

The Record the BC Liberals Are Running on for Re-Election

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*As long as we're making easy money hand over fist, long live the crisis,
cry the housing oligarchs!*

The media is filled with dire reports of a housing crisis and imminent doom in Vancouver and Toronto. When Toronto's housing bubble bursts, the entire country will pay the price, warns a national newspaper.

A crisis generally requires an emergency response. What's been the response from those in control and profiting from the situation? "We're too busy working on our next big score to worry about the future," they tell us.

The word crisis suggests "a time when action must be taken to avoid complete disaster or breakdown" (*Encarta*). The inaction in response to the housing crisis arises from the fact that the ruling elite do not see any crisis because they do not want to be disturbed in their pursuits to guarantee the profits of the rich. They see opportunities to profit even further from a system of anarchy where big scores are common. If "a complete disaster or breakdown" does occur then the ruling elite will deal with it in its usual way with massive state intervention to bail out themselves and pass the burden onto the people.



From time to time scandals break out as one rival gang seeks to discredit another in which case tactics are adopted to "weather the storm," or broker a deal. One gang may even face defeat at the hands of another.

The ruling elite have a single-minded aim to extract as much private profit as they can from every cell of the socialized economy. Housing is yet another front of battle for the oligarchs to manufacture big scores for themselves. A crisis for them would be if the state declared housing to be a right for all and that the oligarchs' aim of private profit was not allowed to interfere with guaranteeing the people's right to housing.

For the oligarchs, such a new direction would constitute a real crisis. But that is not the situation. The oligarchs are in control economically and politically. Their right to private profit trumps the right to housing as it does all other rights under the rule of the financial oligarchy. The people's right to housing is pushed aside by the oligarchs and replaced with their aim of making private profit.

For the ruling elite, a crisis for the people, such as a lack of affordable housing, public education, daycare and health care, means opportunities exist for state-organized pay-the-rich schemes such as the example from Vancouver (see below "BC Housing Pay-the-Rich Scam").

If people's rights were guaranteed in practice and the aim of the oligarchs for private profit was not allowed to interfere, opportunities for corruption would disappear. Of course such a situation requires the working people to organize themselves to gain the political power necessary to deprive the oligarchs of the power to deprive the people of their rights.



BC Housing Pay-the-Rich Scam

The exchange of city-owned property in Vancouver involving BC Housing and private developers for a big financial score is not unusual and involves the developer taking possession of city land or being given tax and zoning benefits in exchange for a promise to build a certain amount of

affordable housing (either on site or in another location) or delivering some other feature such as fixing up a park.



A particularly glaring example was the sale to private interests of the Little Mountain 224-unit public housing complex in 2007. The speculators forced out the residents, destroyed their homes and have left the six-hectare lot vacant for more than a decade.

A more recent Vancouver case has also stirred opposition amongst many who feel that silence is unacceptable in the stench of such corruption. Specifically, a complaint has been filed with the

RCMP concerning an exchange of downtown property involving the City of Vancouver, BC Housing, a property developer called Brenhill Developments Ltd and Vancouver realtor Bob Rennie.[1]

BC Housing is a provincial crown corporation with a mandate to provide government-subsidized housing for residents of BC in conjunction with private developers, builders and financiers. In reality, the aim of BC Housing is not to affirm the right to housing but to make private profit for those involved in its operations.

A Vancouver residents' group has struggled for years to unearth details surrounding this particular scam by demanding access to a previously confidential land exchange, rezoning application and other details. The deal involved the exchange of a property in Yaletown at 1099 Richards (owned by developer Brenhill) for a nearby city-owned property at 508 Helmcken. It was approved in-camera (secret) by Vancouver City Council in October 2012.

Brenhill's aim was to tear down the BC Housing complex on the valuable Helmcken property (which had 140 units of affordable apartments) and build a 36-story condo tower in its place. As part of the deal, it promised to build a new BC Housing complex on the 1099 Richards property that it formerly owned. This new complex would provide 162 units of affordable housing, a net gain of 22 units over the old complex. All of this swapping and dealing was presented by city officials and Brenhill as a "win-win" for everyone.

