Rental neighbourhoods at risk: A comparative study of aging purpose-built rental buildings in five of Metro Vancouver’s suburban centres since 1981

28 July 2016

1. Rationale

This project proposes a mixed-method, comparative study of five clusters of purpose-built rental (PBR) apartment buildings in Metro Vancouver’s suburban centres. The focus of our study will be PBR buildings that were built before 1981, of wood-frame construction, and are less than five storeys tall. Our interest in buildings with these specific characteristics is rooted in how these buildings have ‘filtered’ through the housing system to marginalized renters, at the same time as this same stock of buildings have become candidates for redevelopment.

It is well recognized that aging purpose-built rental apartment buildings in Canada’s inner-city and suburban neighbourhoods provide an important stock of affordable housing for low-income families, new immigrants, and marginalized renters, while the ability of low-income renters to access more recent ‘affordable housing’ has been diminished. During the 1980s, rising income inequality caused the profile of renters to shift as higher-income renters moved into ownership, causing the rental sector to be increasingly composed of lower-income households. Housing producers responded by increasingly building for buyers at the top of the market, leaving those who have seen real incomes shrink over time with fewer options. The stock of low-cost rental was further diminished through conversions and demolitions. Over time, rents continued to increase as a result of persistently low levels of new rental housing supply and low rental vacancy rates. The decline in affordability within Canada’s private rental market has disproportionately affected very-low income households.

The supply of affordable rental housing in Metro Vancouver has fallen short of demand due in part to declining financial support from the federal and provincial levels of government. Despite the rising cost of renting, the return on investment for new rental housing construction has remained poor and uncompetitive relative to strata title developments. Although there are some recent indications that the return on investment from new PBR apartment buildings is improving – particularly with incentives from municipal government -- new rental units are expensive and will do little to address the fundamental problem of a lack of supply of low-cost rental housing.

Coinciding with the pervasive gentrification of inner-city neighbourhoods of large Canadian cities, there has been a suburbanization and dispersal of low-income households. Within, or in close proximity to, several of Metro Vancouver’s suburban centres are clusters of purpose-built rental (PBR) apartment buildings dating back to the federal government’s rental subsidy programs from the 1960s to the 1980s. These aging buildings are filtering down to low-income occupants and approaching the end of their ‘lives’ without significant maintenance. The policy response of five suburban municipal governments to the aging and deterioration of these buildings is a central concern of this project.

Previous research (Jones and Ley 2016) has shown that in the City of Burnaby the response has been to allow the redevelopment of aging rental properties following Transit-Oriented Development philosophy, leading to gentrification that is sanctioned by a left-leaning suburban council that has found no resources to
maintain these affordable but aging buildings. However, this project will show that the policies introduced in Burnaby are but one of many possible municipal responses to the issue of aging rental buildings, and local governments can exert significant agency through land use zoning and rezoning policies.

This project will employ a mixed methods approach to the study of PBR clusters in Metro Vancouver's suburban centres. In our first phase of research, we will use quantitative methods to analyse Enumeration- and Dissemination-Area data from the Canadian Long-Form Census of 1981-2006 to build a genealogy of PBR buildings and their residents. This will be followed by a policy review, interviews with key informants, and focus groups with residents of PBR clusters.

A recent PBR inventory and risk analysis conducted for Metro Vancouver identified several suburban areas of aging rental housing which are currently, or projected to soon be, facing significant redevelopment pressure (Coriolis 2012). Although the scope of this project is limited to PBR clusters within suburban centres in Metro Vancouver, the challenge presented by aging rental buildings is widespread across urban Canada, with more than a quarter of a million similar state-subsidized rental units at risk over the next decade. The Burnaby story is likely to be a precursor of the widespread destruction of affordable purpose-built rental housing in many other towns and cities.

2. Potential Policy Relevance

This research has significant policy relevance as a comparative analysis of the response of five municipal governments in Metro Vancouver to a common issue; that of the aging and in some cases deterioration of PBR housing in suburban centres. As we have argued elsewhere (Jones and Ley 2016), the redevelopment of aging rental neighbourhoods is a new frontier for gentrification in Canadian cities that have seen significant neighbourhood change since the 1970s. Our initial study of Burnaby will facilitate a more thorough and comparative study of at risk rental housing in a range of suburban neighbourhoods.

3. Research Questions

(1) Production of Marginalized Suburban Rental Neighbourhoods: What are the processes and institutions that have produced landscapes of affordable rental housing occupied by vulnerable groups in Metro Vancouver's suburban centres? How has urban restructuring shaped the housing system so that aging private rental housing in suburban centres has become important for housing vulnerable groups? How does this landscape correlate with increasing metropolitan inequality?

