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| To: | Richmond City Council | Date: | May 24, 2007 |
| From: | Councillor Harold Steves, Chair Planning Committee | File: | 12-8060-20-8213/Vol 01 |
| Re: | RICHMOND AFFORDABLE HOUSING STRATEGY | | |

The Planning Committee, at its meeting held on Wednesday, May 23rd, 2007, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the Richmond Affordable Housing Strategy (dated May 9, 2007) be approved, and that the specific staff recommendations in Attachment 1 (to the report dated May 15th, 2007, from the Manager, Policy Planning), be endorsed with amendments to:*
 - (a) *delete Staff Recommendation No. (4) - "Moratorium and 1:1 Rental Replacement" (identified in Attachment 1 to the report dated May 15th, 2007, from the Manager, Policy Planning), in its entirety;*
 - (b) *add that staff be requested to review the 1:1 replacement for those situations where there would be no rezoning or stratification; and*
 - (c) *add to Staff Recommendation No. (1) - "Staff Resources", (identified in Attachment 1 to the report dated May 15th, 2007, from the Manager, Policy Planning), the following words, "and that this position be referred for discussion as part of the 2008 budget process".*

- (2) *That Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206 be introduced and given first, second and third reading.*

- (3) (a) *That Bylaw No. 8213, to amend Schedule 1 of Official Community Plan Bylaw 7100 to add the following policies in Section 3.2 Housing under Variety of Tenure:*
 - (i) *encourage a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances; and*
 - (ii) *expedite rezoning and development permit applications, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units,*
be introduced and given first reading.

- (b) *That Bylaw No. 8213, having been considered in conjunction with:*
- (i) *the City's Financial Plan; and*
 - (ii) *the Greater Vancouver Regional District (GVRD) Solid Waste and Liquid Waste Management Plans;*
- be deemed to be consistent with said program and plans, in accordance with Section 882(3)(a) of the Local Government Act.*
- (c) *That Bylaw No. 8213, has been considered in accordance with OCP Bylaw Preparation Consultation Policy 5043, and accordingly Council has:*
- (i) *considered whether opportunities for consultation have been early and ongoing;*
 - (ii) *specifically considered whether and the extent to which consultation is required with:*
 - *the regional district board;*
 - *the councils of adjacent municipalities;*
 - *first nations;*
 - *the school board and greater boards; and*
 - *the provincial and federal governments and their agencies.*
- (4) *That Development Application Fees Bylaw No. 7984, Amendment Bylaw No. 8214, to expedite rezoning and development permit applications where the entire building(s) or development consists of affordable subsidized rental housing units as newly defined, at no additional cost to the applicant, be introduced and given first, second and third reading.*

Councillor Harold Steves, Chair
Planning Committee

Attach.

VARIANCE

Please note that Committee added clauses (a), (b) and (c) to Part 1 of the recommendation.

Staff Report

Origin

This report recommends that Council:

- 1) approve the *Richmond Affordable Housing Strategy*; and
- 2) endorse the specific staff recommendations implementing the Strategy contained in **Attachment 1**.

Findings Of Fact

The City has been working on the *Richmond Affordable Housing Strategy* for the past year. An “interim” and “draft” strategy have been considered by Council.

The public and various stakeholders have been involved throughout the process. Generally speaking, the feedback has been quite positive. Where there have been concerns, these are described in greater detail in the attachments to this report.

For brevity sake, the following appendices are not included in this report but are available in the Councillors office, through the City Clerk’s Department and on the City’s web site:

- Appendix 1 - Results from the Stakeholder Consultations, Public Open House Meetings and Written Submissions (REDMS 2081074)
- Appendix 2 - Minutes from Planning Committee and City Council (REDMS 2081057)
- Appendix 3 - Background Materials and Key Measures & Indicators (REDMS 2081061)
- Appendix 4 - Interim Report, Draft Report and Staff Reports (REDMS 2081115)

Analysis

This staff report is written in a different manner. Rather than repeat much of the information from the *Richmond Affordable Housing Strategy* in this report to Committee, it is included in two attachments.

- Attachment 2** - The Complete List of Recommendations from the *Richmond Affordable Housing Strategy* (attached to this report)
- Attachment 9** - Complete Copy of the *Richmond Affordable Housing Strategy* dated May 9, 2007 (separate document)

The key policies and directions are explained in the following attachments.

- Attachment 3** - Staff Resources
- Attachment 4** - Affordable Housing Reserve Fund
- Attachment 5** - Density Bonusing Approach
- Attachment 6** - 1:1 Rental Replacement Policy & Expedited Process
- Attachment 7** - Development Cost Charges
- Attachment 8** - Referral of the *Richmond Affordable Housing Strategy*

In each of these attachments, the following items are presented:

- *Strategy Recommendation*
- *Rationale*

- *Stakeholder and Public Input*
- *Staff Comments*
- *Proposed Action*

The reason for this approach is to enable each recommendation to be separately explained.

Financial Impact

The major financial impacts of approving the *Richmond Affordable Housing Strategy* are the required new staff person (e.g., \$100,000 annually), legal costs to prepare housing agreements and further studies, as necessary. For a detailed explanation of how this will be funded, see **Attachment 3** (Staff Resources) and **Attachment 4** (Affordable Housing Reserve Fund) for the specifics.

The administration and operating costs of managing the affordable housing units to be transferred to the City will be monitored. It is proposed that the City issue a proposal call to determine what it will cost for a non-profit housing provider or property management company to manage these units on behalf of the City. The management of these City owned, affordable housing units could become complicated and time consuming (e.g., dealing with tenant problems). At present, it is proposed that the management of these units will be coordinated by the new staff person, but this may require additional resources in the future. It should be noted that the proposed new Affordable Housing Operating Reserve Fund identifies that this fund can be used for the "management, administration and cost of affordable housing units owned by the City". Future repairs and maintenance of the affordable housing units owned by the City would be covered by this new operating fund and/or the existing Affordable Housing Reserve Fund.

The staff recommendation that not for profit rental housing, including supportive living housing, be exempted from paying the City's DCCs on a case by case basis by Council for a trial period of 3 years could also have financial implications. It is proposed that the City's options for making up for the loss of revenue from waiving these DCCs are to draw from general revenues or the Affordable Housing Reserve Fund (it has been estimated that the DCC revenue shortfall could be approximately \$600,000 annually, which is about 3% of the gross annual expected DCC revenue).

Conclusion

Staff are recommending that the *Richmond Affordable Housing Strategy* be approved and implemented. In legalizing secondary suites and taking an inclusionary zoning/density bonusing approach to single-family and multiple-family residential rezoning applications received after July 1, 2007, the City will be taking a major step towards the policy in the Official Community Plan (OCP) to "continue to work towards the goal that 20% of housing developed should be affordable housing". Once the *Richmond Affordable Housing Strategy* has been approved and staff have some experience in implementing the Strategy, the OCP will be amended to specifically reflect how this goal is being accomplished.

In response to a referral from Council and enquiries from the public, a separate staff report will be brought forward by the Real Estate Services Division and the Recreation & Cultural Services Department in the next couple of months for 8111 Granville Avenue/8080 Anderson Road and 5491 No. 2 Road. This report will deal with a potential Request for Proposals (RFP) on these two City-owned sites and the possible interest for a community centre on the former KFC site.

A handwritten signature in cursive script, appearing to read 'H. Burke'.

Holger Burke, MCIP
Development Coordinator

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STAFF RECOMMENDATIONS

Staff Resources (Attachment 3)

1. That the City hire a temporary full time employee, to work in the Real Estate Services Division of the City's Business & Financial Services Department, to assist in the implementation of the *Richmond Affordable Housing Strategy*, with funding for this position to come initially from the enterprise fund and permanently from the Affordable Housing Operating Reserve Fund.
2. That a proposal call be issued by the City for non-profit housing providers and property management companies to manage the affordable low end market rental housing units that will be built by the development community and transferred to the City as a condition of rezoning approval.

Density Bonusing Approach (Attachment 5)

3. That the draft bylaw, which contains the following affordable housing policies, be considered in respect of all multiple-family residential and mixed use rezoning applications involving a residential component and all single-family residential rezoning applications received after July 1, 2007:

Townhouse Rezoning Applications

- a) A new Townhouse District (R2/0.6D) with a base density of 0.4 floor area ratio (FAR) for all density bonus areas. The City will permit a density bonus of 0.2 FAR to get a maximum density of 0.6 FAR if a cash contribution of \$2.00 per buildable square foot is paid into the affordable housing reserve as set out in the draft bylaw.

Apartment Rezoning Applications

- b) A new High-Density Residential District (R4D) with a base density of 2.4 FAR for all density bonus areas. The City will permit a density bonus of 0.6 FAR to get a maximum density of 3.0 FAR if:
 - i) the development contains more than 80 residential units, at least 5% of the building area and not less than 4 affordable housing units are developed and secured as affordable housing by means of a registered housing agreement against title to the lot; or
 - ii) the development contains 80 or less residential units, a cash contribution of \$4.00 per buildable square foot is paid into the affordable housing reserve as set out in the draft bylaw.

Single-Family Rezoning Applications

- c) A new Single-Family Housing District (R1/0.6D) with a base density of 0.4 FAR for all density bonus areas. The City will permit a density bonus of 0.2 FAR to get a maximum density of 0.6 FAR if:
 - i) a secondary suite is built on:
 - all single lots that are being rezoned but will not be subdivided; and

- at least 50% of any lots that are being rezoned and subdivided; and
- ii) these secondary suites are secured as affordable housing by means of a registered housing agreement against title to the lots, which also specifies that the secondary suites can not be subdivided (i.e., strata titled).
- d) A new Coach House District (R9D) with a base density of 0.4 FAR for all density bonus areas. The City will permit a density bonus of 0.2 FAR to get a maximum density of 0.6 FAR if:
 - i) a coach house with a maximum floor area of 60 m² (645.856 ft²) is built on:
 - all single lots that are being rezoned but will not be subdivided; and
 - at least 50% of any lots that are being rezoned and subdivided; and
 - ii) these coach houses are secured as affordable housing by means of a registered housing agreement against title to the lots, which also specifies that the coach houses can not be subdivided (i.e., strata titled).

Housing Agreements

- e) A definition of the housing agreement and a sample copy of the general form of the required housing agreement, specifying, among other things, the use, occupancy, construction, disposition, subdivision, acquisition and demolition of affordable housing units as well as default, remedy, statutory declaration and other provisions.

Affordable Housing Reserve

- f) A definition and description of the affordable housing reserve (e.g., identifies that this reserve consists of two funds and that 30% of cash contributions will be deposited into the new Affordable Housing Operating Reserve Fund for operating purposes and 70% will be deposited into the existing Affordable Housing Reserve Fund for capital purposes).

Affordable Housing Units

- g) A definition of “affordable housing unit” and a description of the number, kind and extent of the affordable housing units required if amenities are provided in return for the increased density of amenities.

Off-Street Parking

- h) A reduction in the off-street parking requirements for affordable housing units in apartments to 1 parking space per unit instead of the standard 1.5 parking spaces.

Moratorium & 1:1 Rental Replacement

- 4. That the City’s current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, adopted by City Council on July 24, 2006 as part of the Interim Affordable Housing Strategy and Report, be rescinded.

Development Cost Charges (Attachment 7)

5. That not for profit rental housing, including supportive living housing, be exempted from paying City Development Cost Charges (DCCs) on a case by case basis by Council on a trial period (e.g., 3 years).
6. That a letter be sent to the GVRD asking them to survey all the GVRD municipalities asking if they would support a request to the Province to amend the *Local Government Act* to include affordable housing as a Development Cost Charge item under Section 933(2) and a subject cost charge waiver under Section 933(12).
7. That the GVRD be requested to waive Greater Vancouver Sewerage and Drainage District (GVS&DD) regional DCCs on affordable subsidized rental housing and to reduce GVS&DD regional DCCs on affordable low end market rental housing in Richmond.

Referral of the Richmond Affordable Housing Strategy (Attachment 8)

8. That the Staff Report dated May 15, 2007 and the *Richmond Affordable Housing Strategy* dated May 9, 2007 be sent to all of the stakeholders who were involved in its preparation and the B.C. Minister of Forests and Range (responsible for BC Housing), Federal Minister of Human Resources and Social Development (responsible for CMHC and Service Canada), Richmond Federal MPs, Richmond Provincial MLAs, the Federation of Canadian Municipalities (FCM), the Union of British Columbia Municipalities (UBCM), the Greater Vancouver Regional District (GVRD), GVRD municipalities, Richmond religious and community groups, and the Richmond School Board.
9. That UBCM and FCM be requested to ask the Federal and Provincial governments to establish tax incentives to better provide new affordable rental housing construction.

The following provides a complete list of the specific recommendations and strategies set out in the *Richmond Affordable Housing Strategy* dated May 9, 2007:

**Policy Area #1
An Articulated Commitment to Respond to Issues Related to Housing
Affordability in the City of Richmond**

1. City Council approve the *Richmond Affordable Housing Strategy* and, specifically, the following recommendations, policies, directions, priorities, definitions and initial annual targets.

| Priority | Housing Type | Definition | Initial Annual Target |
|---|--|---|---|
| 1 st Priority | Affordable Subsidized Rental Housing | Households with an annual income of less than \$20,000 | 73 affordable subsidized housing units a year |
| 2 nd Priority | Affordable Low End Market Rental Housing | Households with an annual income of between \$20,000 and \$37,700 | 279 affordable low end market rental units a year |
| 3 rd Priority | Affordable Entry Level Ownership Housing | Households with an annual income of less than \$60,000 | 243 entry level ownership units a year |
| Affordable is defined as meaning that no more than 30% of the gross income of a household is spent on housing costs (excluding cablevision, telephone, other telecommunications and utility fees) | | | |

2. The City hire a temporary full time employee, to work in the Real Estate Services Division of the City's Business & Financial Services Department, to assist in the implementation of this Strategy.
3. A work program be prepared annually by staff for Council approval to implement the *Richmond Affordable Housing Strategy*.
4. The results of the Strategy be monitored and reported annually to demonstrate that the City is committed to the on-going creation of affordable housing.
5. The Official Community Plan (OCP), and City Centre Area Plan (CCAP) currently being updated, be revised later this year to be consistent with the policies and directions set out under this Strategy once it has been approved by City Council. Over time, the other Area Plans will also be reviewed and revised, as necessary, based on the experience of implementing the *Richmond Affordable Housing Strategy*.
6. City staff continue to work with the Greater Vancouver Regional District (GVRD), senior governments and other key planning and decision making bodies to ensure that housing affordability issues are recognized and addressed at the Regional, Provincial and Federal levels, and that appropriate resources are made available.

Policy Area #2
The Use of Regulatory Tools and Approaches to Facilitate the Creation of
New Affordable Housing

Affordable Subsidized Rental Housing

7. In order to help meet the City's targets for affordable subsidized rental housing, a density bonusing approach under Section 904 of the *Local Government Act* involving the provision of a cash contribution is to be utilized for all townhouse developments and for apartment or mixed use developments involving 80 or less residential units.
8. Where a cash contribution for affordable housing is received under this statutory density bonusing approach, it should be based on the following amounts for rezoning applications received after July 1, 2007:
 - a) \$2 per square foot from townhouse developments; and
 - b) \$4 per square foot from apartment and mixed use developments involving 80 or less residential units.

Affordable Low End Market Rental Housing

9. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007.
10. Where an affordable housing unit density bonusing approach is provided for apartment and mixed use developments involving more than 80 residential units:
 - a) at least 5% of the total residential building area (or a minimum of 4 residential units) should be made available for affordable low end market rental purposes;
 - b) the unit sizes and number of bedrooms will be determined by the City; and
 - c) the affordable low end market rental units will be subject to a housing agreement registered on title.
11. If the ownership of the affordable low end market rental units is transferred to the City, the units will be rented to eligible tenants and:
 - a) each unit should be created as a separate strata lot; and
 - b) the responsibility for management and tenant selection of all the units owned by the City may be contracted to a single non-profit housing provider or property management company.
12. Alternatively, the developer may retain ownership or transfer the units to a third party such as a property management company, in which case the units must be rented to eligible tenants and:
 - a) each unit must not be transferred separately (and will be secured by a no separate transfer covenant); and

- b) the responsibility for management and tenant selection for all of the units owned by the developer or a third party will be the responsibility of that developer or third party.
- 13. The developer, or a group of developers, may concentrate their required affordable low end market rental housing units together in one building or site, rather than having them scattered in a number of different buildings or sites.
- 14. City Council may exhibit flexibility with initial apartment and mixed use rezoning applicants involving more than 80 residential units in order to identify and address implementation issues, and to create a practical and workable model.
- 15. Adopt a Secondary Suite Policy which would allow for the legalization of one existing or new secondary suite in any single family dwelling, subject to requirements.
- 16. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach is to be taken for single-family residential rezoning applications received after July 1, 2007.
- 17. Where the density bonusing approach is taken in exchange for a higher density, all lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided are to include:
 - a) a secondary suite; or
 - b) a coach house unit above the garage;for affordable low end market rental housing purposes.
- 18. Where a secondary suite or a coach house unit above the garage is built as part of the approval of a single-family residential rezoning application, it should not be strata titled and it should be designated as an affordable low end market rental unit through a housing agreement registered on title.

Policy Area #3
Preserve and Maintain the Existing Rental Housing Stock

- 19. The City's current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, that was adopted by City Council on July 24, 2006 as part of the Interim Strategy, be replaced with an OCP policy encouraging a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances.
- 20. That City staff establish a process to monitor and report on the future loss and provision of existing/new rental housing units.
- 21. That the City's existing Residential Policy 5012 limiting the strata title conversion of multi-family residential developments when there is a rental vacancy rate of less than 2% be re-examined with a view to ensuring that the affordable rental housing stock is adequately maintained and increased.

Policy Area #4
Incentives to Stimulate the Creation of New Affordable Housing in
Partnership with the Housing Supply Sector and Other Levels of
Government

22. Rezoning and development permit applications be expedited, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units.
23. The DCC Bylaw be reviewed to determine the financial and engineering implications of waiving or reducing DCCs for not for profit rental housing, including supportive living housing (e.g., affordable subsidized rental housing and affordable low end market rental housing that is rented on a not for profit basis).
24. The Province be asked to amend the *Local Government Act* to:
 - a) include affordable housing as a DCC item and also as a subject cost charge waiver; and
 - b) permit the Greater Vancouver Sewerage and Drainage District (GVS&DD) to waive regional GVS&DD DCCs on social housing and to reduce regional GVS&DD DCCs on affordable low end market rental housing.
25. City staff examine density bonus provisions, exempting affordable housing from floor area ratio (FAR) calculations and review incentives such parking relaxations and other possible options to assist in the creation of affordable subsidized rental housing and affordable low end market rental housing.

Policy Area #5
Build Community Capacity Through Targeted Strategies as well as Through
Partnerships Brokered in the Community

26. Continue to work with the Richmond Committee on Disability (RCD), the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA) and the Province to:
 - a) develop universal accessible housing guidelines for multiple-family residential dwellings;
 - b) encourage fully adaptable/universally accessible flex houses in single-family residential rezoning applications; and
 - c) ensure that the universal accessible housing guidelines do not adversely affect housing affordability.
27. The Council periodically request proposals from groups and agencies in the community that, with funding provided partially through the City's Affordable Housing Reserve Fund, as well as funding from senior levels of government and other partners, would enable the creation of additional affordable subsidized rental housing and affordable low end market rental units designed to meet priority needs and existing gaps in Richmond.

28. In responding to City proposal calls, proponents will be required to demonstrate experience/expertise/capability in a number of categories including project development, funding, non-profit property management and residential construction, and will in some cases be able to contribute equity or private capital.
29. The following criteria is to be used to evaluate the proposals that are received:
 - a) Compatibility with the *Richmond Affordable Housing Strategy* priorities;
 - b) The experience of the development and property management team;
 - c) The strength of partnerships including equity contributions, funding commitments and support from other levels of government;
 - d) The identification of key development risks and mitigation strategies;
 - e) The management capacity and experience of the proponents in working with special needs/priority groups and/or community partnership arrangements to address these needs; and
 - f) Other criteria identified in the call for proposals.
30. A new Affordable Housing Operating Reserve Fund be established which can be used for the purpose of:
 - a) Hiring staff to administer the *Richmond Affordable Housing Strategy*; legal costs, the administration or management of affordable housing units, and associated operating costs; and
 - b) Paying consultants and conducting updates, research and general or specific affordable housing studies related to the *Richmond Affordable Housing Strategy*.
31. The existing Affordable Housing Reserve Fund be used for capital purposes for affordable housing, including:
 - a) Purchasing and exchanging property or residential dwelling units for affordable housing;
 - b) Financing the construction of affordable housing projects;
 - c) Securing funding commitments from senior levels of government and/or private partnerships; and
 - d) Partnering with other levels of government and/or private agencies to achieve affordable housing in Richmond.
32. Generally, funding from the Affordable Housing Reserve Fund is to be allocated through a competitive proposal call process annually depending on the availability of funds. It is acknowledged that under special development circumstances (e.g., to meet senior government funding deadlines), a non-competitive proposal call may be used.
33. Regular meetings are to be held with key Federal and Provincial government ministries/ agencies, representatives from the non-profit and co-op housing sectors, UDI, GVHBA and other key stakeholders, to build effective communication and affordable housing partnership opportunities.

34. City staff examine the cost and implications of:
 - a) The implementation of a City of Richmond affordable housing registry; or
 - b) Encouraging all affordable housing providers/operators to participate in BC Housing's housing registry as a common waiting list rather than duplicating this information.
35. Where appropriate, certain City lands be used for affordable subsidized rental housing and affordable low end market rental purposes (not affordable entry level ownership), including where funding has or will be obtained from other levels of government and/or private partnerships.
36. The City develop a strategic land acquisition program for affordable housing with funding for the preparation of the program coming from the Affordable Housing Operating Reserve Fund and the acquisition of lands coming from the Affordable Housing Reserve Fund and other sources where appropriate.
37. A Request for Proposals (RFP) be issued to seek affordable housing proposals for 8111 Granville Avenue/8080 Anderson Road and 5491 No. 2 Road. Consideration should also be given to the concurrent disposition of 8111 Granville Avenue/8080 Anderson Road and the acquisition of an alternative less costly site nearby should a reasonable proposal be brought forward by other market participants or should a viable affordable housing project not be brought forward for this site.

Policy Area #6

Advocacy Aimed at Improving the Policy Framework and Funding Resources Available for Responding to Local Housing Needs

38. Request senior governments to ensure that current and future Federal, Provincial and Regional policy directions reflect, fund and support the policies set out under this Strategy.
39. Continue to work with GVRD and Greater Vancouver Housing Corporation (GVHC) staff and other levels of government to ensure that they each have clear, stable, ongoing, complementary and effective affordable housing strategies.
40. Monitor and report annually on the City, Federal, Provincial, development industry, and other contributions to the creation of affordable housing. This information would be used as a means of demonstrating the City's commitment to the creation of affordable housing and to secure future support from senior levels of government and stakeholders.
41. Request senior levels of government to provide better ongoing and stable flexible funding mechanisms which reflect local needs and priorities at key points along the housing continuum. This includes housing for those who are homeless, special needs affordable housing, affordable subsidized rental housing, affordable low end market rental and affordable entry level ownership.
42. Put forward a resolution requesting that the Union of British Columbia Municipalities (UBCM) and Federation of Canadian Municipalities (FCM) request changes to federal and provincial tax policies, to encourage new affordable rental housing construction.

Staff Resources

Strategy Recommendation:

“2. The City hire a temporary full time employee, to work in the Real Estate Services Division of the City’s Business & Financial Services Department, to assist in the implementation of this Strategy.”

Rationale:

Affordable housing is a complex issue, that requires the involvement of many different stakeholders. In order to properly tackle this issue, a variety of City staff and departments can no longer handle affordable housing on a part time basis. Therefore, it is recommended that an additional, new staff person be dedicated to the task.

This staff person would reside in the Real Estate Services Division and be responsible for:

- developing an annual work program for Council approval to implement the *Richmond Affordable Housing Strategy*;
- monitoring the results of the Strategy and reporting annually to demonstrate that the City is committed to the on-going creation of affordable housing;
- working with the GVRD & GVHC, the Provincial and Federal Governments, and other key partners to have affordable housing built in Richmond;
- developing a strategic land acquisition program for affordable housing and using the City’s real estate assets to secure funding commitments from senior levels of government and/or private partnerships;
- managing contributions to the affordable housing reserve funds, including requesting and reviewing proposals from groups and agencies in the community that would utilize the contributions in the funds;
- contacting key staff from government ministries/agencies, representatives from the non-profit and co-op housing sectors, and other key stakeholders on a regular basis in order to build effective communication and partnership opportunities; and
- acting as the contact for Council, staff, public and others on affordable housing issues.

It should be stressed that this single new staff person would not be able to deliver the volume and type of affordable housing that a larger municipality like the City of Vancouver does which has a Housing Centre with 12 full time staff. However, having a full time employee dedicated to affordable housing will be a significant step towards starting to achieve more of this form of housing in Richmond. The permanency of this position will be evaluated annually.

Stakeholder and Public Input:

The public response to additional staff resources has been very positive. The only concern that has been expressed is that these resources should not be paid for out of the Affordable Housing Reserve Fund. Instead, some believe that this Fund should only be used for the actual construction of affordable housing units.

Planning Committee also asked if the additional staff person could be on contract or possibly a consultant.

Staff Comments:

The City's Affordable Housing consultant has advised that the full time employee should either be on contract or a regular staff person. They do not recommend the use of a consultant as such a person or company would not be able to dedicate themselves fully to the implementation of the Strategy. City staff agree with this advice.

The existing Affordable Housing Reserve Fund may not legally be used for staff resources. This is because the Fund was established as a capital reserve and can not be used for operating costs.

As a result, a separate, new operating fund must be established and used to pay for the new, temporary full time staff person as well as additional non-capital expenses. This will help address the public concern that monies collected in the past should only be used for capital purposes.

It is estimated that this position will cost approximately \$100,000 annually for salary and benefits. Since such a person will be hired part way through the year, it is expected that approximately \$50,000 will be required in 2007.

Initial Position Funding:

Until the new Affordable Housing Operating Reserve Fund is established and operational, interim funding is required. Staff recommend that funding for this position initially come from the City's enterprise fund. The enterprise fund is an operating account that is used as seed money for business initiatives on the assumption that the account will be reimbursed. It is not a reserve fund. The intent is to reimburse the enterprise fund, with interest, from the Affordable Housing Operating Reserve Fund once the bylaw creating this Fund has been adopted and a sufficient amount of money has been collected.

Permanent Funding Options:

Staff recommend permanently paying for the new employee using some of the voluntary contributions from developers out of a new Affordable Housing Operating Reserve Fund.

Other permanent funding options are:

- 1) Should Council not wish to use part of future developer voluntary contributions to pay for a staff person, this position could be added to the requests for one-time additional level funding from the 2006 surplus. It is expected that Council will consider these one-time additional level requests in May 2007. The problem with this option is that the funding is not guaranteed as this request will be compared and ranked against all other requests and will have to go through a similar process in 2008 and beyond.
- 2) The other option is to fund this position from the Council Provision this year and adding the position to the operating budget as part of the 2008 Budget process. This would demonstrate a firmer commitment to the *Richmond Affordable Housing Strategy*. The disadvantage of doing this is that it may result in a taxation increase in 2008 and could preclude linking the staff resources to the amount of development activity.

Proposed Action:

“That the City hire a temporary full time employee, to work in the Real Estate Services Division of the City’s Business & Financial Services Department, to assist in the implementation of the Richmond Affordable Housing Strategy, with funding for this position to come initially from the enterprise fund and permanently from the Affordable Housing Operating Reserve Fund.”

Affordable Housing Reserve Fund

Strategy Recommendations:

- “30. A new Affordable Housing Operating Reserve Fund be established which can be used for the purpose of:
- a) Hiring staff to administer the *Richmond Affordable Housing Strategy*, legal costs, the administration or management of affordable housing units, and other associated operating costs; and
 - b) Paying consultants and conducting updates, research and general or specific affordable housing studies related to the *Richmond Affordable Housing Strategy*.”
- “31. The existing Affordable Housing Reserve Fund be used for capital purposes for affordable housing, including:
- a) Purchasing and exchanging property or residential dwelling units for affordable housing;
 - b) Financing the construction of affordable housing projects;
 - c) Securing funding commitments from senior levels of government and/or private partnerships; and
 - d) Partnering with other levels of government and/or private agencies to achieve affordable housing in Richmond.”

Rationale:

Originally, the consultant and staff were proposing to amend the existing Affordable Housing Reserve Fund to allow it to pay for staff resources, consultant studies, etc.

However, the Affordable Housing Reserve Fund is a capital reserve, so it can only be used for capital purposes. Therefore, the recommendation is changed to create a separate new Affordable Housing Operating Reserve Fund.

For clarity, it is also recommended that Council acknowledge that the existing Affordable Housing Reserve Fund can be used for such capital items as land acquisitions, construction and partnerships to build affordable housing. A resolution by Council approving the *Richmond Affordable Housing Strategy* is sufficient – it is not necessary to amend *Reserve Fund Establishment Bylaw No. 7812* (which established the affordable housing and various other capital reserve funds).

Stakeholder and Public Input:

Concern has been expressed by some stakeholders that the Affordable Housing Reserve Fund should only be used for the actual construction of affordable housing units not staffing, operating costs, studies, etc. The revised recommendation primarily addresses this concern.

Staff Comments:

The proposed new Affordable Housing Operating Reserve Fund will be used to pay for staff, legal costs, operating expenses, hiring consultants, updating the *Richmond Affordable Housing Strategy*, research, studies, etc.

It is proposed that annually 30% of the future voluntary cash contributions received from the development community be put into the Affordable Housing Operating Reserve Fund. This percentage has been established to primarily cover the following costs:

- the temporary full time employee;
- the legal costs of implementing approximately 95 housing agreements annually as a condition of rezoning approval; and
- needed affordable housing studies.

It has been estimated that approximately \$1,000,000 could be raised annually from townhouse rezoning applications if developers elect (and Council approves) to make the cash contribution of \$2.00 per buildable square foot in lieu of building affordable housing. Thirty percent (30%) of this would equal \$300,000 annually. This being the case, enough money will be deposited into the Fund to pay for the staff person, legal costs and other operating expenses in 2007 and beyond.

The 30% has been stated in the bylaw establishing the new operating fund in order to provide a clear Council direction. Should this percentage be determined by experience to be too much or too little, Council may decide to direct any surplus to the Affordable Housing Reserve Fund for capital purposes or consider bylaw amendments.

Money can not be transferred from the capital fund to the operating fund. However, under Section 189 (2) of the *Community Charter*, in limited circumstances, a surplus can be transferred by Council, by bylaw, from the operating fund to the capital fund (but not vice a versa). Thus, if 30% results in a surplus, it could be used for capital purposes.

If this approach is acceptable, similar new bylaws may be introduced for child care development, neighbourhood improvement and other reserve funds that require greater flexibility. This will take some analysis and be the subject of a separate, future staff report.

It is also proposed that:

- 50% of the rental income from the affordable low end market rental housing units owned by the City be deposited into the Affordable Housing Operating Reserve Fund. Based on discussions with non-profit housing providers and property management companies, this 50% of the rental income should be sufficient to pay for their administration and operating costs to manage these units. Should this not be the case, any additional administration and operating costs would have to be covered by the Affordable Housing Operating Reserve Fund.
- The remaining 50% of the rental income be placed into the Affordable Housing Reserve Fund for potential capital expenses (e.g., upgrades and physical maintenance of the affordable low end market rental housing units).

In order to address UDI's concern as to who will manage these units if they are owned by City, staff recommend that a proposal call be put out as soon as possible so that a non-profit housing provider or property management company can be in place to manage the affordable low end market rental housing units on behalf of the City that will be required with residential rezoning applications received after July 1, 2007. This will also help address questions regarding the cost of managing these units and whether the rental of these units will cover the management costs.

Proposed Action:

That Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206 be introduced and given first, second and third reading.

That a proposal call be issued by the City for non-profit housing providers and property management companies to manage the affordable low end market rental housing units that will be built by the development community and transferred to the City as a condition of rezoning approval.



