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Surrey's Affordable Housing Crisis

Surrey tenants cannot keep up with rising rents: the city is in the midst of an affordability crisis. Rents have been rising dramatically compared with household incomes and market rents are increasingly unaffordable to low income households.

Households earning less than \$30,000 can only afford to rent a one-bedroom secondary suite, while a minimum wage earner or person who receives income assistance cannot afford any size of market rent unit. 18 per cent of Surrey households spend more than half of their income on rent and utilities. Over 60 per cent of households in the lowest income quartile - those earning \$0 to \$26,116 - spend more than half their income on rent and utilities. Compare this with only 1 per cent of households in the third income quartile - those earning \$48,015 to \$77,017 - it is clear that this is a crisis that disproportionately impacts low-income renters.

Increase in rents vs household incomes 2006-2016

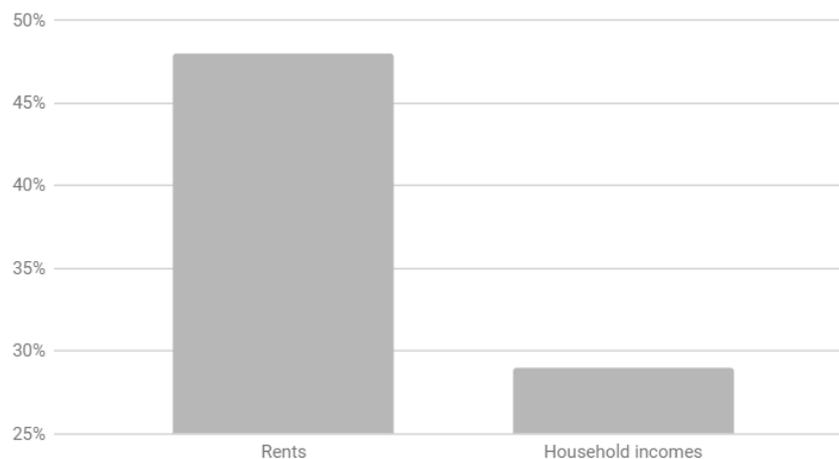


Chart 1: Comparison of rents to household incomes

At the same time, household incomes have not been rising at the same rate as rents. This makes it more difficult for all households to afford adequate rental housing. From 2006 - 2016, Surrey rents rose by 48 per cent, while incomes only increased by 29 per cent.

The issue of unaffordable housing can be seen across the province. Over 91 per cent of BC households earning less than \$10,000 and 60 per cent of households earning \$10,000 to \$19,999 live in severely unaffordable housing. Almost 60 per cent of households earning \$30,000 to \$39,999 spend more than 30 per cent of their income on rent and utilities. Chart 2 shows that affordability is an issue for many low and moderate income BC households, with low-income households more acutely impacted.

Which Renter Households Have Unaffordable Housing in BC?



Chart 2: Severely unaffordable, unaffordable and affordable rents in BC

This affordability crisis takes place in the context of a historically low vacancy rate. Renters are facing an increasingly hostile rental market as rents skyrocket and there is a lack of affordable housing. Given that Surrey is the second largest municipality in BC and constantly growing, there is an urgent need for the City to create more affordable housing. Surrey has an inadequate supply of social housing, with only 5,300 units despite the clear need for more. Over 2,000 Surrey households are on the waitlist for social housing.

Issues

In the coming years, the Surrey LRT - which is scheduled for completion in 2024 and will connect Guildford and Newton - is likely to attract development in these areas. Currently, most of Surrey's purpose-built rental stock is located in Guildford and Whalley. This low-end market rental stock will be at risk, as developers seek to add density and redevelop these communities. Tenants will be vulnerable to renovictions and demovictions, causing displacement and forcing many out into a rental market that fails to meet their needs. The City must act now to ensure there are protections in place to retain these low-end market rentals and increase affordable housing options.

Opportunities

Provincial

The Province recently introduced legislation that allows cities to zone for rental tenure (Local Government Statutes Residential Rental Tenure Zoning Amendment Act, 2018). This will allow cities to zone whole blocks, buildings or units so that only rental housing can be created, rather than ownership units/condos. This legislation does not allow cities to determine rental costs. However, as the rental tenure legislation was introduced in response to rising rents and plummeting vacancy rates, there may be an opportunity to push for inclusionary zoning-enabling policy to create more affordable housing.

Inclusionary Zoning (IZ) is a policy tool that allows cities to create new affordable housing through market-rate developments. IZ creates affordable housing by 1) mandating that developments include a certain percentage of units as affordable housing, or 2) providing incentives to encourage inclusion of affordable housing within developments. In Canada, Manitoba, Alberta and Ontario have introduced IZ-enabling legislation. More than 500 IZ programs exist in the US, with an estimated 150,000 affordable units created as a result. Evidence shows that effective, mandatory inclusionary zoning policy in strong housing markets (low vacancy rates, high levels of development, rent growth) can produce affordable housing without leading to reduced development or increased prices.

For the Province to enable IZ, the Local Government Act (Part 14 - Land Use Management) would need to be changed. Minister of Municipal Affairs and Housing, Selina Robinson, is the Minister responsible.

Municipal

The 2018 Affordable Housing Strategy revealed the City's appetite for encouraging purpose-built rental and increasing affordable housing options for low and moderate income renters. The City must ensure there is an adequate supply of deeply affordable developments, given the prevalence of severely unaffordable housing across low-income households. Currently, the City is reviewing their Bonus Density Policy. This policy allows developers to add additional units/floors (density) in exchange for providing community benefits. Within this review, the City has a unique opportunity to tie density bonusing to affordable housing. Through the new rental tenure zoning legislation, Surrey will be able to increase the number of purpose-built rentals. The City could also pressure the Province to introduce IZ-enabling

legislation which would allow the City to demand that a percentage of affordable housing in all new developments.

**For more information, contact BC ACORN:
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What is BC ACORN?

BC ACORN is the British Columbia chapter of ACORN Canada (Association of Community Organizations for Reform Now, Canada). Founded in 2004, we are an independent national organization which has rapidly grown into one of the country's most effective voices for low and moderate income Canadians, with over 102,000 members in Canada. In BC we have 5 chapters across Metro Vancouver and 19,000 members across the province. Our central purpose is to effectively represent and champion the interests of Canada's low and moderate income urban citizens on the critical issues of social and economic justice.