(2) Attributing 'Value' to Affordable Rental Housing: According to which metrics do different actors attribute value to aging rental apartment buildings in Metro Vancouver's suburban centres? How are the fundamental tensions between the use and exchange values of affordable rental housing balanced, contested, and resolved through the actions of the state, the market, and residents? What discursive practices do these actors deploy to reposition the exchange and use value of affordable rental housing?

(3) The Future of Affordable Rental Housing: How secure is PBR housing and under what conditions is the demolition of aging rental apartment buildings framed as necessary for the development of high-density housing in Metro Vancouver's suburban centres? How do the policies of the local state protect or degrade the condition and stability of aging affordable housing? As the provision of housing within Canadian cities has primarily been left to the market, how does for-profit logic in housing render aging rental housing obsolete? Assuming that it is desirable to preserve the existing stock of affordable rental, what are the tools available to those who wish to preserve rental housing? Who are the critical actors that have the greatest influence over whether such tools will be successful?

4. Specific Fit with the NCRP Objectives & Research Questions

This project fits closely with the overall objectives and research questions guiding the NCRP, and it fits particularly well with the NCRP’s theme focus on deteriorating rental neighbourhoods. First, as Thomas Piketty has identified in his influential book, Capital in the 21st Century, homeownership has become a major source of wealth accumulation in recent decades. It follows that rental tenure excludes households from this important asset of wealth generation, thereby widening the gap of inequality between owners.
and tenants. Indeed housing tenure has become a significant predictor of the presence of economic inequality. Second, the project identifies and analyzes a new trend in neighbourhood change related to rental apartment districts, places these changes within a comparative analysis of municipal policy, examines the impacts of this trend on existing residents, and identifies those areas that will be expected to face significant redevelopment pressure in the future. Third, the project has been developed with a view of comparison with other urban communities in Canada; in part its methodology is borrowed from rental housing research in Toronto.

5. Research Design & Methods

Field Sites: The following neighbourhoods have PBR clusters in suburban centres and merit study:

- Burnaby: Maywood
- Coquitlam: Austin Heights & Maillardville
- New Westminster: Brow of the Hill
- North Vancouver (City): Regional City Centre (Central Lonsdale)
- Surrey: Metro Centre

Phase 1: Quantitative Analysis
The primary goal of Phase 1 is to identify the demographic characteristics of PBR clusters in five of Metro Vancouver’s suburban centres, and to track changes that have taken place in these areas over time. Data regarding building quality, assessed property values, and the ratio of current density to potential density will be combined to identify where redevelopment pressure is significant.

Sources of Secondary Quantitative Data
1. Canadian Census Dissemination and Enumeration Area data for 1981-2006. This data will be analyzed to track demographic and housing stock changes that have taken place in PBR clusters in five of Metro Vancouver’s suburban centres. [We will experiment with the inclusion of 2011 Census data].
2. BC Assessment (BCA) data of provincial building inventories for the years 2014 and 2015, and property transactions data for the years 2008-2014.
3. On 16 June 2016, Metro Vancouver’s RPAC Housing Subcommittee approved our request for access to a robust rental housing data base compiled by Coriolis Consulting Corp. (2012). This data base will be used to map the redevelopment potential for all PBR buildings in Metro Vancouver’s suburban centres.

Phase 2: Qualitative Analysis and Policy Review
Policy Review: To prepare for interviews with key informants we will examine municipal and regional policies relevant to affordable rental housing and residential intensification in the municipalities of interest.

Key Informant Interviews (N=30)
Municipal politicians and senior planning professionals will be the first group approached for interviews. Interviews will be semi-structured; we will discuss findings from Phase 1, the condition of PBR within the municipality in question, and the policies that have been introduced to address the aging clusters of PBR.

Another key perspective regarding the value of PBR housing is that of the property development firms, which are beginning to assemble rental apartment buildings in order to redevelop sites at higher densities, and also the landlords from whom they purchase properties. Although it is unlikely that the principals of development firms and many landlords will be willing to grant an interview, our local network may provide access to junior development professionals within major development firms. We will also use the newsletters of rental market consultants. We will employ a snowball sampling method to recruit key informants from the development industry. We are optimistic that we will obtain an interview with multi-family real estate expert David Goodman, founder of the Goodman Report and 40-year veteran of Vancouver’s real estate market, and officials with Landlords BC, the largest landlord professional industry association in BC.
Focus Groups (N=65)
Key informant interview will be followed by a series of up to 10 focus groups in neighbourhoods containing PBR clusters that are currently, or are soon expected to be, facing redevelopment pressure. It is here that we will explore the experience of indirect displacement and processes of relative and/or absolute disinvestment in rental properties as landlords reduce spending on maintenance in response to market signals of the potential to profit from sale for redevelopment. We will work with social services agencies active in our neighbourhoods of interest to employ a third-party strategy to recruit focus group participants.

6. Role of Community Partners

1. A United Way Planner can be a Key Informant in order to describe aspects of the 'production of marginalized suburban rental neighbourhoods' (e.g., the role of funding organizations which target low-income neighbourhoods in investing in support services/programs/projects in these very neighbourhoods, including place-based projects.