**Affordable Housing Operating Reserve Fund
Establishment Bylaw No. 8206**

Whereas

- A. the City of Richmond requires a strategy to address the need for affordable housing in the City (“Richmond Affordable Housing Strategy”);
- B. funds are required for research, information, administration, consulting and legal fees and other operating purposes in connection with implementing the Richmond Affordable Housing Strategy; and
- C. Section 188 of the *Community Charter* authorizes Council to establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund,

The Council of the City of Richmond enacts as follows:

- 1. A reserve fund is established to provide operating funding for the City in relation to implementing the Richmond Affordable Housing Strategy, which shall be referred to as the “Affordable Housing Operating Reserve Fund”.
- 2. The Affordable Housing Operating Reserve Fund shall be separate and distinct from the Affordable Housing Reserve Fund established in Reserve Fund Establishment Bylaw 7812.
- 3. After the date that this bylaw takes effect, the following sources of revenue received by the City are directed to the Affordable Housing Operating Reserve Fund annually:
 - (a) thirty percent (30%) of developer cash contributions dedicated to the Richmond Affordable Housing Strategy;
 - (b) fifty percent (50%) of income received by the City from the rental of residential dwelling units that are owned or held by the City as part of the Richmond Affordable Housing Strategy;
 - (c) donations from members of the public that are dedicated to the purposes established in this bylaw; andany interest earned by the Affordable Housing Operating Reserve Fund shall accrue to it.
- 4. Any and all amounts in the Affordable Housing Operating Reserve Fund, including any interest earned or accrued, may be used and expended solely for any one or more of the following purposes:
 - (a) remuneration for personnel hired by the City to administer the Richmond Affordable Housing Strategy or any part thereof and associated supplies, travel or staff costs;
 - (b) the hiring of consultants, the conduct of research, and the production of reports and other information and updates pursuant to the Richmond Affordable Housing Strategy;
 - (c) legal costs of implementing affordable housing agreements;

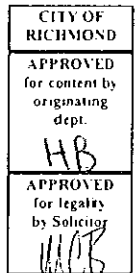
- (d) management, administration and cost of affordable housing units owned by the City;
 - (e) other activities related to carrying out the Richmond Affordable Housing Strategy or any part thereof;
 - (f) in accordance with the requirements of the *Community Charter*; and
- as otherwise provided for in the legislation and as approved by Council.
5. If any section, subsection, paragraph, clause or phrase of this bylaw is for any reason held to be invalid by the decision of a court of competent jurisdiction, such decision does not affect the validity of the remaining portions of this bylaw.
 6. This bylaw is cited as “Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED



MAYOR

CORPORATE OFFICER

Density Bonusing Approach

Strategy Recommendations:

“Affordable Subsidized Rental Housing”

- “7. In order to help meet the City’s targets for affordable subsidized rental housing, a density bonusing approach under Section 904 of the *Local Government Act* involving the provision of a cash contribution is to be utilized for all townhouse developments and for apartment or mixed use developments involving 80 or less residential units.”
- “8. Where a cash contribution for affordable housing is received under this statutory density bonusing approach, it should be based on the following amounts for rezoning applications received after July 1, 2007:
- a) \$2 per square foot from townhouse developments; and
 - b) \$4 per square foot from apartment and mixed use developments involving 80 or less residential units.”

“Affordable Low End Market Rental Housing”

- “9. In order to help meet the City’s targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007.”
- “10. Where an affordable housing unit density bonusing approach is taken for apartment and mixed use developments involving more than 80 residential units:
- a) at least 5% of the total residential building area (or a minimum of 4 residential units) should be made available for affordable low end market rental purposes;
 - b) the units sizes and number of bedrooms will be determined by the City; and
 - c) the affordable low end market rental units will be subject to a housing agreement registered on title.”
- “11. If the ownership of the affordable low end market rental units is transferred to the City, the units will be rented to eligible tenants and:
- a) each unit should be created as a separate strata lot; and
 - b) the responsibility for management and tenant selection of all the units owned by the City may be contracted to a single non-profit housing provider or property management company.”
- “12. Alternatively, the developer may retain ownership or transfer the units to a third party such as a property management company, in which case the units must be rented to eligible tenants and:
- a) each unit must not be transferred separately (and will be secured by a no separate transfer covenant); and

b) the responsibility for management and tenant selection for all of the units owned by the developer or a third party will be the responsibility of that developer or third party.”

“13. The developer, or a group of developers, may concentrate their required affordable low end market rental housing units together in one building or site, rather than having them scattered in a number of different buildings or sites.”

“14. City Council may exhibit flexibility with initial apartment and mixed use rezoning applicants involving more than 80 residential units in order to identify and address implementation issues, and to create a practical and workable model.”

“15. Adopt a Secondary Suite Policy which would allow for the legalization of one existing or new secondary suite in any single family dwelling, subject to requirements.”

“16. In order to help meet the City’s targets for affordable low end market rental housing, a density bonusing approach is to be taken for single-family residential rezoning applications received after July 1, 2007.”

“17. Where the density bonusing approach is taken in exchange for a higher density, all lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided are to include:

a) a secondary suite; or

b) a coach house unit above the garage;

for affordable low end market rental housing purposes.”

“18. Where a secondary suite or a coach house unit above the garage is built as part of the approval of a single-family residential rezoning application, it should not be strata titled and it should be designated as an affordable low end market rental unit through a housing agreement registered on title.”

“25. City staff examine density bonus provisions, exempting affordable housing from floor area ratio (FAR) calculations and review incentives such as parking relaxations and other possible options to assist in the creation of affordable subsidized rental housing and affordable low end market rental housing.”

Rationale:

Existing Shortfall

The use of the density bonusing approach is one of the more important recommendations in the *Richmond Affordable Housing Strategy*.

The primary reason for this approach is to meet the critical need and demand for:

- affordable subsidized rental housing for households with an annual income of less than \$20,000; and
- affordable low end market rental housing for households with an annual income of between \$20,000 and \$37,700.

According to a CMHC Study done in 2000, which used the 1996 Census, there was a shortfall of:

- 2,540 affordable subsidized rental housing units in Richmond; and
- 1,420 affordable low end market rental housing units for households with annual incomes in the \$20,000 - \$30,000 range.

It is expected that this shortfall will be even greater when the 2006 Census is released later this year.

Affordable Housing Targets

The consultants have established annual targets for all three types of affordable housing in Richmond (affordable subsidized rental housing, affordable low end market rental housing and affordable entry level ownership housing).

These targets are described in detail in **Attachment 9** (the complete copy of the *Richmond Affordable Housing Strategy*) and are also summarized in Attachment 2 to the staff report entitled Developer Voluntary Contribution Study (which will be on same Planning Committee and Council agenda as this report).

Meeting the Affordable Housing Targets

In order to help meet the annual targets for affordable subsidized rental housing and affordable low end market rental housing, the following provisions are included in the draft new residential density bonus zones:

- a cash contribution in lieu of affordable housing, in the amount of:
 - \$2.00 per buildable square foot from townhouse rezoning applications; and
 - \$4.00 per buildable square foot from multiple-family residential and mixed use developments involving 80 or less residential units.
- built affordable housing units, in the following instances:
 - a minimum of 4 affordable low end market rental units and at least 5% of the building area in multiple-family residential and mixed use developments involving more than 80 residential units; and
 - a secondary suite or coach house unit above the garage on all single lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided.

Stakeholder and Public Input:

Various stakeholders and the general public have been quite supportive of these recommendations. To most, it demonstrates that the City is serious about getting affordable subsidized rental housing and affordable low end market rental units built.

The development community, represented by the UDI, has expressed concerns regarding the requirement to have to build a minimum of 4 affordable low end market rental housing units. Staff have responded to these concerns by linking this requirement to a density bonus bylaw, by being more flexible on who owns the affordable low end market rental housing units and by introducing various other incentives described below or elsewhere in this report.

The public feedback on the legalization of existing and new secondary suites has been very positive. Staff have heard different opinions regarding the possible introduction of rent controls

on secondary suites and coach house units (some totally agree, while others think that the required housing agreements will be cumbersome to administer and will unnecessarily restrict a portion of the secondary suite market).

Staff Comments:

Building Affordable Units in Multiple-Family Residential and Mixed Use Developments

In order to address UDI's concerns, the consultant and staff have examined further the requirement to build affordable low end market rental housing units in a multiple-family residential or mixed use development. Based on this examination, the following conclusions have been made and will be incorporated into the density bonusing approach:

Size of the Development:

- only larger developments would be required to build affordable low end market rental housing units (i.e., a threshold of more than 80 residential units has been added)

Type of Construction:

- a distinction will be made when preparing the density bonus bylaws and at the time of rezoning between wood frame construction (e.g., 4 storey apartments) and concrete construction (e.g., high rise developments), in recognition of the fact that the latter makes it more expensive to build the affordable low end market rental housing units

Wood Frame Construction:

- a draft residential density bonus zone has not been created for this type of rezoning application, but it might be modelled after the proposed High-Density Residential District (R4D) zone only with a density bonus of 0.4 FAR on a typical 4 storey, wood frame apartment

Concrete Construction:

- the proposed High-Density Residential District (R4D) zone has a density bonus of 0.6 FAR on a typical 15 storey, concrete high rise and includes a clause excluding the affordable low end market rental housing units from the FAR calculations if the units are subject to a registered housing agreement (and assumes these units are owned by the City)

Covering the Construction Cost of the Affordable Housing Units:

- it is assumed that the following should cover the construction cost of the affordable low end market rental housing units and enable the developer to make a profit for building these units in either a wood frame building or a concrete building:
 - the profit from the market ownership units within the density bonus area;
 - the sale of the affordable housing units to a third party; and
 - the proposed parking relaxation for the affordable housing units

Incentives for City Ownership of the Affordable Housing Units:

- if the developer decides to transfer the ownership of the affordable low end market rental housing units to the City or a non-profit housing provider, the City could:

- waive the DCCs on these units only provided that they are used for not for profit rental housing purposes;
- exclude the affordable low end market rental units from the FAR calculations, thereby enabling the developer to build an additional 5% building area elsewhere on the site and make an additional profit on this area; and
- permit other cost savings to the construction costs of the affordable housing units (e.g., only one bathroom; less expensive appliances; etc.)
- with these incentives, and the building height and soil limitations in Richmond which prevent most developments from going beyond a 3.0 FAR, it is expected that it will be more likely for a developer to transfer the ownership of the affordable housing units to the City in a wood frame building because of the lower construction costs than a concrete building

Reduced Parking Requirements:

- the City is willing to reduce the parking requirements for the affordable low end market rental housing units, an estimated savings of \$30,000 per parking space according to UDI

Flexibility:

- the consultant has recommended that flexibility be used when the density bonusing approach is implemented.

Changes from the Draft Affordable Housing Strategy

When the *Draft Affordable Housing Strategy* was presented to Council in November 2006 and referred to stakeholders and the general public for input, it contained the following recommendations or assumptions related to building affordable units in multiple-family residential and mixed use developments:

- that a pro forma analysis calculating the “land lift” would be used to determine whether low rise apartments and high rise developments should build affordable housing units or make a cash-in-lieu contribution;
- a minimum of 4 affordable housing units in a development was necessary to make the administration of these units manageable (the actual number of units would be determined by the pro forma analysis);
- based on the work by G.P. Rollo & Associates Ltd, it was assumed that a minimum cash-in-lieu contribution of \$4.00 per buildable square foot would be the threshold for obtaining 4 affordable housing units; and
- it was the City’s impression that developers do not want to continue to own the affordable housing units as it is their preference to build and sell a project.

Based on the feedback received from UDI, staff have:

- dropped the requirement of using a pro forma analysis to determine if affordable housing units should be built or whether a cash-in-lieu contribution should be accepted and, instead, use an estimated approach; and

- added the option that the developer could own and/or sell the affordable housing units to a third party.

It is recognized that this latter point could result in the City not owning as many affordable housing units. This is acceptable for the following reasons:

- the goal is to increase the supply of affordable low end market rental housing units, regardless of who owns the units (although there are both advantages and disadvantages to City ownership – e.g., these units could be an asset to the City but could also have future maintenance issues);
- construction costs have continued to escalate since November 2006, making it more difficult economically for the developer to build the affordable housing units with no return on the cost of these units; and
- the City has added a requirement that at least 5% of the building area must be developed and secured as affordable housing in order to provide more flexibility on the unit sizes (previously the developers probably assumed that they could provide 4 very small units to the City representing more like 2.5% of the building area).

Rent Controls on Single-Family Residential Rezoning Applications

Housing Agreements:

At the December 5, 2006 Planning Committee meeting, staff were directed to:

“explore and report back on the viability of putting a cap on the rents of secondary suites and coach houses.”

The only way to do this is through the registration of a housing agreement against the title of the property. The housing agreement will stipulate, among other things, who can rent the unit, how the rent may be increased and penalties if the terms of the agreement are breached.

According to the *Local Government Act*, a housing agreement must be adopted by Council by means of a bylaw. In order to do this, a sample copy of the general form of the housing agreement is included in the proposed density bonus bylaw.

It should be emphasized at the outset that City staff will not be actively regulating or managing the rent controls imposed by way of housing agreements on secondary suites or coach house units because it would take an excessive amount of time and resources.

However, the City will keep an inventory of the housing agreements and renters can check with City staff to determine which secondary suites or coach house units are to remain affordable.

This being the case, non-compliance issues will be addressed on a complaint basis.

Building Permit Applications:

A housing agreement instituting rent controls can not be a condition of a building permit.

According to the staff report on a *Secondary Suite Policy* (which will be considered at the same Planning Committee and Council meeting as this report):

- it is estimated that approximately 250 new secondary suites could be created annually through the building permit process alone (not involving a rezoning application). In these

cases, the secondary suites and coach house units cannot be required to be affordable low end market rental housing

- approximately 90% of new single-family homes in Richmond already make provisions for a potential secondary suite
- secondary suites will be added as a permitted use in all the existing zones that permit single-family residential dwellings, thus enabling existing suites to become legal if they meet building and life safety requirements
- at this point in time, City staff do not recommend allowing multiple secondary suites in a single or two family dwelling

Rezoning Applications:

A housing agreement instituting rent controls can be a condition of a rezoning application.

In order to do this, the density bonus approach is proposed as an incentive.

Basically, as outlined in the draft new Single-Family Housing District (R1/0.6D) and Coach House District (R9D) zones, the single-family residential rezoning applicant has the option of:

- building at the new lower base density without a secondary suite or coach house; or
- taking advantage of the density bonus and building a secondary suite or a coach house unit on:
 - any single lots that are rezoned but not subdivided; and
 - at least 50% of any new lots that are rezoned and subdivided

Staff have estimated that there will be approximately 75 secondary suites or coach house units built annually through the proposed density bonusing approach and rezoning application process.

By registering a housing agreement against the title of these properties, the City will be able to ensure that these secondary suites or coach house units will be affordable for households with an annual income of less than \$37,700 (i.e., rented at less than \$943 a month).

Reasons for Rent Controls on Secondary Suites and Coach House Units Built Through the Rezoning Application Process

There are a number of reasons for considering rent controls on secondary suites and coach house units built through the rezoning application process:

- the estimated 75 secondary suites and coach house units built per year constitutes the majority (83%) of the annual target of affordable low end market rental housing units;
- without a housing agreement, the City will have no guarantee that these suites or units will be affordable now or in the future;
- the fluctuating supply and demand may drive rents up, as may major events which could put additional pressure on the already tight rental market; and
- this is one of the more important ways the City can ensure that it addresses the existing shortfall of affordable low end market rental housing in Richmond.

Other Options:

Not all single-family residential rezoning applicants may want to go through the process of registering a housing agreement on the title of the property containing the secondary suite or coach house unit because they may view it as an unnecessary restriction on their private property rights.

There are several other options should Council receive opposition to putting a cap on the rents of secondary suites and coach house units via a housing agreement.

1. Let the Market Control the Rents

It could be argued that the market will control the rents – especially if secondary suites are legalized in all single-family residential zones.

Currently, most secondary suites or coach house units are rented for under \$943 a month, which would be “affordable” for households with an annual income of \$37,700.

However, there is no guarantee that this would continue to be the case (e.g., if there was a severe rental shortage or a major increase in the demand for rental accommodation).

It could also be argued that if the market is keeping the rents “affordable”, there shouldn’t be a major issue with securing this through a housing agreement.

2. Restrict the Size of the Affordable Housing

According to the report on the *Secondary Suite Policy*, the size of a secondary suite is proposed to be limited to a minimum gross floor area of at least 33 m² (355 ft²) and a maximum gross floor area of 90 m² (969 ft²). This latter limitation is imposed by the BC Building Code.

Coach house units above the garage are already limited to a maximum of 60 m² (646 ft²).

It could be argued that these existing size limitations on secondary suites and coach house units will control the rents.

If this is not the case, further limitations on the size of the secondary suite or coach house could be introduced if it is felt that the unit size is not small enough to remain “affordable” for low end market rental purposes.

If Rent Controls Are Not Accepted:

If Council decides not to put a cap on the rents of secondary suites and coach house units going through the rezoning process, the requirement for a housing agreement could be removed from the proposed new Single-Family Housing District (R1/0.6D) and Coach House District (R9D) zones.

This change could be made without having to delay the approval of the *Richmond Affordable Housing Strategy* or having to refer the draft zones back to staff.

The targets for new affordable low end market rental housing and assumptions on how the City would address the existing shortfall of rental units for households with an annual income in the \$20,000 - \$30,000 range would need to be revised.

This being the case, staff could monitor (e.g., through the newspapers) whether the secondary suites and coach house units built through the building permit process and through rezoning applications are in fact “affordable”.

If concerns arise, a cap on the rents could be instituted via a housing agreement on future rezoning applications.

Proposed Action:

That the draft bylaw, which contains the following affordable housing policies, be considered in respect of all multiple-family residential and mixed use rezoning applications involving a residential component and all single-family residential rezoning applications received after July 1, 2007:

Townhouse Rezoning Applications

- a) A new Townhouse District (R2/0.6D) with a base density of 0.4 floor area ratio (FAR) for all density bonus areas. The City will permit a density bonus of 0.2 FAR to get a maximum density of 0.6 FAR if a cash contribution of \$2.00 per buildable square foot is paid into the affordable housing reserve as set out in the draft bylaw.*

Apartment Rezoning Applications

- b) A new High-Density Residential District (R4D) with a base density of 2.6 FAR for all density bonus areas. The City will permit a density bonus of 0.4 FAR to get a maximum density of 3.0 FAR if:
 - i) the development contains more than 80 residential units, at least 5% of the building area and not less than 4 affordable housing units are developed and secured as affordable housing by means of a registered housing agreement against title to the lot; or*
 - ii) the development contains 80 or less residential units, a cash contribution of \$4.00 per buildable square foot is paid into the affordable housing reserve as set out in the draft bylaw.**

Single-Family Rezoning Applications

- c) A new Single-Family Housing District (R1/0.6D) with a base density of 0.4 FAR for all density bonus areas. The City will permit a density bonus of 0.2 to get a maximum density of 0.6 FAR if:
 - i) a secondary suite is built on:
 - all single lots that are being rezoned but will not be subdivided; and
 - at least 50% of any lots that are being rezoned and subdivided; and*
 - ii) these secondary suites are secured as affordable housing by means of a registered housing agreement against title to the lots, which also specifies that the secondary suites can not be subdivided (i.e., strata titled).**
- d) A new Coach House District (R9D) with a base density of 0.4 FAR for all density bonus areas. The City will permit a density bonus of 0.2 FAR to get a maximum density of 0.6 FAR if:*

- i) *a coach house with a maximum floor area of 60 m² (645.856 ft²) is built on:*
 - *all single lots that are being rezoned but will not be subdivided; and*
 - *at least 50% of any lots that are being rezoned and subdivided; and*
- ii) *these coach houses are secured as affordable housing by means of a registered housing agreement against title to the lots, which also specifies that the coach houses can not be subdivided (i.e., strata titled).*

Housing Agreements

- e) *A definition of the housing agreement and a sample copy of the general form of the required housing agreement, specifying, among other things, the use, occupancy, construction, disposition, subdivision, acquisition and demolition of affordable housing units as well as default, remedy, statutory declaration and other provisions.*

Affordable Housing Reserve

- f) *A definition and description of the affordable housing reserve (e.g., identifies that this reserve consists of two funds and that 30% of cash contributions will be deposited into the new Affordable Housing Operating Reserve Fund for operating purposes and 70% will be deposited into the existing Affordable Housing Reserve Fund for capital purposes).*

Affordable Housing Units

- g) *A definition of “affordable housing unit” and a description of the number, kind and extent of the affordable housing units required if amenities are provided in return for the increased density of amenities.*

Off-Street Parking

- h) *A reduction in the off-street parking requirements for affordable housing units in apartments to 1 parking space per unit instead of the standard 1.5 parking spaces.*



Richmond Zoning and Development Bylaw 5300
Text Amendment Bylaw #
[Residential Density Bonus Zones and
Housing Agreement Schedule]
(Richmond Affordable Housing Strategy)

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Section 104 of Richmond Zoning and Development Bylaw 5300, as amended, is further amended by adding in alphabetical sequence:

“**Affordable Housing Reserve**” means collectively the statutory Capital Reserve Fund created by *Reserve Fund Establishment Bylaw No. 7812* and the Operating Reserve Fund created by *Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206*.

“**Affordable Housing Unit**” means a **dwelling unit** provided under Section 205(DB).2.02 or otherwise subject to a **housing agreement**, and includes a **secondary suite** that is subject to a **housing agreement**.

“**Housing Agreement**” means an agreement between the owner of a **lot** and the City under Section 905 of the *Local Government Act* and a covenant granted by the owner to the City under Section 219 of the *Land Title Act*, in the form and substantially with the content of the “Housing Agreement” document attached as Schedule A to DIVISION 200.

“**Land Title Office**” means the New Westminster Land Title Office or its successor.

2. Section 106 of DIVISION 100 is amended by adding in numerical sequence the following zoning district information:

| SCHEDULE: | ZONING DISTRICT NAME: | MAP SYMBOL: |
|-----------|--|-------------|
| 202 (DB) | Single-Family Housing District (Amenity Zone) | R1/0.6D |
| 203 (DB) | Townhouse District (Amenity Zone) | R2/0.6D |
| 210 (DB) | Coach House District (Amenity Zone) | R9D |
| 205 (DB) | High Density Residential District (Amenity Zone) | R4D |

3. Section 201 of DIVISION 200 is amended by adding the following Subsections:

.10 **Affordable Housing Reserve**

If an owner under DIVISION 200 and Section 904 of the *Local Government Act* elects to pay an amount into the **affordable housing reserve**:

- 70 per cent of the amount will be deposited to the capital reserve fund created by *Reserve Fund Establishment Bylaw No. 7812*; and
- 30 per cent of the amount will be deposited to the operating reserve fund created by *Affordable Housing Operating Reserve Fund Establishment Bylaw No. 8206*.

The City may only use these funds for the provision of affordable housing and the number, kinds, and extent of the affordable housing described in Schedule B to DIVISION 200.

4. DIVISION 200 is further amended by adding new Schedules A and B to DIVISION 200 that are attached to this amending bylaw as Attachments A and B respectively and further by adding in numerical sequence the zoning districts set out in Attachment C to this amending bylaw.

5. Table 407.02.1 of Section 407 in DIVISION 400 is amended by adding the following in alphabetical sequence:

| RESIDENTIAL USE | BASIC REQUIREMENT | VISITOR PARKING REQUIREMENT |
|--|-------------------|-----------------------------|
| Coach House referred to in Section 210(DB).2 | 1.0 | Not applicable |
| Affordable Housing Unit referred to in Section 205 (DB) | 1.0 | Not applicable |

6. The Zoning Map of the City of Richmond is amended as shown on Attachment D to depict the locations of the zoning districts referred to in Section 2 and set out in Attachment C.

7. This Bylaw may be cited as "**Richmond Zoning and Development Bylaw 5300, Amendment Bylaw #**".

Bylaw XXXX

- 3 -

FIRST READING

A PUBLIC HEARING WAS HELD ON

SECOND READING

THIRD READING

ADOPTED

| |
|---|
| CITY OF RICHMOND APPROVED BY |
| APPROVED BY Director OR Solicitor |

Mayor

Corporate Officer

Attachment A to Bylaw #

SCHEDULE A TO DIVISION 200

HOUSING AGREEMENT

Standard Charge Terms under Section 235, *Land Title Act*

FILED BY: Corporation of City of Richmond

STANDARD HOUSING AGREEMENT, 219 COVENANT, RENT CHARGE,
INDEMNITY AND OPTION TO PURCHASE

The following standard charge terms will be incorporated by reference in every Section 219 covenant and housing agreement in which the set is referred to by its filing number as provided by Section 235 of the *Land Title Act*.

GIVEN THAT:

- A. Section 219 of the *Land Title Act* permits the registration of a covenant of a negative or positive nature in favour of the Corporation of the City of Richmond (the "City") in respect of the use of land or construction on land;
- B. The Owner (hereinafter defined) is the registered and beneficial owner of the Land (hereinafter defined); and
- C. The Owner and the City wish to enter into this Agreement to provide for affordable housing on the terms and conditions set out in this Agreement, and this Agreement is both a covenant under Section 219 of the *Land Title Act* and a housing agreement under Section 905 of the *Local Government Act*,

In consideration of \$1.00 and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by both parties), and in consideration of the promises exchanged below, the Owner and the City covenant and agree as follows and in accordance with Section 219 of the *Land Title Act*:

PART I – DEFINITIONS

- 1. In this Agreement the following words have the following meanings:
 - (a) "Affordable Housing Unit" means a Dwelling Unit designated as such in accordance with Part II herein to be used and occupied in accordance with this Agreement;
 - (b) "Agreement" means these standard charge terms together with the General Instrument (hereinafter defined);
 - (c) "CPI" means the All-Items Consumer Price Index for Vancouver, B.C. published from time to time by Statistics Canada, or its successor in function, where Occupancy Year (hereinafter defined) = 100;
 - (d) "Daily Amount" means \$100.00 per day as of December 31, 2007 adjusted thereafter by an amount determined by multiplying \$100.00 by the percentage change in the CPI since December 31, 2007 to January 1 of the year that a written notice is delivered to the owner by the City pursuant to Section 14 herein;

- (e) "Dispose" means to transfer by any method, and includes assign, give, sell, grant, charge, convey, bequeath, devise, lease, license, rent or sublet, divest, release, and agree to do any of those things;
- (f) "Dwelling Units" means all residential dwelling units located or to be located on the Land whether those dwelling units are lots, strata lots or parcels, or parts or portions thereof, into which ownership or right of possession or occupation of the Land may be Subdivided (hereinafter defined) and includes single family detached dwellings, duplexes, townhouses, auxiliary residential dwelling units, rental apartments and strata lots in a building strata plan;
- (g) "Eligible Tenant" means, subject to Section 3, a Family having an annual income of \$37,700 or less, except that the reference to \$37,700 is deemed to be increased by the CPI in respect of each calendar year commencing January 1, 2008;
- (h) "Family" has the meaning given in Section 104 of Richmond Zoning and Development Bylaw 5300, as amended;
- (i) "General Instrument" means the Form C under the Land Title (Transfer Forms) Regulations, as amended, and all schedules and addenda to the Form C charging the Land and citing these Standard Charge Terms;
- (j) "Gross Floor Area" means the habitable gross floor area of each Affordable Housing Unit and includes enclosed sunrooms but does not include crawl spaces, open patios, open balconies or parking spaces. If the Affordable Housing Unit is a strata lot as defined by the *Strata Property Act*, the gross floor area measurements will be based on the gross floor area shown corresponding to the Affordable Housing Unit on the strata plan filed in the LTO in respect of the Land. If the Affordable Housing Unit is not a strata lot as defined by the *Strata Property Act*, the gross floor area measurements will be made in accordance with the procedure for determining gross floor area set out in the *Strata Property Act* as if the Affordable Housing Unit were a strata lot;
- (k) "Interest" means the property interest of the Owner in an Affordable Housing Unit;
- (l) "Land" means the land described in Item 2 of the General Instrument and any part, including a building or a portion of a building, into which said land is Subdivided;
- (m) "LTO" means the New Westminster Land Title Office or its successor;
- (n) "Occupancy Year" means the calendar year in which the City conducts the final inspection under the then applicable *British Columbia Building Code* in respect of an Affordable Housing Unit;
- (o) "Original Rent" means:
 - i) \$500.00 a month for a bachelor suite (e.g., for eligible tenant having an annual income of \$20,000 or less);
 - ii) \$625.00 a month for a one bedroom suite (e.g., for eligible tenant having an annual income of \$25,000 or less);

- iii) \$750.00 a month for a two bedroom suite (e.g., for eligible tenant having an annual income of \$30,000 or less); and
 - iv) \$943.00 a month for a three bedroom suite (e.g., for eligible tenant having an annual income of \$37,700 or less).
- (p) "Owner" means the Transferor described in the General Instrument and any subsequent owner of the Land or of any part into which the Land is Subdivided, and includes any person who is a registered owner in fee simple of an Affordable Housing Unit from time to time;
 - (q) "Prime Rate" means the annual rate of interest, expressed as a percentage, used as a reference rate by the Royal Bank of Canada at its main branch in Vancouver, British Columbia for Canadian dollar loans and designated by the Royal Bank of Canada from time to time as its prime rate;
 - (r) "Subdivide" means to divide, apportion, consolidate or subdivide the Land, or the ownership or right to possession or occupation of the Land into two or more lots, strata lots, parcels, parts, portions or shares, whether by plan, descriptive words or otherwise, under the *Land Title Act*, the *Strata Property Act*, or otherwise, and includes the creation, conversion, organization or development of "cooperative units" or "shared interests in land" as defined in the *Real Estate Act*;
 - (s) "Tenancy Agreement" means a tenancy agreement, lease, license or other agreement granting rights to occupy an Affordable Housing Unit in accordance with the terms of this agreement; and
 - (t) "Tenant" means an occupant of an Affordable Housing Unit by way of a Tenancy Agreement.

PART II - USE OF LAND AND CONSTRUCTION OF AFFORDABLE HOUSING UNITS

- 2. The Owner covenants and agrees with the City that:
 - (a) the Land will not be developed and no building or structure will be constructed or used on the Land unless as part of the development, construction or use of any such building or structure, the Owner also designs and constructs to completion, in accordance with a building permit issued by the City and in accordance with any development permit issued by the City, at least the number of Affordable Housing Units on the Land specified in the General Instrument;
 - (b) the Owner will meet or exceed the construction standards for Affordable Housing Units as specified by the City in its bylaws and any required building permits issued by the City in respect of development on the Land;
 - (c) the Owner will at all times ensure that the Land is used and occupied in compliance with all statutes, laws, regulations, and orders of any authority having jurisdiction and without limiting the generality of the foregoing all bylaws of the City and all federal, provincial, municipal or local laws, statutes or ordinances relating to environmental matters, including all rules, regulations, policies, guidelines, criteria or the like promulgated under or pursuant to any such laws;

- (d) the Owner will do everything necessary, at the Owner's expense, to ensure that this Agreement, if required by the City's City Solicitor, will be registered against title to the Land in priority to all financial charges and encumbrances which may have been registered or are pending registration against title to the Land save and except those specifically approved in writing by the City Solicitor or in favour of the City, and that a notice under Section 905(5) of the *Local Government Act* will be filed on the title to the Land;
- (e) the Owner will not apply for a building permit for any construction or development on the Land unless the proposed construction complies with the requirements of this Agreement;
- (f) notwithstanding any other provision of any City enactment, the building in which the Affordable Housing Units are located will not be Subdivided. [DELETE THIS PARAGRAPH (f) FOR AFFORDABLE HOUSING UNITS IN APARTMENT BUILDINGS]
- (g) the Owner may not sell or otherwise transfer the Affordable Housing Units separately.

PART III - USE AND OCCUPANCY OF AFFORDABLE HOUSING UNITS

3. The Owner agrees that each Affordable Housing Unit may only be used as a permanent residence occupied by one Eligible Tenant, and the Owner further agrees that the number of individuals who permanently reside in the Affordable Housing Unit must be equal to or less than the number of individuals that the City's building inspector determines can reside in the Affordable Housing Unit given the number and size of bedrooms in the Affordable Housing Unit and in light of any relevant standards set by the City in any bylaws of the City. An Affordable Housing Unit must not be occupied by the Owner, the Owner's family members (unless the Owner's family members qualify as Eligible Tenants), or any tenant or guest of the Owner, other than an Eligible Tenant.
4. Within 30 days after receiving notice from the City, the Owner must in respect of each Affordable Housing Unit, deliver, or cause to be delivered, to the City statutory declarations, substantially in the forms attached as Appendices A and B, sworn by the Owner and Eligible Tenant respectively, containing all of the information required to complete the statutory declarations. The City may request these statutory declarations in respect of the Affordable Housing Unit no more than four times in any calendar year.
5. The Owner hereby irrevocably authorizes the City to make such inquiries as it considers necessary in order to confirm that the Owner is complying with this Agreement, and irrevocably authorizes and directs the recipient of the request for information from the City to provide such information to the City.

