

# The Economic Impact of NIMBYism on Vancouver's Housing Crisis

AP Seminar

February 2024

Word Count: 1264

## **Vancouver's Alarming Housing Crisis**

In December 2023, the Real Estate Board of Greater Vancouver released its monthly market report (2023), revealing an alarming 175% increase in real estate prices in just one decade. Similarly, the National Bank of Canada identified that an individual earning an average income would have to save for almost 40 years just to afford the down payment on an average house in Vancouver (NBC Housing Affordability Monitor, 2023). With Canada being the country with the highest house price-to-income ratio in the entire world (OECD, 2023) and with residents living with lifetimes of mortgage debt, the city of Vancouver is undergoing an alarming housing crisis that could displace millions of vulnerable residents. As identified by Alexandre Rivarde (2023), a political science professor at Simon Fraser University, Vancouver's housing crisis is mostly caused by the demand for housing outpacing the supply. This lack of supply is largely caused by residents known as NIMBYs, an acronym for "Not in My Backyard", who oppose local developments ranging from affordable housing projects to homeless shelters (Devine-Wright, 2009). With the immense influence NIMBYs have over the real estate market and the housing crisis worsening every year, how do NIMBYs affect first-time homebuyers and homeless residents in the city of Vancouver? By analyzing and understanding the NIMBY syndrome and its consequences, it is

evident that local opposition has a tremendous economic impact on prospective homebuyers and vulnerable populations in Vancouver.

### **The NIMBY Syndrome**

Although most Canadians support new housing construction and increased affordability, many often oppose these developments when they take place in their own communities, expressing “concerns about neighbourhood character, strains on public services, parking availability, and construction quality” (Rivard et al., 2023 p. 1). The term ‘NIMBY’ is used to describe these citizens who oppose development in their communities by “circulating neighbourhood petitions, writing letters, developing resistant community groups, and involving the media” (Jimenez 2005). NIMBYs often worry that new developments will increase traffic, reduce privacy, strain local services, and generally deteriorate the quality of their neighbourhoods. However, Professor Patrick Devine-Wright (2009), a world-renowned environmental social scientist, argues that NIMBY opposition stems from individual ignorance, irrationality, and selfishness. Furthermore, Stephen Jarvis (2023), a professor at the London School of Economics, adds that these selfish motives are often hidden behind an insincere concern for the impact on the community. However, Liza Jimenez (2005), a city planner in Vancouver, argues that simply dismissing NIMBY attitudes as selfish is a short-term solution, and the

growing local opposition suggests the existence of an underlying issue behind the NIMBY syndrome. From an economic perspective, opposition to local development stems from a clear rationale: receiving a monetary return on their real estate investment. Knowing that new developments threaten property values (Rivard et al., 2023), especially in a volatile real estate market like Vancouver, homeowners are incentivized to erect barriers to new homeownership. Furthermore, the marginal costs associated with new developments are often significantly higher than the few financial benefits that it brings for a NIMBY homeowner (Rivard et al., 2023). As a result, with homeownership already being extremely risky in Vancouver, homeowners are heavily incentivized to oppose new development to ensure an economic return on their investment.

### **First-Time Homebuyers**

As real estate prices skyrocket and Vancouver's housing crisis continues to worsen, the NIMBY syndrome continues to compound the challenges that are faced by individuals who are seeking to enter the market. First-time homebuyers, who are typically young adults and immigrants, are generally of weaker financial standing compared to existing homeowners, making them disproportionately vulnerable to the housing crisis. In an attempt to aid first-time homebuyers during the housing crisis, the Canadian government drafted many new policies, ranging

from a \$40,000 tax-free home savings account to a doubling of the first-time homebuyers' credit (Department of Finance, 2023). Furthermore, many Canadian homeowners choose to support new housing to equalize opportunities for the younger generation. Rivard (2023) claims that these homeowners sympathize with prospecting homeowners and support affordable housing and state-led initiatives to increase the housing supply. However, Rivard (2023) continues to state that NIMBY "homeowners act as an economic cartel to limit competition in their neighbourhood and ensure a return on their investment" (p. 2). Unfortunately, this opposition rebuts the efforts of supportive homeowners and leads to poorer and younger citizens being increasingly locked out of the housing market. In fact, according to a survey conducted by the Canada Mortgage and Housing Corporation and the Federation of Canadian Municipalities (2009), NIMBYism is identified as the top barrier to affordable housing and infill development. This adamant opposition of NIMBY residents towards new developments, including affordable housing, significantly contributes to the scarcity of housing in Vancouver and makes it increasingly difficult for first-time homebuyers to enter the real estate market. The NIMBY phenomenon places a disproportionate burden on first-time homebuyers by limiting housing supply and inflating real estate prices, inevitably hindering overall economic growth.

## **Homeless and Special Needs Residents**

Though also victims of NIMBY protectionism and the escalating house crisis, Vancouver's homeless and special needs residents are less visible than homebuyers. These vulnerable residents, who already find it challenging to find safe and accessible housing, are often neglected when considering the housing crisis. However, these residents are the most vulnerable to Vancouver's housing crisis and are increasingly reliant on community support and government policy for their survival. Despite the Canadian government initially establishing a \$1.5 billion fund to build over 4,500 affordable housing units (CMHC 2023) to assist special-needs citizens and residents experiencing homelessness, NIMBY opposition continues to hinder the development of homeless shelters and special needs residential facilities over supposed concerns about neighbourhood aesthetics and property values. Rivard (2023) also states that for NIMBYs, the development of shelters and SNRFs often triggers concerns over the 'type of people' moving into neighbourhoods, leading to more opposition towards local development. Kevin Lee, the CEO of the Canadian Home Builders' Association, states that although builders want to increase housing supply within existing neighbourhoods, local opposition often delays and derails projects entirely (Balintec, 2023). Besides stalling affordable housing developments, local opposition often even affects the development organization's ability to take on other affordable development

projects in the future (Nesbitt, 2018). The NIMBY syndrome significantly hinders efforts to address homelessness and support special needs residents. By stalling affordable housing projects and disabling developers, NIMBY residents make it increasingly difficult for vulnerable individuals to receive stable housing and support services. Not only does this create severe social challenges, but it also significantly worsens the wealth disparity in the city of Vancouver and increases the costs of public services, emergency shelters, and healthcare resources.

