."

I know that accepting this Housing agreement is a necessary part of the process to forward the proposal to the Public Hearing, so I do expect you to vote for it. However, it does highlight the weakness of this entire development proposal and increases the many reasons why this proposal should be rejected at the Public Hearing.

As part of the local community, I have learned many things about how City Hall functions, and seen many things that need improvement. My interest in participating in the process has increased dramatically. Along with many others in Rockland, Gonzales, Fairfield and James Bay, we are fulfilling our responsibilities by keeping you informed of our opinions. We will continue to communicate with you and mobilize our friends and neighbours over the coming months to shape City Policy to better suit our vision of the future.

Please accept my apologies for not having the time to write a shorter letter.

Don Cal
1059 Pentrelew Place

Headline: Are rental bylaws good for a strata?

Topic: Rentals & Rental Bylaws Publication / **Date:** The Province, Sept 14, 2017
Written by: Tony Gioventu

Dear Tony: Our strata is considering a rental bylaw that limits the number of rentals to 10 out of 100 units. We are slowly seeing the number of rentals and Air BnB's increase to the point where less than 50% of the residents are owners and their families. An owner brought a realtor to our last general meeting who advised rental bylaws would harm our property values and prevent buyers from looking at our property.

On a side note this person also acts as the agent for a number of the rentals so his opinion was entirely self serving. Is there any data that indicates rentals have an impact on property values or use of property?

Neil Millar

Dear Neil: A rental bylaw restricting the number of rentals may not by itself impact value or use of property either positively or negatively. Like all housing affordability

issues there are layers of conditions that combined may result in either a negative or positive outcome. In my experience, regardless of the type of bylaws and restrictions, if your strata corporation is well managed, well maintained, well funded and operates under an enforceable set of bylaws, your community can be assured of the best property values and demands. CHOA has many members across the province that meet those conditions with buyers on waiting lists. Before you adopt a rental bylaw, look at your disclosure statement. Your strata was filed in August 2010 so I suspect there is a rental disclosure exemption on your strata lots anyhow.

In 2016 CHOA undertook a direct survey of 16 buildings in Vancouver to identify if there was any impact on housing affordability, occupancy and rental bylaws. Eight of the buildings were constructed since 2010 with no rental restrictions and 8 buildings were constructed before 2010 with 7 out of eight with rental bylaws. 2010 was selected as the legislation changed permitting

the developer to adopt a rental disclosure that essentially prevented rental bylaws. The results were rather surprising. The buildings constructed since 2010 or with no rental bylaws had the highest vacancy rates between 19 and 39% and the highest turnover of sales. From the information volunteered by owners, they also boasted the highest rental rates and the highest use by Air BnB and other short term services. The buildings constructed before 2010 that had rental restrictions and limited the number of rentals (none prohibited rentals) had the lowest vacancy rates of 14%. They provided stable affordable housing to both owners and tenants and had the lowest turnover of owners of market sales and the lowest use by Air BnB and short term accommodations. From the data it was evident the difference was rental bylaws are limiting real estate speculation in communities with rental bylaws. In comparison to market sales for both classifications of properties, neither type of property experienced negative impact on property values or market sales. A 2017 update of the data has not indicated any substantial shift in the data but there is one significant impact that several strata councils identified. By maintaining their rental bylaws they have built communities with lower transiency in both tenancy and ownership and have been capable of maintaining the integrity of the nature of their communities. As one council also pointed out, "the rental bylaw discouraged an investor speculator from dropping in and buying out 25% of our units as they would not be able to rent while having to maintain the expenses on vacant units." Do rental bylaws affect property values? Possibly, but they may also protect your properties from speculators and ensure predictable affordability. No two strata communities in BC are identical. Adopt bylaws that are relevant to the interests of your community, and don't be pressured by external self interested parties.

Condominium Home Owners' Association of British Columbia

Leadership, Education and Resources for strata owners across BC

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