
Metro Vancouver Purpose-Built Rental Housing Inventory and Risk Analysis

Profile for the District of West Vancouver

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Prepared for:
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1.0 Introduction

1.1 Scope

Metro Vancouver is compiling an inventory of purpose-built rental housing in the region and evaluating the degree to which the rental housing in the region is at risk of demolition and redevelopment to alternative uses such as strata-titled housing. Metro Vancouver retained Coriolis Consulting Corp. to:

1. Help produce a comprehensive data base of purpose-built market rental housing stock in Metro Vancouver which can be used to quantify and describe the total existing rental stock by location, age, size of building, zoning, and other characteristics so that Metro Vancouver has a strong understanding of the size and nature of the existing rental inventory.
2. Analyze and evaluate the risk of demolition and redevelopment to strata residential of the existing buildings that make up the purpose-built rental stock, in the absence of policies (existing or potential new policies) designed to limit demolition.
3. Suggest strategies and policies which could reduce the risk of redevelopment of the purpose-built rental housing stock.
4. Prepare profiles summarizing the work for individual municipalities.

1.2 Documentation

The detailed regional inventory and risk analysis is documented in two reports:

1. A main report entitled "Metro Vancouver Purpose-Built Rental Housing: Inventory and Risk Analysis", which summarizes the rental inventory, the results of our risk analysis and the policies that could be considered to lower the risk of redevelopment of the rental stock.
2. A separate technical report entitled "Metro Vancouver Purpose-Built Rental Housing: Detailed Risk Analysis", which documents the approach, analysis and conclusions of the risk analysis.

In addition to these two reports, there are profiles for individual municipalities. The municipal profiles are divided into two categories:

1. There are profiles with detailed risk assessments for the six municipalities that were the focus of the risk analysis completed as part of the study:
 - The City of New Westminster.
 - The City of North Vancouver.
 - The District of North Vancouver.
 - The City of Richmond.
 - The City of Surrey.
 - The District of West Vancouver.
2. There are profiles with a high level risk assessment for the other municipalities (with purpose built rental housing stock) in Metro Vancouver:
 - The City of Burnaby.
 - The City of Coquitlam.
 - The Corporation of Delta.
 - The City of Langley

- The Township of Langley
- The District of Maple Ridge.
- The City of Port Coquitlam.
- The City of Port Moody.
- The City of White Rock.

1.3 Study Area

Metro Vancouver commissioned this study for the whole region, excluding the City of Vancouver because the City of Vancouver had recently completed a detailed inventory and analysis of its own. Although the Metro Vancouver work excluded the City of Vancouver, some of the inventory tables in the comprehensive report include the City of Vancouver inventory data to provide regional rental inventory totals.

1.4 Types of Housing in Data Base

Metro Vancouver's rental housing data base includes the purpose-built rental housing units in all rental housing buildings in Metro Vancouver (outside the City of Vancouver as noted in Section 1.3), except for the following types of properties:

1. Properties constructed after 1980 (these were excluded by Metro Vancouver on the basis that newer buildings are not likely to be at risk of redevelopment and very little purpose-built rental housing has been built since 1980).
2. Rental properties with 3 or less units.
3. Basement suites.
4. Rental units in strata properties and rental units in properties that have forms of multiple unit ownership that preceded BC's condominium legislation (e.g., market co-op buildings).
5. Non market housing, special needs housing, care homes, and tourist accommodation.

1.5 Sources of Data

The data in the Metro Vancouver rental housing data base comes from four sources:

1. BC Assessment (provided to Metro Vancouver), which provided information about address, location, site size, number of residential units, year built, number of floors, commercial floorspace (for mixed use buildings), property descriptions (actual use and manual class codes and descriptions), and assessed value information for rental properties.
2. Metro Vancouver, which provided information about zoning, OCP designations, number of rental units (plus notes about the property and some other characteristics) for rental properties in the region.
3. Individual municipalities, which provided information about permitted density under existing zoning and OCP designations, existing floorspace, number of rental units (plus notes about the property and some other characteristics) for rental properties in the municipality plus updated/corrected information when more accurate data was available.
4. Coriolis Consulting, which filled in missing information (where available) needed (such as existing floorspace, permitted achievable floorspace) to complete the risk analysis in this study.

