

# AFFORDABLE HOUSING DEFINITION

*Creating the Richmond we want...*

*To achieve mixed communities that reflect Richmond there is the need to consider the cost of housing and the groups which may need assistance in obtaining adequate and suitable shelter.*



## Current state

"Affordable housing refers to housing that costs no more than 30% of the gross income of households in the lower two income quintiles in Richmond."

- *City of Richmond, 1994 Affordable Housing Strategy*  
While incomes may have grown since the 2001 Census, according to data in the Census, this would mean that affordable housing is approximately \$1000/per month or less.



## Key measures and indicators

According to the 2001 Census:

- 17% of Richmond households have incomes of less than \$20,000.
- Affordable housing for a household with a \$20,000 income is \$500/month.
- 39% of Richmond households have incomes of less than \$40,000.
- Affordable housing for a household with a \$40,000 income is \$1,000/month.
- 59% of Richmond households have incomes of less than \$60,000.
- Affordable housing for a household with a \$60,000 income is \$1,500/month.
- 74% of Richmond households have incomes of less than \$80,000.
- Affordable housing for a household with an \$80,000 income is \$2,000/month.

The remaining 26% can afford housing costs of over \$2,000/month.

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## What we heard

Through our initial meetings with stakeholders we heard the following...

- *I want my children to be able to own in Richmond*
- *People should be able to live near where they work*
- *Rents should be affordable to the average worker*
- *Renters should have choice and security of tenure*
- *Housing is needed for low income families and seniors as well as those with special needs*



## Questions to consider

*In working toward the development of an Updated Affordable Housing Strategy for the City of Richmond, here are some questions to consider:*

- *According to the City's Affordable Housing Strategy, "affordable housing" refers to housing that costs no more than 30% of the gross income of households in the lower two income quintiles (lowest 40% of households) in Richmond. Is this definition of "affordable housing" still relevant?*
- *What are the best aspects of the current definition? What would you change about the current definition?*
- *Should specific groups be included in the definition of affordable housing? If so, which groups do you feel should be included?*

# AFFORDABILITY OF HOME OWNERSHIP

*Creating the Richmond we want...*

*Households have traditionally placed a high degree of importance on home ownership with most households continuing to express a strong preference toward this tenure option. For many, home ownership is a vehicle for allowing households to generate savings or wealth through the equity that they gain through their home. Home ownership also provides security of tenure and stability.*



## Current state

Increasing prices across Greater Vancouver has raised concerns about the potential for households to gain access to the ownership market. This includes younger households who are just starting their housing career, renters hoping to move into home ownership and increasing numbers of middle income households.



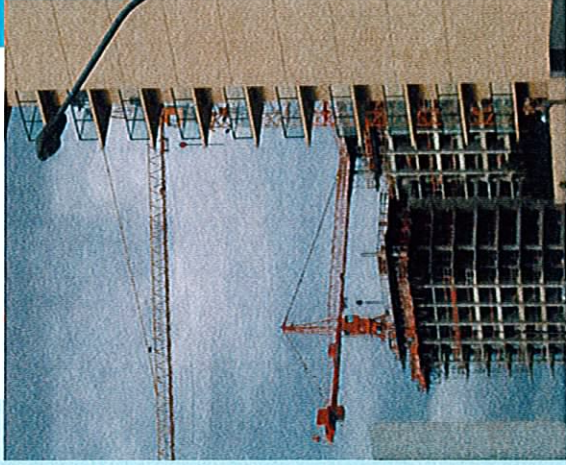
## Key measures and indicators

- Monthly statistics published on *Realtylink* reported the following benchmark prices for dwelling units sold in Richmond in April '06:
  - \$614,631 for single detached homes,
  - \$379,891 for townhouse units,
  - \$259,163 for apartment style condo units.
- Based on these prices, a 5.5% interest rate and a down payment of 5%, a household would require an annual income of \$69,865 to carry the cost of a median priced condo.

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## What we heard

Through our initial meetings with stakeholders we heard...