PART IV – DISPOSITION AND ACQUISITION OF AFFORDABLE HOUSING UNITS

6. The Owner will not permit an Affordable Housing Unit Tenancy Agreement to be subleased or assigned.

7. The Owner must not rent or lease any Affordable Housing Unit except to an Eligible Tenant in accordance with Section 3 and except in accordance with the following additional conditions:
- (a) the Affordable Housing Unit will be used or occupied only pursuant to a Tenancy Agreement;
 - (b) the monthly rent payable for the Affordable Housing Unit will not exceed the Original Rent, rounded to the nearest dollar. Subject always to the provisions of the *Residential Tenancy Act* (British Columbia), the Owner may increase the rent payable for the Affordable Housing Unit annually, beginning with the first anniversary of the final inspection of the Affordable Housing Unit, and thereafter on each successive anniversary date, by an amount determined by multiplying the rent payable for the Affordable Housing Unit at the time of the proposed rent increase by the percentage change in the CPI since the last anniversary date;
 - (c) the Owner will not require the Tenant to pay any extra charges or fees for use of any common property, limited common property, or other common area, or for sanitary sewer, storm sewer, water utilities, property taxes or strata fees. For clarity, this Section does not apply to cablevision, telephone, other telecommunications, gas utility or electricity utility fees or charges;
 - (d) the Owner will attach a copy of this Agreement to the Tenancy Agreement;
 - (e) the Owner will include in the Tenancy Agreement a clause requiring the Tenant to comply with the use and occupancy restrictions contained in Part III of this Agreement;
 - (f) the Owner will include in the Tenancy Agreement a clause entitling the Owner to terminate the Tenancy Agreement in accordance with the *Residential Tenancy Act* if the Tenant uses or occupies, or allows use or occupation of, the Affordable Housing Unit in breach of the use or occupancy restrictions contained in this Agreement and, without limiting anything contained herein the Tenancy Agreement will provide for termination of the Tenancy Agreement by the Owner, and the owner hereby agrees to terminate any tenancy, in situations where:
 - i. the Affordable Housing Unit is occupied by more than the number of people the City's building inspector determines can reside in the Affordable Housing Unit given the number and size of bedrooms in the Affordable Housing Unit and in light of any relevant standards set by the City in any bylaws of the City;
 - ii. the Affordable Housing Unit is occupied by persons other than an Eligible Tenant;
 - iii. the annual income of an Eligible Tenant rises above the maximum amount specified in subsection 1 (g) as adjusted in accordance with the CPI;
 - iv. the Affordable Housing Unit remains vacant for three consecutive months or longer, notwithstanding the timely payment of rent; and
 - v. the Tenant subleases the Affordable Housing Unit or assigns the Tenancy Agreement;

- (g) the Tenancy Agreement will identify all occupants of the Affordable Housing Unit, and will stipulate that anyone not identified in the Tenancy Agreement will be prohibited from residing at the Affordable Housing Unit for more than 30 consecutive days or more than 45 days total in any calendar year; and
 - (h) the Owner will deliver a copy of the Tenancy Agreement to the City upon demand.
8. The Owner will terminate any Tenancy Agreement where the Tenant uses or occupies, or allows use or occupation of an Affordable Housing Unit in breach of this Agreement, such termination to be in accordance with the terms of the Tenancy Agreement and the *Residential Tenancy Act* (British Columbia).

PART V - DEMOLITION OF AFFORDABLE HOUSING UNIT

9. The Owner will not demolish an Affordable Housing Unit unless:
- (a) the Owner has obtained the written opinion of a professional engineer or architect who is at arm's length to the Owner that it is no longer reasonable or practical to repair or replace any structural component of the Affordable Housing Unit, and the Owner has delivered to the City a copy of the engineer's or architect's report; or
 - (b) the Affordable Housing Unit is damaged or destroyed, to the extent of 40% or more of their value above its foundations, as determined by the City in its sole discretion, and

a demolition permit for the Affordable Housing Unit has been issued by the City (unless the Building has, or the Dwelling Units have been destroyed by an accident, act of God, or sudden and unanticipated force) and the Affordable Housing Unit has been demolished under that permit.

Following demolition, the Owner will use and occupy any replacement Dwelling Unit in compliance with this Housing Agreement, and this Agreement will apply to the construction of any replacement Dwelling Unit to the same extent and in the same manner as those Sections apply to the construction of the original Dwelling Unit, and the Dwelling Unit must be approved by the City as an Affordable Housing Unit in accordance with this Agreement.

PART VI – STRATA CORPORATION BYLAWS

- 10. The Affordable Housing Units on the Lands will always be used to provide rental accommodation in accordance with this Agreement.
- 11. This Agreement will be binding upon all strata corporations created upon the strata title subdivision of the Lands or any subdivided parcel of the Lands.
- 12. Any strata corporation bylaw which prevents, restricts or abridges the right to use the Lands and the buildings thereon from time to time as rental accommodation, will have no force and effect.
- 13. The strata corporation will not pass any bylaws preventing, restricting or abridging the use of the Lands and the buildings thereon from time to time as rental accommodation.

PART VII - DEFAULT AND REMEDIES

14. The Owner acknowledges that the City requires Affordable Housing to retain family units in the City, retain the historical sense of community, and attract Eligible Tenants to work for businesses in the community and that these businesses may generate tax and other revenue for the City and economic growth for the community. The Owner therefore agrees that, in addition to any other remedies available to the City under this Agreement or at law or equity, if an Affordable Housing Unit is used or occupied in breach of this Agreement or rented at a rate in excess of that permitted under this Agreement, the Owner will pay, as a rent charge under Section 15, the Daily Amount to the City for every day that the breach continues after 10 days written notice from the City to the Owner stating the particulars of the breach. The Daily Amount is increased on January 1 of each year by an amount calculated by multiplying the Daily Amount as of the previous January 1 by the percentage increase in the CPI between that previous January 1 and the immediately preceding December 31. The Daily Amount is due and payable 5 business days following receipt by the Owner of an invoice from the City for the same.
15. The Owner hereby grants to the City a rent charge under Sections 14 and 15 and under Section 219 of the *Land Title Act* (British Columbia), and at common law, securing payment by the Owner to the City of any amount payable by the Owner pursuant to this Agreement. The Owner agrees that the City, at its option, may enforce payment of such outstanding amount in a court of competent jurisdiction as a contract debt, by an action for and order for sale, by proceedings for the appointment of a receiver, or in any other method available to the City in law or in equity.

PART VIII – OPTION [DELETE PART VIII FOR SECONDARY SUITES IN SINGLE FAMILY ZONES]

16. In consideration of the sum of \$10.00 (Ten) dollars now paid by the City to the Owner and other good and valuable consideration (the receipt and sufficiency of which the Owner hereby acknowledges), the Owner hereby grants to the City an exclusive and irrevocable Option to Purchase (the “Option”) the **Affordable Housing Unit** for the sum of \$10.00, not including GST, if any, (the “Purchase Price”) and on the terms and conditions of this Agreement, free from all liens, charges and encumbrances except:
 - (a) existing reservations, conditions and exceptions contained in the original Crown Grant or in any other grant or disposition from the Crown;
 - (b) any easements, rights of way, covenants or other non-financial encumbrances registered against the **Affordable Housing Unit**, provided they were approved in advance by the City;(collectively the “Permitted Encumbrances”).
17. Subject to Section 18, the Option may be exercised by the City at any time by the City giving written notice to the Owner in the manner set out in this Agreement for the giving of notices.

18. The Parties acknowledge that the City may elect not to exercise the Option for any reason.
19. Upon the exercise of the Option by the City, a binding contract of purchase and sale will arise between the City and the Owner with respect to the **Affordable Housing Unit**.
20. The Contract arising from the exercise of the Option will be completed on a date (the "Completion Date") chosen by the City and the place of completion will be the Land Title Office.
21. The City will have vacant possession of the **Affordable Housing Unit** free from all financial liens, charges and encumbrances other than the Permitted Encumbrances on the Completion Date.
22. The City will be responsible for all taxes, rates, assessments and other charges and will be entitled to receive income, if any, relating to the **Affordable Housing Unit** from and including the Completion Date and all adjustments, both incoming and outgoing, of whatsoever nature will be made as of the Completion Date.
23. The **Affordable Housing Unit** will be at the Owner's risk until twelve o'clock noon on the Completion Date and thereafter at the City's risk. In the event of loss or damage occurring after the exercise of this Option but before the Completion Date whether the result of fire or any other cause, the City may cancel this Option.
24. The Owner will execute and deliver to the City at least ten days prior to the Completion Date a good and sufficient Form A Transfer in fee simple in registrable form (the "Transfer") conveying the **Affordable Housing Unit** to the City free and clear of all financial liens, charges and encumbrances except the Permitted Encumbrances. The Owner will also deliver to the City at least ten days prior to the Completion Date, instruments in registrable form sufficient to discharge all financial liens, charges and encumbrances (the "Discharges"), together with the cost of registering or filing such instruments together with the cost of registering or filing such instruments.
25. The City will cause the City's solicitors to prepare and present to the Owner or its solicitors the following closing documents to be executed by the Owner:
 - (a) the Transfer;
 - (b) the Vendor's Statement of Adjustments;
 - (c) such other appropriate documents and assurances as may be requisite in the opinion of the City Solicitor for more perfecting and absolutely transferring title to the **Affordable Housing Unit** to the City (collectively, the "Closing Documents").
26. Before the Closing Date, the Owner will deliver or cause its solicitors to deliver to the City Solicitor, the Closing Documents, all executed by the Owner and in registrable form, as applicable.
27. **Closing Procedure.** The conveyance of the **Affordable Housing Unit** by the Owner to the City will be completed in accordance with the following procedure:
 - (a) after receipt of the Closing Documents from the Owner, the City, at its own cost, will cause the City Solicitor to apply to register the Transfer and the Discharges in

the Land Title Office on the Completion Date, upon receipt of a satisfactory pre-index search of the **Affordable Housing Unit**;

- (b) forthwith following the filing referred to in section 27(a) and upon the City Solicitor being satisfied as to the City's title to the **Affordable Housing Unit** after conducting a post filing for registration check of the property index disclosing only the following:
- i. the title number to the **Affordable Housing Unit**;
 - ii. Permitted Encumbrances;
 - iii. financial charges to be discharged; and
 - iv. pending number assigned to the Transfer;

the City will cause the City Solicitor to deliver to the Owner's solicitors a trust cheque for the adjusted Purchase Price for the **Affordable Housing Unit** and a signed GST declaration acceptable to the City Solicitor.

PART IX. - INTERPRETATION

28. In this Agreement:

- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
- (b) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
- (c) if a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
- (d) reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;
- (e) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;
- (f) the provisions of Section 25 of the *Interpretation Act* with respect to the calculation of time apply;
- (g) time is of the essence;
- (h) all provisions are to be interpreted as always speaking;
- (i) reference to a "party" is a reference to a party to this Agreement and to that party's respective successors, assigns, trustees, administrators and receivers. Wherever the context so requires, reference to a "party" also includes Eligible Tenants, agents, officers and invitees of the party;
- (j) reference to a "day", "month", "quarter" or "year" is a reference to a calendar day, calendar month, calendar quarter or calendar year, as the case may be, unless otherwise expressly provided; and

- (k) where the word "including" is followed by a list, the contents of the list are not intended to circumscribe the generality of the expression preceding the word "including".

PART X - MISCELLANEOUS

29. **Housing Agreement.** The Owner acknowledges and agrees that:
- (a) this Agreement constitutes a covenant under Section 219 of the *Land Title Act* and a housing agreement entered into under Section 905 of the *Local Government Act* (British Columbia);
 - (b) where an Affordable Housing Unit is a separate legal parcel the City may register this Agreement in the Land Title Office as a covenant and file a notice of housing agreement under Section 905 of the *Local Government Act* in the LTO against title to the Affordable Housing Unit and may note this Agreement on the Common Property Sheet; and
 - (c) where Affordable Housing Units are not separate legal parcels, or have not yet been constructed, or where the land has not yet been Subdivided to create the Affordable Housing Units, the City may register this Agreement in the Land Title Office as a covenant and file a notice of housing agreement under Section 905 of the *Local Government Act* in the LTO against title to the Land.
30. **Modification.** This Agreement may be modified or amended from time to time, by bylaw duly passed by the Council of the City, if it is signed by the City and a person who is the current registered owner of the Land.
31. **Management.** The Owner covenants and agrees that it will furnish good and efficient management of the Affordable Housing Units and will permit representatives of the City to inspect the Affordable Housing Units at any reasonable time, subject to the notice provisions in the *Residential Tenancy Act*. The Owner further covenants and agrees that it will maintain the Affordable Housing Units in a satisfactory state of repair and fit for habitation and will comply with all laws, including health and safety standards applicable to the Land. Notwithstanding the foregoing, the Owner acknowledges and agrees that the City, in its absolute discretion, may require the Owner, at the Owner's expense, to hire a person or company with the skill and expertise to manage the Affordable Housing Units.
32. **Indemnity.** The Owner will indemnify and save harmless the City and each of its elected officials, officers, directors, and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from and against all claims, demands, actions, loss, damage, costs and liabilities, which all or any of them will or may be liable for or suffer or incur or be put to by reason of or arising out of:
- (a) any negligent act or omission of the Owner, or its officers, directors, agents, contractors or other persons for whom at law the Owner is responsible relating to this Agreement;
 - (b) the construction, maintenance, repair, ownership, lease, license, operation, management or financing of the Land or any Affordable Housing Unit or the enforcement of any Tenancy Agreement; and/or

- (c) without limitation, any legal or equitable wrong on the part of the Owner or any breach of this Agreement by the Owner.
33. **Release.** The Owner by this Agreement releases and forever discharges the City and each of its elected officials, officers, directors, and agents, and its and their heirs, executors, administrators, personal representatives, successors and assigns, from and against all claims, demands, damages, actions, or causes of action by reason of or arising out of or which would or could not occur but for the:
- (a) construction, maintenance, repair, ownership, lease, license, operation or management of the Land or any Affordable Housing Unit under this Agreement; and/or
 - (a) the exercise by the City of any of its rights under this Agreement or an enactment.
34. **Survival.** The obligations of the Owner set out in PARTS II, III, IV, V, VI and VII will survive termination of this Agreement.
35. **Municipalities Powers Unaffected.** This Agreement does not:
- (a) affect or limit the discretion, rights, duties or powers of the City under any enactment or at common law, including in relation to the use or subdivision of the Land;
 - (b) impose on the City any legal duty or obligation, including any duty of care or contractual or other legal duty or obligation, to enforce this Agreement;
 - (c) affect or limit any enactment relating to the use or subdivision of the Land; or
 - (d) relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Land.
36. **Agreement for Benefit of City only.** The Owner and the City agree that:
- (a) this Agreement is entered into only for the benefit of the City;
 - (b) this Agreement is not intended to protect the interests of the Owner, any tenant, or any future owner, lessee, occupier or user of the Property, the Land or the building or any portion thereof, including any Affordable Housing Unit;
 - (c) the City may at any time execute a release and discharge of this Agreement, without liability to anyone for doing so, and without obtaining the consent of the Owner.
37. **No Public Law Duty.** Where the City is required or permitted by this Agreement to form an opinion, exercise a discretion, express satisfaction, make a determination or give its consent, the Owner agrees that the City is under no public law duty of fairness or natural justice in that regard and agrees that the City may do any of those things in the same manner as if it were a private party and not a public body.
38. **Notice.** Any notice required to be served or given to a party herein pursuant to this Agreement will be sufficiently served or given if delivered, to the postal address of Owner set out in the records at the LTO, and in the case of the City addressed:
- To: Clerk, City of Richmond.
6911 No. 3 Road

Richmond BC V6Y 2C1
 And to: Manager, Real Estate Services
 City of Richmond
 6911 No. 3 Road
 Richmond BC V6Y 2C1
 And to: [INSERT OWNER INFORMATION]

or to the most recent postal address provided in a written notice given by each of the parties to the other. Any notice which is delivered is to be considered to have been given on the first day after it is dispatched for delivery.

39. **Enuring Effect.** This Agreement will extend to and be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
40. **Severability.** If any provision of this Agreement is found to be invalid or unenforceable such provision or any part thereof will be severed from this Agreement and the resultant remainder of this Agreement will remain in full force and effect.
41. **Waiver.** All remedies of the City will be cumulative and may be exercised by the City in any order or concurrently in case of any breach and each remedy may be exercised any number of times with respect to each breach. Waiver of or delay in the City exercising any or all remedies will not prevent the later exercise of any remedy for the same breach or any similar or different breach.
42. **Sole Agreement.** This Agreement, and any documents signed by the Owners contemplated by this Agreement, represent the whole agreement between the City and the Owner respecting the use and occupation of the Affordable Housing Units, and there are no warranties, representations, conditions or collateral agreements made by the City except as set forth in this Agreement.
43. **Further Assurance.** Upon request by the City the Owner will forthwith do such acts and execute such documents as may be reasonably necessary in the opinion of the City to give effect to this Agreement.
44. **Covenant Runs with the Land.** This Agreement burdens and runs with the Land and every parcel into which it is Subdivided. All of the covenants and agreements contained in this Agreement are made by the Owner for itself, its personal administrators, successors and assigns, and all persons who after the date of this Agreement, acquire an interest in the Land.
45. **Limitation on Owner's Obligations.** The Owner is only liable for breaches of this Agreement that occur while the Owner is the registered owner of the Land.
46. **Equitable Remedies.** The Owner acknowledges and agrees that damages would be an inadequate remedy for the City for breach of this Agreement or the Option and that the public interest strongly favours specific performance, injunctive relief (mandatory or otherwise), or other equitable relief, as the only adequate remedy for a default under this Agreement or the Option.
47. **No Joint Venture.** Nothing in this Agreement will constitute the Owner as the agent, joint venturer, or partner of the City or give the Owner any authority to bind the City in any way.

48. **Applicable Law.** Unless the context otherwise requires, the laws of British Columbia will apply to this Agreement and all statutes referred to herein are enactments of the Province of British Columbia. Without limiting the above, in the event of any conflict between any provision of this Agreement and the *Residential Tenancy Act*, this Agreement is without effect to the extent of the conflict.
49. **Deed and Contract.** By executing and delivering this Agreement the Owner intends to create both a contract and a deed executed and delivered under seal.

**Appendix A to Housing Agreement
STATUTORY DECLARATION**

| | | |
|------------------------------|---|------------------------|
| CANADA |) | IN THE MATTER OF A |
| |) | HOUSING AGREEMENT WITH |
| PROVINCE OF BRITISH COLUMBIA |) | THE CITY OF RICHMOND |
| |) | ("Housing Agreement") |

TO WIT:

I, _____ of _____, British Columbia, do solemnly declare that:

1. I am the owner or authorized signatory of the owner of _____ (the "Affordable Housing Unit"), and make this declaration to the best of my personal knowledge.
2. This declaration is made pursuant to the Housing Agreement in respect of the Affordable Housing Unit.
3. For the period from _____ to _____ the Affordable Housing Unit was occupied only by the Eligible Tenants (as defined in the Housing Agreement) whose names and current addresses and whose employer's names and current addresses appear below:

Names, addresses and phone numbers of Eligible Tenants:

4. The rent charged each month for the Affordable Housing Unit is as follows:
 - (a) the monthly rent on the date 365 days before this date of this statutory declaration: \$_____ per month;
 - (b) the rent on the date of this statutory declaration: \$_____; and
 - (c) the proposed or actual rent that will be payable on the date that is 90 days after the date of this statutory declaration: \$_____.
5. I acknowledge and agree to comply with the Owner's obligations under the Housing Agreement, and other charges in favour of the City registered in the Land Title Office against the land on which the Affordable Housing Unit is situated and confirm that the Owner has complied with the Owner's obligations under the Housing Agreement.
6. I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and pursuant to the *Canada Evidence Act*.

NOTE: A false declaration may result in a fine of up to \$2000.00, up to six months' imprisonment, or both.

DECLARED BEFORE ME at the City of)
 Richmond, in the Province of British)
 Columbia, this _____ day of)
 _____, 200__)
 _____)
 A Commissioner for Taking Affidavits in)
 the Province of British Columbia)

DECLARANT

Appendix B to Housing Agreement
 STATUTORY DECLARATION

| | |
|--|--|
| CANADA)) PROVINCE OF BRITISH COLUMBIA)) | IN THE MATTER OF A HOUSING AGREEMENT WITH THE CITY OF RICHMOND ("Housing Agreement") |
|--|--|

TO WIT:

I, _____ of _____, British Columbia, do solemnly declare that:

1. I am the Eligible Tenant or authorized signatory of the Eligible Tenant of _____ (the "Affordable Housing Unit"), and make this declaration to the best of my personal knowledge.
2. This declaration is made pursuant to the Housing Agreement in respect of the Affordable Housing Unit.
3. As of the date of my entering into a Tenancy Agreement in respect of the Affordable Housing Unit, my annual income was [insert amount] and the total annual income of all persons to be residing in the unit was [insert amount].
4. I acknowledge and agree to comply with the Housing Agreement, and other charges in favour of the City registered in the Land Title Office against the land on which the Affordable Housing Unit is situated and confirm that to my knowledge the Owner has complied with the Owner's obligations under the Housing Agreement.
5. I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and pursuant to the *Canada Evidence Act*.

NOTE: A false declaration may result in a fine of up to \$2000.00, up to six months' imprisonment, or both.

DECLARED BEFORE ME at the City of)
 Richmond, in the Province of British)
 Columbia, this _____ day of)
 _____, 200__)
 _____)
 _____)
 A Commissioner for Taking Affidavits in)
 the Province of British Columbia)

 DECLARANT

ATTACHMENT B TO BYLAW #

SCHEDULE B TO DIVISION 200

The number, kind and extent of affordable housing provided by:

- (b) owners by way of;
 - i. **secondary suites or coach houses; or**
 - ii. **affordable housing units; or**
 - iii. contributions to the **affordable housing reserve;**

(b) the City by applying the funds held under the **affordable housing reserve**, will be as set out in the April 16, 2007 Report to the Planning Committee entitled "Richmond Affordable Housing Strategy", a copy of which is on file in the office of the Corporate Officer.

ATTACHMENT C TO BYLAW #
202(DB) SINGLE-FAMILY HOUSING DISTRICT (R1/0.6D)

The intent of this zoning district is to accommodate single-family housing which fronts a section line road and provisions have been made for access to a lane, and provide for density increases.

202(DB).1 PERMITTED USES

RESIDENTIAL, limited to **One-Family Dwelling**;
BOARDING & LODGING, limited to two persons per **dwelling unit**;
HOME OCCUPATION;
AGRICULTURE;
ACCESSORY USES, including **secondary suites**.

202(DB).2 PERMITTED DENSITY

.01 Maximum Number of Dwellings: One.

.02 Maximum Floor Area Ratio:

0.40 applied to a maximum of 464.5 m² (5,000 ft²) of the lot area, together with 0.30 applied to the balance of the lot area in excess of 464.5 m² (5,000 ft²); plus

10% of the floor area total calculated above for the lot in question, which area must be **used** exclusively for covered areas of the principal **building** which are open on one or more sides; together with

50 m² (538.21 ft²) which may be **used** only for **accessory buildings** and off-street parking;

PROVIDED THAT any portion of floor area which exceeds 5 m (16.404 ft.) in height, save and except an area of up to 10 m² (107.64 ft²) **used** exclusively for entry and staircase purposes, shall be considered to comprise two floors and shall be measured as such;

AND FURTHER PROVIDED THAT **floor area ratio** limitations shall not be deemed to be applicable to one **accessory building** which does not exceed 10 m² (107.64 ft²) in area.

Crawl spaces to a maximum height of 0.914 m (3 ft.) are exempt from **floor area ratio** calculations. Crawl spaces over 0.914 m (3 ft.) in height are calculated as **floor area ratio**.

.03 Notwithstanding Section 202(DB).2.02, the reference to "0.4" is increased to a higher density of "0.6" if the **building** contains a **secondary suite** in respect of which the owner of the **building** has entered into a **housing agreement** and registered the **housing agreement** against title to the lot, and has filed a notice, in the Land Title Office;

- .04 Notwithstanding Section 202(DB).2.02 and .03, if an owner subdivides bare land to create new **lots** for **one-family dwellings**, the reference to "0.4" in Section 202(DB).2.02 is increased to a higher density of "0.6" if at least 50 per cent of the **buildings** contain **secondary suites** in respect of which the owner of the **buildings** has entered into a **housing agreement** and registered the **housing agreement** against the title to the new **lots**, and has filed a notice, in the **Land Title Office**.

202(DB).3 MAXIMUM LOT COVERAGE

50% for **buildings** only; 80% for **buildings** and any non-porous surfaces or **structures** inclusive; and the remainder of the lot area restricted to landscaping with live plant material.

202(DB).4 MINIMUM & MAXIMUM SETBACKS FROM PROPERTY LINES

- .01 **Front Yard:** 6 m (19.685 ft.);

EXCEPT THAT porches and verandas which form part of the principal **building**, are less than 5 m (16.404 ft.) in height, and are open on those sides which face a **public road** may be located within the **front yard** setback, but shall be no closer to the **front property line** than 4.5 m (14.673 ft.);

AND FURTHER THAT bay windows, fire places and chimneys forming part of the principal **building** may project into the **front yard** for a distance of not more than 1 m (3.281 ft.);

AND FURTHER THAT the ridge line of a front roof dormer may project horizontally up to 0.914 m (3 ft.) beyond the **residential vertical envelope (lot depth)** but no further than the **front yard** setback.

- .02 **Side Yard:** 1.2 m (3.937 ft.);

EXCEPT THAT where a **side property line** abuts a **public road**, the minimum **side yard** to that property line shall be 3 m (9.843 ft.);

AND FURTHER THAT bay windows which form part of the principal **building** may project into the **side yard** for a distance of 0.6 m (1.969 ft.);

AND FURTHER THAT fireplaces and chimneys forming part of the principal **building** may project into the **side yard** for a distance of not more than 0.6 m (1.969 ft.).

AND FURTHER THAT the ridge line of a side roof dormer may project horizontally up to 0.914 m (3 ft.) beyond the **residential vertical envelope (lot width)** but no further than the **side yard** setback.

- .03 **Rear Yard:** 6 m (19.685 ft.); or in the case of a **corner lot** on which the **side yard** setback abutting a **public road** is maintained at a minimum of 6 m (19.685 ft.): 1.2 m (3.937 ft.);

EXCEPT THAT portions of the principal **building** which are less than 2 m (6.562 ft.) in height, an extension of a principal **building** in the form of an enclosed room which links the principal **building** with the garage, and **accessory buildings** of more than 10 m² (107.64 ft²) in area, may be located within the **rear yard** setback area but no closer than:

- (i) 3.0 m (9.843 ft.) to a property line which abuts a **public road**, or
- (ii) 1.2 m (3.937 ft.) to any other property line;

AND FURTHER THAT bay windows which form part of the principal **building** may project into the **rear yard** for a distance of 1 m (3.281 ft.) or one-half of the **rear yard**, whichever is the lesser.

There is no property line setback requirement for an **accessory building** which has an area of 10 m² (107.64 ft²) or less.

202(DB).5 MAXIMUM HEIGHTS

- .01 **Buildings:** 2½ storeys, but in no case above the **residential vertical envelope (lot width)** or the **residential vertical envelope (lot depth)**;
- .02 **Structures:** 9 m (29.528 ft.).
- .03 **Accessory Buildings:** 5 m (16.404 ft.).

202(DB).6 MINIMUM LOT SIZE AND DIMENSIONS

- .01 A dwelling shall not be constructed on a lot of less than 270 m² (2,906.35 ft²) in area.
- .02 A parcel to be created by subdivision and intended for use as the site of a **one-family dwelling** shall have a minimum frontage and width of 9 m (29.527 ft.) and a minimum depth of 24 m (78.74 ft.). For **corner lots**, an additional 2 m (6.562 ft.) is required for the minimum frontage or width.

202(DB).7 MINIMUM BUILDING SEPARATION SPACE

- .01 1.2 m (3.937 ft.).

202(DB).8 OFF-STREET PARKING

Off-street parking shall be developed and maintained in accordance with Division 400 of this bylaw.

203(DB) Townhouse District (R2/0.6D)

The intent of this zoning district is to accommodate townhouses with a maximum floor area ratio of 0.6 primarily where lots front a section line road and provisions have been made for access to a lane and provide for density increases.

203(DB).1 PERMITTED USES

RESIDENTIAL, limited to **Townhouses**;
BOARDING & LODGING, limited to two persons per **dwelling unit**;
HOME OCCUPATION;
COMMUNITY USE;
ACCESSORY USES.

203(DB).2 PERMITTED DENSITY

.01 Maximum Floor Area Ratio: 0.4; PLUS

an additional 50 m² (538.21 ft²) per **dwelling unit** (either for the exclusive use of individual units or for the total development) for use as **accessory buildings** and off-street parking;

an additional 0.1 **floor area ratio** provided that it is entirely **used** to accommodate **Amenity Space**;

10% of the 0.4 **FAR** for the **lot** in question, which area must be **used** exclusively for covered areas of the principal **building** which are open on one or more sides;

PROVIDED THAT any portion of floor area which exceeds 5 m (16.404 ft.) in height, save and except an area of up to 10 m² (107.64 ft²) per **dwelling unit** which is to be **used** exclusively for entry and staircase purposes, shall be considered to comprise two floors and shall be measured as such.

.02 Notwithstanding Section 203(DB).2.01, the references to "0.4" in that Section are increased to a higher density of "0.6" if the owner, at the earliest of the time the Council adopts a zoning amendment bylaw to include the owner's **lot** in this zoning district, the time the owner obtains a building permit in respect of a **building** or the owner obtains approval of a subdivision of a **lot**, pays into the **affordable housing reserve** the sum of \$2.00 per buildable square foot of permitted principal **building**.

203(DB).3 MAXIMUM LOT COVERAGE: 40%

203(DB).4 MINIMUM SETBACKS FROM PROPERTY LINES

.01 Front Yard: 6.0 m (19.685 ft.):

EXCEPT THAT portions of the principal **building** which are less than 5 m (16.404 ft.) in height and are open on those sides which face a **public road** may project into the **front yard** setback for a distance of not more than 1.5 m (4.921 ft.) and bay windows may project into the required **front yard** setback for a distance of not more than 0.6 m (1.969 ft.);

- .02 **Side & Rear Yards:** 3 m (9.843 ft.); or in the case where a property line abuts a **public road:** 6 m (19.685 ft.);

EXCEPT THAT balconies, bay windows, enclosed and unenclosed fireplaces and chimneys may project into the **side yard** for a distance of not more than 0.6 m (1.969 ft.) and the **rear yard** for a distance of not more than 1.8 m (5.906 ft.).

203(DB).5 MAXIMUM HEIGHTS

- .01 **Buildings & Structures:** Three storeys but not to exceed 11 m (36.089 ft.)
- .02 **Accessory Buildings:** 5 m (16.404 ft.).

203(DB).6 MINIMUM LOT SIZE

- .01 A **building** shall not be constructed on a lot having a width of less than 30 m (98.425 ft.) or a depth of less than 35 m (114.829 ft.).

210(DB) Coach House DISTRICT (R9D)

The intent of this zoning district is to accommodate a single family dwelling with a second dwelling unit above a garage where lots are situated within the Hamilton Area or front a section line road and where provisions have been made for access to a lane and to provide for density increases.

210(DB).1 PERMITTED USES

RESIDENTIAL, limited to one principal dwelling and one **coach house**;
BOARDING AND LODGING, limited to two persons per **dwelling unit**;
HOME OCCUPATION;
ACCESSORY USES, including **coach houses**.

210(DB).2 PERMITTED DENSITY

.01 Maximum Number of **dwelling units**: Two.

.02 Maximum Floor Area Ratio:

0.4, together with an additional 0.05 provided that the lot in question contains one **coach house** with less than 60 m² (645.856 ft²) of gross floor area; plus

10% of the floor area total calculated above for the lot in question, which area must be **used** exclusively for covered areas of the principal or second **building**, with the maximum for the second unit being 6m² (64.6 ft²), which are open on one or more sides; together with

50 m² (538.21 ft²) which may be **used** only for off-street parking;

PROVIDED THAT any portion of floor area which exceeds 5 m (16.404 ft.) in height, save and except an area of up to 10 m² (107.64 ft²) **used** exclusively for entry and staircase purposes, shall be considered to comprise two floors and shall be measured as such;

AND FURTHER PROVIDED THAT **floor area ratio** limitations shall not be deemed to be applicable to one **accessory building** which does not exceed 10 m² (107.64 ft²) in area.

.03 Notwithstanding section 210(DB).2.02, the reference to "0.4" is increased to a higher density of "0.6" if every **dwelling unit** contains one **coach house** with less than 60 m² (645.856 ft²) of gross floor area in respect of which the owner of the **building** has entered into a **housing agreement** with the City and has filed and registered the **housing agreement** against title to the lot, and filed a notice, in the **Land Title Office**.

.04 Notwithstanding section 210(DB).2.02 and .03, if an owner subdivides bare land to create new **lots**, the reference to "0.4" is increased to a higher density of "0.6" if at least 50 per cent of the new **lots** contain **coach houses** in respect of which the owner of the **building** in which the **coach house** is located has entered into a **housing agreement** with the City and has filed and registered the **housing agreement** against title to the new **lots**, and has filed a notice, in the **Land Title Office**.

