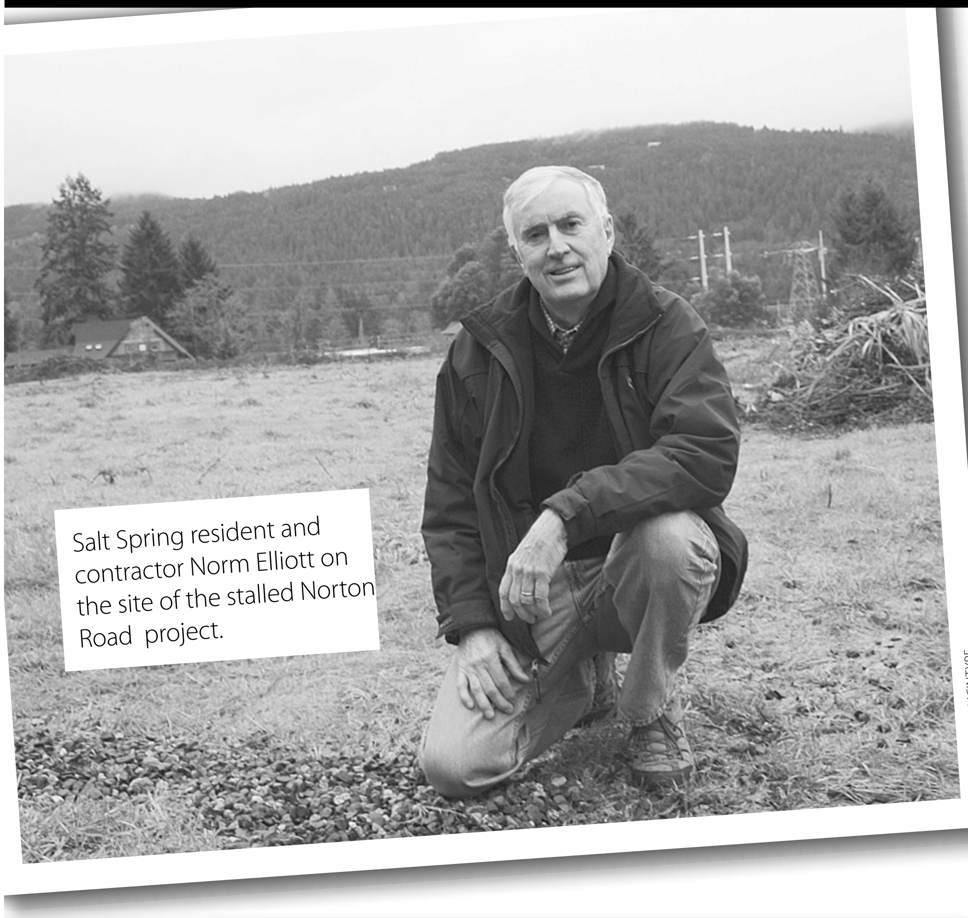
HOME OUT OF RANGE: AN AFFORDABLE HOUSING SERIES

» FOURTH IN A SERIES OF STORIES



Salt Spring resident and contractor Norm Elliott on the site of the stalled Norton Road project.

PHOTO BY SEAN MCINTYRE

Development dilemma stalls Norton Road housing project

Private sector housing project highlights public concerns

BY SEAN MCINTYRE
DRIFTWOOD STAFF

In the more than a half century he's spent as a contractor and self-made construction magnate, Norm Elliott has overseen plenty of massive projects across Western Canada.

His main contracting company, based out of Delta, completes anywhere between $60- and $100-million worth of projects in an average year.

Pick any sector of Canada's economy and odds are good that Elliott and his crews have built a building to contain it.

Forestry, sports and recreation, aviation, mining, trucking, oil and gas are the bread and butter of Elliott's Permasteel brand.

His latest projects include a major upgrade to the Vancouver International Airport for the 2010 Winter Games and completion of a massive new shipping terminal along the Fraser River.

In Elliott's world, putting up buildings as large as 80,000 or 100,000 square feet are just another day at the office.

But Elliott's passion for construction doesn't begin and end with the steel behemoths Permasteel has erected across B.C. and Alberta; he's also dotted the landscape with smaller industrial facilities, churches, extended-care facilities and modest residential projects.

