
To: Regional Planning Committee

From: Raymond Kan, Senior Regional Planner, Parks, Planning and Environment
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Date: August 22, 2016 Meeting Date: September 9, 2016

Subject: **Progress Update on the Metro Vancouver Mixed Income Transit-Oriented Rental Housing Study – Transit Ridership Effects**

RECOMMENDATION

That the GVRD Board communicate the transit ridership findings from the *Metro Vancouver Mixed Income Transit-Oriented Rental Housing Study* to the following parties emphasizing the findings' relevance and timeliness to current and upcoming regional, provincial and federal housing and transportation decisions:

- *the Federal Minister of Infrastructure and Minister of Communities and Families, Children and Social Development;*
 - *the Provincial Minister of Finance, Minister of Transportation and Infrastructure, Minister of Community, Sport and Cultural Development and Responsible for TransLink, and Minister of Natural Gas Development and Responsible for Housing;*
 - *Mayors' Council on Regional Transportation and TransLink Board of Directors,*
 - *Member local governments, and*
 - *Other housing and transportation stakeholders in the Metro Vancouver region.*
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PURPOSE

This report presents the transit ridership findings from Metro Vancouver's *Mixed Income Transit-Oriented Rental Housing* study (MITORH).

BACKGROUND

At its meeting on July 15, 2016, the Regional Planning Committee received an information report on the purpose and scope of the work for the MITORH study (Reference 1). Staff committed to providing regular updates on the MITORH study to both the Regional Planning Committee and the Housing Committee.

MITORH STUDY

The purpose of the MITORH study is to advance knowledge about the context and tools that could assist in making **affordable rental housing projects** (affordable to renter households making less than \$50,000 annually) financially viable in transit-oriented locations.

The MITORH Study is part of a larger Regional Planning work program that emphasizes the integration of affordable housing with transit, resulting in studies such as the 2015 *Metro Vancouver Housing and Transportation Cost Burden Study*. The new *Regional Affordable Housing Strategy* adopted by the GVRD Board in May 2016 continues this emphasis with Goal 4 being to "Increase the Rental Housing Supply Along the Frequent Transit Network". The Goal 4 actions

include advancing research with housing and transportation partners on ways to encourage affordable rental housing in transit-oriented locations.

Encouraging mixed-income communities is an important aspect of creating complete and vibrant communities – one of the goals in *Metro Vancouver 2040: Shaping our Future (Metro 2040)*, the regional growth strategy. One important way to achieve mixed-income communities is to create new affordable rental housing. In today’s market conditions, however, multi-unit condominium housing projects make up the vast majority of new housing supply in transit-oriented locations. Looking ahead over the next 10 years, the annual housing demand in the region will be approximately 18,000 new units per year. Of this total, rental housing demand is estimated at 5,500 new units, of which about 3,500 new units will be needed for households making less than \$50,000 annually. The *Regional Affordable Housing Strategy* demonstrates that it has not been possible to achieve this level of new affordable rental supply in recent years due to lack of senior government funding. According to the 2011 National Household Survey, nearly 1 in 2 working renter households in the region – about 106,000 households – made less than \$50,000.¹

The Metro Vancouver Housing and Transportation Cost Burden Study (Reference 1) showed that tackling housing and transportation costs concurrently is a strategic approach for addressing the region’s affordability challenges. A stable workforce that can afford to live and travel regionally is critical to the economic prosperity of the region, the province, and the country.

Metro Vancouver has established a strategic partnership for the MITORH study. BC Housing, BC Non-Profit Housing Association, TransLink, and Vancity have joined the study as partners by providing in-kind and financial contributions. Staff has also been consulting with municipal staff through the Regional Planning Advisory Committee (RPAC), RPAC Housing Subcommittee, RPAC Social Issues Subcommittee, and the Regional Transportation Advisory Committee.

The major activities for MITORH are described below; all are underway. It is anticipated that the study will be completed in early 2017.

Activity	Scope/Research Questions
Activity 1: Review of Current and Innovative Practices in Canada, United States, and Europe	How are other metropolitan areas connecting affordable rental housing in transit-oriented locations? What are the opportunities and challenges for bringing some of these tools and ideas to the region?
Activity 2: Understanding Transit Ridership Effects	Can a transit ridership value proposition be established for affordable rental housing in transit-oriented locations?
Activity 3: Mapping Inventory of Public and Non-Profit Sites in Transit-Oriented Locations	What lands in transit-oriented locations are in public and non-profit ownership? What is the scope of these lands?
Activity 4: Evaluation of Tools to Deliver More Affordable Rental Housing Units in Transit-Oriented Locations	What is the financial viability gap for a prototypical affordable rental housing project? Can the financial gap be narrowed with existing and new tools?
Activity 5: Communication of Study Findings	How can the MITORH study findings be communicated to decision makers in a meaningful way?