210(DB).3 MAXIMUM LOT COVERAGE

45% for **buildings** only, 80% for **buildings** and any non-porous surfaces or **structures** inclusive; and the remainder of the lot area restricted to landscaping with live plant material.

210(DB).4 MINIMUM SETBACKS FROM PROPERTY LINES

.01 **Front Yard:** 6 m (19.685 ft.);

EXCEPT THAT portions of the principal **building** which are less than 5 m (16.404 ft.) in height and are open on those sides which face a public road may be located within the **front yard** setback, but shall be no closer to the **front property line** than 4.5 m (14.673 ft.);

AND FURTHER THAT bay windows may project into the required **front yard** for a distance of not more than 0.6 m (1.969 ft.);

AND FURTHER THAT the ridge line of a front roof dormers may project horizontally up to .91m (3 ft) beyond the **residential vertical envelope (lot depth)** but no further than the **front yard** setback;

AND FURTHER THAT **accessory buildings**, carports, parking pads and garages must be set back a minimum of 15 m (49.213 ft)

.02 **Side Yard:** 1.2 m (3.937 ft.) for a principal **building**, and 0.6 m (1.968 ft.) for an **accessory building**;

PROVIDED THAT where a **side property line** abuts a public road or public walkway, the minimum **side yard** to that property line shall be 3 m (9.843 ft.);

EXCEPT THAT cantilevered roofs and balconies, bay windows, enclosed and unenclosed fireplaces and chimneys may project into the **side yard** for a distance of not more than 0.6 m (1.969 ft.);

AND FURTHER THAT the ridge line of a side roof dormer may project horizontally up to .91m (3 ft) beyond the **residential vertical envelope (lot width)** but no further than the **side yard** setback;

.03 **Rear Yard:** 6 m (19.685 ft.); or in the case of a corner lot on which the **side yard** setback abutting a **public road** is maintained at a minimum of 6 m (19.685 ft.): 1.2 m (3.937 ft.).

Portions of the principal **building** which are less than 2 m (6.562 ft.) in height, an extension to the principal **building** which contains a second **dwelling unit** and **accessory buildings** of more than 10 m² (107.64 ft²) in area may be located within the **rear yard** setback area but no closer than:

- (i) 3.0 m (9.843 ft.) to a property line which abuts a public road, or
- (ii) 1.2 m (3.937 ft.).

There is no property line setback requirement for an **accessory building** which has an area of 10 m² (107.64 ft²) or less.

210(DB).5 MAXIMUM HEIGHTS

- .01 **Buildings:** 2½ storeys, but in no case above the **residential vertical envelope (lot width)** or the **residential vertical envelope (lot depth)**;
- .02 **Structures:** 20 m (65.617 ft).
- .03 **Accessory Buildings:** 2 storeys, or 7.4m (24.278 ft), whichever is lesser.

210(DB).6 MINIMUM BUILDING SEPARATION SPACE: 1.2 m (3.937 ft.).

210(DB).7 Common Wall: Only one wall of the **coach house** may be attached to the principle dwelling.

210(DB).8 MINIMUM LOT SIZE: 270 m² (2,906.35 ft²)

210(DB).9 OFF-STREET PARKING

Off-street parking shall be developed and maintained in accordance with Division 400 of this bylaw.

205(DB) HIGH-DENSITY RESIDENTIAL DISTRICT (R4D)

The intent of this zoning district is to provide for the downtown shopping, personal service, business, entertainment and residential demands of the City, to accommodate high-density residential uses and to provide for density increases.

205(DB).1 PERMITTED USES

RETAIL TRADE & SERVICES, but excluding **gas station**, and the sales and servicing of automobiles, trailers or motorcycles;
OFFICE;
FOOD CATERING ESTABLISHMENT;
ANIMAL HOSPITAL or **CLINIC**, including **caretaker residential accommodation** in conjunction therewith;
RECREATION FACILITY;
COMMERCIAL ENTERTAINMENT;
HOTEL;
STUDIO for artist, display, dance, radio, television or recording;
MIXED COMMERCIAL/RESIDENTIAL USE;
MULTIPLE-FAMILY DWELLING;
LIGHT INDUSTRY;
AUTOMOBILE PARKING;
TRANSPORTATION;
NEIGHBOURHOOD PUBLIC HOUSE;
HOSPITAL;
COMMUNITY USE;
PUBLIC ADMINISTRATION;
EDUCATIONAL INSTITUTION;
ASSEMBLY & PUBLIC USE;
RADIO AND TELEVISION TRANSMISSION FACILITIES, provided that this use does not occur within 20 m (65.617 ft.) of the ground;
ACCESSORY USES, BUILDINGS & STRUCTURES;
PLACES OF WORSHIP;
LICENSEE RETAIL STORES.

205(DB).2 PERMITTED DENSITY

- .01 **Maximum Floor Area Ratio:**
- (a) For Automobile Parking as a principal use: No maximum limit.
 - (b) For all other uses: 2.4 (exclusive of parts of the **building** which are **used** for off-street parking purposes).
 - (c) An additional 0.1 **floor area ratio** is permitted provided that it is entirely **used** to accommodate **Amenity Space**.
 - (d) An additional 0.2 **floor area ratio** is permitted provided that it is entirely **used** to accommodate **Public Amenity Space**.

(e) For the purposes of this subsection, **floor area ratio** with reference to **MULTIPLE-FAMILY DWELLINGS** and the **residential** components of **MIXED COMMERCIAL/RESIDENTIAL BUILDINGS** shall be deemed to exclude the floor area of unenclosed balconies.

.02 Notwithstanding section 205(DB).2.01, the reference to "2.4" in relation to a **building** containing more than 80 dwelling units is increased to a higher density of "3.0" if prior to the first occupancy of the **building** the owner provides in the **building** not less than:

(a) **four affordable housing units**: and

(b) subject to paragraph (a), the number of **affordable housing units** that would comprise at least five per cent of the gross floor area of the **building**,

in respect of which **affordable housing units** the owner has entered into a **housing agreement** with the City and registered the **housing agreement** against title to the **lot**, and filed a notice, in the **Land Title Office**, and the gross floor area of an **affordable housing unit** is not included in the calculation of the maximum permitted **floor area ratio** for the **building**, if the **affordable housing unit** is subject to a registered **housing agreement**.

.03 Notwithstanding Section 205(DB).2.01, the reference to "2.4" in relation to a **building** containing 80 **dwelling units** or less is increased to a higher density of "3.0" if the owner, at the earliest of the time the Council adopts a zoning amendment bylaw to include the owner's **lot** in this zoning district, the time the owner obtains a building permit in respect of a **building** or approval of a subdivision on a **lot**, pays into the **housing reserve fund** the sum of \$4.00 per buildable square foot of permitted principal **building**.

205(DB).3 **MAXIMUM LOT COVERAGE: 90%**

205(DB).4 **MINIMUM SETBACKS FROM PROPERTY LINES**

.01 **Road Setbacks: 3 m (9.843 ft.)**

205(DB).5 **MAXIMUM HEIGHTS**

.01 **Buildings: 45 m (147.638 ft.)**

.02 **Structures: 45 m (147.638 ft.)**

205(DB).6 **OFF-STREET PARKING**

0.1 Off-street parking shall be developed and maintained in accordance with DIVISION 400 of this bylaw.

1:1 Rental Replacement Policy & Expedited Process

Strategy Recommendations:

- “19. The City’s current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, that was adopted by City Council on July 24, 2006 as part of the Interim Strategy, be replaced with an OCP policy encouraging a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances.”
- “22. Rezoning and development permit applications be expedited, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units.”

Rationale:

1:1 Rental Replacement Policy

The moratorium that was put on development applications (e.g., rezoning, subdivision, strata title conversion, development permit) involving the demolition or conversion of the existing multiple-family rental housing stock was intended as a temporary measure while the *Richmond Affordable Housing Strategy* was being finalized.

Now that this Strategy is complete, the moratorium can be replaced with a formal policy in the OCP. It should be noted that staff have been using the 1:1 replacement ratio as an unofficial policy in the isolated cases where an application has been received to replace existing rental housing stock (e.g., RZ 04-286496 on Minoru Boulevard).

Expedited Process

This recommendation recognizes the old saying that “time is money”. Since affordable subsidized rental housing is Council’s 1st priority, and the City will probably be a partner in some manner with these projects, an expedited process is logical.

This has been the City’s unofficial policy in the past. By incorporating it into the OCP will make everyone aware of the City’s intention to prioritize affordable subsidized rental housing projects.

It will also serve to give a clear signal to other levels of government, non profit organizations and the development community that Richmond is “partnership ready” for affordable housing.

It is proposed that the Development Application Fees Bylaw be amended to recognize that the expedited process for affordable subsidized rental housing should not involve the additional application fee of \$1,020 that is paid for rezoning and development permit applications that are “fast tracked”.

Stakeholder and Public Input:

The public response to the moratorium and proposed 1:1 replacement policy has been very favourable. Staff did hear from one rental property owner who thought that the proposal was unfair and could negatively affect the resale value of their property.

The recommendation to formally implement an expedited process for affordable housing has been a long standing request from various stakeholders.

Staff Comments:

Staff are proposing to amend the OCP to incorporate both of these recommendations.

By embedding the 1:1 rental replacement policy into the OCP, any application for rezoning, subdivision, strata title conversion or development permit (i.e., development applications on which the City has a discretionary approval process) would be reviewed as to whether it furthers the OCP objectives.

This will help protect the number of rental units in Richmond and ensure that the rental supply is not replaced with ownership housing. Fortunately, almost 47% of the existing rental housing stock in Richmond was built after 1980. So, the pressure to replace it has not been as great as in other municipalities (by comparison, across the GVRD 33% of the rental housing stock was built after 1980).

It should be noted that this policy will not prevent landlords from completing rental property renovations that do not require a City building permit and increasing the rent. Such situations are managed by the B.C. *Residential Tenancy Act*.

However, the policy does forewarn rental property owners and developers that the City intends to encourage the construction of affordable low end market rental housing through a housing agreement when a site redevelops. Since most existing rental properties have a lower zoning density than what is currently being built, the chances are that a rezoning application will be involved at the time of redevelopment.

In addition to including a policy in the OCP regarding the expedited process, staff are proposing to amend the Development Application Fees Bylaw to indicate that rezoning and development permit applications do not have to pay an additional fee for an expedited timetable where the entire building(s) or development consists of “affordable subsidized rental housing units”.

The proposed bylaw amendment also defines “affordable subsidized rental housing units” as “means not for profit rental housing, including supportive living housing, which is owned and operated by the City, government agencies or non-profit residential housing providers”.

The foregone development application fee revenues can be absorbed by the City. Although a small amount, this indicates the City’s commitment to making affordable subsidized rental housing projects happen.

Proposed Action:

Official Community Plan Amendment

- a) *That Richmond Official Community Plan Amendment Bylaw No. 8213, to amend Schedule 1 of Official Community Plan Bylaw 7100 to add the following policies in Section 3.2 Housing under Variety of Tenure:*
 - i) *encourage a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances; and*
 - ii) *expedite rezoning and development permit applications, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units,*

be introduced and given first reading.

- b) *That Bylaw No. 8213, having been considered in conjunction with:*
- i) *the City's Financial Plan; and*
 - ii) *the Greater Vancouver Regional District (GVRD) Solid Waste and Liquid Waste Management Plans;*

be deemed to be consistent with said program and plans, in accordance with Section 882(3)(a) of the Local Government Act.

- c) *That Bylaw No. 8213, has been considered in accordance with OCP Bylaw Preparation Consultation Policy 5043, and accordingly Council has:*
- i) *considered whether opportunities for consultation have been early and ongoing;*
 - ii) *specifically considered whether and the extent to which consultation is required with:*
 - *the regional district board;*
 - *the councils of adjacent municipalities;*
 - *first nations;*
 - *the school board and greater boards; and*
 - *the provincial and federal governments and their agencies.*

Moratorium & 1:1 Rental Replacement

That the City's current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, adopted by City Council on July 24, 2006 as part of the Interim Affordable Housing Strategy and Report, be rescinded.

Development Application Fees Amendment

That Development Application Fees Bylaw No. 7984, Amendment Bylaw No. 8214, to expedite rezoning and development permit applications where the entire building(s) or development consists of affordable subsidized rental housing units as newly defined, at no additional cost to the applicant, be introduced and given first, second and third reading.



Richmond Official Community Plan Bylaw 7100
Amendment Bylaw 8213
(1:1 Rental Replacement Policy and
Expedited Process for Affordable Subsidized Rental Housing)

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

- 1. Richmond Official Community Plan Bylaw 7100, Schedule 1, is amended by adding the following policies to the existing subsections of Section 3.2 Housing:

Variety of Tenure

- d) To encourage market rental housing choices:

Add "- Encourage a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances."

- e) To encourage non-market rental housing choices:

Add "- Expedite rezoning and development permit applications, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units."

- 2. This Bylaw may be cited as "Richmond Official Community Plan Bylaw 7100, Amendment Bylaw 8213".

FIRST READING

PUBLIC HEARING

SECOND READING

THIRD READING

ADOPTED

Five horizontal lines for signature or date entry.

Stamp: CITY OF RICHMOND APPROVED by [Signature] APPROVED by Manager or Solicitor [Signature]

MAYOR

CORPORATE OFFICER



**Development Application Fees Amendment Bylaw
(Expediting Affordable Subsidized Rental Housing Projects)**

The Council of the City of Richmond enacts amendments to “Development Application Fees Bylaw No. 7276” as follows:

1. “Development Application Fees Bylaw No. 7984” is amended by deleting Subsection 1.2.5 of Section 1.2, Zoning Amendments, and substituting the following:

“1.2.5 Where City staff and the applicant agree on an expedited timetable for an application to amend the land use designation of property shown in the Zoning and Development Bylaw, the applicant must pay an additional application fee of \$1,020 to take advantage of the agreed to expedited timetable, except that this additional application fee shall not apply to an application where the entire building(s) or development consists of affordable subsidized rental housing units .”

2. “Development Application Fees Bylaw No. 7984” is amended by deleting Subsection 1.4.4 of Section 1.4, **Development Permits**, and substituting the following:

“1.4.4 Where City staff and the applicant agree on an expedited timetable for an application for a Development Permit, the applicant must pay an additional application fee of \$1,020 to take advantage of the agreed to expedited timetable, except that this additional application fee shall not apply to an application where the entire building(s) or development consists of affordable subsidized rental housing units.”

3. “Development Applications Fees Bylaw No. 7984” is amended by adding the following definition to Section 2.1 under Part Two: Interpretation:

“AFFORDABLE SUBSIDIZED RENTAL HOUSING UNITS means not for profit rental housing, including supportive living housing, which is owned and operated by the City, government agencies or non-profit residential housing societies.”

4. This Bylaw is cited as “Development Application Fees Bylaw No. 7964, Amendment Bylaw 8214”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

| |
|--|
| CITY OF RICHMOND |
| APPROVED for content by originating dept. <i>HIS</i> |
| APPROVED for legality by Solicitor or Manager <i>MCB</i> |

Development Cost Charges

Strategy Recommendations:

- “23. The DCC Bylaw be reviewed to determine the financial and engineering implications of waiving or reducing DCCs for not for profit rental housing, including supportive living housing (e.g., affordable subsidized rental housing and affordable low end market rental housing that is rented on a not for profit basis).”
- “24. The Province be asked to amend the *Local Government Act* to:
- a) include affordable housing as a DCC item and also as a subject cost charge waiver; and
 - b) permit the Greater Vancouver Sewerage and Drainage District (GVS&DD) to waive regional GVS&DD DCCs on social housing and to reduce regional GVS&DD DCCs on affordable low end market rental housing.”

Rationale:

DCC Exemption

Section 933 (12) of the *Local Government Act* authorizes municipalities to waive or reduce DCCs for “not for profit rental housing, including supportive living housing”. The legislation does not define either of these forms of affordable housing.

The purpose of the DCC exemptions is to be an incentive for the provision of not for profit rental housing, including supportive living housing. The exemption should be a significant incentive to encouraging the construction of affordable housing.

Based on current information, one other municipality has allowed DCC exemptions for this type of housing. The City of Kamloops has defined “not for profit rental housing” as meaning:

- “rental housing provided to low income households who have an affordability problem (pay in excess of 30% of their income on housing) and earn less than the median income for Kamloops but are capable of independent living;
- subsidized by the Province of British Columbia or by a non-profit agency, which enables rents to be provided below-market rates on a “geared to income” basis; and
- typically publicly owned or owned and operated by a non-profit agency”.

The City of Kamloops does not define “supportive living housing”.

The *Richmond Affordable Housing Strategy* identifies two categories of not for profit rental housing, including supportive living housing, which would qualify for a DCC exemption.

1. Affordable Subsidized Rental Housing

The first category is affordable subsidized rental housing, which would be financed and built with senior government funding (possibly on land provided by the City).

The housing units would be owned and operated by the City or government agencies (e.g., BC Housing or GVHC) or non-profit residential housing societies according to their respective policies for non-profit rentals. It would not include privately owned complexes or units rented at market rates that may have supportive living features.

The intended target population would be households with an annual income of less than \$20,000. This would include the homeless, people with addictions, mentally challenged, single parents with limited income, seniors on fixed pensions, persons with disabilities, families requiring subsidies for specific reasons, etc.

Staff and the consultants have estimated that between 25 to 50 new affordable subsidized rental housing units could be built in this category annually if:

- townhouse rezoning applications take advantage of the density bonus provisions and contribute \$2.00 per buildable square foot annually towards affordable housing; and
- 80% or 90% equity is received from senior levels of government every year.

The intention is that these affordable subsidized rental housing units would be built together on a stand alone site in the City (i.e., they would not be integrated into a low rise apartment or high rise development built for market ownership purposes).

2. Affordable Low End Market Rental Housing

The second category of not for profit rental housing, including supportive living housing, identified by the *Richmond Affordable Housing Strategy* which could qualify for a DCC exemption is affordable low end market rental housing.

The intended target population would be households with an annual income of \$20,000 - \$37,700.

There are two different types of developments which are proposed to include affordable low end market rental housing in Richmond, both of which would be financed and built by developers.

A. *Low Rise Apartments and High Rise Residential Developments*

City staff have conservatively estimated a target of approximately 20 affordable low end market rental units per year in these types of development.

If the affordable low end market rental housing units are transferred to the City, they would qualify for a DCC exemption since the City was incorporated for non-profit purposes and will ensure that the units are managed as not for profit rental housing.

Should the City or the developer transfer the affordable low end market rental housing units to a non-profit housing provider, a DCC exemption could still be granted because the units will be managed as not for profit rental housing.

The *Local Government Act* only allows for DCCs to be waived or reduced for not for profit rental housing. A business corporation might be willing to retain ownership of affordable low end market rental housing units, or sell them to another business corporation, but a DCC waiver is not available for any level of "market" housing. Generally, the City would not expect that business corporations will be interested in retaining ownership of not for profit rental units, given that it may be incompatible with their operational purposes, which are generally commercial in nature and directed at some level of profit or gain.

B. Secondary Suites and Coach Houses in Single-Family Developments

City staff have estimated that approximately 75 new secondary suites or coach houses will be created annually through the rezoning process.

The City does not contemplate transfer of the building area to be used for secondary suites or coach houses to itself or a non-profit housing provider. However, where appropriate, rezoning applications may allow for all of these units to be privately owned and built in exchange for a higher density.

Secondary suites or coach houses are not considered an additional dwelling unit under the existing DCC Bylaw. Instead, the developer pays DCCs for a single-family dwelling or one-family dwelling unit, even though there may actually be two dwelling units or families living in a single-family residence that has a secondary suite or coach house unit.

Therefore, the City is already providing the development community with a break on the DCCs for this type of development at the time of subdivision.

Council Resolution on City DCCs

It is proposed that Council pass a resolution to waive City DCCs for not for profit rental housing, including supportive living housing. This would occur at the time of rezoning where the proposal involves affordable subsidized rental housing (typically on a stand alone site) and not for profit rental housing units in a low rise apartment or high rise development (e.g., if the units are owned by the City or non-profit housing organization). The advantage of passing a resolution is that it allows Council to consider each proposal on a case-by-case basis.

The DCC Bylaw could be amended to allow for exemptions for not for profit rental housing, including supportive living housing. Staff considered this option but decided not to pursue it because once a condition is established by bylaw, any discretion to refuse or allow a waiver, based on the specifics of each project, may be unduly restricted.

GVRD DCCs

The GVRD's draft "A Regional Affordable Housing Strategy for Greater Vancouver" is recommending that the GVRD seek enabling legislation to permit it to:

- waive regional (GVS&DD) DCCs on social housing; and
- reduce regional DCCs on affordable housing when affordability is secured for a minimum of 20 years.

To this end, the GVRD has also indicated it will revise the method of calculation of regional DCCs so that there is variation by unit and lot size, with the purpose of reducing charges on smaller units and lots.

Richmond staff recommend supporting such a revised calculation because then all DCCs (City and GVRD) could be waived for not for profit rental housing (e.g., affordable subsidized rental housing or affordable low end market rental housing units).

Local Government Act Amendment

The Resort Municipality of Whistler was able to include other levels of affordable market housing as a DCC item as a result of special legislation. In other words, all new development helps to pay for affordable housing in Whistler the same as they do for new parks, water, sewer, storm drainage and roads.

All of the major GVRD municipalities would probably want to be able to use DCCs for affordable housing. So, prior to asking the Province to amend the *Local Government Act* for this purpose, it is suggested that the City approach the GVRD to ask all of the other municipalities to see if they agree with this proposal.

The City of Vancouver Council has already passed a motion to "support a unified call for the Province to allow all municipalities in the region (and BC) to use Development Cost Charge revenue to develop affordable housing beyond the type envisaged by the existing legislation".

Further research may also be required as to whether or not other public amenities such as libraries, community centres, museums, etc. should also be included in the DCC legislation. It is difficult to gauge whether the Province would have any interest in doing this.

Stakeholder and Public Input:

UDI has requested that the exemption to the DCC Bylaw be brought into place by July 1, 2007 to coincide with the density bonus bylaw for affordable housing becoming available for rezoning applications. No one else expressed an opinion on this recommendation.

UDI and others have not had an opportunity to comment on the proposed amendment to the *Local Government Act* because this is a new idea.

Staff Comments:

There is no legal basis on which to make up for the loss of DCC revenue on waivers granted for affordable housing in future DCC increases. This is one of the reasons why the City is asking the Province to include affordable housing in the DCC legislation.

Based on the new DCC rates expected to be in effect on July 1, 2007, granting a full exemption to the expected 70 not for profit rental housing units (assuming an average size of 700 sq ft) would result in an estimated DCC revenue shortfall of approximately \$600,000 per year, which is about 3% of gross annual expected DCC revenue. However, this figure is rather speculative as there is little reliable history on the construction of this type of affordable housing.

It is recommended that not for profit rental housing units, including supportive living housing, be exempted from paying the City's DCCs on a case-by-case basis by resolution of Council for a trial period of 3 years.

This being the case, each rezoning application will be considered on its own merits and staff will be able to report the financial impact of waiving the City's DCCs on that particular project and on the overall DCC program.

The City's options to make up for the loss of revenue from waiving DCCs for not for profit rental housing, including supportive living housing, are drawing from general revenues or the Affordable Housing Reserve Fund.

The City is committed to reviewing the DCC program and rates annually. Staff will monitor the financial impact of Council exempting not for profit rental housing, including supportive living housing, from the City's DCCs as part of this annual review. Staff will advise Council of its options as part of this review.

It should be noted that the other City providing exemptions (Kamloops) does not formally make up any DCC revenue shortfall through City sources or DCC rate adjustments.

Proposed Action:

That not for profit rental housing, including supportive living housing, be exempted from paying City Development Cost Charges (DCCs) on a case by case basis by Council on a trial period (e.g., 3 years).

That a letter be sent to the GVRD asking them to survey all the GVRD municipalities asking if they would support a request to the Province to amend the Local Government Act to include affordable housing as a Development Cost Charge item under Section 933(2) and a subject cost charge waiver under Section 933(12).

That the GVRD be requested to waive Greater Vancouver Sewerage and Drainage District (GVS&DD) regional DCCs on affordable subsidized rental housing and to reduce GVS&DD regional DCCs on affordable low end market rental housing in Richmond.

Referral of the Affordable Housing Strategy

Strategy Recommendations:

- “6. City staff continue to work with the Greater Vancouver Regional District (GVRD), senior governments and other key planning and decision making bodies to ensure that housing affordability issues are recognized and addressed at the Regional, Provincial and Federal levels, and that appropriate resources are made available.”
- “38. Request senior governments to ensure that current and future Federal, Provincial and Regional policy directions reflect and support the policies set out under this Strategy.”
- “42. Put forward a resolution requesting that the Union of British Columbia Municipalities (UBCM) and Federation of Canadian Municipalities (FCM) request changes to federal and provincial tax policies, to encourage new affordable rental housing construction.

Rationale:

It is clearly recognized that the City of Richmond can not resolve the affordable housing issue on its own. In order to foster communication and partnerships with other levels of government, the *Richmond Affordable Housing Strategy* should be circulated to as many Federal, Provincial and Regional representatives as possible. At the same time, all of the stakeholders who have been involved in the preparation of the Strategy should receive a final copy of the document (see attached list).

Similarly, UBCM and FCM should be asked to lobby both the Federal and Provincial governments to change the current taxation environment for rental housing production (e.g., the deduction of GST for rental operators; reduction of GST and PST on new rental housing construction; tax credit incentives to promote investment in low income rental housing; etc.).

Stakeholder and Public Input:

Nothing specific to these recommendations.

Staff Comments:

No additional comments.

Proposed Action:

That the Staff Report dated May 15, 2007 and the Richmond Affordable Housing Strategy dated May 9, 2007 be sent to all of the stakeholders who were involved in its preparation and the B.C. Minister of Forests and Range (responsible for BC Housing), Federal Minister of Human Resources and Social Development (responsible for CMHC and Service Canada), Richmond Federal MPs, Richmond Provincial MLAs, the Federation of Canadian Municipalities (FCM), the Union of British Columbia Municipalities (UBCM), the Greater Vancouver Regional District (GVRD), GVRD municipalities, Richmond religious and community groups, and the Richmond School Board.

That UBCM and FCM be requested to ask the Federal and Provincial governments to establish tax incentives to better provide new affordable rental housing construction.

Richmond Affordable Housing Strategy Stakeholders

Army Navy Air Force Unit 284 (Steveston)
 BC Housing
 BC Ministry of Employment and Income Assistance
 BC Ministry of Forests and Range
 BC Non-Profit Housing Association
 Canada Mortgage and Housing Corporation (CMHC)
 Canadian Federation of University Women – Richmond
 Canadian Low Income Seniors Affordable Housing Society
 Chinese Mental Wellness Association of Canada
 Canadian Mental Health Association/Pathways Clubhouse
 Community Health Advisory Committee (Richmond Health Services)
 Co-operative Housing Federation of Canada
 Dovertel Construction
 Greater Vancouver Home Builders' Association
 Greater Vancouver Housing Corporation
 GVRD Staff (Affordable Housing)
 Habitat for Humanity Society
 Katherine Sanford Housing Society
 Multiple Sclerosis Society of Canada
 Richmond Children First, Ministry of Children and Family Development
 Richmond Committee on Disability
 Richmond Community Services Advisory Committee
 Richmond Consumer & Family Advisory Committee
 Richmond Mental Health Consumers and Friends Society
 Richmond Poverty Response Committee
 Richmond Rehabilitation and Housing Committee
 Richmond Seniors Advisory Committee
 Richmond Society for Community Living
 Richmond Women's Resource Centre
 Royal Canadian Legion
 Salvation Army
 Seniors Affordable Housing Coalition
 Service Canada (Homelessness Program – Federal Government)
 SUCCESS
 Urban Development Institute
 Vancouver Coastal Health Authority
 Other Community Members/Stakeholders: (e.g., Burnie Araneta, Carol Day, Doug Purdy)
 YWCA of Vancouver

RICHMOND AFFORDABLE HOUSING STRATEGY

CITY OF RICHMOND

Building the Richmond We Want

May 9, 2007

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Strategic Context and Background

Access to safe, affordable and appropriate housing is essential for building strong, safe and healthy communities.



In developing this Strategy, the City of Richmond has recognized the importance of ensuring that all residents have access to suitable and appropriate housing with the necessary community supports to serve the needs of a diverse population.

Vision

The affordable housing needs of a diverse population are met by the City of Richmond managing its resources in partnership with the private sector, local groups, agencies and other levels of government.

Goals and Objectives

The City of Richmond recognizes that it will not be able to solve housing affordability needs alone, but that the City can assist in the solution.

As a result, a central focus of this Strategy is to ensure that the City is successful in providing a range of housing options for households of different ages, family types and incomes.

Key Assumptions

- 1. Affordability is strongly influenced by a range of factors including local market conditions and broader macro-economic forces.*
- 2. While local responses can help to address affordability challenges, the most successful remedies are regionally-based, with significant support and resource commitments coming from senior governments.*
- 3. Housing affordability issues affect most groups but in different ways.*
- 4. Affordability is ultimately tied to long-term housing supply.*
- 5. Low income housing needs can not be met with the current limited available resources; targeted strategies are required.*
- 6. Affordability challenges will not be resolved through short-term interventions. Effective solutions are the result of long-term, stable policies and strategic interventions that enable an expanded range of options at key points along the housing continuum.*

Strategic Context and Background

Principles:

The *Richmond Affordable Housing Strategy* is based on the following principles:

- Partnerships;
- Balance:
 - Public and private interests;
 - Certainty and flexibility;
- Effectiveness; and,
- Financial viability.

Key Elements In the Strategy

The key elements of the *Richmond Affordable Housing Strategy* are:

- Land acquisition;
- Construction of units;
- Maintenance of rental units;
- Leasing land/rental of units;
- Subsidies for rents;
- Support services;
- Research;
- Supportive policies and regulations;
- Financial incentives; and,
- Other elements as required, including partnerships with the GVRD, the development sector and senior levels of government.

Construction Versus Cash-In-Lieu

In analyzing the range of options available, there was considerable discussion and analysis of differences in establishing private sector contribution requirements versus the direct creation of units. Through the process, it was recognized that:

- It is unrealistic (e.g., financially) to require all developments to meet hard and fast affordable housing requirements;
- No other Lower Mainland municipality requires all housing developments to provide affordable housing units. Rather, the cash-in-lieu option is much more frequently used;
- Cash-in-lieu contributions are easier to administer and provide greater opportunities for the City to partner with senior levels of government and non-profit organizations;
- Subsidized housing for households with annual incomes of less than \$20,000 require the most government funding to build and manage, and are best located on separate sites with financial assistance coming from government partners and non-profit organizations;
- The administration of one or two “scattered” affordable housing units in a building or development creates some management difficulties and diseconomies of scale.

Strategic Context and Background

Inclusionary Zoning/Density Bonusing Approach

It is recommended that an inclusionary zoning/density bonusing approach be taken to ensure that affordable housing units are built.

For example, it is proposed that each four storey low rise apartment and every high rise development containing more than 80 residential units be asked to build 4 or more affordable housing units. These units would be used for low end market rental purposes (i.e., for households with annual incomes between \$20,000 to \$37,700).

Where a minimum of 4 affordable housing units can not be provided in a building or development, a cash-in-lieu contribution would be accepted. The money collected would be used to help partner with others to build subsidized housing (i.e., for households with annual incomes below \$20,000).

The City will enter into an Agreement with a non-profit organization or property management company to manage all of the low end market rental units transferred to the City as affordable housing. This being the case, the City could waive the Development Cost Charges (DCCs) for the not for profit rental housing and would be willing to exclude the low end market rental units from the floor area ratio (FAR) calculations so the developer can build more units elsewhere on the site.

Should the developer want to retain ownership or sell the low end market rental units to a non-profit organization or property management company, the FAR exemption will not be offered to the developer by the City. Instead, it is expected that the profit from the additional market ownership units created from the density bonus and the equity from the sale/rental of the low end market rental units will cover the construction cost of building a minimum of 4 affordable housing units and increase the overall profitability of the project. The City could waive the DCCs if these units are used for not for profit rental housing by the developer or the third party who owns them.

Where these affordable housing units are built, the City would ensure that they remain available for low end market rental purposes through a Housing Agreement with the rezoning applicant.

If the City were to rent these units at 85% to 90% of current market rents, they would be affordable to households with annual incomes of between \$30,000 and \$37,700 (based on the standard definition of affordability that a household should not be spending more than 30% of their income on shelter).

Strategic Context and Background

Rents at levels lower than 85% to 90% of the current market would not provide sufficient revenue to carry the cost of new housing construction. As a result, households with incomes of below \$30,000 would require deeper subsidies or some level of housing assistance in order to be able to successfully afford these units.