1.6 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to Metro Vancouver, the District of West Vancouver, or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

2.0 Summary of Existing Purpose Built Rental Housing Inventory in the District of West Vancouver

2.1 Total Inventory

Exhibit 1 shows the distribution of rental housing stock in the region by municipality.

Exhibit 1: Distribution of Existing Rental Housing Stock by Location

Municipality	Number of Properties	Share of Metro Vancouver	Number of Units	Share of Metro Vancouver
Burnaby	363	5.7%	11,214	9.8%
Coquitlam	59	0.9%	3,207	2.8%
Delta	61	1.0%	1,479	1.3%
Langley (City)	37	0.6%	1,546	1.3%
Langley (Township)	21	0.3%	211	0.2%
Maple Ridge	42	0.7%	1,054	0.9%
New Westminister	348	5.5%	9,235	8.0%
North Vancouver (City)	230	3.6%	6,830	6.0%
North Vancouver (District)	41	0.6%	1,206	1.1%
Port Coquitlam	14	0.2%	260	0.2%
Port Moody	11	0.2%	409	0.4%
Richmond	27	0.4%	2,259	2.0%
Surrey	89	1.4%	5,347	4.7%
West Vancouver ¹	35	0.6%	1,864	1.6%
White Rock	52	0.8%	1,244	1.1%
UEL	15	0.2%	398	0.3%
Total (Excluding the City of Vancouver)	1,445	22.8%	47,763	41.6%
City of Vancouver ²	4,902	77.2%	66,966	58.4%
Total (All Metro Vancouver)	6,347	100.0%	114,729	100.0%

As shown in the exhibit, there are 35 rental buildings in the District of West Vancouver containing a total of about 1,864 units. This is equivalent to about 1.6% of all of the purpose-built rental units in the region.

¹ The West Vancouver inventory excludes units located on Squamish Nation lands at Park Royal.

² The City of Vancouver data includes properties with 3 units and properties built since 1980 while the data for the other municipalities does not.

2.2 Inventory by Building Height

Woodframe buildings likely have a shorter lifespan than concrete buildings. The database does not provide information about the construction material for each property. However, it does provide information about building height (number of storeys). Therefore to gauge the share of rental housing that is likely woodframe construction, we identified the buildings that are 4-storeys or less (assumed to be woodframe). Exhibit 2 summarizes the rental stock by building height in the District of West Vancouver. As shown in the exhibit:

- About 8% of West Vancouver's rental units are at buildings that are 4-storeys or less (likely woodframe), with 92% in buildings that 5-storeys or more (likely concrete). Older woodframe rental buildings may be at a greater risk of demolition than newer woodframe buildings and concrete buildings. However, a low share of West Vancouver's inventory is in woodframe buildings.
- Rental properties that are 4-storeys or less in the District of West Vancouver account for less than 1% of the entire regional rental inventory of units.

Exhibit 2: District of West Vancouver Rental Housing Inventory by Building Height

	All Properties		4 Storeys or Less		5 Storeys or More	
	Number of Properties	Number of Units	Number of Properties	Number of Units	Number of Properties	Number of Units
West Vancouver Properties/Units	35	1,864	5	158	30	1,706
Share of West Vancouver Total	100%	100%	14%	8%	86%	92%
Total Metro Vancouver	6,347	114,729	5,882	77,495	465	37,234

2.3 Inventory by Age

Exhibits 3a and 3b show the inventory of West Vancouver rental buildings by year built.

Exhibit 3a shows that 62% of the District's inventory of units was built before 1970, making these units more than 40 years old.

