

Burnaby pushes forward with ambitious rental housing goals

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Grosvenor's planned development in Burnaby's Brentwood town centre will have six towers southeast of the Brentwood SkyTrain station. GROSVENOR GROUP

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Word has spread about Burnaby, B.C.'s highly ambitious plan to build thousands of new rental housing units with a chunk of them designated as affordable – but it's slow going, cautions Mayor Mike Hurley.

And not everybody can do what Burnaby is doing, he adds. Within Burnaby there are four neighbourhoods that each have their own town centres – Metrotown, Brentwood, Lougheed and Edmonds – which the city long ago zoned for high-density development, a huge advantage, Mr. Hurley says. The city is committed to keeping the town centres as compact as possible, which adds to the building height. Brentwood alone, once built out, will have a population of around 40,000 residents.

“We are getting calls from all over North America to see how we are doing, and what we are doing, so it's getting some attention, and I think it could be a model for some,” Mr.

Hurley says. “But it won’t work for all, because we have our four town centres that are committed to density. That could be a challenge for some.”

Only five years ago Burnaby was making headlines of a different kind, for rampant evictions in Metrotown, where low-rise, affordable transit-oriented rental housing was being demolished to make way for condos. It isn’t an easy ship to turn around, and bringing new rental housing to the market will take several years. But today, as a result of several new policies, the city has more than 10,000 rental units in the pipeline, the bulk of them at below-market rates. The city mandated inclusionary zoning for all new housing projects over six units, and the zoning requires that 20 per cent of the units are affordable. It has also approved city-owned land for a non-market housing program, dependent on funding from other levels of government. The city will be reviewing their policies this spring and will make adjustments if necessary.

Inclusionary zoning, which can be unpopular with developers wherever it’s introduced, has generally been met favourably, Mr. Hurley said.

“Everyone knows the rules now, and it seems to be going okay,” he said. “I feel like we are getting there but there is so much to do, and we were so far behind. But I think we have really developed something that will work very well into the future and stand the test of time. I’m proud of what we’ve done, but it always takes a lot longer than you really want it to. You can’t build housing overnight.”

Part of the problem, he said, is the lack of funding from other levels of government for the social housing the city wants to build on designated city-owned land. That program is moving far too slowly, he said.

“The only way that type of rental can be met is with the help of other levels of government. They have to step up to the plate, and I think they are missing the mark,” said Mr. Hurley, referring to a lack of provincial and federal funding.

“I feel that when we are putting up the land, it should be low-hanging fruit for other levels of government, if they are really serious about building the housing they keep talking about.”

They’ve gained more traction with their inclusionary zoning policy, which has brought a major developer to the table with a master plan that includes the tallest rental tower in Western Canada.

Mr. Hurley said their plan, which is under review, meets the city’s targets for a walkable, contained, 15-minute community.

Grosvenor – a 340-year-old British development company privately owned by Hugh Grosvenor, 7th Duke of Westminster, and family – is moving into the rental market in a big way with a master plan that includes a six-tower proposal southeast of Brentwood SkyTrain station on Lougheed Highway in Brentwood town centre. It includes about 2,000 market-rate rental units and 450 below-market units, as well as 900 condo units and a new \$140-million community centre. The 7.9-acre site will be car-free, with cars entering underground off side streets, with plazas and shops. If approved, the project would be completed in 2027 or 2028, and it’s too early to say what the rents would be. The city has

approved the project going forward to public consultation. Open houses will be held this month, followed by a public hearing in late April.

The project meets the city's 20-per-cent inclusionary zoning policy, and the market-rate units and below-rate units will be indistinguishable from each other, says Marc Josephson, senior vice-president, development. In other words, there will be no "poor door" as it's called, or division.

They purchased two commercial properties, home-to-office buildings and a car dealership, in 2016 and then 2019, while the city's policy was being developed. To the north there are residential towers more than 50-storeys high, so their proposed 60-plus-storey rental tower likely won't spark controversy.

Mr. Josephson said it is currently the company's biggest project in North America. They had wanted to build a major rental project for years, but only recently has it become viable.

