

MEMORANDUM

April 15, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office

FROM: Doug Smith
Acting General Manager, Planning, Urban Design and Sustainability

SUBJECT: Housing Vancouver Progress Report Dashboard - 2023

RTS #: N/A

This memo includes highlights and key observations on progress toward the *Housing Vancouver* targets as of the end of 2023. Further details are available in the attached 2023 Housing Vancouver dashboard, itemized list of approved projects, and the 2023 Housing Progress Update slides.

Progress Toward Targets – Background and Methodology

The *Housing Vancouver Strategy* (2017 – 2027) includes targets for the amount and affordability of new housing needed along a continuum of housing types and tenures to maintain a diversity of incomes and households in the city over 10 years). Staff provide regular reports to Council on progress toward targets in order to monitor and respond to emerging trends.

The City's overall 10-year target for new housing is for 72,000 new units consisting of:

- 12,000 social, supportive and non-profit co-operative housing units
- 20,000 purpose-built rental housing units (4,000 units at below-market rents)
- 30,000 condominium units
- 10,000 ground-oriented units that include townhouses, coach houses, and laneways

Of the total target, 48% of the total new housing is targeted to be affordable to households with incomes below \$80,000/year; and 42% of the new housing should be suitable for families and contain 2 or more bedrooms.

Progress toward targets are measured at the point of *approval*, which refers to the first City approval a project receives (i.e. Council approval at a public hearing for projects requiring rezoning, or Development Permit issuance for projects proceeding under existing zoning). *Completions* are also tracked for social, supportive, and purpose-built rental projects, where completions refer to projects that have been issued an Occupancy Permit.

Data that inform housing targets related to housing demand, supply, and affordability can be found in the City of Vancouver Housing Needs Report at <https://vancouver.ca/files/cov/pds-housing-policy-housing-needs-report.pdf>.

Annual 2023 Progress toward Targets - Approvals

Vancouver approved 7,851 new homes in 2023, meeting 109% of the Housing Vancouver annual total target of 7,200 homes. Broken down by housing type, *approvals* included:

Housing Type	Approved Homes (2023)	% of Annual Target (2023)
Social and Supportive Housing	1,221	102%
Purpose-Built Rental	4,631 (including 409 below-market rental units)	232%
Condominiums	1,478	49%
Laneway Homes	296	74%
Coach Homes	12	12%
Townhouses	213	43%
Total	7,851	109%

In 2023, the City met its annual social and supportive housing approvals target of 1,200 units. Social and supportive housing *approvals* include 810 units enabled through city land contribution under the Vancouver Affordable Housing Endowment Fund, 186 units as inclusionary housing under the West End Plan, 61 senior housing units delivered by the Kopernick Foundation, and 164 units delivered by Lu'ma Native Housing Society and the Aboriginal Land Trust.

The City has exceeded its annual purpose-built rental target (2,000 units), approving over 4,600 rental homes and more than doubling the annual target. Although purpose-built rental approvals have remained high in recent years, condo approvals declined in 2023 with 1,478, units approved compared to the annual target of 3,000 units. Townhouse approvals have also declined in 2023 with 213 units approved compared to the annual target of 500 units. Fewer ownership projects proceeding to approval in 2023 compared to recent years can be attributed to an unfavourable economic climate (e.g. higher interest and mortgage insurance rates, and higher construction cost), Provincial legislation (e.g. speculation tax), and lower anticipated condo sales. Across the region, some developers have paused condo development while awaiting interest rates to decline. High interest rates have also led to lower purchasing power among potential buyers while condo prices remain high. Inflation has begun to slow, which suggests more favourable market conditions are on the horizon. Despite the significant decrease in ownership approvals, the City exceeded its overall approval targets due to strong purpose-built rental approvals. Staff will

monitor this situation closely and analyze the drivers and short and long-term impacts as part of the Housing Vancouver Targets Refresh anticipated in Q2 of 2024.

2017-2023 Cumulative Progress toward Targets - Approvals

From 2017 to 2023, the City of Vancouver has approved a total of 55,948 homes, achieving 78% of the overall target of 72,000 homes by 2027. This rate meant approving an average of over 7,900 homes per year.

Key characteristics of these new homes include:

- 48% are purpose-built non-market, below-market, or market rental homes, exceeding the Housing Vancouver secured rental goal of 44%.
- 46% are family-sized units (2 or 3 bedrooms), above the target of 42%.
 - 43% of apartment units had 2 or 3 bedrooms, above the High-density Housing for Families with Children Guidelines at 35%.
- 90% of net new homes are being delivered as apartments, 6% delivered as low-density infill (including laneway and coach houses), and 4% delivered as townhouses.
- 31% affordable to household incomes below \$80,000/year, below the Housing Vancouver goal of 48% of units affordable to these incomes.

A breakdown of cumulative *approvals* by housing type is available in the attached dashboard.

2023 Social/Supportive and Purpose-Built Rental Housing Completions

Social, supportive, and purpose-built rental housing *completions* from January 1, 2023 to December 31, 2023 totalled 752 units (127 social and supportive and 625 purpose-built rental housing units). Housing completions continue to lag behind strong approval numbers in recent years because of economic cycles impacting development timelines related to funding capacity for social housing, financing rates, construction and supply costs, and availability of labour and trades. 2023 was the highest year of building permits issued for rental housing in the last decade. Building permit volumes indicate strong construction activity and higher expected completion rates over the next 2 years with approximately 1,700 social housing units and 2,100 purpose-built rental housing units anticipated to reach completion. However, a continued focus on ensuring approved projects move to construction start and reach completion is warranted.

Even with senior government partnerships at the table, the increasing costs of construction, have reduced the financial capacity for rental housing to achieve deep levels of affordability that serve household incomes below \$80,000/year.

Conclusion

A full version of the *Housing Vancouver Strategy (2018-2027)* and all Progress Reports to date are available at <https://vancouver.ca/people-programs/housing-vancouver-strategy.aspx>. In light of Provincial Targets legislation, Staff will bring forward revised targets and an accompanying action plan at the end of Q2 2024 for continued delivery of housing supply. If you have any questions or require further information, please contact me or Dan Garrison, Director of Housing Policy and Regulation, at 604-673-8435 or dan.garrison@vancouver.ca.

A handwritten signature in black ink that reads "Doug Smith". The signature is fluid and cursive, with the first name "Doug" and the last name "Smith" clearly legible.

Doug Smith
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