¹ When non-working renter households are included, about 3 in 5 renter households (178,000 households) made less than \$50,000 (source: 2011 National Household Survey).

MITORH ACTIVITY 2: TRANSIT RIDERSHIP EFFECTS

The primary motivation for undertaking Activity 2 is to explore whether there is a quantifiable relationship between household income, housing tenure, and transit usage. As noted earlier, one enduring value of regional growth management is that a greater diversity of income is a desirable attribute of complete and vibrant communities. Should there exist evidence that mixed-income communities in transit-oriented locations can also lead to improved transit ridership, then affordable housing would no longer be just a housing issue, and transit would no longer be just a transportation issue. There would be an economic as well as social rationale for considering housing and transit concurrently and in an integrated manner.

Staff has made substantive progress on Activity 2. This work relies on data from the 2011 National Household Survey, which collected information on the journey to work trip for 1 out of 3 households in the region on a voluntary basis. Staff was able to corroborate the data patterns with those drawn from the mandatory 2006 Census long form survey. Workers are a major source of transit ridership.²

The key findings and implications are:

1. Compact areas with higher population near the Frequent Transit Network support higher transit ridership.

The data indicates that transit use in higher density areas is up to three times higher than in lower density areas. These higher density areas are also well-served by the Frequent Transit Network – a network of rapid transit and frequent bus corridors (see Attachment 1).

Implications: This finding should assure senior and local governments alike that providing new housing supply in compact areas near the Frequent Transit Network is beneficial for generating and sustaining higher levels of transit ridership. In turn, local governments can enhance the conversation with TransLink and senior governments about the opportunities for improving or expanding transit services to areas anticipated to accommodate higher amounts of population growth.

2. Accommodating renter households, in particular those making less than \$50,000 per year, in transit-oriented locations is not only key to developing diverse, vibrant, and complete communities, but it is also key to maximizing transit ridership and the value for money of transit and housing affordability investments.

The data indicates that transit usage rates for renters consistently exceed that for owners, even after controlling for density, household income, and location. As shown in Attachment 1, the variance between renters and owners, depending on density, ranges from 39 percent to 71 percent. In Attachment 2, the variance between renters and owners after controlling for household income is even more pronounced, ranging from 64 percent to 100 percent.

For renters specifically, transit usage rates generally rise as income declines, but transit usage rates remain generally flat for owners. Low (\$30,000-\$50,000) and very low (less than \$30,000) income renters have the highest transit usage rates. The big regions in Canada all exhibit similar

² According to TransLink's 2011 Regional Trip Diary Survey, 44 percent of transit trips made by Metro Vancouver residents were for work purposes (to work, from work, and during work). In comparison, 34 percent of auto driver and passenger trips were for work purposes. The 2011 Regional Trip Diary Survey did not ask for household tenure information, and therefore the trip diary was not used in Activity 2.

patterns. In Metro Vancouver, select rapid transit, B-Line, and frequent bus corridors exhibit patterns consistent with the regional pattern (Attachment 3).

The variance in transit usage between renters and owners can be attributed in part to renter households being relatively younger, and the fact that younger working adults under 35 years of age generally have higher rates of transit use for the journey to work (Attachment 4).³

Staff also undertook a conceptual analysis of growth and transit ridership at a corridor level using the transit trip rates for owners and renters. In a hypothetical transit corridor that is projected to accommodate 10,000 new households, a shift from a scenario with 100 percent owner households to a scenario where 60 percent of households are owners and 40 percent are renter households⁴ translates to an increase in annual transit commute trips in the corridor by 10-12 percent (amongst the scenarios tested). Further, if all the renter households were making under \$50,000, then annual transit commute trips could increase by an additional 11-14 percentage points (i.e., a 24 percent increase relative to the first scenario) (see Attachment 5). The scenario testing, while conceptual, points to a positive effect on transit ridership as tenure and income are diversified.

Implications: The findings make evident that the creation of affordable rental housing in transit-oriented locations will create a reliable base of transit customers for the regional transit system. Secondly, these transit customers will likely benefit from improved access to jobs, schools, and other destinations. Finally, these transit customers may benefit from a resultant reduced overall housing and transportation cost burden relative to their income levels.

