

**Hey Neighbour Collective  
Housing That Connects Us**

**May 2<sup>nd</sup> 2024**

**Financial Levers in Rental Housing Projects**

# Introduction

- 45 years in real estate:
  - Commercial leasing and sales
  - Market development: Chesterman
  - Green building: reSource
  - Non-profit development: Catalyst
  - Advising Impact Investor: Sacha Investments
  - BC Housing Board Commissioner

robert brown

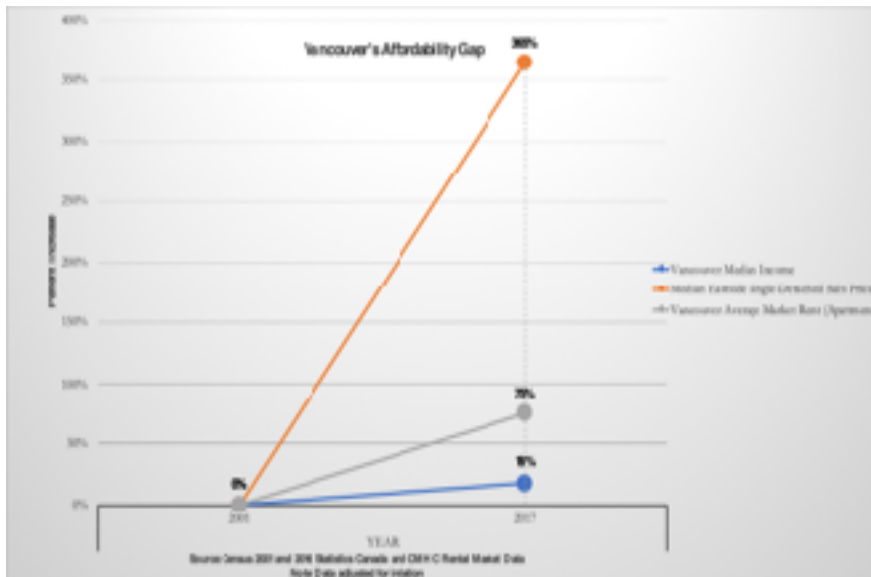


## Introduction



- Interest in creating housing that builds community and connection
- If there are increased costs, how do they get paid for?
- What is the current fiscal reality of market and non-market rental housing?
- What levers are available to enable more housing affordable to people based on their income?

## Market Context



### 2001 to 2017

- Condo prices: +365%
- Rents: +75%
- Incomes: +18%

- Massive rise in price of ownership housing. Worsened by the pandemic, especially smaller communities
- Many local residents now priced out of ownership so remain as renters
- Influx of new residents (mainly renters)
- Limited new supply of rental housing.
- Significant increase in rents; rent increase protection for existing tenants = lower turnover
- Loss of existing affordable market stock to sale/reno/re-rent model. See RPF ☺

## Market Context



- Rental development economics worsened by increased interest rates and rising costs; some developers now have over-priced land
- Downward pressure on “**residual**” land values
- But inertia from land-owners who don’t “have to” sell
- Increased density/supply could aggravate this inertia, BUT
- More density does NOT always equal affordability
- Decreasing project costs does not result in lower prices if market still has the capacity/desire to pay higher prices

## Housing That Builds Community



- Many of the suggested approaches are being adopted in the market: municipally driven, customer driven
- Market rental projects are becoming more amenity rich
- Larger financial challenges currently exist

## **Levers/Impacts on Rental Development**

- Land
- Construction Cost/Design
- Municipal Fees
- Construction financing
- GST
- Profit/Cost of Equity
- Long-term takeout financing