- *Affordable home ownership is a growing issue in Richmond*
- *There is the need for people to be able to access opportunities for moving into home ownership*
- *There is the need to ensure that people can afford to live where they work*



## Questions to consider

*In working toward the development of an Updated Affordable Housing Strategy for the City of Richmond, the following are some questions to consider:*

- Do you feel that adequate home ownership opportunities exist in Richmond?
- Richmond has been active in promoting a broad range of housing types. How well is this strategy working for households with different income levels?
- Do you think that smaller apartment style condo units are providing affordable housing?
- Should the City legalize secondary suites to increase the pool of affordable rental units and/or to allow more households to achieve home ownership?

# RENTAL “AT RISK”

Creating the Richmond we want...

The existing supply of rental housing plays an important role in responding to local housing needs. Older rental housing stock provides housing for many households with low to moderate incomes who would otherwise have limited options within the current housing market.



## Current state

Pressures for the conversion, demolition and redevelopment of the older rental housing stock pose important challenges concerning the potential loss of stock. This can create pressure within the existing rental housing supply and the risk of displacement of tenants who have limited alternatives available.



## Key measures and indicators

- The average rent <sup>2005</sup> based on recent CMHC data was \$931 for a 2-bedroom unit in Richmond. After Vancouver, West Vancouver and North Vancouver these are the highest rents in Greater Vancouver.
- Based on the median reported income across renter households in Richmond (\$38,930), an affordable rent would be \$973/month.
- 17% of all Richmond households reported annual incomes of \$20,000 or less <sup>2007 Census</sup>. For these households an affordable rent is \$500/mth.
- Using the definition adopted by the City of Richmond in 1994, households falling into the lower two income quintiles would have a maximum annual income of approximately \$41,300.
- High rent costs have contributed to affordability challenges in Richmond with households facing housing challenges (i.e. in “core housing need”) reporting average rents of \$863 per month. This is 23% higher than the average rents reported across the GVRD.
- The average vacancy in the City of Richmond is 2.7%. This is up from 1.3% in the previous year.
- The average rent in the City of Richmond increased by 1% last year and 2% over the past 3 years (below the general rate of inflation of 1.8%).

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## What we heard

Through our initial meetings with stakeholders we heard the following...

- *As rents rise, there is the potential for more households to face affordability challenges.*
- *The older rental housing stock plays an important role in providing low end of market rental housing for low to moderate income households.*
- *The loss of this rental housing can put pressure on the existing supply and leave low income households with limited/unsatisfactory options.*
- *Renters should have choice and security of tenure. There is a need for this stock to be protected and maintained.*



## Questions to consider

In working toward the development of an Updated Affordable Housing Strategy for the City of Richmond, the following are some questions to consider:

- Do you think that the pressure on the existing rental housing stock through demolition, conversion or upgrading is a significant problem in Richmond?
- Which groups do you think are most affected by this problem? Are there specific neighbourhoods that are more affected by this problem?
- While the City is not in a position to 'control' market rents, there are things the City could do to try to address the pressures on the existing rental housing stock. What should the City do to address this problem?

# NON-MARKET OR ASSISTED HOUSING

*Creating the Richmond we want...*

*Given the current cost of housing in Richmond, not all households are able to meet their shelter needs through their own resources. These are households which are in need of access to social housing and/or housing assistance.*



## Current state

Access to social housing plays an important role in the social safety net by providing access to housing and support for those who need access to safe, appropriate and affordable housing.



## Key measures and indicators

- Based on data from the 2001 Census, there are approximately 8,835 households in the City of Richmond that face challenges in the suitability (enough rooms), adequacy (decent repair) or affordability (paying more than 30% of income) of their housing. Households with one or more of these challenges are said to be in 'core housing need'. This represents 16% of all households.
- Of the households in core housing need, approximately half are **In Need and spending At Least Half of their income on shelter** (INALH).
- Renter households in core housing need have average annual income of \$21,767. If affordability is defined as paying no more than 30% of income on shelter, these households face an annual 'rent gap' of \$3,828 (\$319/month) based on their shelter costs. (The 'rent gap' is based on an ability to pay \$544/month based on an income of \$21,767, while average shelter costs are \$863/month leading to a 'gap' between income and housing costs of \$319/month for these households.)
- While only 33 individuals in Richmond were found to be without shelter in the most recent GVRD homeless count, occupancy rate data at the emergency mens' shelter indicates that it operates close to full capacity and that individuals are often turned away due to lack of space.