But facts reveal that it was a big score for private interests at the expense of the public. For example, documents reveal that, in 2012, the city's Helmcken property was valued internally by city staff at \$15 million. Yet, in February of 2013 (as recently revealed by BC Housing officials), Brenhill itself conducted a private appraisal showing that the property was actually worth \$80 million. Today, in 2017, that same property is now valued at \$130 million.

Brenhill has reportedly already pre-sold the majority of units for its planned mixed-use, 36-storey luxury tower of 454 residential units at the former city-owned property at 508 Helmcken. Multiple Listing (MLS) data shows units are being marketed by Rennie Marketing Systems (owned by Bob Rennie) in connection with sales brokers at offshore-focused real estate companies, including New Coast Realty and Magsen Realty. Last summer, a 1,781-sq-ft three-bedroom apartment in the condo tower sold for \$3 million and a slightly larger unit sold for over \$3.5 million. Upon completion the market value of the complex will be over \$1.2 billion.

How did such a gross "miscalculation" happen? How could a city property worth \$80 million in

2013 be assessed by city officials for a measly \$15 million a few months before in 2012?

Documents show that, in 2012, the city authorized its then head of real estate services Michael Flanigan to negotiate directly with Brenhill without the city hiring a third-party appraiser. Flanigan determined that Brenhill's land at 1099 Richards was worth \$8.4 million, and the city's Helmcken lot was worth \$15 million. The city says that in September 2013, eight months after completing the land swap involving the city-owned BC Housing property and its rezoning, Flanigan left his position at Vancouver City for one at BC Housing.

At this point, the deal became even more convoluted (and lucrative) for the private interests involved. With Flanigan now at BC Housing, the crown corporation decided to provide a \$39 million loan to Brenhill to build the social housing project on Richards Street that was part of the original deal. Documents say that none other than the realtor Bob Rennie brought forward the loan proposal to BC Housing's board in November 2013, while Rennie was a member of the board.



"Bob Rennie was appointed to the BC Housing Management Commission's Board of Directors on April 27, 2012 for a two-year term," BC Housing said in response to questions from the media. "We are not aware of any contractual relationship he had with Brenhill."

Michael Flanigan, the former Vancouver City real estate service head, now employed at BC Housing, wrote a report in November 2013 to facilitate the loan from BC Housing to Brenhill using its newly acquired lot on Helmcken as collateral. Oddly, Flanigan apparently based his report for the loan not on his previous appraisal of \$15 million for the Helmcken property but on Brenhill's February 2013 private appraisal of \$80 million. The \$80 million appraisal was used as the estimate to provide the BC Housing \$39 million loan to Brenhill with its newly acquired Helmcken property acting as collateral.

In a March 28 technical briefing to reporters, a BC Housing official argued that the agency's involvement in the Brenhill project was justified and delivered social housing units at "no cost" to the state. The 160-unit building on Richards is now complete and with the new condo tower under construction and already sold-out, Brenhill has repaid its \$39-million loan to BC Housing, the official said.

Twenty-two additional social housing units and renewal of 140 units were built supposedly at no cost to the state according to the apologists for this corrupt behaviour. However, the transfer of property from the state to private interests, the suspect appraisals and loan from BC Housing, and the ensuing stupendous profits for the developers and real estate agents are an indictment of the current direction of the economy and the crass hypocrisy of those who use the people's social needs and rights as a backdrop and cynical means to enrich themselves. The development oligarchs involved are extremely satisfied with their big score, which occurred with minimal risk to their social wealth. Their social connections within the ruling elite were decisive in this scam. The aim of guaranteeing private profit was satisfied with affordable social housing used as a means to a private end.



What housing crisis, the rich oligarchs ask, when such a big score can be had? Everything is proceeding as it should. A similar environment of corruption exists in building mass transit, bridges and other infrastructure projects across the country. When the economy falls off the cliff as it did in the U.S. in 2008, the oligarchs who control the state will use its collective resources to bail themselves out, pass the burden onto the working people and carry on in the old corrupt way.

History charges the working people to find and bring into being a new pro-social direction for the economy and politics of the country that recognizes and guarantees the rights of all and ends the massive endemic corruption.

The BC Liberals are running on their record for re-election on May 9. This is their record. Enough! Oppose the pay-the-rich schemes of governments at all levels!

Note

1. Bob Rennie is a well known local real estate agent who often appears with leading municipal and provincial members of the ruling elite at social, charity and political events.

(With files from Postmedia)



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