The City is also proposing to take an inclusionary zoning/density bonusing approach on single-family residential rezoning applications. In this case, all single lots being rezoned but not subdivided and at least half (50%) of the lots being rezoned and subdivided will be required to include a secondary suite or a coach house unit. Concurrent to this, the City is taking steps to legalize secondary suites in Richmond.

In order to ensure that these secondary suites or coach house units are affordable for low end market rental purposes a Housing Agreement would be required as a condition of rezoning approval. If this is viewed as being unacceptable, the market could be relied upon or the size of the secondary suite and coach house unit could be restricted to help control the affordability of these new suites or dwelling units.

The intent of these steps and the Housing Agreement is to provide additional low end market rental units to the City's housing inventory (i.e., for households with an annual income of \$20,000 to \$37,700). It should be noted that although the rent from the secondary suite or coach house unit will help with the mortgage of the new single-family residence, it will not make this residence affordable to entry level owners (i.e., households with an annual income between \$37,700 to \$60,000).

Entry level ownership units will not be a priority at this time as there is a critical need for affordable rental units within the City of Richmond. For example, the median price of a new condo unit is significantly higher (1.5 to 2.4 times higher) than what would currently be affordable for a household with an annual income of \$37,700 to \$60,000.

Regional Affordable Housing Strategy

The GVRD is currently working on a Draft Regional Affordable Housing Strategy. It is expected that the Draft Strategy will be presented to the Housing Committee in June 2007 with a recommendation that the Strategy be referred to the Board for release for public review.

The draft draws attention to the need for a coordinated response across the GVRD with an emphasis on three housing goals and regional strategies:

Strategic Context and Background

- Goal 1: Provide adequate housing to meet the needs of low income renters.
- Goal 2: Eliminate homelessness across the region.
- Goal 3: Increase the supply and diversity of modest cost housing.
- Strategy 1: Make better use of the existing and available government and housing industry resources.
- Strategy 2: Secure additional stable funding to meet affordable housing needs.
- Strategy 3: Establish partnerships and secure sufficient and stable funding.

Some of the key directions or recommendations in the Draft Regional Affordable Housing Strategy of particular relevance to the *Richmond Affordable Housing Strategy* include:

- The Greater Vancouver Housing Corporation (GVHC) should provide for new social housing through the management of market or non-profit rental housing acquired through the municipal development process;
- The GVRD will work with municipalities to set targets for the number of new affordable owned and rental housing units required by the year 2011 and 2016 and include this work in the proposed new Regional Growth Strategy;
- The Province will be asked to enact enabling legislation for the Greater Vancouver Sewerage and Drainage District (GVS&DD) to waive regional DCCs on social housing and reduce regional DCCs on affordable housing when affordability is secured for a minimum of 20 years by revising the method of calculation for smaller lots and unit sizes;
- The GVRD will urge the Provincial government to provide enabling legislation for municipalities and the GVRD to allocate some portion of municipal DCCs/levies to an affordable housing fund;
- The Federal government will be urged to respond to the call from the Federation of Canadian Municipalities (FCM) to develop a national affordable housing strategy; and
- The GVRD will investigate funding sources to establish and manage a Regional Affordable Housing Trust Fund which will be allocated to construction of additional social housing (with the Board's direction that municipal contributions not constitute the primary funding source).

In preparing its Draft Regional Affordable Housing Strategy, the GVRD recognizes that it is to act as the united voice of member municipalities in an advocacy role with senior governments, since partnership and substantial, stable funding is required of senior governments in order for municipalities and the regional district to implement initiatives in affordable housing.

Strategic Context and Background

One item that was dropped from the Draft Regional Affordable Housing Strategy that the City of Richmond and other municipalities expressed a concern about was the proposed regional surcharge on regional levies and charges for affordable housing.

In response to requests for further information from its Board members, staff also examined the following additional funding sources from senior governments:

- The Provincial Property Transfer Tax (approximately \$374 million of Provincial revenue from property sales is generated in Greater Vancouver);
- Canada Mortgage and Housing Corporation (CMHC) Reserve Funds (the most recent financial report indicates that \$45 million in savings was returned to general Federal revenues; it is forecasted that CMHC's retained earnings could reach \$5.3 billion in 2006 – the GVRD is requesting that a portion of this should be redirected to build new social housing);
- Federal Tax Incentives for Rental Housing (e.g., eliminate or exempt rental housing from tax on capital gains; allow for GST rebate on new housing construction; allow small landlords to claim the GST input tax credit on purchases; restore the capital cost allowance/depreciation to previous levels); and
- Provincial Rental Tax Credit Programs (provide a direct tax credit to low income households through the income tax form similar to Ontario and Manitoba).

City staff will analyze and report on the GVRD's Draft Regional Affordable Housing Strategy as a separate exercise when it is circulated for municipal input. Generally speaking, the directions set out through the Region's Strategy are consistent with the themes and directions set out in the City's Strategy.

Provincial Affordable Housing Strategy

The Province has also released its Provincial affordable housing strategy entitled "Housing Matters BC". Some of the key components of this strategy include:

- Providing the homeless with access to stable housing with integrated support systems;
- Making the most vulnerable citizens a priority for assistance;
- Improving access to affordable rental housing for low-income households;
- Supporting homeownership as an avenue to self-sufficiency;
- Ensuring that BC's housing and building regulatory system is safe, stable and efficient; and,
- Addressing Aboriginal housing needs.

Strategic Context and Background

This includes giving priority access for subsidized housing to people who need housing and supports and who cannot find suitable rental housing in the private market. Other households including low income working families and low income seniors may be eligible for rent assistance.

Groups that were identified in "Housing Matters BC" as having priority needs included frail seniors, people with mental illness or physical disabilities and their families, those with drug and alcohol addictions, women with their children fleeing violence, and the homeless or those at risk of homelessness.

Provincial Throne Speech

As part of the February 13, 2007 speech from the throne, the Provincial government made the following statements related to affordable housing in BC:

- "Your government will act to increase affordable housing, reduce homelessness, and help those who cannot help themselves"
- "Your government believes municipal governments with populations greater than 25,000 should identify and zone appropriate sites for supportive housing and treatment facilities for persons with mental illnesses and addictions in official community plans by 2008"
- "We will encourage local government to exempt small-unit, supportive housing projects from development cost charges and levies"
- "A new assessment class and new tax exemptions for small-unit, supportive housing will be developed over the next year for this legislature's consideration"

To date, no further details are available from the Province with regard to how some of these statements are going to be implemented. Staff will continue to monitor this and advise Council of any implications they may have to the *Richmond Affordable Housing Strategy*.

Federal Affordable Housing Strategy

The Federal government does not have a national affordable housing strategy. Instead, affordable housing initiatives are left to a number of different government agencies including: Service Canada (homelessness); Canada Mortgage and Housing Corporation (renovation and research funding); etc.. The Federal government is being asked by many, including the City of Richmond, to develop a national affordable housing strategy in consultation with the Provincial and Local governments, as well as to do more for affordable housing including providing financial and tax incentives.

Definitions, Priorities and Targets

Definitions, Priorities and Targets

Definitions

Based on the commonly accepted definition of affordability, which suggests that a household should not be spending more than 30% of their income on shelter, the *Richmond Affordable Housing Strategy* has established the following three definitions for affordable housing:

Subsidized Housing: Households with an annual income of \$20,000 or less requiring deep subsidies or significant assistance;

Low End Market Rental: Households with an annual income of \$20,000 to \$37,700 requiring shallow subsidies or no assistance;

Entry Level Ownership: Households with an annual income of \$37,700 to \$60,000.

1st Priority - Subsidized Housing

To address the need for subsidized housing, the City will:

- a) Accept cash-in-lieu contributions for affordable housing from townhouse developments and smaller apartment developments where a minimum of 4 affordable housing units are not provided.
- b) Utilize the monies collected in the Affordable Housing Reserve Fund first and primarily for subsidized housing.
- c) Subsidized housing would be for the homeless, people with addictions, the mentally challenged, single parents with limited income, seniors on fixed pensions, persons with disabilities, families requiring subsidies for specific reasons, etc.

2nd Priority - Low End Market Rental

To address the need for low end market rental, the City will:

- a) Require each four storey low rise apartment and every high rise development containing more than 80 residential units to construct at least 5% of the building area and not less 4 low end market rental units.
- b) Require that all rezoning applications involving a single lot that is being rezoned but not subdivided and at least 50% of any new lots that are being rezoned and subdivided include either a secondary suite or a coach house unit.
- c) Low end market rental could be for young adults, recently retired, lower income families, students, individuals without equity, etc.

Definitions, Priorities and Targets

3rd Priority - Entry Level Ownership

To address the need for affordable housing at the entry level ownership level, the City will:

- a) Encourage the construction of smaller apartment units and/or lower cost finishings (but not at the expense of cash-in-lieu contributions to subsidized housing or the construction of low end market rental units).
- b) Encourage innovative new housing forms and financing schemes.
- c) Permit the development community to build entry level ownership housing on their own initiative without necessarily securing this form of housing as "affordable" for households with annual income of less than \$60,000.

Targets

The consultant and City staff have identified the following targets which they believe are achievable if partnerships and cooperation are received from other levels of government, non-profit organizations, the development community, etc.:

Subsidized Housing: 25 - 50 units per year

25 units based on 80% equity from others (City's contribution 20%)

50 units based on 90% equity from others (City's contribution 10%)

Both targets require that \$1,000,000 be collected in cash-in-lieu contributions annually based on the proposed \$2.00 per buildable square foot contribution from townhouse rezoning applications (not the existing \$0.60 per buildable square foot).

Low End Market Rental: 95 units per year

75 secondary suites or coach house units through rezoning applications

20 apartment units in low rise apartments or high rise developments containing more than 80 residential units

These targets are described in greater detail in the section entitled "Establishing Appropriate Targets".

Complete List of Recommendations

The following provides a complete list of the specific recommendations and strategies set out in this report.

Policy Area #1 An Articulated Commitment to Respond to Issues Related to Housing Affordability in the City of Richmond

1. City Council approve the *Richmond Affordable Housing Strategy* and, specifically, the following recommendations, policies, directions, priorities, definitions and initial annual targets:

| Priority | Housing Type | Definition | Initial Annual Target |
|---|--|---|--|
| 1 st Priority | Affordable Subsidized Rental Housing | Households with an annual income of less than \$20,000 | 73 affordable subsidized rental housing units a year |
| 2 nd Priority | Affordable Low End Market Rental Housing | Households with an annual income of between \$20,000 and \$37,700 | 279 affordable low end market rental units a year |
| 3 rd Priority | Affordable Entry Level Ownership Housing | Households with an annual income of less than \$60,000 | 243 entry level ownership units a year |
| Affordable is defined as meaning that no more than 30% of the gross income of a household is spent on housing costs (excluding cablevision, telephone, other telecommunications and utility fees) | | | |

2. The City hire a temporary full time employee, to work in the Real Estate Services Division of the City's Business & Financial Services Department, to assist in the implementation of this Strategy.
3. A work program be prepared annually by staff for Council approval to implement the *Richmond Affordable Housing Strategy*.
4. The results of the Strategy be monitored and reported annually to demonstrate that the City is committed to the on-going creation of affordable housing.

Complete List of Recommendations

5. The Official Community Plan (OCP), and City Centre Area Plan (CCAP) currently being updated, be revised later this year to be consistent with the policies and directions set out under this Strategy once it has been approved by City Council. Over time, the other Area Plans will also be reviewed and revised, as necessary, based on the experience of implementing the *Richmond Affordable Housing Strategy*.
6. City staff continue to work with the Greater Vancouver Regional District (GVRD), senior governments and other key planning and decision making bodies to ensure that housing affordability issues are recognized and addressed at the Regional, Provincial and Federal levels, and that appropriate resources are made available.

Policy Area #2

The Use of Regulatory Tools and Approaches to Facilitate the Creation of New Affordable Housing

Affordable Subsidized Rental Housing

7. In order to help meet the City's targets for affordable subsidized rental housing, a density bonusing approach under Section 904 of the *Local Government Act* involving the provision of a cash contribution is to be utilized for all townhouse developments and for apartment or mixed use developments involving 80 or less residential units.
8. Where a cash contribution for affordable housing is received under this statutory density bonusing approach, it should be based on the following amounts for rezoning applications received after July 1, 2007:
 - a) \$2 per square foot from townhouse developments; and
 - b) \$4 per square foot from apartment and mixed use developments involving 80 or less residential units.

Affordable Low End Market Rental Housing

9. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007.

Complete List of Recommendations

10. Where an affordable housing unit density bonusing approach is provided for apartment and mixed use developments involving more than 80 residential units:
 - a) at least 5% of the total residential building area (or a minimum of 4 residential units) should be made available for affordable low end market rental purposes;
 - b) the unit sizes and number of bedrooms will be determined by the City; and
 - c) the affordable low end market rental units will be subject to a housing agreement registered on title.
11. If the ownership of the affordable low end market rental units is transferred to the City, the units will be rented to eligible tenants and:
 - a) each unit should be created as a separate strata lot; and
 - b) the responsibility for management and tenant selection of all the units owned by the City may be contracted to a single non-profit housing provider or property management company.
12. Alternatively, the developer may retain ownership or transfer the units to a third party such as a property management company, in which case the units must be rented to eligible tenants and:
 - a) each unit must not be transferred separately (and will be secured by a no separate transfer covenant); and
 - b) the responsibility for management and tenant selection for all of the units owned by the developer or a third party will be the responsibility of that developer or third party.
13. The developer, or a group of developers, may concentrate their required affordable low end market rental housing units together in one building or site, rather than having them scattered in a number of different buildings or sites.
14. City Council may exhibit flexibility with initial apartment and mixed use rezoning applicants involving more than 80 residential units in order to identify and address implementation issues, and to create a practical and workable model.
15. Adopt a Secondary Suite Policy which would allow for the legalization of one existing or new secondary suite in any single family dwelling, subject to requirements.
16. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach is to be taken for single-family residential rezoning applications received after July 1, 2007.

Complete List of Recommendations

17. Where the density bonusing approach is taken in exchange for a higher density, all lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided are to include:
 - a) a secondary suite; or
 - b) a coach house unit above the garage;for affordable low end market rental housing purposes.
18. Where a secondary suite or a coach house unit above the garage is built as part of the approval of a single-family residential rezoning application, it should not be strata titled and it should be designated as an affordable low end market rental unit through a housing agreement registered on title.

Policy Area 3-

Preserve and Maintain the Existing Rental Housing Stock

19. The City's current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, that was adopted by City Council on July 24, 2006 as part of the Interim Strategy, be replaced with an OCP policy encouraging a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured by a housing agreement in appropriate circumstances.
20. That City staff establish a process to monitor and report on the future loss and provision of existing/new rental housing units.
21. That the City's existing Residential Policy 5012 limiting the strata title conversion of multi-family residential developments when there is a rental vacancy rate of less than 2% be re-examined with a view to ensuring that the affordable rental housing stock is adequately maintained and increased.

Complete List of Recommendations

Policy Area 4-

Incentives to Stimulate the Creation of New Affordable Housing in Partnership with the Housing Supply Sector and Other Levels of Government

22. Rezoning and development permit applications be expedited, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units.
23. The DCC Bylaw be reviewed to determine the financial and engineering implications of waiving or reducing DCCs for not for profit rental housing, including supportive living housing (e.g., affordable subsidized rental housing and affordable low end market rental housing that is rented on a not for profit basis).
24. The Province be asked to amend the *Local Government Act* to:
 - a) include affordable housing as a DCC item and also as a subject cost charge waiver; and
 - b) permit the Greater Vancouver Sewerage and Drainage District (GVS&DD) to waive regional GVS&DD DCCs on social housing and to reduce regional GVS&DD DCCs on affordable low end market rental housing.
25. City staff examine density bonus provisions, exempting affordable housing from floor area ratio (FAR) calculations and review incentives such as parking relaxations and other possible options to assist in the creation of affordable subsidized rental housing and affordable low end market rental housing.

Policy Area 5

Build Community Capacity Through Targeted Strategies as well as Through Partnerships Brokered in the Community

26. Continue to work with the Richmond Committee on Disability (RCD), the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA) and the Province to:
 - a) develop universal housing guidelines for multiple family residential dwellings;
 - b) encourage fully adaptable/universally accessible flex houses in single-family residential rezoning applications; and

Complete List of Recommendations

- c) ensure that the universal accessible housing guidelines do not adversely affect housing affordability.
27. The Council periodically request proposals from groups and agencies in the community that, with funding provided partially through the City's Affordable Housing Reserve Fund, as well as funding from senior levels of government and other partners, would enable the creation of additional affordable subsidized rental housing and affordable low end market rental units designed to meet priority needs and existing gaps in Richmond.
28. In responding to City proposal calls, proponents will be required to demonstrate experience/expertise/capability in a number of categories including project development, non-profit property management and residential construction, and will in some cases be required to contribute equity or private capital.
29. The following criteria is to be used to evaluate the proposals that are received:
- a) Compatibility with the *Richmond affordable Housing Strategy* priorities;
 - b) The experience of the development and property management team;
 - c) The strength of partnerships including equity contributions, funding commitments and support from other levels of government;
 - d) Identification of key development risks and mitigation strategies;
 - e) The management capacity and experience of the proponents in working with special needs/priority groups and/or community partnership arrangements to address these needs; and
 - f) Other criteria identified in the call for proposals.
30. A new Affordable Housing Operating Reserve Fund be established which can be used for the purpose of:
- a) Hiring staff to administer the *Richmond Affordable Housing Strategy*, legal costs, the administration and management of affordable housing units, and associated operating costs; and
 - b) Paying consultants and conducting updates, research and general or specific affordable housing studies related to the *Richmond Affordable Housing Strategy*.
31. The existing Affordable Housing Reserve Fund be used for capital purposes for affordable housing, including:
- a) Purchasing and exchanging property or residential dwelling units for affordable housing;
 - b) Financing the construction of affordable housing projects;
 - c) Securing funding commitments from senior levels of government and/or private partnerships; and

Complete List of Recommendations

- d) Partnering with other levels of government and/or private agencies to achieve affordable housing in Richmond.
32. Generally, funding from the Affordable Housing Reserve Fund is to be allocated through a competitive proposal call process annually depending on the availability of funds. It is acknowledged that under special development circumstances (e.g., to meet senior government funding deadlines), a non-competitive proposal call may be used.
33. Regular meetings be initiated with key Federal and Provincial government ministries/agencies, representatives from the non-profit and co-op housing sectors, UDI, GVHBA and other key stakeholders, to build effective communication and partnership opportunities.
34. City staff examine the cost and implications of:
- a) The implementation of a City of Richmond affordable housing registry; or
 - b) Encouraging all affordable housing providers/operators to participate in BC Housing's housing registry as a common waiting list rather than duplicating this information.
35. Where appropriate, certain City lands be used for affordable subsidized rental housing and affordable low end market rental purposes (not affordable entry level ownership), including where funding has or will be obtained from other levels of government and/or private partnerships.
36. The City develop a strategic land acquisition program for affordable housing with funding for the preparation of the program coming from the Affordable Housing Operating Reserve Fund and the acquisition of lands coming from the Affordable Housing Reserve Fund and other sources where appropriate.
37. A Request for Proposals (RFP) be issued to seek affordable housing proposals for 8111 Granville Avenue/8080 Anderson Road and 5491 No. 2 Road. Consideration should also be given to the concurrent disposition of 8111 Granville Avenue/8080 Anderson Road and the acquisition of an alternative less costly site nearby should a reasonable proposal be brought forward by other market participants or should a viable affordable housing project not be brought forward for this site.

Policy Area 6

Advocacy Aimed at Improving the Policy Framework and Funding Resources Available for Responding to Local Housing Needs

38. Request senior governments to ensure that current and future Federal, Provincial and Regional policy directions reflect, fund and support the policies set out under this Strategy.
39. Continue to work with the GVRD and Greater Vancouver Housing Corporation (GVHC) staff and other levels of government to ensure that they each have clear, stable, ongoing, complementary and effective affordable housing strategies.
40. Monitor and report annually on the City, Federal, Provincial, development industry, and other contributions to the creation of affordable housing. This information would be used as a means of demonstrating the City's commitment to the creation of affordable housing and to secure future support from senior levels of government and stakeholders.
41. Request senior levels of government to provide better ongoing and stable flexible funding mechanisms which reflect local needs and priorities at key points along the housing continuum. This includes housing for those who are homeless, special needs affordable housing, affordable subsidized rental housing, affordable low end market rental and affordable entry level ownership.
42. Put forward a resolution requesting that the Union of British Columbia Municipalities (UBCM) and the Federation of Canadian Municipalities (FCM) request changes to federal and provincial tax policies, to encourage new rental housing construction.

Process

On February 13, 2006, Council directed that the Affordable Housing Strategy be reviewed in light of the shortage of affordable housing options in Richmond.

Based on this direction, McClanaghan & Associates were retained to assist staff with the completion of the project.

The consultant and staff held a couple of meetings with a variety of stakeholders at the outset of this process. A public open house was also held and the feedback recorded.

Based on this input and the initial research by the consultant, an Interim Affordable Housing Strategy was approved by Council on July 24, 2006.

The primary purpose of this Interim Strategy was to help the City manage in-stream development applications until the final Affordable Housing Strategy was approved.

In the summer of 2006, the consultant and staff held focus group sessions with the housing supply sector and government/community partners.

This led to the preparation of the Draft Affordable Housing Strategy, which was received by Council on November 27, 2006 and referred out to the various stakeholders and general public for final input.

Meetings were held with the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA), local small developers and a variety of community groups and housing partners.

City staff also hosted three open house displays and solicited the input of the public through a questionnaire.

Various written submissions were received on the Draft Affordable Housing Strategy (e.g., from UDI, the Poverty Response Committee, Richmond Arts Coalition, Greater Vancouver Housing Corporation, Canadian Federation of University Women, etc.).

All of these written submissions and materials from the above-noted process are included in the Appendices to this report.

The *Richmond Affordable Housing Strategy* is the culmination of this process and input.

Broadly speaking, *housing affordability* is measured as a ratio of housing costs to income with the general principle being that, for housing to be considered affordable, a household should not have to spend more than 30% of its gross income on shelter.

Measuring housing affordability in this way has resulted in some discussion as to whether issues related to housing affordability should be viewed as a housing supply problem or an income problem. The issues related to housing affordability are both a supply problem and an income problem.

Housing Affordability – A Supply Problem

In terms of housing supply, it is important to note that there has been very little purpose-built rental housing constructed in recent years, resulting in a shortage of available subsidized housing and low end market rental units relative to demand. This is clearly a factor in the current challenges faced by the City of Richmond where data published by CMHC indicates that less than 200 new rental housing starts have been generated in the last five years.

Rental housing starts at this current level represent less than 36% of the forecasted future demand and impose on-going pressure on the existing stock. This Strategy explores potential opportunities to add supply through the inclusionary zoning/ density bonusing approach, the legalization of secondary suites and through the construction of new rental housing.

Housing Affordability – An Income Problem

Within the context of the current system, those at the lowest end of the income scale feel some of the greatest pressure both in terms of the choices, as well as the level of affordability with the resources that they have available. The following section looks more closely at the affordability gap across different segments of the housing market.

In addition, it is important to recognize that low income demand is not effective demand. This means that households at the lower end of the income scale do not have the resources they need to solve their housing problems on their own. As a result, targeted strategies are required.

This report looks at the range of possible municipal strategies and actions that can be taken by the City of Richmond. It also looks at the partnerships that are needed

with senior levels of government (Federal, Provincial and Regional) and the private sector to build an effective response.

Loss of Existing Rental Stock

A secondary challenge noted within the Richmond context is the potential loss of the available affordable rental housing stock through price escalation (rent increases), redevelopment or conversion. The loss of the existing stock combined with the lack of new purpose-built rental housing will mean increased competition for the supply of available units and could result in the dislocation of lower income households.

The Rising Cost of Home Ownership

Diminished opportunities for households to move into entry level ownership represents a third challenge for the City of Richmond. Based on the most recent data published by CMHC, the cost of new entry level ownership units has increased from \$179,000 in 2001 to \$344,900 in 2006. This represents an increase of approximately 93%. The increase in price means that the qualifying income needed to move into new entry level ownership has also increased resulting in fewer households being able to move into home ownership. To the extent that fewer households are able to move into home ownership, the pressure on the existing rental housing stock will be increased.

This report addresses the main issues and proposes key strategic directions that can be taken at the municipal level including:

1. An articulated commitment to respond to issues related to housing affordability in the City of Richmond;
2. The use of regulatory tools and approaches to facilitate the creation of new affordable housing;
3. Strategies and approaches designed to preserve and maintain the existing rental housing stock;
4. Incentives to stimulate the creation of new affordable housing in partnership with the housing supply sector and other levels of government;
5. Building community capacity through targeted strategies as well as through partnerships brokered in the community; and
6. Advocacy aimed at improving the policy framework and funding resources available for responding to local housing needs.

Key Stakeholders and Housing Partners

The housing supply system is complex and has many different stakeholders. In developing this Strategy and in identifying potential partnership opportunities, it is important to have a clear understanding of the roles and responsibilities of the different groups.

The Private Sector

The private sector provides the majority of housing in the City of Richmond and is comprised of a number of stakeholders including private land owners, developers, investors, lenders and landlords. The investment and development activity of these different stakeholders is necessary to meet the housing demand in the City.

The Federal Government

The Federal Government has legislative, regulatory and funding responsibility that helps to ensure an effective housing system for Canadians. Recent federal programs have included the provision of capital grants designed to support the creation of new affordable housing units as well as targeted funding designed to respond to the growing problem of homelessness in many large urban centres. The Federal Government (and Provincial Government) may also have unused affordable housing funds that were budgeted for but not used and put into reserve or trust funds.

Federal Funding Under Bill C-48

Federal funding promised under Bill C-48 (\$1.4 billion) was released to the Provinces in April 2006. The funding was allocated on a per capita basis with British Columbia receiving approximately \$106 million in funding. The funding covers the period from 2006/07 to 2007/08 and will provide the Province with important partnership opportunities. The funding was put into a housing trust to invest in affordable housing. As part of the 2007 Provincial budget, the Province announced that \$50 million over two years would be made available for up to 250 additional units of transitional/supportive housing for those who are homeless. To date, no proposal call has been issued.

Federal Funding for Aboriginal Housing Need

The Federal government also made \$50.9 million available to address Aboriginal housing need. This funding will help to create approximately 200 units of housing for Aboriginal people living off reserve. BC Housing issued an Expression of Interest (EOI) in March 2007. The closing date for submissions was April 26, 2007.

Key Stakeholders and Housing Partners

Homelessness Partnering Strategy - (\$270 million over two years)

The National Homelessness Initiative due to expire on March 31, 2007 has recently been extended under the Homelessness Partnering Strategy. This funding will follow the Supporting Communities Partnership Initiative (SCPI) model which targets communities that have been identified as having significant problems with homelessness. As with SCPI, these communities would be able to access multi-year funding which must be matched from other sources. The funding levels remain consistent with previous allocations with the GVRD receiving approximately \$8 million in annual funding over a two year period. This initiative will continue to form part of the work plan of the Regional Homelessness Steering Committee.

Two Year Extension to the Federal RRAP Programs (\$256 million for two years)

Under this collection of programs, the Federal government makes funding available to assist low income households to undertake necessary repairs and renovations to their housing. This includes assisting low income seniors and persons with disabilities with necessary home adaptations as well as helping low income home owners to make necessary repairs. Some assistance is also available to assist with repairs and conversions of the rental and rooming house stock.

The following summarizes these Federal funds and initiatives.

| FEDERAL FUNDS & INITIATIVES | |
|--|---|
| BILL C-48 | |
| Bill C-48 made \$1.4 billion available to facilitate the creation of affordable housing. This funding was announced as part of the 2006 Federal budget resulting in the creation of a number of <i>housing trust funds</i> . B.C.'s share of the funding is equal to approximately \$106 million. | This funding was referenced in the 2007 Provincial budget announcement with \$50 million over two years being announced. This funding will help to create up to 250 units of transitional/supportive housing for those who are homeless. To date, the Province has not issued an EOI. |
| FUNDING FOR ABORIGINAL HOUSING | |
| \$51 million was announced as part of the 2007 Provincial Budget to support the creation of up to 200 new rental, supportive or transitional housing units for Aboriginal households across the Province. There are also supports to increase home ownership opportunities for Aboriginal households living off reserve. | An EOI was issued by BC Housing on March 2 nd , 2007 with the closing date for submissions being April 26, 2007. Funding announcements have not yet been made. |
| HOMELESSNESS PARTNERING STRATEGY | |
| In December 2006, the Federal government announced that it would be extending the Federal Homelessness Initiative for two years. This means approximately \$8 million in annual funding to support the work of the Regional Homelessness Steering Community. | Program details at the Federal level are being finalized with information being made available through the GVRD Regional Homelessness Steering Committee. |

Key Stakeholders and Housing Partners

The Provincial Government/BC Housing

The Province of BC, through BC Housing, also represents an important partner both in terms of facilitating the creation of new affordable housing units through various housing supply programs, as well as through the on-going provision of financial and administrative support to the non-profit and co-op housing sectors. BC Housing is also responsible for the administration of the Province's SAFER program (Shelter Aid for Elderly Renters) which provides financial assistance to low income senior renters living in the private market who are facing affordability challenges.

The Province currently has five (5) different programs/initiatives which offer funding assistance for groups with expressed housing need.

Independent Living BC

This is a housing for health partnership designed to facilitate the creation of supportive housing for seniors. This program is generally delivered in partnership with local health authorities. The Province has committed funding for a total of 4,000 units of housing under this program to be completed over the next 2 to 3 years. This program includes new housing construction, rent assistance in the private market and the conversion of existing units. The initial 3,500 units were announced in 2001 as part of the government's *New Era* commitments. However, as part of the recent announcement (October 2006) in the Provincial housing strategy - *Housing Matters BC*, an additional 500 units were announced.

Provincial Homelessness Initiative

This initiative evolved from the work that was done through the Premier's Task Force on Homelessness and included funding commitments for the communities which were part of the initial task force. As part of the announcement of the Provincial housing strategy- *Housing Matters B.C.*, the Province indicated that it would be make 450 additional units of housing available under this program.

Homelessness Outreach

This program was also announced as part of the Provincial housing strategy - *Housing Matters BC*. Under this program, the Provincial government has entered into a three year pilot program with local service agencies in order to assist those who are homeless to gain better access to the services and supports that they need.

Key Stakeholders and Housing Partners

Rental Assistance Program (RAP)

The Provincial housing strategy – *Housing Matter BC* also made \$40 million in funding assistance available to provide assistance to low income working poor families who are living in housing in the private rental market and have incomes of less than \$28,000. This housing assistance is designed to bridge the gap between the rent that a household is paying and what they can afford to pay.

Housing Endowment Fund and Community Partnership Initiatives

The Province is also engaged in a program whereby they provide one-time funding, low cost mortgage financing and other types of assistance to help facilitate the creation of affordable housing outside of traditional programs. Under the most recent Provincial budget, \$10 million in annual funding has been made available each year in perpetuity to facilitate the creation of innovative housing solutions. Complete details are not yet currently available as to how communities would access this funding and it is expected that competition for available dollars may be significant.

| PROVINCIAL HOUSING PROGRAMS/INITIATIVES | |
|--|---|
| INDEPENDENT LIVING BC | |
| Announcement of 550 units as part of the release of the Provincial housing strategy (October 3, 2006) | Unlike the Provincial Homelessness Initiative, no EOI was issued at the time that these units were announced. It may be worth exploring whether the Province will be issuing an EOI regarding these units and/or the potential timing. It may also be the case that the existing program is over-allocated. |
| PROVINCIAL HOMELESSNESS INITIATIVE | |
| Announcement of 450 units as part of the release of the Provincial housing strategy (October 3, 2006) | <i>As part of the Strategy, an EOI was issued and on February 23rd, 2007, the Province allocated 758 new supportive housing units (BC Housing web-site)</i> |
| HOMELESS OUTREACH PILOT PROGRAMS | |
| As part of the Provincial housing strategy, the Province announced \$3.6 million over three years to fund a number of homeless outreach pilot projects. | Community-based agencies and municipal partners in seven (7) GVRD communities received funding under this initiative. |
| RENTAL ASSISTANCE PROGRAM | |
| This program was announced as part of the release of the Provincial housing strategy with \$40 million in funding being available. | Under the current program, low income working poor families (annual incomes of \$28,000 or less) living in housing in the private rental market are eligible for some level of assistance. The program is currently being advertised in the local press. Richmond could explore ways to further communicate the program to low income families. |
| PROVINCIAL HOUSING ENDOWMENT FUND | |
| The Housing Endowment Fund was announced as part of the 2007 Provincial Budget (\$10 million annually). Details of the program have not yet been released but it is likely that it will be modeled after BC Housing's <i>Community Partnership Initiative</i> model. | Under the Community Partnership Initiative program, BC Housing will provide one-time funding, interim construction financing and other forms of assistance to support the creation of affordable housing. Developments receiving funding under this program require substantial financial contributions from other sources. |

Key Stakeholders and Housing Partners

Other Provincial Ministries

There are a number of other Provincial Ministries that play various roles along the housing and support continuum. They include:

- The Ministry of Employment and Income Assistance (MEIA) which provides housing assistance and income support to individuals in need of social assistance including those who face persistent and multiple barriers;
- The Ministry of Children and Family Development (MCFD) which provides housing and support for 'at risk' and vulnerable youth; and,
- The Ministry of Community Services which is responsible for promoting sustainable, livable communities across BC, as well as targeted strategies for responding to the needs of seniors, women and other priority groups.

