



City of Richmond

Report to Council

To: Richmond City Council
From: Councillor Harold Steves
Chair, Planning Committee
Date: July 19, 2006
File:
Re: Affordable Housing Strategy – Interim Strategy and Report

The Planning Committee, at its meeting held on Tuesday, July 18, 2006, considered the attached report, and recommends as follows:

Committee Recommendation

That, based on the “Affordable Housing Strategy – Interim Strategy and Report” dated June 29, 2006 from McClanaghan & Associates:

- (1) Comments from the stakeholders and public be forwarded to McClanaghan & Associates for consideration in the drafting of the final Affordable Housing Strategy; and*
- (2) The following policies apply to in stream development applications until such time as the final Affordable Housing Strategy is approved (e.g., at the end of 2006):*

City Wide Policy:

- (a) that affordable housing be defined by the following three (3) housing forms and annual income thresholds, which are to be reviewed from time-to-time:*
 - I.) entry level ownership (households earning \$60,000 or less assuming a 10% down payment);*
 - II.) low end of market rental (less than \$37,700); and*
 - III) subsidized housing (less than \$20,000);*

City Wide Policy – Excluding The West Cambie Alexandra Area:

- (b) the provision of affordable housing or the contribution in lieu, be requested for all in stream multiple-family development applications;*
- (c) where affordable housing is provided in multiple-family development applications, that it constitute at least 14% entry level ownership housing units, or 6% of the units if they are subsidized housing;*
- (d) where a contribution in lieu of affordable housing is made, that it be based on the current minimum of \$0.60 per buildable square foot, which is to be reviewed from time to time;*
- (e) a moratorium be 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, except in cases where there is 1:1 replacement; and*

- (f) *that convertible or flex housing be permitted in single-family areas (subject to applicable Official Community Plan, Area Plan and City planning policies, the Zoning and Development Bylaw, and the normal Public Hearing process) and not be subsidized by the City of Richmond.*

Councillor Harold Steves, Chair
Planning Committee

Attach.

VARIANCE

Please note that staff recommended the following for Part (2)(a) and (d)

2. The following policies apply to in stream development applications until such time as the final *Affordable Housing Strategy* is approved (e.g., at the end of 2006):

City Wide Policy:

- a) that affordable housing be defined by the following three (3) housing forms and annual income thresholds:
- d) where a contribution in lieu of affordable housing is made, that it be based on the current \$0.60 per buildable square foot;

Staff Report

Origin

The purpose of this report is to:

- obtain feedback regarding the “*Affordable Housing Strategy - Interim Strategy and Report*” dated June 29, 2006 prepared by McClanaghan & Associates (**Attachment 1**); and
- recommend the implementation of the “interim recommendations” in the consultant’s report for in stream multiple-family development applications.

Background

On February 13, 2006, Council passed the following motion at their regular meeting:

“WHEREAS there is a shortage of affordable housing options in Richmond;

THEREFORE BE IT RESOLVED:

- (1) That staff develop an overall affordable housing strategy, and including an assessment for the demand, and consideration of the matters set out in the memorandum dated February 13th, 2006, from Councillor Linda Barnes;***
- (2) That staff consult with the various stakeholders, including those listed in the memorandum from the Manager, Policy Planning (dated February 6th, 2006), for their input on the affordable housing strategy;***
- (3) That pending development of the strategy, that staff continue to work with the Provincial and Federal Governments and all developers of multi-unit residential developments to secure affordable housing, including affordable housing for seniors where appropriate;***
- (4) That the funding source for the preparation of the strategy be the “Affordable Housing Fund”, up to an amount of \$65,000, including \$10,000 received from Coast Capital Savings Credit Union; and***
- (5) That staff report on additional personnel required and funding sources for same.”***

Based on this motion, McClanaghan & Associates (Dale McClanaghan; Jason Copas; Robin Oldring) were retained to complete a revised *Affordable Housing Strategy* by December 2006.

Findings of Fact

Purpose

The purpose of the “*Affordable Housing Strategy - Interim Strategy and Report*” is to:

- present preliminary information regarding the affordable housing stock in Richmond;
- summarize the input received to date from the various stakeholders and the public; and
- outline certain “interim recommendations” from the consultant.

Highlights

The report describes the factors influencing housing affordability, changes in the local housing market conditions and in policy directions at the Federal and Provincial levels.

A significant portion of the “*Affordable Housing Strategy - Interim Strategy and Report*” presents information on the existing supply and demand for affordable housing in Richmond’s “housing continuum”.

This data is aptly summarized in the Key Measures and Indicators of Housing Need Within Richmond on page 14 and the Housing Continuum Models in Appendix A (pages 36 – 38) of **Attachment 1**.

Some of the highlights or challenges identified include:

- housing affordability is both a supply problem and an income problem;
- the City of Richmond has been relatively successful in adding new housing supply and providing access to lower priced entry level ownership opportunities;
- average rents in Richmond have remained relatively comparable to average rents across the GVRD and are affordable to the majority of households;
- the lack of purpose-built rental housing has been a major contributing factor to the current shortage of affordable housing; and
- traditionally it has been the role of senior levels of government to provide funding for social housing programs for lower income households.