### **Impact of the NIMBY Syndrome**

Vancouver's current housing crisis remains a controversial and complicated topic, however, it is increasingly evident that NIMBYism has an immense economic impact on the real estate market. While NIMBYs do significantly exacerbate the housing crisis, their motive stems from a valid concern for their own economic stability and livelihood. However, this self-interest also acts as a barrier to increasing the housing supply and resolving the housing crisis. With NIMBY opposition limiting the housing supply and inflating real estate prices, it is almost impossible for young first-time homebuyers to enter the real estate market without hurting their financial stability. Similarly, local opposition also makes it considerably harder for government policies and affordable housing projects to help reduce homelessness and assist special-needs residents. Instead of looking at

affordable housing as a negative policy, we need to frame affordable housing as increasing healthy density and focus on all the benefits it brings to a community, which will also equitably raise property prices for existing homeowners in Vancouver.



## Works Cited

Balintec, V. (2023, July 20). *What Is Nimbyism and How Is It Affecting How Much Housing Is Getting Built?*. CBC News.

<https://www.cbc.ca/news/canada/nimbyism-explainer-1.6909852>

Dahms, K., & Ducharme, A. (2023, November 1). *Housing Affordability: Significant Deterioration in Q3 2023*. National Bank of Canada Financial Markets. <https://www.nbc.ca/content/dam/bnc/taux-analyses/analyse-eco/logement/housing-affordability.pdf>

Department of Finance. (2023, October 31). New tax-free first home savings account now helping over 250,000 Canadians save for their first home. <https://www.canada.ca/en/department-finance/news/2023/10/new-tax-free-first-home-savings-account-now-helping-over-250000-canadians-save-for-their-first-home.html>

Devine-Wright, P. (2009). Rethinking nimbyism: The role of place attachment and place identity in explaining place-protective action. *Journal of Community & Applied Social Psychology*, 19(6), 426–441. <https://doi.org/10.1002/casp.1004>

Federation of Canadian Municipalities. (2009). *A Municipal Guide For Responding To NIMBY*. Housing in My Backyard.

[https://data.fcm.ca/documents/tools/ACT/Housing\\_In\\_My\\_Backyard\\_A\\_Municipal\\_Guide\\_For\\_Responding\\_To\\_NIMBY\\_EN.pdf](https://data.fcm.ca/documents/tools/ACT/Housing_In_My_Backyard_A_Municipal_Guide_For_Responding_To_NIMBY_EN.pdf)

Jarvis, S. (2021). *The Economic Costs of NIMBYism: Evidence from Renewable Energy Projects*. <https://haas.berkeley.edu/wp-content/uploads/WP311.pdf>

Jimenez, L. (2005). *From Nimby to Yimby: Understanding Community Opposition to Special Needs Residential Facilities in Vancouver*.

[https://summit.sfu.ca/\\_flysystem/fedora/sfu\\_migrate/8681/b51804335.pdf](https://summit.sfu.ca/_flysystem/fedora/sfu_migrate/8681/b51804335.pdf)

Nesbitt, C. (2018). *Affordable Housing and NIMBYism: Urban, Suburban and Rural Strategies*. <https://buildhomesnotbarriers.ca/wp-content/uploads/2019/10/2018-BCNPHA-SCARP-NIMBY-Strategies-July-2018.pdf>

OECD. (2023, December 1). *Analytical House Price Indicators*. Analytical house prices indicators.

[https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE\\_PRICES](https://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES)

*Rapid Housing Initiative*. CMHC. (2023, March 30). <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing>

Real Estate Board of Greater Vancouver. (2023, December). *Monthly Market Report*. REBGV.org. <https://www.rebgv.org/content/rebgv-org/market-watch/monthly-market-report.html>

Rivard, A., Merkley, E., & Stecula, D. (2023). *Housing for Me, but Not for Thee: Values-Based Motivations of NIMBYism in Canada*.  
<https://doi.org/10.31219/osf.io/7vmt3>

### Works Referenced

Dear, M. (1992). Understanding and overcoming the nimby syndrome. *Journal of the American Planning Association*, 58(3), 288–300.

<https://doi.org/10.1080/01944369208975808>

Gerrard, M. (1994). *The Victims of NIMBY*.

<https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=1397&context=ulj>

*A Municipal Guide For Responding To NIMBY*. Affordability and Choice Today.

(2009).

[https://data.fcm.ca/documents/tools/ACT/Housing\\_In\\_My\\_Backyard\\_A\\_Municipal\\_Guide\\_For\\_Responding\\_To\\_NIMBY\\_EN.pdf](https://data.fcm.ca/documents/tools/ACT/Housing_In_My_Backyard_A_Municipal_Guide_For_Responding_To_NIMBY_EN.pdf)

Rephann, T. (1997). *The Economic and Social Impacts of NIMBYs*.

[https://researchrepository.wvu.edu/cgi/viewcontent.cgi?article=1194&context=rri\\_pubs](https://researchrepository.wvu.edu/cgi/viewcontent.cgi?article=1194&context=rri_pubs)