Exhibit 3a: District of West Vancouver Rental Housing Inventory by Age of Construction

	Number of Properties	Share of Properties	Number of Units	Share of Units
1949 or older	1	3%	12	0%
1950 to 1959	1	3%	4	0%
1960 to 1969	27	77%	1,149	62%
1970 to 1979	6	17%	699	38%
Total	35	100%	1,864	100%

Exhibit 3b shows the age of the rental stock for buildings that are 4-storeys or less (which is an indicator of woodframe construction). This exhibit illustrates that about 24% of the District's lowrise rental units (likely woodframe) were built before 1970 (this is equivalent to 2% of the District's total inventory), making these units about 40 years old or more. There are examples of 40 to 50 year old woodframe rental buildings in the region which have been demolished.

A relatively low share of the woodframe rental properties in the District of West Vancouver have reached an age where they have a higher likelihood of being candidates for redevelopment.

Exhibit 3b: District of West Vancouver Rental Housing Inventory by Age of Construction - 4 Storeys or Less

	Number of Properties	Share of Properties	Number of Units	Share of Units
1949 or older	1	20%	12	7%
1950 to 1959	1	20%	4	3%
1960 to 1969	2	40%	22	14%
1970 to 1979	1	20%	120	76%
Total	5	100%	158	100%

3.0 Rental Housing Development and Demolition Trends

We reviewed available indicators of the trend in purpose-built rental housing demolitions and construction in the District of West Vancouver between 2001 and 2010:

1. According to CMHC data³, the total stock of rental housing in the District of West Vancouver increased by about 10 units between late 2000 and late 2010.
2. According to Metro Vancouver⁴, about 16 apartment units were demolished in West Vancouver between 2001 and 2010. The data does not indicate whether these were rental units or strata units so this may overstate the number of rental apartment units that were demolished.
3. According to CMHC data⁵, about 62 new rental units (row and apartment buildings) were completed in the District of West Vancouver between 2001 and 2010. These figures include senior's rental housing and non-market rental housing so the number of purpose-built market rental units that were built is lower.

Overall, this information suggests that the inventory of purpose-built rental units in the District of West Vancouver has remained relatively stable over the past decade or so.

³ CMHC Rental Market Report Vancouver 2000 plus CMHC Rental Market Report Vancouver and Abbotsford CMAs Fall 2010.

⁴ "Metro Vancouver Housing Data Book", April 2011, 2.5.

⁵ Data provided by Metro Vancouver based on December CMHC "Housing Now" publications and a custom order by Metro Vancouver.

4.0 Existing Policies to Manage Loss of Existing Rental Housing

Metro Vancouver provided us with information about policies and tools that municipalities in the region currently use to manage the loss of existing purpose-built market rental housing. Based on this information, the District of West Vancouver uses one tool to help protect the existing privately owned rental stock. Strata conversions of existing rental properties with more than 4 units are not permitted.

West Vancouver also has policies that help encourage the creation of new rental housing.

5.0 Assessment of Risk to Existing Rental Stock

An existing rental property is at risk of demolition and redevelopment if its market value as an income producing investment property is less than (or equal to) its value as a redevelopment site (land value).

In order to sort the data base of existing rental properties into properties that are currently at risk of redevelopment and those that are not, we needed to identify the characteristics of a rental property that are strong indicators of whether or not a property is financially attractive for redevelopment to strata development (or an alternative permitted use). Therefore, we completed detailed analysis to identify the characteristics of a property (such as age, location, structure type, existing built density) that are good indicators of whether a property is financially attractive for redevelopment, focusing on characteristics that are included in the rental housing data base.

We found that the ratio of existing floorspace to permitted floorspace is the best indicator of whether a property is financially attractive for redevelopment. Therefore, we used this criterion to identify properties that are at risk of redevelopment (in the absence of policies to protect the existing rental stock) in the District of West Vancouver.