In spite of his success in completing projects across such a wide spectrum of industries, however, it's one of the residential projects he proposed to build right here on Salt Spring Island that has proven the most irritating thorn in Elliott's career.

> **"It had a really warm and fuzzy feeling."**
>
> NORM ELLIOTT
> *Norton Road housing proponent*

Elliott proposed a 26-unit affordable housing project back in 2003 as a way to give back to the island.

"I'm a contractor and, being well off, I figured 'what could I do for the community?'" he said during a recent interview.

The goal was to give young island families a "Brinkworthy-like opportunity" to enter the housing market and get on with being constructive members of the community.

"The idea was starter homes between 1,050 and 1,250 square feet which would be two and three bedrooms," he said. "These would be small but functional slab-on-grade units."

Elliott and his team had organized financing through Islands Savings for units priced at roughly $225,000.

"It had a really warm and fuzzy feeling," he said.

Elliott had even satisfied any project's biggest concern: the neighbours. The seven-acre site of the proposed Norton Road project is pretty much in Elliott's front yard.

After investing nearly $285,000 in the Norton Road proposal, getting the rezoning application to third reading, the process stopped in late 2008.

According to Elliott, it all came down to a high-stakes battle over who would control the development.

"They wanted to control it," he said.

"They" refers to the Islands Trust, the island's land-use authority and the main source of Elliott's frustration for the multi-year struggle for the Norton Road project.

"With the travelling I do in Canada and the United States and with offices in two provinces, if you and I want to buy a lot and develop it and we go through in accordance with the bylaws and the National Building Code of Canada and signed and sealed drawings by LEEDS architects and our engineers, we get a permit. Period," he said. "There's a formula. It's like baking a cake — but here, no, they want their finger in the cake."

What Elliott perceived as a need for control, Islands Trust trustee George Ehring and former-trustee Peter Lamb perceived as a responsibility to preserve affordability.

Without adequate measures to preserve affordability, the ultimate non-monetary cost to rezone land and offer Elliott the opportunity to benefit from the sale of a 26-unit housing development was simply too high, trustees argued back in 2008.

"If you compute those numbers and it turns out that no teacher, no nurse, no RCMP officer, no extremely well-paid Islands Trust planner could afford to buy a house, then we are sort of barking up the wrong tree," said Ehring in a Driftwood article about the Norton Road predicament back in October 2008. "At some point, I really would like to see the numbers produced that say, 'this is the income, this is the affordability factor and these homes can be built and sold for this number.' That's the thing that is missing."

Trustees eventually decided to have staff work with the applicant to resolve outstanding issues and bring a housing agreement to completion.

The minutes from the Nov. 6, 2008 meeting provide a curt summary of how things turned out:

"Planner Starke spoke to her report. The applicant was not present. It was unclear how this report will advance a decision and it was determined to defer consideration."

The gap between trustees' interest to ensure affordability and a developer's desire to complete a project on time and on budget are, according to Elliott, a phenomenon unique to the island.

"In a place like Ladner, there's development going on all over the place," he said. "We do a development like the [Norton Road project] and sell it out. Once it's sold it's over. You pay the money, we make a few bucks and we're gone and you're the owner and it's your Goddamn problem.

"You pay your strata fees and that's normal living in most parts of the country."

But not here, he adds.

When questioned about the provincial government's creation of the Islands Trust in 1974 to preserve and protect the islands' unique natural beauty for generations to come — to avoid turning places like Salt Spring and the other Gulf Islands into a mirror image of the Lower Mainland — he said: "This isn't Jasper, Alberta" he said. "Why not protect the people that live here and serve the people that live here?

"The end result is that you can't build and it forces the prices of existing buildings up. It's the law of supply and demand."

As prices outpace incomes, he said, "We lose the soul of the community, the guts of the island and the passion."

Assessing affordability — according to CMHC

It's crucial to realize that from its inception in 2003, the Norton Road proposal was never intended as a purely market-driven project.

Trustees' decision to rezone seven acres of agricultural land to permit construction of 26 housing units was based largely on assurances these units would help alleviate the island's desperate shortage of non-market housing for islanders.