"We built purpose-built rental across our business in other cities like D.C., San Francisco and London, and other parts of the world, so we are quite familiar with it at a broad level. But locally ... to build rental at a large scale has been really challenging.



The 7.9-acre site in Burnaby's Brentwood town centre includes about 2,000 market rate rental units and 450 below-market units, as well as 900 condo units and a new \$140-million community centre. GROSVENOR GROUP

“When you are trying to make a financial decision about proceeding with a project, rental housing typically doesn't pencil. It's too expensive to deliver, and historically in Vancouver the highest and best use for residential has always been residential condo, and it is still more valuable. But the thing about rental is it requires municipalities and other forms of government to encourage it.

“The costs have simply been too high relative to the returns, and the returns were insufficient. What's changing now is the environment where rental housing is priced into the land. The land prices are, I would say, becoming reflective of housing policies that expect rental housing.”

Victoria developer Luke Mari says there's a lot of buzz around Burnaby's unfolding rental, but inclusionary zoning only works when a developer can build enough density to make the project viable. He echoes Mr. Josephson's position that municipal clarity around what is allowed is necessary in order to deliver affordable units.

After years of study, Victoria introduced inclusionary zoning in 2019 for new developments that requires 20 per cent of units to be affordable in buildings with at least 60 units. Affordability must be maintained for 60 years or the life of the building.

Mr. Mari, an urban planner and millennial who co-founded a company with other millennials, said the policy isn't working because of increased costs. Inclusionary zoning can have mixed results, he says.

“Housing costs have accelerated 150 to 200 per cent maybe. Land costs have gone up, construction costs have gone up, but density has stayed the same. So we are being asked to do more with less,” Mr. Mari said.

“I hear Burnaby cited so often here in town as the model of anti-displacement and inclusionary zoning that we should be looking to, and yeah, there are lots of good lessons, but the level of density Burnaby is providing is immense, and they incentivize it. Here we have essentially a penalization system, where you must provide X and then we might give you approvals.

“In Burnaby they're saying, ‘we're going to give you a whole bunch of extra floor area if you do what we're asking you to do.’”

“You essentially want your inclusionary zoning policy to be the biggest percentage it can be before projects are no longer viable.”

In European cities, he says affordable housing programs work because of significant densities, certainty of process and citywide land availability. He'd like to see single-family areas opened up to more density, and more certainty for developers. If that land were to open up, he believes older rental buildings – a valuable source of affordable housing – would be protected from redevelopment.

Mr. Mari's company Aryze's business model is geared towards building affordable communities as well as market-rate housing. Last year they built a shipping container development for homeless people and they will be developing a women's transition house with a non-profit housing provider. They completed two purpose-built rentals and they have about a dozen others on the way in various stages. The company just completed a 64-unit rental building called Ross Terrace, where none of the units exceed 30 per cent of tenant incomes, and 12 of the units are 25 per cent below market. City council approved extra density and BC Housing provided a construction loan.

"We built this five-storey building in 11 months during COVID, because we have in-house construction, and we saved \$300,000 in interest on our loan. And instead of pocketing it, we gave it back to the community by proposing to build an amazing park next door," Mr. Mari said.

They also managed to lower some of the rents below what was required and still make the project profitable.

"I know this is hard to believe, but three of us own the company, and we're all millennials with a shit ton of kids, and we have values. We got into this work because we thought we could have maximum impact in our city as change makers through development. Every developer says they're community focused, but if you look at our track record, we are more than walking the talk.

"Most of our rental projects have affordable housing as a voluntary measure. Sometimes we can't do it. Sometimes we can. ... I'm not going to lie to you and say we don't also build really expensive housing, because we do. But we build in every segment of the housing continuum. We do a ton of partnership with non-profits, and we do full market projects where we are selling \$2-million townhouses, yeah, because there is somebody who can afford a \$2-million townhouse."



A view of the just-completed 64-unit rental building called Ross Terrace by Aryze. JAMES JONES PHOTOGRAPHY

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