Achieving these benefits relies on coordination between housing and transportation decisions. With new senior government funding commitments for both affordable housing and transit on the table, there are opportunities to advance housing and transit integration. It is essential that housing and transportation decisions are integrated in the course of implementing these funding commitments to maximize the value for money:

- The provincial government has committed \$355 million over five years for affordable housing projects through the Provincial Investment in Affordable Housing.
- The provincial government will present in September 2016 details of the new Housing Priority Initiatives Fund, which is seeded in part by provincial property transfer tax revenues.
- The provincial government has committed \$246 million for transit capital in the region.
- The federal government has committed \$2.3 billion nationally over two years for affordable housing initiatives across the country.
- The federal government is consulting on the preparation of a National Housing Strategy.
- The federal government has committed \$370 million for transit capital in the region as a first phase. Details on a second phase of federal infrastructure funding are expected to be announced in 2017.
- TransLink is matching the current round of federal and provincial contributions with a \$125 million regional transit capital investment.

³ Current relationships between age and mode choice could change over time (i.e., the rate of transit use by future older adults could increase). Future census and travel surveys can track the movement of these relationships.

⁴ For new apartment units constructed in the 2006-2011 period, 57 percent were occupied by owners and 43 percent by renters as of 2011. The owner/renter split is completely reversed when the entire apartment housing stock is considered – 44 percent of all apartment units were occupied by owners and 56% by renters in 2011.

ALTERNATIVES

1. That the GVRD Board communicate the transit ridership findings from the *Metro Vancouver Mixed Income Transit-Oriented Rental Housing Study* to the following parties emphasizing the findings' relevance and timeliness to current and upcoming regional, provincial and federal housing and transportation decisions:
 - *the Federal Minister of Infrastructure and Minister of Communities and Families, Children and Social Development;*
 - *the Provincial Minister of Finance, Minister of Transportation and Infrastructure, Minister of Community, Sport and Cultural Development and Responsible for TransLink, and Minister of Natural Gas Development and Responsible for Housing;*
 - *Mayors' Council on Regional Transportation and TransLink Board of Directors,*
 - *Member local governments, and*
 - *Other housing and transportation stakeholders in the Metro Vancouver region.*
2. That the Regional Planning Committee receive for information the report titled "Progress Update on the Metro Vancouver Mixed Income Transit-Oriented Rental Housing Study – Transit Ridership Effects" dated August 22, 2016.

FINANCIAL IMPLICATIONS

The 2016 GVRD Board approved Regional Planning budget identifies \$35,000 for the MITORH study. BC Housing has committed \$20,000. Vancity has committed \$15,000. The BC Non-Profit Housing Association was awarded a \$15,000 grant from the Real Estate Foundation of BC to undertake Activity 1. TransLink has committed up to \$10,000. No additional financial support is anticipated to be required to complete the study.

SUMMARY / CONCLUSION

This report presents the transit ridership findings from Metro Vancouver's *Mixed Income Transit-Oriented Rental Housing* study (MITORH). The transit ridership findings from the MITORH study indicate that focusing population growth in compact areas near the Frequent Transit Network will sustain higher rates of transit usage, and that increasing the diversity of income and tenure in transit-oriented locations will also translate to higher transit ridership and value for money of transit and housing affordability investments. For the latter, expanding the affordable rental housing supply will be one way to achieve a greater diversity of income and tenure.

The identification of the transit ridership value proposition is timely. The federal and provincial governments have committed hundreds of millions of dollars for public transit in the region. The region is also making its fair share contribution to public transit. The federal government has committed \$2.3 billion nationally over two years to affordable housing, and is consulting on the preparation of a National Housing Strategy. The provincial government has committed \$355 million over five years for affordable housing projects through the Provincial Investment in Affordable Housing program. The provincial government will also present a plan in September 2016 on how it intends to use provincial property transfer tax revenues to support housing affordability initiatives across the province.

By communicating the transit ridership findings from the MITORH study at this time, the affected parties and regional stakeholders will have access to new evidence to inform their dialogues and decisions about integrating affordable rental housing and transit, and maximizing transit ridership and the value for money of public investments. Staff recommends Alternative 1.

Attachments:

1. Transit Use for the Journey to Work by Population Density (2011)
2. Transit Use for the Journey to Work by Income in Canada's Big Metro Areas (2011, 2006)
3. Transit Use for the Journey to Work by Income in Select Transit Corridors (2011)
4. Key Differentiating Attributes Between Renters and Owners (2011)
5. Hypothetical Transit Corridor Growth and Transit Use Scenarios

References:

1. The Metro Vancouver Housing and Transportation Cost Burden Study
Available at: <http://www.metrovancouver.org/services/regional-planning/PlanningPublications/HousingAndTransportCostBurdenReport2015.pdf>
2. What Works: Municipal Measures for Sustaining and Expanding the Supply of Purpose-Built Rental Housing
Available at: <http://www.metrovancouver.org/services/regional-planning/PlanningPublications/RAHS-WhatWorksReport.PDF>