In Elliott's own words, the project was specifically conceived as a kind of Brinkworthy for the 20-, 30-, and 40-something set.

Based on discussions held as part of the housing agreement negotiations for Norton Road back in 2008, trustees demanded that affordability of the units be consistent with the Canada Mortgage and Housing Corporation standards of affordability.

According to the CMHC's standards in 2008, "an expenditure of 30 per cent or less of gross income on shelter costs is deemed to be affordable."

Shelter costs for homeowners, the CMHC states, include mortgage payments, property taxes, utilities and any strata fees.

Affordability in the Norton Road context required that units be affordable for modest income earners. That means residents with incomes estimated at between 80 and 120 per cent of the 2008 median Salt Spring family income of $63,817.

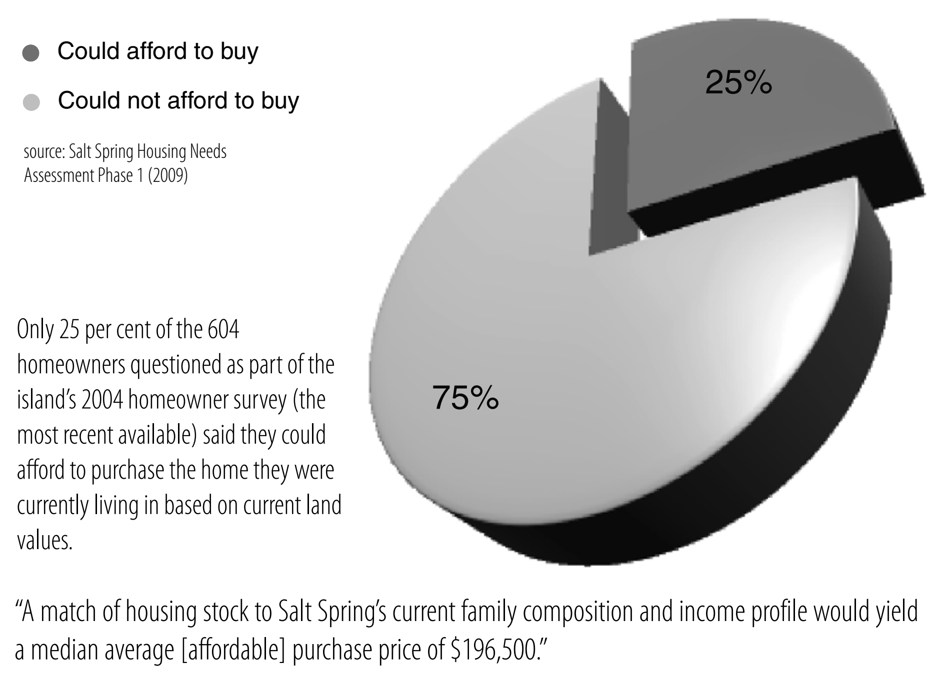
Considering those figures, modest income earners of between $50,000 and $75,000 would need to spend no more than between $15,000 and $22,500 per year on total shelter costs for a Norton Road unit in order for the homes to be considered affordable under the CMHC guidelines and deemed acceptable under the conditions set out by the Islands Trust.

Given that the Norton Road units could have sold for between $225,000 and $235,000 (based on the developer's 2010 cost projections), it turns out they would have failed to address their intended recipients.

Information made available through a 2004 housing survey and republished in 2009's Phase I of the Islands Trust's Housing Needs Assessment states that only 10 per cent of island renters would qualify for a mortgage of over $150,000 and only half of those could afford payments on a mortgage of $180,000.

"Of those who could afford these mortgages, only about half had sufficient funds to make the down-payment," reads the report.

"Given that there is no housing available under $200,000 [including units proposed in the Norton Road project], it is likely that very few renters will be able to enter the homeownership market in the foreseeable future," the report concludes.



source: Salt Spring Housing Needs Assessment Phase 1 (2009)

Only 25 per cent of the 604 homeowners questioned as part of the island's 2004 homeowner survey (the most recent available) said they could afford to purchase the home they were currently living in based on current land values.

"A match of housing stock to Salt Spring's current family composition and income profile would yield a median average [affordable] purchase price of $196,500."

\- Salt Spring Housing Needs Assessment Phase 1 (2009)