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## What we heard

Through our initial meetings with stakeholders we heard the following...

- *The existing portfolio of assisted and social housing plays an important role in responding to the needs of low income families, seniors, and individuals with special needs.*
- *Housing for people with mental and physical disabilities is needed as well as housing and supports for people with mental illness and addictions.*
- *Homelessness is a problem in the City of Richmond with increasing pressure being placed on the limited existing resources and shelters.*
- *In addition to housing, there is the need for a range of supportive services to assist individuals and households in dealing with the challenges that they face, and in helping them to advance along the housing continuum.*



## Questions to consider

In working toward the development of an *Updated Affordable Housing Strategy for the City of Richmond*, the following are some questions to consider:

- *Affordability issues affect many groups but in different ways. Which groups in your community do you feel are significantly affected by affordability issues?*
- *What should be the role of the City in addressing some of these issues?*



# THE ROLE OF THE CITY

*Creating the Richmond we want...*

*The City of Richmond will not be able to solve the affordability pressures on their own but the City can contribute to a solution.*



## Current state

Current strategies within the City of Richmond include:

- Zoning that allows secondary suites and convertible housing
- Variances or relaxations for smaller dwelling units in multiple-family developments
- Density bonusing provisions for affordable units in major rezoning applications
- The Affordable Housing Reserve Fund
- Policies favourable to creating a range of housing/ownership opportunities



## Key measures and indicators

- Housing affordability is influenced by new housing supply. Over the last five years (2001-2005) Richmond has had over 6,800 new housing starts including 4,600 in the last 3 years. This represents roughly 10% of all of the new housing units in Greater Vancouver.

By housing type from 2001-2005 the number of housing starts included:

- 2,235 single family and semi detached units
- 1,534 row condo (townhouse) units
- 1,726 low rise condo units
- 1,325 high rise condo units

Based on CMHC data (December 2005), the average price of a new single detached unit was \$745,595. Assuming a 5% down payment and an interest rate of 5.5%, a household would require an annual income of \$178,083.

The average price of a new row condo (townhouse) unit was \$423,100. Assuming a 5% down payment and an interest rate of 5.5%, a household would require an annual income of \$109,672. According to the Census, 16% of Richmond households have incomes in excess of \$100,000.

**RICHMOND**

Better in **Every** Way

# THE ROLE OF THE CITY

*Creating the Richmond we want...*

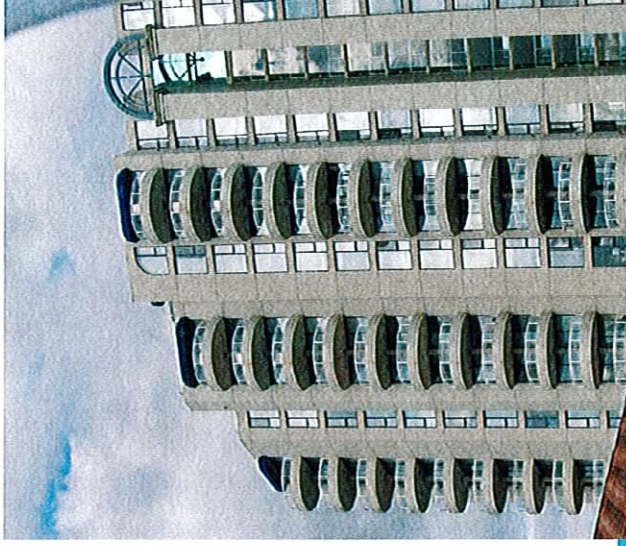
*The City of Richmond will not be able to solve the affordability pressures on their own but the City can contribute to a solution.*



## What we heard

Through our initial meetings with stakeholders we heard the following...

- *Partnerships are important - there is the need for both the Federal and Provincial governments to be at the table*
- *The social housing agenda is being driven by a crisis in health care as senior governments change direction in what they fund*
- *Richmond has a history of innovation and rising to challenges*



## Questions to consider

In working toward the development of an Updated Affordable Housing Strategy for the City of Richmond, the following are some questions to consider:

- In what areas do you feel the City's current housing strategies have had the greatest success? The least success?
- Are there particular areas or neighbourhoods which have specific issues that need to be addressed?
- What types of policies or strategies should the City adopt to address affordable housing issues?