



## NOTES: Kelowna Chamber Housing Roundtable September 20, 2024

*In the summer of 2024, three sector-specific Roundtable discussions were held by the Kelowna Chamber focusing on Labour, Crime and Housing. Small groups shared and listened as the Chamber took the pulse on these important issues, both to prepare for our annual November Policy Development Forum and to assist the Board in listening to the business community. The Housing Roundtable was moderated by Daniel Winer, Executive Lead of Small Housing. A list of attendees is attached.*

### *What we heard. . .*

There were common themes, as expected, as regional districts and many municipalities in B.C. struggle with this Canada-wide issue. A few key message areas stood out and are worthy of increased advocacy by the Chamber. Discussion points for policy directions were discussed and were noted. We highlight some key points, followed by advocacy suggestions.

#### **Questions posed to attendees included:**

“From your perspective, what is your biggest challenge as it pertains to getting more homes built?”

“If you had a magic wand, what is the biggest legislative burden you would remove to (speed up new home construction / get more homes built / make a dent in our affordability challenges <- take your pick)”

“Looking to the future, what do you think is the largest opportunity to get more homes built in our community?”

“What role should organizations like the Chamber play in supporting housing affordability policies?”

#### **Issues:**

- Availability
- Cost
- Financial institutions: needs/dictate direction for developers
- Government (all levels) funding
- Changing demographics/dealing with growth
- Changing regulations/legislation
- Cost and speed of permitting

- Buyer expectations
- Infrastructure (municipal/regional)
- Education

### **Comments from participants:**

#### Gaps

- Speed of change and growth of related bureaucracy over the past ten years are impediments to progress.
- Government should look more flexibly at land use contracts vs today's bureaucracy
- Recession: pre-sale requirements have jumped from 25% to 50% to 100% up front money
  - Result: Projects grinding to a halt
- Developers can't finance without pre-financing – the banks/credit unions control the market
  - Result: Shift in the Okanagan to federal govt CMHC, purpose-built rentals.
  - Resultant housing has no pre-sale requirements.

#### GST:

- Changes made by federal government re: GST abatement. Perception is this goes into developers' pockets. In fact, it is put into next project. Increase in abatement might put housing into hyperdrive.

#### Supply

- Given actual growth and growth predictions for the Okanagan, housing remains underserved in Okanagan. Meeting what we need is full-time planning, and won't cover in-migration of 6,000/year (2023).
- BC throughout 2017-2024 underperforming rest of provinces in housing construction.

#### Labour

- Is labour the key issue?
- Comment from developer: 'My last job saw 19 framers tendering'.
- Lots of trades available – many going to Alberta. They go where work is.
- Federal govt could help more by targeting immigration and matching labour needs with geography, jobs, immigrant qualifications
- Repeat: In Okanagan, trades are not a problem. Lots available to work. They could use more work.

#### Interest rates:

- Not so much of an issue in entry level housing. Interest rates not a bother, except in the chain i.e., selling current home to buy in Dilworth-type neighbourhood.
- Interest rates going down is a good sign.

#### Financial guys talk Provincial changes and BCFSA regulations.

- Putting 4 homes on a lot is realistic, not 6 homes. Mom and pop can't do that, too much to manage, too much to finance. Beem (former ISCU) could be writing more deals. They ask: Is Beem out of step? 6 units vs what they have been doing. 6 doors, retail to commercial. CMHC could help with 4 to 6 lots transition.

- Conclusion: one size doesn't fit all in provincial legislation: six doors too many for small and mid-size communities.
- Amend legislation.

#### How to help owners become developers?

- Legislation is dangerous.
- Zoning is smart.
- Good but challenging to add density.
- One size fits all zoning dictated by provincial legislation: puts everyone in competition with developers.
- Very complicated for owners to figure out how to rebuild their lot.
- Legislation is not an intelligent, 21<sup>st</sup> century, intuitive "best for residents" solution.

#### Comment:

- We went from RU7 \$300K to \$900K value homes overnight with new legislation.
- \$600K in multi family zone.
- Public is confused, realtors are confused.
- Legislation turned all properties into commodities.
- Look at the missing infrastructure (water, power), so look at lower density on each lot.
- Put two homes on each lot, with a suite.
- Realism over made-somewhere-else legislation no one wants or needs.

#### Comment:

- Is all housing a commodity? Look at demand allocation. There is more land lift with RU7 zoning.
- Greater choice equals 25% take up on RU7.

#### How to pay for necessary upgrades to existing housing, infrastructure

- Raise property tax
- There is no appetite for this.
- City of Kelowna can keep up with 5% growth; not 13% growth.
  
- Setting long term sustainable infrastructure targets is key.
- Then DCCs can come down.
- Areas which are hot spots for housing should fit new infrastructure funding.
  
- Winnipeg interesting example – everyone pays infrastructure spending.
- Developers thus pay twice.
  
- Could Okanagan have accelerated tax breaks? Yes, on rental incentives. Could this be an advocacy issue? How to frame the issue. . .

#### STEP code

- Should we strip out? Build to a lower standard? STEP 4 to 5 is a big leap. Technology hasn't caught up.

#### Comment:

- STEP 3 OR 4 could hold the line. 10-12% premium on each house to go from STEP 3 to 5.
- Actual gain in going to STEP5 is 0.4 megaton less emissions.
  
- Retrofits are where the gains would be. There is value and there is savings.

Comment:

- Electricity rates will kick all this out the window.

Let's talk about zero carbon STEP code

- Step 4 target carbon code: To manufacture the components, takes much electricity and carbon emissions. This will cripple the housing market.

