

HOME-TRUTHS – A TALE OF TWO CITIES: “HAVES” VS “HAVE-NOTS”

Salient Features of the Housing Crisis in Victoria

Victoria is facing a housing crisis, a growing competition between home-owners, tenants, hoteliers and home-sharing operators for the use of space for short-term, long-term and permanent accommodation.

This dilemma is captured in the words of Todd Litman, a smart-growth consultant in Victoria: “**...we have no laws requiring a home for every person, we do have laws requiring one for every vehicle...**”

When housing is transformed into a speculative commodity rather than a vital means of shelter for everyone, a growing divide appears between those who possess property and those who do not.

Yann Martel, Canadian author describes his homeland as “**the greatest hotel on earth, it welcomes people from everywhere.**” But, what happens when tourist-destinations like Victoria offer only premium-priced pieds-a-terre for tourists and affluent seasonal home-owners, while seniors, working people and students have nowhere to live in this city?

A Snapshot of Victoria’s Housing Crisis:

- *Wealth & Housing Supply:* CRD Housing Gap Analysis reveals more than 60% of housing in CRD is built for less than 25% of households (high-income). Average home in Victoria costs 6.9 times more than median household income (2016 Demographia International Housing Affordability Survey).
- *Vacant Homes:* 2016 Census reveals 8,831 empty homes in Greater Victoria—39% (3,450 dwelling units) located in Victoria—seven percent of the City’s total housing stock (49,212 units). 55% unoccupied units located in Downtown (14.6% vacant), James Bay (8.3% vacant) & VicWest (7% vacant)—all are gentrifying neighbourhoods undergoing major condo development.
- *High-Density New Housing Development:* Growth is focused in urban core and surrounding neighbourhoods. More than ½ new condos built are in Victoria. 25% of the city’s condo pool (3,175 units) are now rentals, up 2% over last year – CMHC Market Fall 2016 Rental Market Report.
- *Chronically Low Vacancy Rate for Rental Accommodation:* Critical shortage of affordable rental accommodation for 59% of Victoria’s households – this in a City with less than .5% vacancy rate and average 2016 rent increases of almost 6% in City; and more than 7.5% in James Bay. Approximately ¼ of all tenants (6,000 plus households) now spend more than 50% of the monthly income on shelter and utility costs—2011 National Household Survey.

- *Loss of Rental Housing Stock:* Increasing demolition of older rental properties (primarily low-rise wood-frame apt. buildings – 51% of apt. rental stock). Increasing ‘renovictions’ (James Bay, Cook Street Village, Douglas), and growing displacement of 1,000 long-term tenants (2011 Census reports almost 49% of Victoria’s households live alone – seniors, students, workers). Few provisions for displaced tenants, most face rent hikes of \$500 plus a month on refurbished units (not seismically upgraded). Shortage of housing for students only 20% can be accommodated on UVic campus, and more unregulated secondary suites being used as higher revenue STVRs than long-term rentals.
- *Growing Core Unhoused Population:* (1,500+) in Victoria. B.C. Housing reports 5,157 subsidized housing units: shelters, assisted/supportive/low-income housing, and SHELTER subsidies for market rental units – representing 10.4% of City’s total housing stock. City of Victoria transfers portion of its Housing Reserve Fund to CRD to relocate and rehouse low-income or homeless outside City.
- *Growing Shortage of Workforce Housing in Victoria:* Tourism, Hospitality Services industry (2nd largest revenue generating sector) experiences difficulty recruiting and retaining employees in unaffordable, inaccessible, and unavailable rental accommodation in City. Commuting time and travel costs increase for modest-wage workers leaving less disposable income for working families.
- *Growing Impact of Short-Term Rentals on Victoria’s Housing Market:* 1 Airbnb listing in 2008; 1,695 in CRD (Aug. 2016); 955 in Victoria (Dec. 2016). More than 75% are for entire units. 40% Airbnb operators have multiple listings representing 70% of Airbnb revenue. Majority of STVR units rented 10 months a year. Average Victoria STVR nightly rental - \$118. Average nightly rental for long-term rental (LTR) - \$33. Comparison of Airbnb nightly rates: Vancouver Downtown - \$157, Victoria Downtown - \$127, James Bay - \$147 (second highest nightly rate of Airbnb units in both cities).
- *Estimated Potential Size of STR Market in Victoria:* 3,195 rental condo units, and 2,251 secondary suites (self-contained or granny suites in single-family dwellings). Total = 5,446 units or 20% of City’s 27,000 rental units. Airbnb units (963) estimated to represent 17.7% of this rental housing pool.

Note: The majority of apartment owners do not rent suites on short-term basis. However, there may be a shift from LTRs to STRs in refurbished multi-storey towers whose commercial owners see an opportunity to increase revenue. New “fast-tracked” purpose-built rentals such as Concert Property’s “Tapestry” in James Bay and Townline Properties downtown are now allocating a larger portion of units available on STR basis than LTR.

- *Impact of STRs on Rental Households:* **In December 2016, Airbnb units (938) in Victoria exceeded the available rental units (723) posted for Greater Victoria on Cragislist.** The Downtown and James Bay area represented 63% of the Cragislist total portfolio. There were 149 Airbnb listings in James Bay but only 49 rental units available for local residents. In Downtown Victoria, there were 134 Airbnb listings but only 120 long-term rental listings. (“Home Truths...” paper, p. 34).

- *Impact of Short-Term Rentals on the Hotel and Hospitality Industry:* There are approximately 30 hotels with 3,200 hotel rooms in Downtown/Inner Harbour area plus 30 licensed bed-and-breakfasts with a current annual occupancy rate of more than 72%. There are also a growing number of hotel conversions to condo development including: Q Apartments (formerly Queen Victoria), Tapestry (former Douglas/Belleville motel), Admiral Inn, and Harbour Towers – all in James Bay.

STVRs such as Airbnb offer “alternative hotel accommodation” to tourists, representing 30% of the equivalent hotel capacity. These online accommodation platforms market suites operated by home-owners or commercial property managers, and real estate developers to provide unlicensed, unregulated, and untaxed accommodation units, primarily for the lucrative vacation traveler market.

Many condo owners are seeing their residential properties turned into “de facto hotels” with all the attendant negative impacts on their quality of life, including increasing noise levels, congestion, increased refuse the recycling costs as well as growing number of security and liability issues.

Summary and Conclusions:

1. Citizens recognize that housing first and foremost exists to provide shelter and not for use as a speculative commodity to generate profit at expense of others.
2. Citizens support the fair and equitable interests of home-owners, renters, workers, students, families and employers (like the licensed and regulated tourism industry) who seek affordable housing options for all local residents.
3. Citizens support affordable, inclusive, and diverse neighbourhoods with a broad selection of commercial, non-profit, and public services together with a wide range of housing options and tenures for local residents.
4. Citizens call upon Council to prohibit short-term vacation rental properties (used as untaxed, unregulated alternative hotel accommodation) in all neighbourhoods throughout the City of Victoria.

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