Local Health Authorities

In addition to BC Housing, local Health Authorities also play an important role in responding to the specific needs of individuals who may require both housing and support. This can include individuals who have physical or mental disabilities as well as those who have a chronic and persistent mental illness and who are in need of both housing and support.

The Regional Government

The Regional government is another key partner in responding to issues related to housing affordability, with long-term affordability being determined by the way in which the Region enables new housing supply through zoning, infrastructure and transportation decisions. The Greater Vancouver Housing Corporation (GVHC) is the second largest provider of subsidized housing in the region (BC Housing is the primary provider). In addition, the Region has taken a lead role to develop a coordinated approach for addressing regional issues related to homelessness, as well as ensuring that housing affordability remains a recognized priority within the context of the Region's broader strategic plan (LRSP). Currently, the GVRD is preparing a Regional Affordable Housing Strategy with City support and participation.

The Housing Continuum

The 'housing continuum' provides an important conceptual framework for looking at housing affordability within the context of the broader housing system. In looking at the housing continuum, it is important to recognize that families and individuals will be situated at different points along the housing continuum depending on a range of factors including their general economic circumstances and life cycle stage. The choices along the housing continuum can include ownership and rental, as well as government supported housing such as public, non-profit and co-op housing.

Figure 1 provides an overview of the continuum of housing options available within the City of Richmond including ownership (condo and non-condo), private market rental housing, as well as non-market subsidized housing. It also includes information on the number of individuals living on the streets or in emergency shelters based on the most recent homeless count (2005).

Figure 1: The Housing Continuum

| Home Ownership | | Private Market Rental Housing | Non-market Rental (Subsidized) Housing | Homeless |
|---|------------------------------|-------------------------------|--|----------|
| Non-Condo Owners 25,875 (46%) | Condo Owners 14,380 (25%) | 13,366 (23%) | 3,154 (6%) | 33 |
| 40,255 households (71%) | | 16,525 households (29%) | | |
| Source: Statistics Canada, 2001 Census, BC Housing Non-market inventory, GVRD Homeless Count (2005) | | | | |

In looking at the housing continuum within the City of Richmond, it is important to note that:

- The majority of households (71%) are owners, of which approximately 36% (or 25% of all households) own condo units;
- Approximately 29% or 3 out of 10 households are renters with approximately 1 in 5 renter households (19%) living in subsidized housing;
- The recent homeless count (2005) identified approximately 33 individuals that were living on the streets or staying in emergency shelters. However, it is likely that this number represents only a small percentage of the total number of individuals and households who are homeless.

Defining Affordability

At their meeting on July 24, 2006, City Council endorsed the following broad policy directions:

1. Affordable housing should be provided along the entire housing continuum, including entry level ownership, low end market rental and subsidized housing.
2. Encourage a variety of housing forms and tenures, especially new or innovative affordable housing and pilot projects, for a diversity of lifestyles at all income levels in all neighborhoods across the City.

These broad policy directions help to set the foundation for the strategies and actions set out in this report.

Understanding the Factors Influencing Individual Housing Choices

Finding housing that is affordable is important to all citizens. For some, the challenge may be a matter of not having enough income. For others, it might be limited choices at a cost that they can afford. As part of the Interim Strategy, Richmond City Council acknowledged the importance of working to ensure that opportunities were available to respond to a diverse range of housing needs at key points along the housing continuum.

This section looks more closely at some of the policy options available for responding to the specific housing and support needs of households at different points along that housing continuum. This includes households requiring access to subsidized housing, low end market rental and entry level ownership.

A household's income will influence the choices that are available, with low income households having fewer and potentially less meaningful choices when compared to households at the upper end of the income distribution. In the Interim Strategy approved by Council on July 24, 2006, it was recommended that the City focus on three key segments of the housing market.

- Households with annual incomes of \$20,000 or less who face significant challenges in finding and keeping housing that they can afford;
- Households with annual incomes of \$20,000 to \$37,700 who face some difficulty in finding housing that is affordable and who require access to low end market rental options;
- Households with annual incomes of \$37,700 to \$60,000 who wish to make the transition to entry level ownership.

Defining Affordability

The identification of the different target groups was based on an analysis of existing data related to the general housing and income profile in the City of Richmond.

Table 1 shows the different data sources and benchmarks that were used when identifying the different target groups.

| Income Threshold ¹ | Basis for Current Benchmark | Current Benchmark |
|--|---|-------------------|
| Households with Income <\$20,000 | CMHC Core Housing Need Data 2001 (City of Richmond)- Eligible for "deep core" assistance through existing social housing programs | \$21,767 |
| Households with Low to Moderate Incomes \$20,000 to \$37,700 | Core Need Income Threshold (CNIT) for the Vancouver CMA - Eligible for "shallow core" assistance through existing social housing programs | \$37,700 |
| Entry-level Income of \$37,700 to \$60,000 | MLS and CMHC Housing Market Data published on median housing/selling prices used to determine entry-level ownership thresholds | \$84,611 |

Potential Policy Options Based on the Established Income Thresholds

The income thresholds which were established represent general guidelines and target groups for analyzing the range of potential options available for different segments of the population including the level of assistance required.

| Income Threshold | Existing Policy Options | Depth of Need/Level of Assistance |
|---|---|---|
| Households with Income <\$20,000 | <ul style="list-style-type: none"> • Access to social housing • SAFER assistance for seniors (Provincial initiative) • Rent assistance for families (<i>new</i> Provincial initiative) | <ul style="list-style-type: none"> • Significant affordability gap resulting in a significant level of assistance in order to alleviate the depth of need • Requires high or "deep" subsidy |
| Households with Income \$20,000 to \$37,700 | <ul style="list-style-type: none"> • Access to social housing • Access to low end market rental units | <ul style="list-style-type: none"> • Affordability gap improves as income increases with the level of assistance • Varying levels of subsidy from "shallow" to "deep" |
| Entry-level Income of \$37,700 to \$60,000 | <ul style="list-style-type: none"> • Currently no policy options are available. | <ul style="list-style-type: none"> • Depends on program parameters • Generally shallow subsidy programs |

¹ These income thresholds are designed to provide *general guidelines* to the City of Richmond when discussing issues related to affordability. These income thresholds should be reviewed and up-dated as new information comes available.

Defining Affordability

Looking at the Affordability Gap

Using the income thresholds established within the context of the Interim Strategy, this section examines the general affordability gap and the range of potential options which could help to address the gap. This includes consideration of the strategies identified in the Provincial housing strategy – *Housing Matters BC* released on October 3, 2006 including rental assistance for families and seniors.

The affordability gap measure discussed in this section was first introduced by TD Economics (2003) as part of their analysis of housing need. This measure provides an important means of understanding the depth of need across the different market segments. In looking at the affordability gap, it is possible to evaluate the effectiveness of existing strategies and approaches. This measure also helps to identify the resources that are needed from key housing partners including senior levels of government to help to close the gap.

Households with an Income of \$20,000 or Less Per Annum

Table 3 on the following page shows the affordability gap for a household with an annual income of \$20,000 or less. The affordability gap is calculated by determining the difference between the average market rent across different unit types and the rent that is affordable to a household within a given income band based on the standard definition of affordability which is equal to 30% of income.

For a household with an annual income of \$20,000 an affordable rent is equal to \$500 per month based on the standard definition of affordability (30% of gross income on shelter costs).

In comparing the affordable rent with the average 2006 market rents² reported by CMHC for different unit types, it is determined that the affordability gap is between \$135 per month for a bachelor unit and \$670 per month for a 3-bedroom unit. Annually this translates into a shortfall of between 8% and 40% of a household's income. These findings suggest that households falling in this segment of the market typically require a high level of assistance in order to meet their housing needs. These are households which are also typically in need of access to subsidized housing.

² These are the most current rents that are available.

Defining Affordability

As noted in the Provincial housing strategy – *Housing Matters BC*, many low income families and seniors do not have special housing needs. These households simply do not have enough money to pay rent in the private market. As a result, *Housing Matters BC* has included targeted rent assistance for both families and seniors living in housing in the private market with this assistance helping to play a role in addressing the affordability gap for households that fall within this market segment.

| Unit Type | Average Rent 2006 ¹ | Affordable Rent ² | Affordability Gap ³ | Annual Income Shortfall ⁴ |
|-----------|--------------------------------|------------------------------|--------------------------------|--------------------------------------|
| Bachelor | \$635 | \$500 | \$135 | \$1,620 |
| 1-Bedroom | \$821 | \$500 | \$321 | \$3,852 |
| 2-Bedroom | \$1,018 | \$500 | \$518 | \$6,216 |
| 3-Bedroom | \$1,170 | \$500 | \$670 | \$8,040 |

1 CMHC Rental Market Report (City of Richmond)
 2 30% of income (\$20,000 per annum)
 3 Difference between market rent and affordable rent (monthly shortfall)
 4 Monthly shortfall times 12

Households with an Income of \$20,000 to \$37,700 Per Annum

Applying the same rules, this section looks at the “affordability gap” for households with incomes between \$20,000 and \$37,700 with the analysis being calculated at the \$25,000, \$30,000 and \$37,700 income levels. These are households eligible for subsidized housing, but also in need of access to low end market rental options.

Households with an Income of \$25,000 Per Annum

For a household with an annual income of \$25,000, an affordable rent is equal to \$625 per month based on the standard definition of affordability. Based on the current 2006 market rents, a household with an annual income of \$25,000 will face an affordability gap of between \$196 and \$545 per month depending on the unit type. This represents between 9% and 26% of their gross households income.

| Unit Type | Average Rent 2006 ¹ | Affordable Rent ² | Affordability Gap ³ | Annual Income Shortfall ⁴ |
|-----------|--------------------------------|------------------------------|--------------------------------|--------------------------------------|
| Bachelor | \$635 | \$625 | No gap | No Shortfall |
| 1-Bedroom | \$821 | \$625 | \$196 | \$2,352 |
| 2-Bedroom | \$1,018 | \$625 | \$393 | \$4,716 |
| 3-Bedroom | \$1,170 | \$625 | \$545 | \$6,540 |

1 CMHC Rental Market Report (City of Richmond)
 2 30% of income (\$25,000 per annum)
 3 Difference between market rent and affordable rent (monthly shortfall)
 4 Monthly shortfall times 12

Defining Affordability

Households with an Income of \$30,000 Per Annum

For a household with an annual income of \$30,000, an affordable rent is equal to \$750 per month based on the standard definition of affordability. Based on the current 2006 market rents, a household with an annual income of \$30,000 will face an affordability gap of between \$71 and \$420 per month depending on the unit type. At the 2 bedroom unit level, this shortfall represents 11% of gross household income.

| Unit Type | Average Rent 2006 ¹ | Affordable Rent ² | Affordability Gap ³ | Annual Income Shortfall ⁴ |
|-----------|--------------------------------|------------------------------|--------------------------------|--------------------------------------|
| Bachelor | \$635 | \$750 | No Gap | No Shortfall |
| 1-Bedroom | \$821 | \$750 | \$71 | \$852 |
| 2-Bedroom | \$1,018 | \$750 | \$268 | \$3,216 |
| 3-Bedroom | \$1,170 | \$750 | \$420 | \$5,040 |

1 CMHC Rental Market Report (City of Richmond)
 2 30% of income (\$30,000 per annum)
 3 Difference between market rent and affordable rent (monthly shortfall)
 4 Monthly shortfall times 12

Households with an Income of \$37,700 Per Annum

For a household with an annual income of \$37,700, an affordable rent is equal to \$943 per month based on the standard definition of affordability. Based on the current 2006 market rents, a household with an annual income of \$37,700 requiring a 2 bedroom unit or less would be successful in finding housing that they can afford within the City of Richmond without facing a significant affordability gap.

| Unit Type | Average Rent 2006 ¹ | Affordable Rent ² | Affordability Gap ³ | Annual Income Shortfall ⁴ |
|-----------|--------------------------------|------------------------------|--------------------------------|--------------------------------------|
| Bachelor | \$635 | \$943 | No gap | No shortfall |
| 1-Bedroom | \$821 | \$943 | No gap | No shortfall |
| 2-Bedroom | \$1,018 | \$943 | \$75 | \$900 |
| 3-Bedroom | \$1,170 | \$943 | \$227 | \$2,724 |

1 CMHC Rental Market Report (City of Richmond)
 2 30% of income (\$37,700 per annum)
 3 Difference between market rent and affordable rent (monthly shortfall)
 4 Monthly shortfall times 12

Defining Affordability

Differences in the Level of Need and Range of Potential Policy Mechanisms

Applying the same rules, this section looks at the affordability gap for households with incomes of between \$20,000 and \$37,700 with the analysis being calculated at the \$20,000, \$25,000, \$30,000 and \$37,700 level. These are households which are eligible for subsidized housing, but which are also in need of rent assistance, and can access low end market rental options. Table 7 compares the affordability gap across the different groups with an emphasis on the general depth of need. In looking at the need profile captured on Table 7, it is clear that senior levels of government have a role to play in responding to the needs of households falling at the low end of the income continuum as local governments lack the resources required to address these needs through the municipal tax base.

| | Households with Incomes \$20,000 ¹ | Households with Incomes \$25,000 ² | Households with Incomes \$30,000 ³ | Households with Incomes \$37,700 ⁴ |
|--|---|---|---|---|
| Affordable Rent | \$500 | \$625 | \$750 | \$943 |
| Affordability Gap Bachelor Units | \$135 | No gap | No gap | No gap |
| Affordability Gap 1 Bedroom Units | \$321 | \$196 | \$71 | No gap |
| Affordability Gap 2 Bedroom Units | \$518 | \$393 | \$268 | \$75 |
| Affordability Gap 3-Bedroom Units | \$670 | \$545 | \$420 | \$227 |
| Level of Assistance | Deep | Deep | Shallow | Shallow |
| 1 From Table 3 2 From Table 4 3 From Table 5 4 From Table 6 | | | | |

The City of Richmond has a role in encouraging the creation of new low end market rental units which would help to address the housing burden for households with incomes of \$30,000 to \$37,700 and which would provide a more affordable alternative for lower income households who are unable to gain access to subsidized housing. For example, if the City of Richmond was successful in working with the housing supply sector in creating housing which had a rent profile equal to between 85% and 90% of the current market rent, then it would be possible to reduce the affordability gap which currently exists and improve the affordability profile for households in housing need. Table 8 below shows the general rent profile for low end market rental units. Tables 9 through 11, in turn, show the potential improvement in affordability across the different income levels.

Defining Affordability

Based on the findings reported in the following tables, it would appear that, if the City of Richmond is successful in generating low end market rental units through the creation of secondary suites and/or other strategies discussed in this report, then it would be possible to reduce the affordability gap for low income households. However, as shown on Tables 9, 10 and 11, the creation of low end market rental units would not eliminate the gap for households with incomes of \$30,000 or less. Furthermore, while it is desirable to ensure that limited housing resources are targeted to those in the greatest housing need, rents at levels lower than 85% to 90% of the current market would not provide sufficient revenue to carry the cost of new housing construction. As a result, it is not possible for the City of Richmond to assist households with incomes of below \$30,000 without funding assistance from senior levels of government.

Table 8: Potential Low End of Market (LEM) Rents

| Unit Type | Current Market Rent 2006 ¹ | LEM Rent (85% of market) ² | LEM Rent (90% of market) ³ |
|-----------|---------------------------------------|---------------------------------------|---------------------------------------|
| Bachelor | \$635 | \$540 | \$572 |
| 1-Bedroom | \$821 | \$698 | \$739 |
| 2-Bedroom | \$1,018 | \$866 | \$916 |
| 3-Bedroom | \$1,170 | \$995 | \$1,053 |

¹ CMHC Rental Market Report (City of Richmond)
² 2006 Market Rental @ 85% (LEM)
³ 2006 Market Rental @ 90% (LEM)

Table 9: Improvement in the Affordability Profile for Household with Income of \$20,000

| Unit Type | Affordable Rent for Household with Income of \$20,000 ¹ | Affordability Gap At Current Market Levels ² | Reduced Affordability Gap (85% of market) ³ | Reduced Affordability Gap (90% of market) ⁴ |
|-----------|--|---|--|--|
| Bachelor | \$500 | \$135 | \$40 | \$72 |
| 1-Bedroom | \$500 | \$321 | \$198 | \$239 |
| 2-Bedroom | \$500 | \$518 | \$366 | \$416 |
| 3-Bedroom | \$500 | \$670 | \$495 | \$553 |

¹ 30% of income @ \$20,000 per annum
² From Table 3
³ Affordable rent less LEM @ 85%
⁴ Affordable rent less LEM @ 90%

Defining Affordability

Table 10: Improvement in the Affordability Profile for Household with Income of \$25,000

| Unit Type | Affordable Rent for Household with Income of \$25,000 ¹ | Affordability Gap At Current Market Levels ² | Reduced Affordability Gap (85% of market) ³ | Reduced Affordability Gap (90% of market) ⁴ |
|-----------|--|---|--|--|
| Bachelor | \$625 | No Gap | No Gap | No Gap |
| 1-Bedroom | \$625 | \$196 | \$73 | \$114 |
| 2-Bedroom | \$625 | \$393 | \$241 | \$291 |
| 3-Bedroom | \$625 | \$545 | \$370 | \$428 |

1 30% of income @ \$25,000 per annum
 2 From Table 4
 3 Affordable rent less LEM @ 85%
 4 Affordable rent less LEM @ 90%

Table 11: Improvement in the Affordability Profile for Household with Income of \$30,000

| Unit Type | Affordable Rent for Household with Income of \$30,000 ¹ | Affordability Gap At Current Market Levels ² | Reduced Affordability Gap (85% of market) ³ | Reduced Affordability Gap (90% of market) ⁴ |
|-----------|--|---|--|--|
| Bachelor | \$750 | No Gap | No Gap | No Gap |
| 1-Bedroom | \$750 | \$71 | No Gap | No Gap |
| 2-Bedroom | \$750 | \$268 | \$116 | \$166 |
| 3-Bedroom | \$750 | \$420 | \$245 | \$303 |

1 30% of income @ \$30,000 per annum
 2 From Table 5
 3 Affordable rent less LEM @ 85%
 4 Affordable rent less LEM @ 90%

Entry Level Ownership Options – Households with Incomes of \$37,700 to \$60,000

The following table sets out the qualifying income and monthly housing cost for entry level ownership options within the City of Richmond. Based on data published by CMHC, the median selling price for a high rise condo unit was approximately \$344,900. This would be affordable to a household with an average annual income of approximately \$85,000 – an amount which is out of reach for many households in the City of Richmond. Table 12 illustrates the entry level ownership gap based on current market prices for households with incomes of between \$37,700 and \$60,000 wishing to move into home ownership. These entry level thresholds would require prices equal to between 40% and 67% of the current price levels and are more closely aligned with selling prices in 2001 and 2002.

Defining Affordability

Table 12: Entry Level Ownership Gap Based on Median Priced New Construction

| Qualifying Income | Affordable Price | Comparison to Current Entry Level Ownership | Current Prices Compared to the "Affordable Price" |
|-------------------|------------------|---|---|
| \$60,000 | \$232,000 | \$344,900 | 1.5 times above |
| \$55,000 | \$209,000 | \$344,900 | 1.7 times above |
| \$50,000 | \$186,000 | \$344,900 | 1.9 times above |
| \$45,000 | \$163,500 | \$344,900 | 2.1 times above |
| \$40,000 | \$140,500 | \$344,900 | 2.4 times above |

Source: CMHC, Housing Now, 2006 Median selling price, new construction high rise units

To some extent the home ownership mechanism is different from the rental housing mechanism in that there is a higher level of potential future benefit which may be realized by an individual household. As a result, it is important to develop appropriate structures and practices for ensuring that public investments are well targeted and that the principles of equity and fairness remain in place. In looking at home ownership models, there are a number of different policy decisions which determine eligibility. They include:

1. The amount of assistance that a household will receive;
2. The duration of the assistance; and,
3. The mechanism for ensuring long-term benefit for successive owners.

In order to secure entry level ownership as being affordable to households with an annual income of less than \$60,000, a Housing Agreement would be required. Many other municipalities use Housing Agreements but they do involve some administrative oversight and legal review. This includes identifying a suitable target market as well as administering and enforcing the Agreement in cases where a household wishes to sell. These Agreements can become complex in that they are structured to ensure that the owner does not "flip" the property and realize benefit from the public investments which have been made while at the same time recognizing that the household has all other rights and responsibilities of ownership. The Agreements are structured such that the eligible household is able to realize a proportion of the potential gain in the event that the market appreciates. Similarly, they would bear some of the risk of a loss in value.

There are two forms of Housing Agreement currently in use within the Lower Mainland. The first is a project in the City of Vancouver which is a deep subsidy model whereby the initial qualifying households purchased their 2-bed townhouse units at 50 to 60% of market with the City making the land contribution. Under the

Defining Affordability

terms of this Agreement, the owners can sell their unit to a similar qualifying household using a similar discount. Thus, they will receive a pro-rated share of any gain or loss on the unit. The Housing Agreement which documents and enforces this arrangement is complex and consists of a right of first refusal by the City, an administration agreement and a covenant on title.

The second example uses a "sleeping second mortgage" which is suitable for shallow subsidy ownership programs. This is used as part of the SFU UniverCity project. This approach places a second mortgage on title in the amount of the initial subsidy. This amount is treated as a forgivable loan which is amortized over a period of time (often 10 years). If a household sells within that period of time, they simply pay the amount of the unamortized discount.

While there are standard agreements which are available which could be used by the City of Richmond, it would be necessary for the City to give some consideration as to the priority group which should be identified for this form of housing.

Establishing Appropriate Targets

The Context for Establishing Targets

To a large extent, housing affordability is determined by a number of macro-economic and regional factors. The principal macro-economic factors include interest rates, general inflation levels, incomes and taxation policy as well as the investment climate for new housing. Local and regional factors include provincial regulation around consumer protection, rental policy, employment conditions and inter/intra-Provincial migration. On a municipal scale, the City can help shape the responsiveness of the housing supply system to effective demand, but as noted above, affordability is largely influenced by the macro-economic conditions and the policies of senior levels of government.

The creation of new housing supply continues to have paramount importance for influencing the affordability profile into the future. Local government is most engaged at this level because of its central role in land use, provision of infrastructure and processing of building permits. The municipal climate can enable a robust housing supply response when macro-economic conditions favour housing investment.

Investment in the creation of new housing supply is almost entirely the result of private decisions by consumers, developers and investors. Government policy, including land use regulation, hopes to influence and guide the preferences of those private sector decisions in favour of creating housing products suitable for and affordable to the largest segment of the population possible. As outlined in this report, the recent shift in the Richmond affordability profile has created financial pressures over a broad segment of the population for both ownership and rental housing opportunities. The *Richmond Affordable Housing Strategy* hopes to improve Richmond's affordability profile.

Richmond's high level of housing starts over a wide variety of type and tenure is evidence of a strong and favorable attitude to new housing supply. It is noted that the municipality has limited influence over the exact number and precise type of units to be added to the housing continuum. Therefore, an important objective for the City is to continue to work to influence the provision of additional supply at key points along the continuum with a focus on priority areas such as entry level ownership, low end market rental and subsidized housing.

Establishing Appropriate Targets

The City faces the greatest constraints in the provision of subsidized housing for low income and special needs households as this form of housing is largely being determined by public policy and public funding. In the past 10 years, there has been a significant reduction in senior government funding for social safety net programs including subsidized housing. This report recommends that the City of Richmond use some of its limited resources to try to leverage additional non-market housing supply (e.g., Affordable Housing Reserve Fund).

In looking at the question of what should be an appropriate target for subsidized housing, it is important to recognize that the City of Richmond and all other municipalities do not have the tax base needed to fund this form of social investment. In addition, the City of Richmond has undertaken a leadership role in encouraging senior governments to address the needs of those at the lowest end of the housing continuum with this being an area where senior governments have a direct role to play.

The City should continue to pursue its policy of adding new housing supply at all points along the housing continuum and to track and report on the composition of the new housing supply, and evaluate whether the supply response is contributing to the desired improvement in Richmond's affordability profile.

Assessing the Current State

Data from the 1996 Census shows that the City of Richmond has a shortfall of approximately 3,960 units with rents of \$750 or less. Strategies adopted by the City should seek to reduce the deficit of units in this rent range since this proposed income threshold targets households with incomes of \$37,700 or less, in line with the subsidized housing and low end market rental categories of affordable housing. A number of potential policy directions are proposed to create additional affordable housing for these income thresholds, including preventing the on-going loss of rental stock and improving the affordability profile across the entire housing continuum.

This report has adopted a focus that recognizes the central role of creating new supply as the best policy approach for responding to existing and future affordable housing demand. The key strategies include:

1. Expanding the supply of subsidized housing in partnership with senior levels of government; and
2. Creating additional low end market rental units through enabling secondary suites and through the use of an inclusionary zoning/density bonusing approach.

Establishing Appropriate Targets

Other strategies which have been identified include:

1. The requirement of a 1:1 replacement of existing rental units with new low end market rental units in cases where purpose-built rental housing stock is redeveloped; and
2. Exploration of potential redevelopment opportunities on existing subsidized housing sites.

Table 13: The Inventory of Rental Units Across Richmond – Average Shelter Costs

| Shelter Costs | Number of Rental Units in Inventory | Affordable Threshold (at 30%) in \$ | Households at Income Threshold (2001) | Shortfall of Units with a Rent Range |
|--------------------------|-------------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|
| Group 1: Less than \$250 | 775 | \$10,000 | 1,800 | (1,025) |
| Group 2: \$250-\$499 | 955 | \$20,000 | 2,470 | (1,515) |
| Group 3: \$500-749 | 3,510 | \$30,000 | 2,090 | (1,420) |
| Group 4: \$750-\$999 | 5,100 | \$40,000 | 2,080 | 3,020 |
| Group 5: \$1,000-\$1,249 | 3,340 | \$50,000 | 2,040 | 1,300 |
| Group 6: \$1,250 or more | 2,015 | \$50,000+ | 6,040 | (4,025) |
| Total | 16,520 ¹ | | 16,520 | |

CMHC Housing in Canada, 2000 (Based on the 1996 Census)

¹ The original inventory numbers were based on 1996 Census data and have been up-dated to reflect 2001 demand with the assumption that the increase in units is evenly distributed across units in the upper three ranges (\$750-\$999, \$1,000-\$1,249, and \$1,250+).

Existing City of Richmond Targets:

Over the years, a variety of different targets have been established for the different housing types in Richmond.

Existing Affordable Housing Strategy (1994)

When Council amended its Affordable Housing Policy 5005 in 1994, it passed a resolution that staff work toward the following goal:

"That 20% of new housing developed in the City as a whole, in designated areas such as the City Centre, and in large new developments should be affordable housing".

According to a Price Waterhouse study in 2004, the future demand for housing in Richmond over the next 15 years is estimated to be 1,045 dwelling units annually. Applying the 20% affordable housing goal to this annual average would mean that 210 of these new housing units would be affordable housing each year (or 2,100 units over a 10 year period).

Establishing Appropriate Targets

The existing Strategy does not indicate the type of affordable housing to be built. For the purposes of this report, it is assumed that they could have been distributed 1/3 to subsidized housing, 1/3 for low end market rental purposes and 1/3 for entry level ownership (70 units a year in each category).

Official Community Plan (1999)

The OCP reiterates that the City should "continue to work towards the goal that 20% of housing developed should be affordable housing".

Richmond Homelessness Needs Assessment and Strategy (2002)

In 2002, Council endorsed the above-noted strategy "as a framework to guide and co-ordinate local efforts to address homelessness in Richmond".

The Homelessness Strategy identified different short, medium and long term priorities/projects to be completed by 2008. These included:

- 20 bed emergency shelter for single men and women;
- 10 bed transition shelter for women;
- 10 unit emergency housing for youth;
- 10 – 12 units of second stage housing for women and children; and
- 10 – 12 units of second stage housing for single men and women.

In other words, a total of 60 – 64 additional beds or units were identified as being required in Richmond by 2008 which, in 2002 dollars, was estimated to cost \$6,200,000.

The Homelessness Strategy also identified some 2007 targets, such as:

- maintain the GVHC affordable housing waiting list at 1,300;
- increase the number of affordable housing units by 10% over the 2002 level of 2,476;
- 75% decrease in the number of people turned away from emergency and transitional shelters (based on 2002 levels);
- 10% decrease in the number of people paying 50% or more of income to rent; and
- 50% decrease in the local homeless population in 2002 (estimated to be around 30 people).

The Homelessness Strategy was prepared by City Spaces, with input from a wide variety of stakeholders.

Establishing Appropriate Targets

2001 – 2006 Demographic Profile/Needs Assessment: Richmond Seniors Affordable Supportive Housing (2003)

In 2003, Council passed a motion that:

“the increased development of seniors accessible affordable supportive housing be supported by entering into partnerships with Richmond Health Services, Greater Vancouver Housing Corporation and others, with the goal of creating 87 additional units per year from 2004 to 2026, based on the preservation of the City’s capital, if possible”.

Seniors affordable supportive housing is defined as:

- most likely to be used for those 75 years and older;
- being affordable for those living below Statistics Canada’s Low-Income Cut Off (LICO), which in 2002 was approximately \$16,000 for a single person living in the GVRD; and
- combining a supportive and appropriate physical environment designed for privacy and independence, with a social model of flexible supports and assistance including emergency call, meals, and access to personal care and professional health care as required.

This assessment was prepared by the Social Planning and Research Council of BC (SPARC), with input from the Richmond Seniors Advisory Council, Vancouver Coastal Health Authority, Richmond Health Services, Greater Vancouver Housing Corporation, Greater Vancouver Home Builders Association and City staff.

Consultants’ Targets

The consultants recommend that the targets for Richmond’s housing affordability be segmented by tenure (subsidized housing; low end market rental; entry level ownership), with the objective being to maintain or improve on the current mix.

In looking at the housing starts over the past five years, the City of Richmond has realized some success in generating ownership opportunities with the percentage of owners increasing between 1996 and 2001 by 14 per cent – a rate that was above the growth for the Region (12 per cent)³. From 1986 to 2001, the City of Richmond gained 18,745 households – an increase of 1,250 households annually. Current

³ In addition, the City of Richmond has been successful in achieving a rate of home ownership that is higher than the Region – 71 per cent compared to 61 per cent.

Establishing Appropriate Targets

estimates prepared by PwC suggest that future demand is expected to continue by at least 1,045 households annually over the next 15 years.

While most of the demand is expected to be among home owners, the available data suggests that there has been a lack of purpose-built rental housing construction, as well as a loss of rental housing units at the lower end of the rental housing market. This has placed pressure on the existing stock. Based on data from CMHC's Housing Now publication, there have been fewer than 200 rental housing units created across the City of Richmond in the past 5 years. This includes units funded through the existing government housing supply programs.

One of the City's objectives in moving forward should be to continue to maintain its current community housing mix. At the same time, it will be difficult for the City to respond to the needs of households falling at the lower end of the housing continuum without the involvement of senior levels of government.

Currently the continuum shows that approximately 6 per cent of the existing, total housing stock (19% of the rental housing stock) is subsidized housing. This housing was created through considerable investment by the Federal and Provincial governments and represents an important asset for enabling the City to respond to the on-going needs of low income households.

As a benchmark, the City of Richmond should continue to explore opportunities to maintain 6 per cent of the total housing stock as a dedicated target for subsidized housing. However, this target will be difficult to achieve without funding support from other levels of government.

Taking a 10 year average of housing starts in the City of Richmond (1996 to 2005), there was an average of 1,215 new units created. To maintain the current distribution of housing by tenure and type, the City of Richmond would have to create a minimum of 73 new subsidized housing units each year.

This target is in line with the average annual increase in the number of households in the City of Richmond which have applied for subsidized housing through BC Housing. Based on data provided by BC Housing, on average the waiting list for subsidized housing has grown by approximately 64 households annually.