Next for consideration: embodied carbon code.

- How much does it cost to make this stuff?

Comment:

- Biggest challenge, we all have a different spin on these new, complex issues. How to operationalize these thoughts to make it happen.

Solution:

- Raise property taxes. Industry has to lead the challenge, chamber and industry together. City Council won't do it.

General comment – Chamber and Participants.

- We did advocate against rapid adoption of STEP code, it won anyway.

Market awareness:

Clients don't have any idea. More public awareness needed of STEP code costs.

Accessibility

Adds \$50K per unit. Unusable space created.

Have to put accessible units on first floor. Don't put them on top (hallways, elevator, stairwells, plumbing).

Response to "if you had a magic wand what legislative burden would you remove?"

- Put into effect regional or provincial harmonization; this is the answer. Without that, projects may be abandoned. Kelowna can do it better through leadership, managing outcomes, being risk averse.

Modular building

- Due to costs, uncertainty of market acceptance, there is an early point at which prefab builders can't scale up. They require confidence.
  - One solution? Government could buy extra product and ship to where needed in province.
- Noise abatement of building in neighbourhoods: prefab cuts noise, time in construction on site. If promoted and accepted, this would enhance company growth.

What would success look like?

- 100-200 manufactured buildings in Kelowna 10 yrs from now. That is success.

Where would prefabs go?

- Example: SRI Modular Homes BC. They could show lots in community for prospective buyers. City Kelowna setting up chat bot, showing designs, link to financing. Manufactured homes must scale up to be able to deliver. Robotics key to cost control. Could be province wide. Compatibility with plans, look of neighbourhoods: Questions about what different municipalities would do?
- Regional harmonization would enable this step

Comment:

- We're not yet there; need to offset cost of prefab. Incorporate prefab into system, to get economies of scale. Would push building sector into innovation mode.
- Some negative outcomes: "Vancouver Special"

Issue: Bill 47

- Reduced parking. Parking variances. No parking units doesn't mean no parking, just flexibility.

Issue: Parking on street.

- Last night's council meeting, opposed to street parking. Unbundled parking from owned footprint.

Issue: Affordability challenge

- Get rid of STEP 5.

Response to Q: "How to get more homes built in community?"

- Interest rate decrease.
- Promote lower value areas, i.e., Harvey, West Kelowna.

City Comment

- On sliding DCC scale, city centre cheaper than suburbs – more \$\$ required input into ex urban roads.
- Chamber could advocate for cutting land millage and increase improvements taxes. Use Infill properties rates.

Question:

- Interest rates dropping? Return to condos, CMHC MIA or MLA financing. Will the market return to normal?
- Next 4 to 6 quarters, no return to normal.

Economy tanking.

- Realm of affordability Dan W

- Exemption on required systems.

GST:

- all housing needs to be exempt.
- All housing needs to be PST exempt. Both would aid affordability.

Inflation

- Glass, lumber, all up. Most coming from US – industry in Canada needs to tell our federal government to get out of the sandbox.
- Focus on trade instead, proper immigration policies.
- Province can then focus on housing, Feds can focus on trade.

**RANTS**

**Ryan**

- Municipal government and industry need to advocate for 2-3 things together.
  - Example: Prov. Govt permit checking.
  - Stick to what you're best at.
- City may have a role to help companies.

**Malcom:**

- Work w/ NFP owners to redevelop lands.
- Churches with big parking lots. [Example of need: Ozanam house {rebuilding and new build, faith-based society}]

**Kerry:** Agree with Ryan – work together top 3 key issues, collective voice.

**Ray:** issues already covered

**Davis:**

- Look at hard costs; DCCs, parking, one taxpayer.
- Locally, there is lots to do on hard cost.
- Pre-zoned capacity is an issue.
- Focus on hard costs.

**Renee:**

- Focus on innovation, get behind market solutions; support Airbnbs.

**Joe:**

- Work with not for profits (NFPs), churches, families locally with tremendous wealth, for some, it is time to transfer wealth to housing societies.
- Tax incentives sweeten the deal.
- Attainable housing is the goal.
- Remove profit motive.

**Brendon:**

- Yes, build in God's backyard.

- Prefab, educating all to build/accept.
- Trades, incentivizing, integrated design, work with Fortis. More education and advocacy needed.

**Kendra.**

- So many great ideas. What are the next steps?

**Derek:**

- Kelowna Chamber can pull suggestions together for advocacy; discuss how to pull together.
- Pick top 2 or 3 issues.
- Discuss further at Nov. 21 Policy Development Forum.

**Dan:**

- Put DCCs at lot level, not door level.
- Mandatory training for designers and officials (STEP, fourplexes).
- Building officials: needs to be mandatory training for inspectors.
- Financers: my units I build go to my kids, what grants are available? Work with BCFSA
- Collaboration: between groups very important: SICA, KCC, CHBA.
- Request for Chamber to continue to convene twice a year.

**Advocacy Suggestions from Roundtable**

Potential to advance 2-3

Discuss some/all in more depth at Policy Development Roundtable Nov. 21, 2024

1. Chamber could advocate for cutting land millage and increase improvements taxes. Use Infill properties rates.
2. Raise property taxes to pay for growth-related infrastructure
3. Support Not for Profit housing initiatives
4. DCCs: change to door level from building level
5. Amend housing legislation to fit communities not government one-size-fits-all mandate
6. Expand GST abatement to 0% on housing, components
7. Abate PST on housing, components.
8. Advocate for government buy back of over production of prefab for use throughout province
9. Mandatory training for designers and officials (e.g., STEP, fourplexes)