

Land costs threaten to push up prices

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CITY VISION | Developers

ponder how to keep housing affordable when land prices are soaring



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Land, land everywhere, but not a square foot to develop. That's almost the lament of home builders and commercial developers today as an emerging land crunch in the Lower Mainland is beginning to keep many real estate professionals awake at night, wondering how they are going to build affordable housing.

Land prices, which remained fairly constant during the last downturn in housing markets, are now skyrocketing, with land owners' expectations pushing the envelope of reality.

When these soaring land costs are factored in as the largest cost component in the price of housing, the proforma doesn't work.

Simply put, land prices are beginning to push housing costs beyond the price point of many consumers.

Concert Properties C.E.O. David Podmore said it best at the recent 20th annual forecast luncheon of the Urban Development Institute.

"We are finding it virtually impossible to find land at sensible prices that are workable, even when measured against the current inflated sales volumes."

While supply and demand should regulate land prices, the fact is that demand for new housing is driven by many external factors. They include international immigration influenced by world affairs, job creation, the demographics of aging and other forces.

Greater Vancouver Regional District statistics forecast population in the region will grow by more than 475,000 people over the next decade.

Housing this new growth means supplying 213,000 new homes, or more than 21,000 new homes per year. Annual housing starts topped 25,000 last year

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and 27,000 predicted for this year.

Steady demand for new homes in the Greater Vancouver area during the last 30 years pushed average annual housing starts to the 30,000-plus mark. Finding land to build 30,000 new homes on in the next few years may become next to impossible.

It's not that we don't have an abundance of open space in the Lower Mainland. While densities have increased in recent years, especially in Vancouver's inner-city, our metropolitan region is still relatively sparsely populated. There's considerable open space in the region in the form of expansive farmland in the Fraser delta and lower Fraser Valley. There's also an abundance of forested mountainside land skirting the entire region.

However, we have made some conscious planning decisions, many of them with great foresight and wisdom, to limit sprawl, protect our valuable agricultural lands and preserve our precious natural eco-systems.

With external factors driving continued population growth and developable land in limited supply, land owners can continue to hold out for higher prices.

What's the solution? Better utilization of developable land.

We need to use every square foot of developable land available and we need to be more resourceful and more creative in land use. Higher density development is one way of achieving this. Another is making use of land that might have traditionally been set aside for one use but is capable of accommodating alternate or multiple uses.

For example, under-utilized land owned by churches can be re-devel-

oped for housing, like the First Memorial Church project a few years ago at Burrard and 16th in Vancouver or the Blundell United Church project in Richmond where a new seniors' residence was built in conjunction with a new church.

We need to look at creatively developing the last few remaining large tracts of land outside the agricultural land reserve, where sustainable development practices can be deployed to protect those things the community most values, but where development can be integrated with existing communities.

More than 20 years ago, a 500-acre plus tract of land in the middle of the developed Tsawwassen peninsula was removed from the Agricultural Land Reserve to relieve the shortage of developable land for housing in Greater Vancouver. It sits vacant to this day as an isolated open space in the middle of a suburban community.

Mountainsides on the north shore and in the northeast sector of the region are also logical places for more intensive development. Hopefully, revised streamside setback regulations will open up new avenues for more thoughtfully planned development in these areas.

Finding land to accommodate growth in our region is going to take some creative planning and sensitive development.

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