Establishing Appropriate Targets

Similarly, the City should establish as a benchmark that it wants to maintain the current percentage of non-subsidized, market rental housing (i.e., 23% of the current community mix). This being the case, a total of 279 new low end market rental units would have to be built each year.⁴

Table 14: Key Targets Across the Housing Continuum

| Tenure | Current Community Mix | Annual Target |
|-----------------------|-----------------------|---------------|
| Ownership | 71% | 863 |
| Low End Market Rental | 23% | 279 |
| Subsidized Housing | 6% | 73 |
| 10 Year Average | | 1,215 |

Recommended Targets

Through the City staff report of November 10, 2006, the following priority areas were identified:

1. Subsidized housing for households with an annual income of \$20,000 or less (using City lands, the Affordable Housing Reserve Fund, developer cash-in-lieu contributions and help from other partners);
2. Low end market rental for households with an annual income of \$37,700 or less (units given to the City by the development community or stand alone sites built by developers and non-profit organizations).

The first policy direction would expand the inventory of units and target the supply deficit for households requiring housing that costs \$499 or less per month. The second policy direction, including the creation of secondary suites, adds additional capacity and provides an expanded range of choices for households requiring units that fall at the low end market rental range. The tables on the following pages summarize the existing City of Richmond targets and consultants' targets. The rationale for these achievable targets is explained in the following sections.

⁴ In terms of entry level ownership, data shows an average of 1,215 housing starts per year over the past 10 years. Based on a total shortfall of 4,025 renter households with incomes of \$50,000 or more (see Table 13), and assuming that 40% of this group are not interested in ownership or are currently transitional or mobile, this leaves 2,415 renter households interested in home ownership. By selecting a target of 20% of the 1,215 units annually as entry level ownership, approximately 243 entry level ownership units could be created each year. This would address the demand for entry level ownership housing of approximately 2,415 units in approximately 10 years.

Establishing Appropriate Targets

Table 15A: Comparison of Different Annual Targets of Affordable Housing

| Source | Subsidized Housing | Low End Market Rental | Entry Level Ownership | Total Affordable Housing Units |
|---|--|---|--|---|
| 1994 Affordable Housing Strategy and 1999 OCP (20% of housing) | 70 (assuming 33% of 210) | 70 (assuming 33% of 210) | 70 (assuming 33% of 210) | 210 (based on 1,045 demand over next 15 years) |
| 2002 Homelessness Needs Assessment & Strategy | 64 (by 2008) | None specifically | None specifically | None specifically |
| 2003 Seniors Affordable Supportive Housing Needs Assessment | 87 (from 2004 to 2026) | None | None | None |
| 1996/2000 Current State CMHC Housing in Canada | 254 (assuming 10 years to meet 2,540 demand) | 142 (assuming 10 years to meet 1,420 demand) | None | None |
| 2007 Consultants Suggested Targets | 73 (maintaining existing 6% of housing stock) | 279 (maintaining existing 23% of housing stock) | 243 (based on 20% of starts over past 10 years) | 595 (based on 1,215 average over past 10 years) |
| Achievable Targets | 25* (assuming 80% equity from others) | 95 (through inclusionary zoning/density bonusing: 75 secondary suites/coach houses; 20 apartment units) | 60 (small units but not secured as affordable housing) | 120 - 145 (120 affordable housing units more achievable than 145 affordable housing units because 80% equity from others more likely) |
| | 50* (assuming 90% equity from others) | | | |
| * Both the subsidized housing achievable targets assume \$1,000,000 is collected annually in cash-in-lieu contributions from townhouse rezoning applications based on the proposed \$2.00 per buildable square foot (not the existing \$0.60 per buildable square foot) | | | | |

Establishing Appropriate Targets

Table 15B: Annual Affordable Housing Targets

| Type of Affordable Housing | Existing Shortfall | Consultants Targets Accepted By City | How The Consultants Targets Accepted By The City May Be Achieved Through Density Bonusing |
|---|--|---|---|
| <p>Affordable Subsidized Rental Housing: Council's 1st priority. Households annual income less than \$20,000. 30% income = \$500/month maximum. Homeless; People with addictions; Mentally challenged; Single parents with limited incomes; Seniors on fixed pensions; Families requiring subsidies; Etc.</p> <p>Note: The City prefers to invest in land or subsidized rental housing buildings, not both in an affordable housing project.</p> | <p>A current shortfall of 2,540 total affordable subsidized rental units. Based on 2000 CMHC Study using 1996 Census. Shortfall is expected to be even greater in 2006 Census.</p> | <p>73 annually affordable subsidized rental units. Existing 6% of subsidized rental housing in Richmond times the total number of units built on average annually over past 10 yrs 6% of 1,215 = 73 units/yr (2.9% of shortfall).</p> | <p>A. \$2.00 sq ft cash contribution from townhouse rezonings (not \$0.60 sq ft) = approximately \$1,000,000 annually. \$1,000,000 = 5 affordable subsidized rental units annually (@ \$200,000 per unit).</p> <p>B. If 80% equity from senior governments = \$4,000,000 annually Total \$5,000,000 = 25 affordable subsidized rental units annually.</p> <p>C. If 90% equity from senior governments = \$9,000,000 annually Total \$10,000,000 = 50 affordable subsidized rental units annually.</p> |
| <p>Affordable Low End Market Rental Housing: Council's 2nd priority. Households annual income \$20,000 - \$37,700. 30% income = \$500 - \$943 month. Young adults; Recently retired; Lower income families; Students; Individuals without equity; Etc.</p> <p>Note: 250 new secondary suites annually could be created through the Building Permit process that will not be secured as affordable low end market rental housing.</p> | <p>A current shortfall of 1,420 total affordable low end market rental units. Based on 2000 CMHC Study using 1996 Census. Shortfall is expected to be even greater in 2006 Census.</p> | <p>279 annually affordable low end market rental units. Existing 23% of low end market rental housing in Richmond times the total number of units built on average annually over past 10 yrs 23% of 1,215 = 279 units/yr (19.6% of shortfall).</p> | <p>A. 75 new secondary suites or coach houses created through rezoning applications annually (50% of new houses).</p> <p>B. 20 new apartment units from private development annually (4 units x 5 buildings). 95 total affordable low end market rental units annually.</p> <p>C. Alternative: \$0.60 sq ft cash contribution from single family rezonings = approximately \$90,000/yr + \$4.00 sq ft cash contribution from apartment and mixed use rezonings = approximately \$1,500,000/yr. \$1,590,000 cash contribution yr = 8 affordable low end market rental units @ \$200,000 per unit.</p> |
| <p>Affordable Entry Level Ownership Housing: Council's 3rd priority. Households annual income \$37,700 - \$60,000. 30% of \$37,700 income = \$140,500 unit*. 30% of \$60,000 income = \$232,000 unit*. * assumes 10% down payment, 5.2% interest rate and 25 year mortgage. Families or adults wanting to get into the housing market; Etc.</p> | <p>A current shortfall of 2,415 total affordable entry level ownership units. Based on 2000 CMHC Study using 1996 Census. Assumes 60% of total shortfall of 4,025 renter households with incomes over \$50,000 buy a home.</p> | <p>243 annually affordable entry level ownership units Assuming 20% of the total number of units built on average annually over past 10 yrs 20% of 1,215 = 243 units/yr (10% of shortfall).</p> | <p>If 15% of the apartments and mixed use rezonings build small units (e.g., one bedroom @ maximum size 645 sq ft) = 60 small entry level ownership units (5 bldgs x 80 units each x 15% = 60). Typically built by development community now on their own initiative. City would support 15% of units being one bedroom units less than 645 sq ft but will not secure these small units as affordable entry level ownership because the priority is affordable subsidized rental housing and affordable low end market rental housing. Entry level ownership is not to be provided at the expense of developer contributions to affordable subsidized rental housing or the construction of affordable low end market rental units.</p> |

Establishing Appropriate Targets

Funding Subsidized Housing - Resource Constraints

Resource constraints represent a major challenge in responding to the shortfall in subsidized housing. The City of Richmond's Affordable Housing Reserve Fund provides one approach for generating units targeted to households with annual incomes of less than \$20,000. However, success in meeting the targets that have been identified will be dependent on senior government funding.

It is estimated that annual contribution to the Affordable Housing Reserve Fund has been equal to between \$850,000 and \$1,000,000. This figure is based on historical performance, the number of rezoning applications approved and the assumption that townhouse developments would be contributing approximately \$2.00 per buildable square foot towards affordable housing (not the current \$0.60 per buildable sq ft).

Other municipalities which have reserve funds frequently use this money to purchase land to further their affordable housing objectives. Land costs represent a significant percentage of the capital cost of a new housing project. However, depending on the size of development, the City's contribution at \$1,000,000 may not be sufficient to acquire an appropriate site. Therefore, it is important for the City to work to ensure that senior government funding is in place and that they are in a position to lever this funding. This may include contributing to a portion of the land costs.

The following table sets out two possible scenarios for leveraging senior government funding. In the first case, it is assumed that the City's contribution of \$1,000,000 is equal to approximately 20% of the capital costs and that the Province will fund the balance. This translates into approximately 25 subsidized housing units at an estimated capital cost of \$200,000 per unit. If the City is able to lever 90% of the capital costs from the Province, then approximately 50 subsidized housing units can be created with the same \$1,000,000 contribution. However, this would require rigorous negotiation with the Province, with this being done on a case by case basis within a program framework.

Assuming that the City of Richmond is able to lever its current Affordable Housing Reserve Fund balance of \$6,000,000 and the Province is willing to contribute between 80% and 90% of capital costs, it would be possible for the City to generate an additional 150 or 300 subsidized housing units. This could be either in one or two major projects or in a number of smaller projects. For the purposes of this report, it is assumed that approximately 25 to 50 subsidized housing units could be created annually by drawing \$1,000,000 a year for the next 6 years from the Affordable Housing Reserve Fund (assuming either 80% or 90% equity from the Province).

Establishing Appropriate Targets

**Table 16: Estimated Annual Impact of Use of the Affordable Housing Reserve Fund
(Assumes a cost/unit of \$200,000 and \$1,000,000 annual City contribution from the Fund)**

| | | |
|--|-------------|-------------|
| Senior Government Contribution as % of Capital Costs | 80% | 90% |
| City of Richmond Contribution | \$1,000,000 | \$1,000,000 |
| Senior Government Contribution | \$4,000,000 | \$9,000,000 |
| City of Richmond Equity Contribution as % of Capital Costs | 20% | 10% |
| Number of Subsidized Housing Units Created (Annual Cash-in-lieu Contribution of \$1,000,000 based on a contribution rate of \$2.00 per buildable square foot from townhouse rezoning applications) | 25 units | 50 units |
| Number of Subsidized Housing Units Created (Affordable Housing Reserve Fund \$6,000,000) | 25 units | 50 units |

If one were to assume that the units were to be delivered over a five year time frame starting in 2008, depending on the partnership contribution from senior levels of government, it is estimated that between 50 to 100 subsidized units could be created annually and that the total of number of units created would fall between 250 and 500.

Table 17: Possible Scenarios for the Creation of Subsidized Housing Units

| | | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|--|------|------|------|------|------|------|-------|
| Current Affordable Housing Reserve Fund Balance (\$6,000,000) | Low | 25 | 25 | 25 | 25 | 25 | 125 |
| | High | 50 | 50 | 50 | 50 | 50 | 250 |
| Estimated Annual Cash-in-lieu Contributions (\$1,000,000) | Low | 25 | 25 | 25 | 25 | 25 | 125 |
| | High | 50 | 50 | 50 | 50 | 50 | 250 |
| Total Estimated Number of Units | Low | 50 | 50 | 50 | 50 | 50 | 250 |
| | High | 100 | 100 | 100 | 100 | 100 | 500 |

If the City is successful in leveraging units with a 10% equity contribution, this would translate into 500 units over the next 5 years (2008 to 2012) or approximately 100 units per annum. This would meet the targets established by the *Richmond Homelessness Needs Assessment and Strategy* and the *Richmond Seniors Affordable Supportive Housing Needs Assessment*. It would also exceed the consultant's target of maintaining the existing percentage of subsidized housing in Richmond.

Establishing Appropriate Targets

In addition, it would start to address the current demand for 2,540 units with rents of \$500 per month or less. These units would also help to respond to the needs of the more than 700 households that have applied and/or are waiting for subsidized housing. Furthermore, this target exceeds the average annual increase in the number of households in the City of Richmond which have applied for subsidized housing through BC Housing. Based on data provided by BC Housing, on average the waiting list for subsidized housing has grown by approximately 64 households annually in Richmond.

However, the above-noted scenario assumes the City is successful in negotiating a significant equity contribution from the Province and other funding partners. If these senior partners require a higher equity contribution from the City, then fewer units can be built. For example, assuming that the City of Richmond is required to contribute approximately 20% of project costs, then it is estimated that only 250 units can be built over the next 5 years (2008 to 2012). This translates into approximately 50 units per year.

Although this would meet the target established by the *Richmond Homelessness Needs Assessment and Strategy* over a couple of years, it would not meet the demand identified in the *Richmond Seniors Affordable Supportive Housing Needs Assessment*. Furthermore, 50 units per year would not maintain the existing percentage of subsidized housing in Richmond.

Similarly, it would take much longer to address the current demand for 2,540 units with rents of \$500 per month or less and the more than 700 households that have applied and/or are waiting for subsidized housing. This scenario also would not meet the need for subsidized housing based on data from BC Housing which indicates that their waiting list has grown by approximately 64 households annually.

In summary, should the City be required to come up with a higher equity contribution, it will have to seek other funding sources to meet the demand for subsidized housing (e.g., a higher cash-in-lieu contribution from developers; non-profit funding; etc.).

The Creation of New Low End Market Rental Housing

In addition to the subsidized housing units for households with annual incomes of less than \$20,000, the City wants to see a substantial number of low end market rental housing units built for households with an annual income of between \$20,000 to \$37,700. As noted, there have been very few new rental housing units created

Establishing Appropriate Targets

largely because of systemic changes introduced by the Federal government in the investment policy and taxation regime for rental housing assets.

It has been estimated that approximately 75 new secondary suites and coach house units could be added annually to the low end market rental inventory through the inclusionary zoning/density bonusing approach to single-family residential rezoning applications received after July 1, 2007.

The Building Approvals Department has estimated that 250 secondary suites could either be legalized or built through the building permit process. However, since a Housing Agreement can not be a condition of a building permit, there is no way the City can guarantee that these secondary suites will be used for affordable low end market rental housing purposes.

In addition to the secondary suites and coach house units secured through the rezoning application process, it has been assumed that the City could receive around 20 low end market rental units a year through the inclusionary zoning/density bonusing approach from multiple-family residential rezoning applications. This is based on the assumption that approximately 5 new low rise apartments or high rise developments containing more than 80 residential units are rezoned in one year and the City receives the minimum 4 units per building. This may be a conservative estimate based on the current level of building activity in Richmond.

Together, the inclusionary zoning/density bonusing approach will generate around 95 affordable low end market rental units a year. This will partially help address the current demand of 1,420 units with rents between \$500 - \$749 per month.

In order to meet the consultant's recommendation to maintain the existing percentage of low end market rental housing in Richmond (23% or 279 units a year), additional ownership units will have to go into the rental pool and/or the development community will have to build purpose-built rental projects. Unfortunately, it may be difficult to meet this higher target without assistance from the other levels of government.

Emerging housing policy work on market rental has increasingly focused on a tax credit mechanism which would generate Provincially and/or Federally funded incentives for private investors to create low end market rental units. This approach would help to reduce the deficit which currently exists in the low end market rental housing supply. Changes to existing tax policy would help to create additional

Establishing Appropriate Targets

capacity for responding to the needs of low and moderate income households by targeting the qualifying investments while at the same time stimulating the creation of new low end market rental stock. In the U.S., most Federal and State support for housing is delivered through tax credit programs and over 1.5 million units have been created over the past 25 years.

It should be noted that should the City be successful in getting:

- 25 affordable subsidized rental housing units built a year; and
- 95 affordable low end market rental housing units built annually,

it would be meeting 20% of the consultant's targets for affordable housing in Richmond. To totally meet the consultant's targets for affordable subsidized rental housing and affordable low end market rental housing will require additional, significant financial resources from senior levels of government, the non-profit housing sector and other willing partners.

Entry Level Ownership Units

In light of the fact that *Richmond Affordable Housing Strategy* is placing priority on subsidized housing and low end market rental units, the targets for affordable entry level ownership units are not critical at this point in time. This is not to say that the City won't encourage small entry level ownership units or the use of lower cost finishings to make ownership projects more affordable. However, it would appear that the gap between what these units are currently selling for and what is affordable to households with an annual income of between \$37,700 and \$60,000 is very significant. Furthermore, the City does not want to encourage entry level ownership units at the expense of subsidized housing or low end market rental units.

City of Richmond Action Municipal Strategies and Actions



This section focuses on the potential municipal strategies that can be taken for responding to the on-going need for affordable housing. The directions set out in this section build on the discussion in the previous section with a focus on the specific tools and actions that are available at the municipal level. Many of the key strategies and actions outlined in this section are designed to build on actions previously initiated by the City of Richmond. In addition, some require the commitment and resources of senior levels of government.

Key Strategic Directions:

The following key policy directions have been set out in this report for consideration by Richmond City Council. This includes a detailed discussion of the potential opportunities and risks as well as recommended actions for the City to consider.

Policy Area 1- An articulated commitment to respond to issues related to housing affordability in the City of Richmond;

Policy Area 2- The use of regulatory tools and approaches to facilitate the creation of new affordable housing;

Policy Area 3- Preserve and maintain the existing rental housing stock;

Policy Area 4- Incentives to stimulate the creation of new affordable housing in partnership with the housing supply sector and other levels of government;

Policy Area 5- Build community capacity through targeted strategies as well as through partnerships brokered in the community; and,

Policy Area 6- Advocacy aimed at improving the policy framework and funding resources available for responding to local housing needs.

Policy Area #1 An Articulated Commitment

City of Richmond Action An Articulated Commitment to Housing Affordability



Communities play an important role in identifying local housing needs. This includes:

- Ensuring that local housing priorities are identified in local planning documents including the *Official Community Plan (OCP)* and Area Plans;
- Playing an active role in finding solutions to civic challenges through participation in a variety of municipal and housing sector associations including the Union of British Columbia Municipalities (UBCM), the Federation of Canadian Municipalities (FCM), the GVRD and other local and regional organizations; and,
- Conducting on-going research to identify emerging needs and priorities.

The City of Richmond has continued to show leadership in these different areas including research on potential strategies and initiatives to address homelessness as set out in the *Richmond Homelessness Needs Assessment and Strategy*, as well as the *2001-2026 Demographic Profile/Needs Assessment* designed to respond to the needs of an aging population.

Up-dating the *Richmond Affordable Housing Strategy* is another way in which the City of Richmond has demonstrated an on-going commitment to responding to local housing needs. This Strategy builds on existing initiatives which the City of Richmond has already put into place, and identifies new approaches for the City.

The approval and implementation of the key elements set out in this Strategy will not only contribute to the creation of additional affordable housing units, but will also help to signal to senior levels of government and other housing partners that housing affordability is a City priority.

After the *Richmond Affordable Housing Strategy* has been approved and there is some concrete experience implementing it, City staff will revise the OCP to ensure that it is consistent with the policies and directions set out in the Strategy.

Policy Area #1: An Articulated Commitment

This would include amending the current definitions in the OCP (e.g., affordable housing; assisted housing; Affordable Housing Statutory Reserve; etc.) and the Housing policies related to variety of tenure, entry level and affordable housing, and special needs housing. It is not expected that the OCP amendment will be significant, but it is believed the *Richmond Affordable Housing Strategy* should be incorporated into the OCP via a bylaw and the statutory public hearing process rather than just remaining a policy of Council. The OCP amendment will occur later this year as a separate exercise or next year as part of the overall review of the OCP.

Since the City Centre Area Plan (CCAP) is also being updated this year, it will be amended to contain the policies and directions of the *Richmond Affordable Housing Strategy*. Over time, the other Area Plans will be reviewed and revised, as necessary, based on the experience of implementing the Strategy.

To support the implementation of this Strategy, and to demonstrate the City's ongoing commitment to housing affordability, it is recommended that the following steps and actions be taken:

1. City Council approve the *Richmond Affordable Housing Strategy* and, specifically, the following recommendations, policies, directions, priorities, definitions and initial annual targets.

| Priority | Housing Type | Definition | Initial Annual Target |
|---|--|---|--|
| 1 st Priority | Affordable Subsidized Rental Housing | Households with an annual income of less than \$20,000 | 73 affordable subsidized rental housing units a year |
| 2 nd Priority | Affordable Low End Market Rental Housing | Households with an annual income of between \$20,000 and \$37,700 | 279 affordable low end market rental units a year |
| 3 rd Priority | Affordable Entry Level Ownership Housing | Households with an annual income of less than \$60,000 | 243 entry level ownership units a year |
| Affordable is defined as meaning that no more than 30% of the gross income of a household is spent on housing costs (excluding cablevision, telephone, other telecommunications and utility fees) | | | |

Policy Area #1 An Articulated Commitment

2. The City hire a temporary full time employee, to work in the Real Estate Services Division of the City's Business & Financial Services Department, to assist in the implementation of this Strategy⁵.
3. A work program be prepared annually by staff for Council approval to implement the *Richmond Affordable Housing Strategy*.
4. The results of the Strategy be monitored and reported annually to demonstrate that the City is committed to the on-going creation of affordable housing.
5. The Official Community Plan (OCP), and City Centre Area Plan (CCAP) currently being updated, be revised later this year to be consistent with the policies and directions set out under this Strategy once it has been approved by City Council. Over time, the other Area Plans will also be reviewed and revised, as necessary, based on the experience of implementing the *Richmond Affordable Housing Strategy*⁶.
6. City staff continue to work with the Greater Vancouver Regional District (GVRD), senior governments and other key planning and decision making bodies to ensure that housing affordability issues are recognized and addressed at the Regional, Provincial and Federal levels, and that appropriate resources are made available.

⁵ The full time employee could either be on contract or on staff. The use of a consultant is not recommended as they would not be able to dedicate themselves fully to implementation of the *Richmond Affordable Housing Strategy*. Funding for this position could from the proposed new Affordable Housing Operating Reserve Fund or other sources including general revenue from taxation.

⁶ The *Richmond Affordable Housing Strategy* is not to be implemented in the Alexandra Neighbourhood of the West Cambie Area Plan because this area has its own affordable housing strategy.

City of Richmond Action Use of Regulatory Tools and Approaches



This section looks at specific tools and approaches which can be adopted by municipalities to improve the overall affordability profile of housing and to contribute to the creation of new housing supply. In setting out some of the key policy directions for consideration, it is important to recognize that municipalities play an important role in creating conditions that stimulate and create new affordable housing supply to address the demand.

Traditional elements falling within the municipal purview include zoning provisions through land use regulation, permit processing, and infrastructure and servicing financing. City planning can also influence important community investments like schools, parks, recreation facilities, retail and entertainment facilities, and faith institutions, all of which support the quality of life of residential and mixed neighbourhoods.

Zoning Tools for Major Rezonings

This section focuses specifically on some of the potential opportunities that may be available through the zoning mechanism. This can include up-zoning or rezoning, which, when used with tools like density bonus provisions, can improve the affordability of housing through increased densities and promote a diverse mix of affordable housing types.

Within the U.S., the use of inclusionary zoning is an approach which has been used with some success as a means of creating additional affordable units. The inclusionary zoning mechanism typically involves a trade-off between the municipality and the developer where additional density is exchanged for amenities or affordable housing.

The inclusionary zoning mechanism is structured such that a percentage of units in a given development are sold or rented to households with low to moderate incomes. A policy document recently published by the Province entitled *Local Government*

Policy Area #2 Regulatory Tools and Approaches

Guide for Improving Market Affordability indicates that this model has been used on Bowen Island, with developers beginning to show interest in this model as a means of obtaining multi-family density through comprehensive rezoning.

This section examines the potential opportunities for the City of Richmond to adopt a similar type of approach and sets out some of the potential opportunities and risks.

Creating New Affordable Housing – Developer Delivered Model

When the City of Richmond first established the Affordable Housing Reserve Fund, it was envisioned that the rezoning mechanisms could be used to create value, which could be translated either directly into units or a cash-in-lieu contribution. However, the experience to date has shown that the current mechanism tends to favour the cash-in-lieu contribution as this approach is the most economical and straight-forward for developers.

One of the key components of the *Richmond Affordable Housing Strategy* is that the City would prefer to have affordable housing units built rather than receive cash-in-lieu contributions. Having said that, it is recognized that that it would be impractical for smaller developments to provide 1 or 2 affordable housing units scattered around the City. Therefore, it is proposed that all townhouse projects and any apartment developments involving 80 or less residential units be allowed to make a cash-in-lieu contribution towards affordable housing. Each low rise apartment building and high rise development containing more than 80 residential units would be required to make 5 per cent of the total building area (a minimum of 4 affordable housing units) available for low end market rental purposes. In both cases, whether a cash-in-lieu contribution is received or affordable housing units are built, the City would use the inclusionary zoning/density bonusing approach to obtain the affordable housing contribution or units at the time of rezoning.

Utilizing this approach, the City will both receive cash-in-lieu contributions to the Affordable Housing Reserve Fund, which will create additional opportunities to partner with senior levels of government, and the creation of affordable housing units “on the ground”.

Adopting an Inclusionary Zoning/Density Bonusing Approach

The cash-in-lieu approach requires establishing an appropriate rate for developer contributions – one which captures an appropriate amount of the incremental land value arising from rezoning without removing the incentive for the project itself.

Policy Area #2 Regulatory Tools and Approaches

The inclusionary zoning/density bonusing approach is a more complicated mechanism which stipulates the percentage and type of unit to be provided within a given rezoning. The approach is premised on the assumption that the increased density allowed through the rezoning will act as a subsidy for making the units affordable, given the density bonus would in effect translate into "free land".

The work undertaken by G.P. Rollo and Associates Ltd. helps to provide a baseline for evaluating this proposed approach by determining the incremental land value attributable to the increased density allowed under a rezoning. As a matter of principle, it is proposed that the contribution levels required under the inclusionary zoning/density bonusing approach be based on the Rollo work calculating the "land lift" (increase in the value of the land) from rezoning a property.

Evaluating the Project Economics of the Developer Delivery Model

In looking at potential strategies and alternatives under the inclusionary zoning/density bonusing approach, it is important to recognize that project economics vary by size, scale and project type. Therefore, it is necessary to set different contribution requirements.

The contribution requirements that are set will depend on the type of unit that is being created (high rise, low rise, townhouse or single family dwelling), as well as the point on the housing continuum that is being targeted (entry level ownership, low end market rental, and/or subsidized housing) and the size of the affordability gap to be addressed (shallow or deep subsidy).

Based on the work currently underway by G.P. Rollo & Associates, it is assumed that a minimum of \$4.00 per buildable square foot will be the threshold for obtaining affordable housing units. This estimate helps to establish the baseline for evaluating the potential alternatives available through the inclusionary zoning/density bonusing approach.

In keeping with the City's objective of encouraging a variety of housing forms and tenures for a diversity of lifestyles at all income levels, the viability of the inclusionary zoning/density bonusing approach was "tested" on various housing options.

Policy Area #2 Regulatory Tools and Approaches

Exploring the Potential Options – Entry Level Ownership Under the Developer Delivery Model

In the case of entry level ownership, the approach could be structured such that the rezoning applicant is asked to provide strata units at a price point that is affordable to purchasers with an annual income of between \$37,700 and \$60,000 depending on the City's specific eligibility criteria and the related project economics. The example used in this report is modeled on an income threshold of \$60,000 which corresponds to a selling price of approximately \$232,000.

Under this scenario, a developer would be able to recover a portion of the incremental cost of creating these units with the difference between the incremental cost and the selling price representing a "subsidy" that is created through the rezoning process and which is delivered to the qualified purchaser of the unit.

A Housing Agreement could be used to regulate the terms of the sale. This would include setting out specific terms and conditions with respect to eligibility for access, as well as specific terms and conditions upon resale. The objective would be to ensure that the housing that is created is serving a specific need group (in this case, entry level ownership for households with annual incomes of \$60,000).

Using data generated through the research by G.P. Rollo & Associates Ltd., it is estimated that an entry level ownership unit targeted to a household with an income of \$60,000 would require a subsidy equal to approximately 25% of the construction cost.

It is expected that the size and type of unit that is created through this mechanism would be consistent with the general unit mix in the development. For example, if the development contains a mix of 1 and 2 bedroom units, it is expected that the units that are made available will fit this general mix.

Low End Market Rental Housing - Developer Delivered Model

In the case of rental housing construction, the project economics are more difficult to successfully balance. Based on the available data, it would appear that units rented for low end market rental purposes (affordable to households with incomes between \$20,000 to \$37,700) would only generate sufficient revenue to cover approximately 50% of the cost to construct. This suggests that, in order to successfully balance the

Policy Area #2 Regulatory Tools and Approaches

project economics, it is likely that the units which are created will have to remain at the upper end of the low end market rental scale (specifically, households with an annual income in the \$30,000 to \$37,700 range).

This, in turn, suggests that, while this approach will help to alleviate some of the affordability challenges which low income families and individuals may face, it is not possible to use this mechanism to eliminate the full affordability gap for households at the lower end of the income range. This would include households with incomes of between \$20,000 and \$30,000 where the affordability gaps are estimated to be between \$135 and \$670 depending on the unit type and income profile.

In spite of the limitations which have been noted, it is important to recognize that, should the City of Richmond be successful in implementing this housing model, it will help to create an expanded range of affordable units for households with low to moderate incomes. Conversations with the development community have generated mixed reviews.

The Ownership and Management of the Units

In the event that the City is successful in putting this model into place, the ownership and management of the units are two other important considerations. In the case of the ownership of the units, it was originally anticipated that the City would be registered on title as the owner of these units with the ownership being in the form of a strata title unit. The City, in turn, would contract the management of this housing to an appropriate non-profit housing society or property management company, which would have responsibility for tenant selection and placement based on the City's criteria, which is likely to change over time.

In response to concerns expressed by the development community (e.g., represented by UDI), the City is now prepared to allow the developer to own the affordable housing units or sell them to a third party as a block of units. This being the case, the developer or third party would be responsible for managing the units for affordable low end market rental housing purposes.

To some extent, the management of the City-owned low end market rental units created under this approach would present some challenges in that the units would be geographically dispersed and could potentially entail higher administrative and maintenance costs. However, it is likely that housing created through this approach

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could be “pooled” and a management contract established with a qualified group with experience in this area.

The potential viability of this approach has been discussed with Terra Housing Management as well as with selected non-profit housing providers, including the Board of Directors for The Katherine Sanford Housing Society, and in general the reactions have been favourable. Criteria used to evaluate proposals to manage this portfolio are set out in Policy Area 5 of this report.

Finding an Appropriate Balance

As discussed in the previous section, one of the challenges in addressing the affordability needs of those at the low end market rental segment of the housing continuum is the depth of need that can be addressed. If one were to use rents only modestly lower than conventional rents (i.e., 85%-90% of market), this would help to improve the affordability profile for households with incomes in the \$30,000 to \$37,700 range.

As one targets households lower down the income scale (i.e., with incomes of between \$20,000 and \$30,000), it will not be possible to address the full depth of need through this mechanism as the cost of the unit delivered through this model is equal to approximately 50% of the market price with the required contribution under the inclusionary zoning/density bonusing approach being equal to 50% of the increase in value arising from the rezoning.

Taking these factors into consideration, there are a number of ways in which it would be possible for the City of Richmond to increase the existing inventory of low end market rental housing for households with incomes between \$20,000 to \$30,000.

1. The City could encourage smaller unit sizes and lower building features in order to make the project economics more attractive to the developer (but these units may not be suitable for families).
2. The City could request the GVHC or BC Housing to help subsidize the low end market rental units by allowing them to manage these units or by asking them to give an operating grant to the non-profit housing provider who might be managing them on behalf of the City (this assumes the City will own these units as strata title lots and could make larger units more “affordable” to families).

Policy Area #2 Regulatory Tools and Approaches

3. A third alternative would involve selling the low end market rental unit to a non-profit housing society with the purchase price being funded by a mortgage loan. The purchase of these units at a discounted rate has been done successfully in the past by non-profit housing societies through CMHC mortgage financing using conventional rental underwriting criteria. In addition, some non-profit societies, such as Coast Foundation and others, have been successful in using "stacked" funding through Provincial rent assistance programs (SAFER, SIL or even potentially the "new" family rent assistance program) to improve the general affordability/cost profile for low end market rental units, with this assistance acting as a "shallow subsidy".

Addressing the Need for Subsidized Housing (Households Requiring Deep Subsidies)

The use of the inclusionary zoning/density bonusing approach does not appear to work as well in the case of household requiring "deep" subsidies (i.e., units targeted to households with annual incomes of \$20,000 or less). The low rent levels (30% of gross income or \$500 per month for a household with an annual income of \$20,000) means that rents are largely consumed by operating expenses, taxes and utilities with very little cash flow being available to service the capital cost of the unit. Consequently, the unit must be almost entirely subsidized by the rezoning mechanism at a cost of approximately four times more than entry level ownership.