2. United Way will review documents/drafts of the report/journal articles

3. United Way can liaise with not-for-profits in the researchers' search for venues to hold focus groups

4. Recommendations for key informants (e.g., Andy Yan, BTAWorks' Senior Researcher, given his research on the displacement of low-income seniors from Vancouver to suburban rental complexes, including MURBs, in Langley).

5. United Way can introduce the researchers to key stakeholders, e.g. BC Not-For-Profit Housing Association, Seniors Services Society of BC (which places hard-to-house seniors in MURBS in Burnaby and elsewhere, including Brow of the Hill neighbourhood)

6. United Way can host one or more of the proposed community report-back events here in Burnaby, or focus groups

7. United Way can introduce the researchers to several agencies we fund which provide low-income housing in MURBs

8. United Way can mobilize our networks generally to help support this work

9. United Way can introduce the researchers to the 9 seniors-led planning tables still operating in the region.

7. Role of Students / Research Assistants and Contributions to Training

The co-investigator/graduate researcher (who recently completed his MA on a related subject) will carry out the bulk of the research. This will include primary and secondary background research, quantitative analysis of secondary data, analyzing policy documents, collecting qualitative interviews, establishing contact and coordinating with social services agencies, and conducting focus groups. The co-investigator/research assistant will also draft research reports and journal articles in collaboration with this project's PI.

8. Schedule (timeline of research tasks, including deliverables submission dates)

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Task Description</th>
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<tr>
<td>July 2016 – Oct 2016</td>
<td>Dissemination and Enumeration Area analysis Seek ethics approval from UBC Research Services</td>
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<td>Oct 2016 – Jan 2017</td>
<td>Policy review Key informant interviews (N=30)</td>
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<td>Jan 2017 – May 2017</td>
<td>Focus groups (Up to 10 focus groups across five neighbourhoods; Average of 6.5 participants per focus group (N=65)</td>
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<td>May 2017 – July 2017</td>
<td>Submission of preliminary findings through plain-language bulletin and NCRP/CC report</td>
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<td>Aug 2017 --</td>
<td>Writing of co-investigator/research assistant's PhD Dissertation</td>
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9. **Outcomes**

1. **report** on the potential for redevelopment and gentrification of PBR clusters in suburban centres (NCRP/CC research report)

2. **a series of public presentations** to communicate findings to communities facing redevelopment, regional and municipal planners and politicians, housing justice organizations, and the media

3. **three journal articles** drawing from research material.

10. **Budget Explanation**

Because the co-investigator/graduate researcher is a recipient of a SSHRC Doctoral Grant, there is no need to compensate for time spent on this research project. Requests for funds are strictly to cover costs incurred during the research process.

**$8,400 Transcription Services**

- 30 interviews * 1 hour * 5 hours for transcription * $35 per hour = $5,250
- 10 focus groups * 1.5 hours * 6 hours for transcription * $35 per hour = $3,150

**$1,950 Translation Services**

- We estimate that 5 focus groups will need an interpreter to be present
  - 5 focus groups * 1.5 hours * $100 per hour = $750
- Translation of documents (ethics agreement, meeting notices) into four languages
  - 4 languages * 3 hours for translation * $100 per hour = $1,200

**$7,437 Focus Groups**

- Honorarium for social service agencies for participant recruitment and facility rentals
  - 10 focus groups * $500 = $5,000
- Honorarium for participants
  - 10 * 6.5 (average number of participants) * $37.50 = $2,437.50

200 Local travel
250 Office expenses

**$18,000 Total**

☐ Sent to the NCRP’s Research Advisory Board for comment: date_____________________ deadline:_____________________

☐ Funding approved by the NCRP’s Board: $________________ date____________________
### SSHRC Budget Worksheet

<table>
<thead>
<tr>
<th>Personnel costs</th>
<th>Amount requested from NCRP</th>
<th>Contributions (In-Kind / Cash)</th>
<th>Contribution source</th>
<th>Total Project Cost</th>
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<td>Student salaries and benefits/Stipends</td>
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<td>Other</td>
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### Travel and subsistence costs

- **Applicant/Team member(s)**
  - Canadian travel
  - Foreign travel
- **Students**
  - Canadian travel
  - Foreign travel

### Other expenses

- **Non-disposable equipment**
  - (specify)

- **Professional / technical services**
  - (specify: includes partner staff time contributed to or paid for by project, translation, editing, etc.)
  - Transcription $8400
  - Translation $1950 $8,400

- **Other expenses**
  - (specify: includes honoraria, data purchase, field costs, printing, supplies, etc.)
  - Honoraria $7437 $7,437
  - Supplies 250 250

| Total | $35,000 | $18,000 |

* Please indicate hourly rates for students and estimated number of students