5.1.1 Evaluation of Properties Currently At Risk of Redevelopment

Exhibit 4 summarizes the number of rental properties and units identified as currently being at risk of redevelopment (under existing OCP and zoning, but in the absence of policies to protect the stock).

As shown in the exhibit, we estimate that there are currently 4 existing rental properties that include a total of 309 existing rental units which are at either moderate or high risk of redevelopment in the absence of any municipal policies to protect the existing rental stock. This is equivalent to 17% of all existing rental units in West Vancouver. Almost all of the units at risk of redevelopment are located at waterfront rental buildings.

Exhibit 4: District of West Vancouver - Number of Existing Rental Properties at Risk of Redevelopment

	Properties	Units	Share of Units
Total West Vancouver Inventory	36	1864	100%
High Risk	4	309	17%
Moderate Risk	0	0	0%
Subtotal of Moderate and High Risk	4	309	17%
Low Risk	32	1555	83%

5.1.2 Projection of Properties at Risk of Redevelopment in Longer Term

The share of the existing rental stock that is at risk of redevelopment will likely increase over time because:

1. Land values supported by strata residential development will likely increase at a faster rate than rent rates.
2. The existing stock of apartment buildings (many of which are woodframe buildings that were built more than 40 years ago) will continue to age and may become more attractive for redevelopment if not maintained.

Based on extending past trends in the escalation of new strata unit prices in the region, construction costs and rental building values, we estimated the number of properties and number of existing rental units that will be redevelopment candidates in 10 years (in the absence of policies to protect the rental stock). Exhibit 5 summarizes the results.

Exhibit 5: 10 Year Projection - District of West Vancouver - Existing Rental Properties at Risk of Redevelopment

	Properties	Units	Share of Units
Total West Vancouver Inventory	36	1864	100%
High Risk	5	359	19%
Moderate Risk	2	49	3%
Subtotal of Moderate and High Risk	7	408	22%
Low Risk	29	1456	78%

Based on our projections, we estimate that the number of units at existing rental buildings in West Vancouver that are redevelopment candidates will increase from about 309 in 2011 to about 408 in 2021 (or from 17% of the existing inventory to about 22%).

5.1.3 Summary

Our analysis for West Vancouver can be summarized as follows:

1. There are about 1864 rental units at 36 properties in West Vancouver.
2. About 309 of these units are at properties that we identified as being currently at risk of redevelopment, or about 17% of the total rental stock. This excludes any existing rental buildings that are at risk of redevelopment due to the poor physical condition of the building.
3. Based on historic trends in strata unit prices, construction costs and rental building values, this could increase to about 408 units (or about 22% of the rental stock) by about 2021. This excludes any existing rental buildings that are at risk of redevelopment due to the poor physical condition of the building.
4. Land values for development sites in West Vancouver are high, which creates redevelopment pressure on the existing rental housing stock. However, existing rental buildings are generally built to high existing densities relative to permitted density which makes the existing buildings valuable and redevelopment less attractive.
5. The properties identified as being at risk of redevelopment in West Vancouver can be divided into two categories:
 - Waterfront rental buildings. These buildings are at risk because the value of waterfront development sites in West Vancouver is very high. Therefore, the land value exceeds the value of the potential income stream from these rental buildings.
 - Rental buildings that are under-utilizing the permitted density. Over time, these types of properties will be increasingly at risk if land values for development sites increase at a faster rate than rental building values (which has been the historic trend).
6. Although we identified a significant share of rental buildings as being at risk of redevelopment (in financial terms), most of these buildings are probably not at risk of demolition until the existing owners choose to sell to a developer. This could take many years as rental owners are typically interested in holding their rental building for the long term.

The main comprehensive report identifies and evaluates policy options and strategies that could be considered by municipalities that are interested in lowering the risk of demolition of the existing purpose-built rental housing stock. The preferred set of policies and strategies will vary from municipality to municipality depending on the share of the rental stock that appears to be at risk and the main factors that are creating the risk.