Taking this into account, the analysis suggests that only a small number of additional deep need units could be created through this approach with large scale rezonings being the most likely to successfully accommodate the proposed mix.

Instead, it is recommended that the City's Affordable Housing Reserve Fund (combined with funding support from senior levels of government) represents the best model for responding to the specific needs of individuals and households falling at the lowest end of the housing continuum. This is discussed in more detail in Policy Area 5 of this report which looks at strategies for building community capacity, as well as creating partnerships with community-based agencies and senior levels of government as a means of addressing priority needs.

In particular, the resources made available through the Fund can be targeted to meet the specific housing and support needs of priority groups. Likewise, this

Policy Area #2 Regulatory Tools and Approaches

approach would allow the City to take advantage of the significant experience and expertise which exists within the social housing sector.

Incentives for the Inclusionary Zoning/Density Bonusing Approach to Low End Market Rental and Subsidized Housing

The analysis suggests that there is merit in the use of an inclusionary zoning/density bonusing approach along with funding contributions to the City's Affordable Housing Reserve Fund. However, the analysis also shows that there are limits to the amount that can be carried by the development process alone. Therefore, it may be necessary for the City to show flexibility and to make adjustments to the proposed approach as issues arise. This includes finding the right mix in terms of unit size and type, as well as proposed rent levels needed to allow for the incremental floor area ratio (FAR) to be successfully translated into a viable development.

Successful implementation of this approach might also require that the City consider flexibility around other elements which may contribute to an improved cost profile. This could include a relaxation of Development Cost Charges as discussed in Policy Area 4 of this report, as well as a relaxation in parking, floor area ratio or other requirements. For example, the Urban Development Institute has indicated that it costs approximately \$30,000 to build a parking space in an urban setting. As a result, the relaxation of parking requirements could help to improve the overall affordability profile. Without these types of adjustments, it is possible that the development will not be viable. As a result, it is important that the City of Richmond ensure that this approach, if implemented, is:

- Grounded in the project economics so as not to deter development or adversely affect general housing affordability;
- Able to provide a system that is consistent and predictable for the development industry and community; and,
- Practical and achievable and does not in a material way complicate or delay the rezoning process.

It is important to recognize that some level of negotiation with the City will be required regarding the developers' affordability contribution (units or cash-in-lieu). It should also be emphasized that the provisions under the inclusionary zoning/density bonusing approach occur within the context of the rezoning process and that City Council will make a decision based on the merits of each rezoning application.

Policy Area #2 Regulatory Tools and Approaches

Table 18 summarizes the general guidelines which can be applied to the inclusionary zoning/density bonusing approach. The information set out in Table 18 can be used to provide general guidance to rezoning applicants, staff and members of City Council around this particular mechanism and the general equation that is used to determine an appropriate trade-off.

It should be noted, however, that the inclusionary zoning approach is highly innovative in the Canadian and BC context. It is therefore recommended that the City exhibit flexibility with the initial applicants in order to create a practical and workable model. This might include lowering the required percentage of affordable housing if necessary or altering the housing agreement to meet the specifics of a project.

Some of the key elements to be considered in adopting this approach include:

- Expectations related to the percentage of units which are required to be designated as affordable within a given development;
- General guidelines related to unit size and mix;
- General guidelines related to the proposed rent levels (set at between 85% and 90% of the current market);
- Income groups to be targeted through this approach; and,
- The regulation or enforcement mechanism.

The information set out in Table 18, on the following page, only applies to low rise and high rise developments containing residential units.

Townhouse developments will operate on a cash-in-lieu basis.

Policy Area #2 Regulatory Tools and Approaches

Table 18: Key Elements in the Inclusionary Zoning/Density Bonusing Approach

| Key Elements | Low End Market Rental | | | | Entry Level Ownership | | | |
|---|--|-----------|------------|------------|---|-----------|---------------|------------|
| Type of development ⁷ | Low rise and high rise developments containing more than 80 residential units | | | | Low rise and high rise developments containing more than 80 residential units | | | |
| Number of units created at the minimum | 4 units | | | | 4 units | | | |
| General Guidelines Related to Unit Mix and Size | Consistent with the current unit mix within the building | | | | Consistent with the current unit mix within the building | | | |
| General Guidelines Related to Proposed Price | Between 85% and 90% of the current market rent based on CMHC rental market data | | | | Varies—standard practice is 50% to 60% of market | | | |
| Ownership | City of Richmond | | | | Private ownership ⁸ | | | |
| Maximum monthly housing cost | 85% to 90% of the current market rents reported by CMHC | | | | 50% to 60% of market values | | | |
| Average Cost | Unit Type | Min. Size | Rent Level | | Unit Type | Min. Size | Selling Price | |
| | | | Market | 90% Market | | | Market | 55% Market |
| | bachelor | 400 sf | \$635 | \$572 | bachelor | 400 sf | __9 | -- |
| | 1-bed | 535 sf | \$821 | \$739 | 1-bed | 535 sf | \$276,000 | \$151,800 |
| | 2-bed | 860 sf | \$1,018 | \$916 | 2-bed | 860 sf | \$413,000 | \$227,150 |
| 3-bed | 980 sf | \$1,170 | \$1,053 | 3-bed | 980 sf | \$430,000 | \$236,500 | |
| Income Target | \$20,000 - \$37,700 | | | | \$60,000 | | | |
| Management of the Units | Management and tenant selection contracted to a non-profit housing society | | | | Owned | | | |
| Priority needs served | Families and seniors requiring shallow subsidy who have applied for social housing | | | | To be determined | | | |
| Regulation and Enforcement | Housing Agreement registered on title | | | | Housing Agreement registered on title | | | |

Possible strategies and actions for the City of Richmond to consider with respect to the use of inclusionary zoning/density bonusing approach include:

⁷ Rezoning applications – not including townhouses or small apartments.

⁸ Not a priority at this time given the critical need for low end market rental units but may be considered at a future date or on a specific case by case basis.

⁹ Lack of current data available for newly built bachelor units.

Policy Area #2 Regulatory Tools and Approaches

Affordable Subsidized Rental Housing

1. In order to help meet the City's targets for affordable subsidized rental housing, a density bonusing approach under Section 904 of the *Local Government Act* involving the provision of a cash contribution is to be utilized for all townhouse developments and for apartment or mixed use developments involving 80 or less residential units.
2. Where a cash contribution for affordable housing is received under this statutory density bonusing approach, it should be based on the following amounts for rezoning applications received after July 1, 2007:
 - a) \$2 per square foot from townhouse developments; and
 - b) \$4 per square foot from apartment and mixed use developments involving 80 or less residential units.

Affordable Low End Market Rental Housing

3. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007.
4. Where an affordable housing unit density bonusing approach is provided for apartment and mixed use developments involving more than 80 residential units:
 - a) at least 5% of the total residential building area (or a minimum of 4 residential units) should be made available for affordable low end market rental purposes;
 - b) the unit sizes and number of bedrooms will be determined by the City; and
 - c) the affordable low end market rental units will be subject to a housing agreement registered on title.
5. If the ownership of the affordable low end market rental units is transferred to the City, the units will be rented to eligible tenants and:
 - a) each unit should be created as a separate strata lot; and
 - b) the responsibility for management and tenant selection of all the units owned by the City may be contracted to a single non-profit housing provider or property management company.
6. Alternatively, the developer may retain ownership or transfer the units to a third party such as a property management company, in which case the units must be rented to eligible tenants and:
 - a) each unit must not be transferred separately (and will be secured by a no separate transfer covenant); and

Policy Area #2 Regulatory Tools and Approaches

- b) the responsibility for management and tenant selection for all of the units owned by the developer or a third party will be the responsibility of that developer or third party.
- 7. The developer, or a group of developers, may concentrate their required affordable low end market rental housing units together in one building or site, rather than having them scattered in a number of different buildings or sites.
- 8. City Council may exhibit flexibility with initial apartment and mixed use rezoning applicants involving more than 80 residential units in order to identify and address implementation issues, and to create a practical and workable model.

Other Strategies for Adding Low End Market Rental Units- Secondary Suites

Encouraging and promoting secondary suites is another tool that is available to local governments. The creation of secondary suites helps to provide additional low end market rental housing choices for residents and responds to the shortage of rental housing units. Policies related to secondary suites also help to encourage a variety of housing forms and tenures for a diversity of lifestyles across income levels and neighbourhoods, which is consistent with the City's stated goals and objectives.

The City of Richmond currently does not have a policy in place to allow for the legalization of existing secondary suites and/or for the creation of secondary suites in new single family residential developments. Recognizing the significant supply-side constraints on purpose-built rental housing and the on-going pressure on the existing rental stock, as well as the growing affordability challenges that many households face, it is believed that this form of housing can represent an important rental option for households with low to moderate incomes.

At this point in time, it is proposed that secondary suites only be permitted in single family dwellings. The City of Richmond does not want to allow multiple suites in a single or two family dwelling. Those involved in the public consultation process expressed a significant level of support for the legalization of secondary suites in single-family dwellings. The City may also be willing to explore secondary suites in multiple family residential developments in the future if this is proven to be a suitable form of affordable housing.

Policy Area #2 Regulatory Tools and Approaches

The units created through this form of housing generally fall within a more affordable range than units which are created through purpose-built rental housing and/or rent condo stock. Given that a central objective of the City is to encourage the construction of affordable housing, it is proposed that a housing agreement be used to ensure that the rents being charged fit within the City's definition of affordability¹⁰. This will help to ensure that the secondary suites and coach house units created through the rezoning process are meeting the intended need for affordable low end market rental housing in Richmond.

Taking this into consideration, it is recommended that the City of Richmond:

1. Adopt a Secondary Suite Policy which would allow for the legalization of one existing or new secondary suite in any single family dwelling, subject to requirements.
2. In order to help meet the City's targets for affordable low end market rental housing, a density bonusing approach is to be taken for single-family residential rezoning applications received after July 1, 2007.
3. Where the density bonusing approach is taken in exchange for a higher density, all lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided are to include:
 - a) a secondary suite; or
 - b) a coach house unit above the garagefor affordable low end market rental housing purposes.
4. Where a secondary suite or a coach house unit above the garage is built as part of the approval of a single-family residential rezoning application, it should not be strata titled and it should be designated as an affordable low end market rental unit through a housing agreement registered on title.

¹⁰ At the December 5, 2006 Planning Committee meeting, staff were directed to explore and report back on the viability of putting a cap on the rents of secondary suites and coach houses.

Policy Area #3 Existing Rental Housing Stock

City of Richmond Action

Preserve and Maintain the Existing
Rental Housing Stock



The existing rental housing stock in the City of Richmond provides homes for approximately 3 in 10 households. Based on data compiled in the 2001 Census, almost half of the existing rental housing stock (47%) was built after 1980. In addition, the stock appears to be in reasonably good repair.

At the same time, the City has recently experienced a number of cases involving tenants complaining about housing conditions. In response to these concerns, Council has adopted a Standards of Maintenance Bylaw to address issues of heat, light and water where these utilities are part of the monthly rental payment.

Responding to the Loss of Existing Rental Housing Stock

The City of Richmond faces the potential loss of existing rental housing stock through pressure for redevelopment and/or the conversion of the existing stock to strata title. These pressures are more pronounced in a heated real estate market where fast rising urban land values increase the economic impetus of redevelopment. Based on the forecasts prepared by PriceWaterhouseCoopers (PwC) for the GVRD in 2004, it is estimated that the City of Richmond could lose as many as 1,240 rental housing units between 2006 and 2021. The potential loss of this stock combined with the lack of new rental housing construction suggests that the City of Richmond may face a shortfall of more than 3,000 rental units by 2021 relative to the forecasted rental demand.

It is also important to recognize that rental vacancy rates in the City of Richmond continue to remain low. Vacancy rates of less than 2% are acknowledged to constitute a "tight" rental market. Average vacancy rates for rental units in Richmond since 2000 have ranged from between 1.2% to 2% depending on the unit size, confirming that renters in Richmond operate within a consistently tight rental market. The lack of new purpose-built rental housing, as well as increasing demand for rental housing, suggest that the rental market is likely to remain tight for the foreseeable future.

Policy Area #3 Existing Rental Housing Stock

In response to these challenges, the Interim Strategy adopted by City Council on July 24, 2006 recommended that a moratorium be placed on the demolition or conversion of existing multi-family rental housing stock, except in cases where there is a 1:1 replacement of units. In moving forward, it is recommended that:

1. The City's current moratorium on the demolition or conversion of the existing multi-family rental housing stock, except in cases where there is 1:1 replacement, that was adopted by City Council on July 24, 2006 as part of the Interim Strategy, be replaced with an OCP policy encouraging a 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family and mixed use developments, with the 1:1 replacement being secured as affordable housing by a housing agreement in appropriate circumstances.
2. That City staff establish a process to monitor and report on the future loss and provision of existing/new rental housing units.
3. That the City's existing Residential Policy 5012 limiting the strata title conversion of multi-family residential developments when there is a rental vacancy rate of less than 2% be re-examined with a view to ensuring that the affordable rental housing stock is adequately maintained and increased.

Policy Area #4 Incentives for Affordable Housing

City of Richmond Action

Incentives to Create New Affordable Housing Units



Incentives to create additional affordable housing units can include the relaxation of Development Cost Charges for not for profit rental housing and supportive living housing, the expediting and streamlining of rezoning and other development applications for subsidized housing and low end market rental developments, as well as the potential reimbursement of development fees or other municipal costs.

Typically, when a City makes a direct contribution to facilitate the creation of housing units, a housing agreement is used to ensure that this housing remains affordable over the long term. This agreement is typically negotiated between the developer and the municipality as part of the approvals process and is registered on title. A housing agreement must be adopted by bylaw.

The rezoning mechanism and density bonusing approach are well established practices which can achieve powerful results. Where developments include a percentage of low end market rental units, the City should pursue the opportunity aggressively. Density bonus provisions can be very successful but it may be necessary that other relaxations are also required. Often, developments cannot realize the value of the increased density due to other constraints like parking requirements, the maximum permitted floor area ratio, height restrictions, fire/building code requirements, and the marketability of the unit. In addition, flood plain issues and proximity to the airport can limit the City of Richmond's ability to offer density bonuses beyond a certain height or floor area ratio calculation.

The reduction or deferral of property taxes to aid in making affordable housing more economically feasible has also been suggested and is something which the City should explore.

While not all developments will be able to take advantage of the types of approaches which have been identified in this section, such actions serve to give a clear signal to the development community that the municipality is 'partnership ready'. In addition, these initiatives help to demonstrate the City's commitment to affordable housing

Policy Area #4: Incentives for Affordable Housing

and enhance the City's effectiveness in building partnerships with senior levels of government.

The development community should also be encouraged to explore opportunities for corporate sponsorship. For example, one housing developer in Ontario reported that many of his suppliers and sub-trades were willing to donate some of their time or products to ensure that the housing that was developed was built to a high standard while at the same time remaining affordable.

City departments will be encouraged to review the *Richmond Affordable Housing Strategy* to identify any barriers in their policies and City bylaws that would limit the development of new affordable housing in Richmond. Similarly, the development community and stakeholders will be encouraged to identify all impediments to low end market rental and subsidized housing that exist within the City. For example, it has been noted that Canada Mortgage and Housing Corporation (CMHC) can place financial restrictions on a development that has a parking covenant registered on it. The intent will be to remove these barriers or impediments as part of the ongoing implementation of the Strategy.

Taking these factors into consideration, it is recommended that:

1. Rezoning and development permit applications be expedited, at no additional cost to the applicant, where the entire building(s) or development consists of affordable subsidized rental housing units.
2. The DCC Bylaw be reviewed to determine the financial and engineering implications of waiving or reducing DCCs for not for profit rental housing, including supportive living housing (e.g., affordable subsidized rental housing and affordable low end market rental housing that is rented on a not for profit basis).
3. The Province be asked to amend the *Local Government Act* to:
 - a) include affordable housing as a DCC item and also as a subject cost charge waiver; and
 - b) permit the Greater Vancouver Sewerage and Drainage District (GVS&DD) to waive regional GVS&DD DCCs on social housing and to reduce regional GVS&DD DCCs on affordable low end market rental housing.

Policy Area #4 Incentives for Affordable Housing

4. City staff examine density bonus provisions, exempting affordable housing from floor area ratio (FAR) calculations and review incentives such as parking relaxations and other possible options to assist in the creation of affordable subsidized rental housing and affordable low end market rental housing.

City of Richmond Action Building Community Capacity Through Targeted Strategies



The City of Richmond has been active in seeking to build partnerships at the local level to respond to existing and emerging housing needs. This includes active involvement with the non-profit and co-op housing sectors in identifying opportunities to respond to gaps in the housing continuum. These gaps include:

- 1 Emergency housing for the homeless, with highest priority being directed to women and youth;
- 2 Detox beds for adults and youth;
- 3 Housing for those with a mental illness;
- 4 Adaptable and accessible housing for seniors and those with disabilities;
- 5 Housing for low income families; and,
- 6 Live/work space for artists and others.

These groups are closely aligned with the priority groups identified in the Provincial housing strategy – *Housing Matters BC* which was released last year, with housing for people with mental illness, addictions and the homeless representing the priority groups identified through the Premier’s Task Force. In addition, frail seniors and persons with disabilities are priority groups for assistance under the Independent Living B.C. program. As a result, it is expected that both the Province and other levels of government will play a key role in addressing the housing challenges facing these groups.

Staff has been working with the Richmond Committee on Disability and the Urban Development Institute on the development of a Basic Universal Housing Guidelines By-Law. The purpose of this by-law will be to require basic universal housing features to be introduced for apartments within a building containing an elevator and one storey, ground level townhouse units. This is seen as a separate exercise from the *Richmond Affordable Housing Strategy*, however it is recommended that City staff:

Policy Area #5 Building Community Capacity

1. Continue to work with the Richmond Committee on Disability (RCD), the Urban Development Institute (UDI), Greater Vancouver Home Builders Association (GVHBA) and the Province to:
 - a) develop universal accessible housing guidelines for multiple-family residential dwellings;
 - b) encourage fully adaptable/universally accessible flex houses in single-family residential rezoning applications; and
 - c) ensure that the universal accessible housing guidelines do not adversely affect housing affordability.

Addressing Other Priority Needs

The exploration of opportunities for affordable live/work accommodation has also been identified as an important policy area. This can occur as part of the update of the City Centre Area Plan in 2007 and the Official Community Plan in 2008. At this point in time, no decisions have been made on which of the above noted groups would receive priority for land or units owned by the City. Interest has also been expressed in developing an Abbeyfield seniors' housing project and Habitat for Humanity development in Richmond. Both of these forms of housing could be accommodated by this Strategy.

Using the Affordable Housing Reserve Fund to Address Local Priorities

The Affordable Housing Reserve Fund, created by the City in 1994, provides an important mechanism for creating partnerships with key groups and agencies in the community, as well as other levels of government in order to effectively respond to existing and emerging needs. To date, the City has been successful in accumulating over \$6,000,000 through this fund. Interest from this Fund remains in the Affordable Housing Reserve Fund (it does not go into General Revenues).

Taking into consideration the pressing nature of the existing needs, it is recommended that:

Policy Area #5 Building Community Capacity

1. The Council periodically request proposals from groups and agencies in the community that, with funding provided partially through the City's Affordable Housing Reserve Fund, as well as funding from senior levels of government and other partners, would enable the creation of additional affordable subsidized rental housing and affordable low end market rental units designed to meet the priority needs and existing gaps in Richmond.
2. In responding to City proposal calls, proponents will be required to demonstrate experience/expertise/capability in a number of categories including project development, funding, non-profit property management and residential construction, and will in some cases be able to contribute equity or private capital.
3. The following criteria is to be used to evaluate the proposals:
 - a) Compatibility with the *Richmond Affordable Housing Strategy* priorities;
 - b) The experience of the development and property management team;
 - c) The strength of partnerships including equity contributions, funding commitments and support from other levels of government;
 - d) The identification of key development risks and mitigation strategies,
 - e) The management capacity and experience of the proponents in working with special needs/priority groups and/or community partnership arrangements to address these needs; and
 - f) Other criteria identified in the call for proposals.

Establishing a Revolving Fund for Meeting the City's Objectives

The approach outlined above allows the City to build on the existing strengths of the non-profit and co-op sectors, as well as other key community partners, in responding to identified priority needs. It also allows the City to lever funding from other levels of government.

Interest has been expressed in examining the creation of an Affordable Housing Trust Fund¹¹. The key advantage of a trust fund is that it enables contributions to

¹¹ At the December 5, 2006 Planning Committee meeting, staff were directed to investigate and report back on the affordable housing initiatives taken by the Cities of Surrey and Langley amongst others, in particular with regard to the Affordable Housing Trust Fund and financing.

Policy Area #5 Building Community Capacity

be made to it as a charitable donation. Typically, this type of trust fund is administered by a Foundation or independent body from the City (it is unlikely private individuals or the public will want to give charitable donations to a municipal government that has taxation powers). This being the case, City Council loses control of how the monies in the Affordable Housing Trust Fund are spent.

The City of Surrey is just embarking on this process specifically to address its homelessness issue. It is proposed that Richmond monitor the success of Surrey's program before embarking on changing the Affordable Housing Reserve Fund to an Affordable Housing Trust Fund.

In going forward, it is recommended that:

1. A new Affordable Housing Operating Reserve Fund be established which can be used for the purpose of:
 - a) Hiring staff to administer the *Richmond Affordable Housing Strategy*, legal costs, the administration and management of affordable housing units, and associated operating costs; and
 - b) Paying consultants and conducting updates, research and general or specific affordable housing studies related to the *Richmond Affordable Housing Strategy*.
2. The existing Affordable Housing Reserve Fund be used for capital purposes for affordable housing, including:
 - a) Purchasing and exchanging property or residential dwelling units for affordable housing;
 - b) Financing the construction of affordable housing projects;
 - c) Securing funding commitments from senior levels of government and/or private partnerships; and
 - d) Partnering with other levels of government and/or private agencies to achieve affordable housing in Richmond.
3. Generally, funding from the Affordable Housing Reserve Fund is to be allocated through a competitive proposal call process annually depending on the availability of funds. It is acknowledged that under special development circumstances (e.g., to meet senior government funding deadlines), a non-competitive proposal call may be used.

Policy Area #5 Building Community Capacity

Building Effective Partnerships

It is important for the City of Richmond to build effective partnerships with key funding partners, as well as with the development community, in order to identify partnership opportunities for expanding the current supply of affordable housing within the City. It is also important for the City to work with housing providers to promote coordinated access to affordable housing. This could include the creation of a housing registry which is designed to track and report on the availability of affordable housing units in Richmond. This registry could also help to ensure that housing applicants are aware of the full range of housing options that are available to them. BC Housing has been working with housing providers across the GVRD to try to improve the level of coordination and to create opportunities to share information across the non-profit and co-op housing sectors. Participation in this Registry would help to provide better access to information for housing applicants, as well as a better understanding of the extent of housing needs that exist. Taking these factors into consideration, it is recommended that:

1. Regular meetings are to be held with key Federal and Provincial government ministries/agencies, representatives from the non-profit and co-op housing sectors, UDI, GVHBA and other key stakeholders, to build effective communication and affordable housing partnership opportunities.
2. City staff examine the cost and implications of:
 - a) The implementation of a City of Richmond affordable housing registry; or,
 - b) Encouraging all affordable housing providers/operators to participate in BC Housing's housing registry as a common waiting list rather than duplicating this information.

Developing and Implementing a Strategic Land Acquisition Program

In the past, the City has made City-owned land available at or below market value to facilitate the creation of affordable housing. This strategy helped create the current inventory of subsidized housing and move the City towards realizing its affordability objectives.

Taking this into account, it is recommended that:

Policy Area #5 Building Community Capacity

1. Where appropriate, certain City lands be used for affordable subsidized rental housing and affordable low end market rental purposes (not affordable entry level ownership), including where funding has or will be obtained from other levels of government and/or private partnerships.
2. The City develop a strategic land acquisition program for affordable housing with funding for the preparation of the program coming from the Affordable Housing Operating Reserve Fund and the acquisition of lands coming from the Affordable Housing Reserve Fund and other sources where appropriate.
3. A Request for Proposals (RFP) be issued to seek affordable housing proposals for 8111 Granville Avenue/8080 Anderson Road and 5491 No. 2 Road. Consideration should also be given to the concurrent disposition of 8111 Granville Avenue/8080 Anderson Road and the acquisition of an alternative less costly site nearby should a reasonable proposal be brought forward by other market participants or should a viable affordable housing project not be brought forward for this site.

City of Richmond Action Advocacy to improve the policy framework and funding resources



In recent decades, most new housing has been built for ownership purposes and the purpose-built rental market has been disadvantaged by taxation policies and low rates of return, particularly relative to market housing and market condos. While it is possible for municipalities to respond to some of the immediate rental sector challenges, over the longer term it is necessary to look at financing mechanisms and taxation policies which can help to improve the overall project economics related to the construction of new rental housing. This includes changes to the current taxation environment for rental housing production including:

- The deduction of GST input for rental operators;
- Reduction of GST and PST on new rental housing construction;
- Capital gains roll-over on the sale and reinvestment in real estate assets;
- Provisions for rental housing operators to access small business deductions; and,
- Tax credit incentives to promote investment in low income rental housing.

Without some of the changes noted above, it is likely that private investment in new rental housing construction will remain limited.

It is also important to recognize that the ultimate determinant of housing affordability is the capacity of the supply sector to meet effective demand in a timely fashion. Removing barriers to land supply and permits, and attracting investment to the sector improves the supply, thereby enhancing the affordability profile. Conversely, restrictions on land supply and capital have an adverse effect on supply which is ultimately borne by consumers, particularly at the low end of the continuum.

The supply sector extends across both the private and public sectors and includes the development industry, banks and financial institutions, regulatory participants and taxation authorities, all of which are subject to macro-economic forces that are global and national in scale including interest rates, inflation, taxation and income

Policy Area #6 Advocacy

policy. All of these factors can affect the sector's ability to respond to local housing needs.

The policy alternatives identified in this report, to the extent they are adopted, can provide relief or capacity improvements at various points along the housing continuum. However, it is important to understand that no single policy change taken in isolation can dramatically improve the entire affordability profile. Rather, improvements within the large and complex housing system are likely to be incremental; permanent and effective change will result from a range of strategies and policy initiatives targeted to creating improvements at the margins. To some extent, long-term affordability will also be determined by the way in which the Region enables new housing supply through current and future zoning, infrastructure and transportation decisions.

Taking these factors into consideration, it is recommended that the City:

1. Request senior governments to ensure that current and future Federal, Provincial and Regional policy directions reflect, fund and support the policies set out under this Strategy.
2. Continue to work with GVRD and Greater Vancouver Housing Corporation (GVHC) staff and other levels of government to ensure that they each have clear, stable, ongoing, complementary and effective affordable housing strategies.
3. Monitor and report annually on the City, Federal, Provincial, development industry, and other contributions to the creation of affordable housing. This information would be used as a means of demonstrating the City's commitment to the creation of affordable housing and to secure future support from senior levels of government and stakeholders.
4. Request senior levels of government to provide better ongoing and flexible funding mechanisms which reflect local needs and priorities at key points along the housing continuum. This includes housing for those who are homeless, special needs affordable housing, affordable subsidized rental housing, affordable low end market rental and affordable entry level ownership.

Policy Area #6 Advocacy

It is also important for the City of Richmond to continue to encourage the Federal government to review existing taxation policies as a means of removing barriers and stimulating new rental housing construction. The recent announcement by the Premier at the Union of BC Municipalities (UBCM) that the shelter component of the Province's income assistance policy will be increased to reflect market conditions will require monitoring to ensure that the increase reflects the realities of those in need of this form of assistance.

Taking this into consideration, it is recommended that the City:

1. Put forward a resolution requesting that the Union of British Columbia Municipalities (UBCM) and the Federation of Canadian Municipalities (FCM) request changes to federal and provincial tax policies, to encourage new affordable rental housing construction.

City of Richmond Action
Implementation Timeframe and
Key Milestones



Achieving the specific goals of this Strategy requires the commitment and collaborative efforts of many individuals and groups across the City of Richmond as well as across other levels of government. The over-riding objective is to ensure that all citizens in the City of Richmond have access to one of life's basic necessities.

In implementing this Strategy, the City of Richmond is committed to working with key partners to respond to growth and change through *leadership, innovation and flexibility*. The City is also committed to ensuring that the strategies adopted promote health, stability, inclusion and security of tenure for all residents.

Policy Area #1

An Articulated Commitment to Working to Respond to Issues Related to Housing Affordability in the City of Richmond

| Major Strategies and Actions | Estimated Target Date |
|--|---|
| Adopt the policies, directions, priorities, definitions and initial targets set out in this Strategy | Council adoption May 28, 2007 |
| Hire a temporary FTE to implement the Strategy | Start date August 1, 2007 |
| Review and monitor results of this Strategy and prepare annual work program | Staff report by December 31, 2007 |
| Incorporate directions from this Strategy into the OCP and Area Plans | OCP & CCAP by December 31, 2007 Other Area Plans as they are updated |
| Work with the GVRD and others regarding affordable housing issues | Ongoing |



Policy Area #2

The Use of Regulatory Tools and Approaches to Facilitate the Creation of New Affordable Housing Units

| Major Strategies and Actions | Estimated Target Date |
|--|--------------------------------|
| Approve an inclusionary zoning/density bonusing approach to help meet the City's targets for affordable subsidized rental housing | Starting July 1, 2007 |
| Approve an inclusionary zoning/density bonusing approach to help meet the City's targets for affordable low end market rental housing | Starting July 1, 2007 |
| Determine if the ownership of the affordable low end market rental units are owned and managed by the City, developer or a third party | Ongoing after July 1, 2007 |
| Adopt a Secondary Suite Policy | Council adoption June 18, 2007 |

Policy Area 3-

Preserve and Maintain the Existing Rental Housing Stock

| Major Strategies and Actions | Estimated Target Date |
|---|-----------------------------------|
| OCP policy encouraging 1:1 replacement for the conversion or rezoning of existing rental housing units in multi-family mixed use developments | Council adoption June 18, 2007 |
| Establish a process to monitor and report on the loss of the existing rental housing stock | Staff report by December 31, 2007 |
| Re-examine Residential Policy 5012 with regard to strata title conversion of multi-family residential developments | Staff report by December 31, 2007 |

Policy Area 4-

Incentives to Stimulate the Creation of New Affordable Housing in Partnership with the Housing Supply Sector and Other Levels of Government

| Major Strategies and Actions | Estimated Target Date |
|---|---------------------------------|
| Expedite rezoning and development permit applications involving 100% affordable subsidized rental housing | Council adoption June 18, 2007 |
| Waive or reduce the DCCs for developments for not for profit rental housing, including supportive living housing | Starting July 1, 2007 |
| Ask the Province to amend the <i>Local Government Act</i> to include affordable housing as a DCC item | Request to GVRD by July 1, 2007 |
| Review other incentives such as density bonus provisions, exempting affordable housing from FAR calculations, parking relaxations, etc. | Ongoing after July 1, 2007 |

**Policy Area 5-
Build Community Capacity Through Targeted Strategies as well as
Through Partnerships Brokered in the Community**

| Major Strategies and Actions | Estimated Target Date |
|--|---------------------------------|
| Preparation of Universal Housing Guidelines | Ongoing as separate exercise. |
| Request for Proposal (RFP) for affordable housing using the Affordable Housing Reserve Fund | Ongoing after August 1, 2007 |
| Establish a new Affordable Housing Operating Reserve Fund | Council adoption June 11, 2007 |
| Resolution to clarify the use of the existing Affordable Housing Reserve Fund | Council motion May 28, 2007 |
| Regular meetings with key Federal and Provincial ministries and agencies as well as other housing partners | Ongoing after August 1, 2007 |
| Examine the cost and implications of a City of Richmond affordable housing registry | Staff report by June 1, 2008 |
| Develop a strategic land acquisition program for affordable housing | Staff report by October 1, 2007 |
| RFP for affordable housing proposals for 8111 Granville Avenue/8080 Anderson Rd and 5491 No. 2 Road | Closing date July 31, 2007 |

**Policy Area 6
Advocacy Aimed at Improving the Policy Framework and Funding
Resources Available for Responding to Local Housing Needs**

| Major Strategies and Actions | Estimated Target Date |
|--|-------------------------------|
| Ensure that current and future Federal, Provincial and Regional policy directions reflect, fund and support this Strategy | On-going |
| Work with the GVRD, GVHC and other levels of government to ensure that each have clear, ongoing, complementary and effective affordable housing strategies | Ongoing |
| Monitor and report annually on the City, Federal, Provincial, development industry and other contributions to the creation of affordable housing | On-going |
| Put forward a resolution to the UBCM and FCM advocating for changes to Federal tax policy to encourage new affordable rental housing construction | Staff report by June 30, 2007 |