Feedback to Date

The feedback from the stakeholder consultation at the outset of this project is described in Appendix B. The materials presented at a public open house are reproduced in Appendix C, with a summary of the surveys returned from the public provided in Appendix D.

Some of the key points made by the stakeholders and public are:

- housing and support should be provided for the homeless, people with mental illnesses or disabilities, and low income families and seniors;
- the loss of existing rental stock and associated affordability challenges are a major concern (e.g., the experience at Richmond Gardens continues to be on people’s minds);
- there needs to be partnerships with senior levels of government and the private sector; and
- the City’s role with respect to affordable housing must be clarified.

This “*Affordable Housing Strategy - Interim Strategy and Report*” has been forwarded to the various stakeholders for input. It is recommended that their comments be forwarded to the consultant for consideration in drafting the final *Affordable Housing Strategy*.

Interim Recommendations

The key component of the *“Affordable Housing Strategy – Interim Strategy and Report”* is the “interim recommendations” that the consultant has developed to provide direction for current in stream development applications and policy planning initiatives (e.g., the City Centre Area Plan Update).

Staff have condensed these “interim recommendations” into six (6) key policies which are intended to provide direction on the review of multiple-family development applications.

The more generic recommendations of the consultant (e.g., promoting mixed income neighbourhoods and exploring opportunities to add new housing units across the housing continuum) are already being pursued in current policy planning initiatives. For example, affordable housing is one of the guiding principles and village characteristics in the City Centre Area Plan Update.

The *“Affordable Housing Strategy - Interim Strategy and Report”* will be superseded by the final *Affordable Housing Strategy*. The recommendations in the report do not all apply to the West Cambie Alexandra area, as this area is to be managed primarily by the proposed West Cambie Area Plan.

Analysis

The six (6) key policies that staff are recommending and the logic for each is briefly described below.

- “a) That affordable housing be defined by the following three (3) housing forms and annual income thresholds:*
- i) Entry level ownership (households earning \$60,000 or less assuming a 10% down payment);*
 - ii) Low end of market rental (less than \$37,700); and*
 - iii) Subsidized housing (less than \$20,000);”*

In consulting with the stakeholders and public or dealing with the development community, it has become apparent that there are different forms of “affordable housing”.

Staff agree with the consultant’s three (3) categories.

According to the City’s current definition of “affordable housing”, the maximum annual income threshold works out to be \$41,000 based on the 2001 Census.

The study shows for entry level ownership that this income threshold is too low. By raising the figure to \$60,000 it enables a household to potentially and more realistically afford a two (2) bedroom condo unit at a selling price of approximately \$250,000 (assuming a 10% down payment, 5.2 % interest rate and a 25 year amortization period).

This translates into a housing cost of \$1,500 a month including condo fees and heating costs. According to the May 2006 MLS data, approximately 20% of the condo units are selling for this price or less.

On the other hand, for market rental and subsidized housing the City’s current income threshold of \$41,000 is too high.

According to the 2001 Census, the median income of rental households in Richmond is \$38,930. Furthermore, CHMC has indicated that the core need income threshold (the income required to pay the average rent for an appropriately sized unit in the private market) is \$37,700 or less.

Thus, a lower income threshold of \$37,700 for the low end of market rental and \$20,000 for subsidized housing are recommended (Note: a household making \$41,000 would not be permitted in a social housing project).

- "b) The provision of affordable housing or contribution in lieu, be requested for all in stream multiple-family development applications;"*

Staff have already begun to implement this request based on the need for affordable housing in Richmond.

- "c) Where affordable housing is provided in multiple-family development applications, that it constitute at least 14% entry level ownership housing units, or 6% of the units if they are subsidized housing;"*

Staff agree that the existing percentage (6%) of non-market, government subsidized housing in Richmond can be used as a target as recommended by McLanaghan & Associates.

Alternatively, developers could provide 14% smaller, entry level ownership units meeting the revised annual income thresholds noted above (i.e., \$60,000 or less).

To set either of these targets any higher could become a disincentive to the developer actually providing the affordable housing on-site.

- "d) Where a contribution in lieu of affordable housing is made, that it be based on the current \$0.60 per buildable square foot;"*

While this amount may be perceived as being relatively modest (especially compared to the City of Vancouver's \$2.00 per square foot and the proposed West Cambie Area Plan rate of \$5.10 per square foot), staff agree with McClanaghan & Associates that further analysis is required before raising the contribution in lieu of affordable housing rate.

Staff have retained the services of G.P. Rollo & Associates Ltd. to do an economic analysis of the City's amenity contribution rates.

Mr. Rollo will be looking at the "lift" in land values when a property is rezoned. From this "lift", he will be recommending what percentage the City could use to help fund a variety of amenities such as affordable housing.

This work will be completed in the near future and will be discussed with the development community before any recommendations are presented to Council and integrated into the final *Affordable Housing Strategy*.

In the meantime, the existing contribution of \$0.60 per square foot is being accepted from in stream multiple-family developments that do not build any affordable housing units.

- “e) A moratorium be 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, except in cases where there is 1:1 replacement;”*

At present, the City does not have any formal policy regarding the replacement of rental stock with market housing (other than a Council policy regarding the strata title conversion of an existing building).

However, staff have been using the 1:1 replacement ratio in the isolated cases where an application has been received to replace existing rental housing stock (e.g., RZ 04-286496 on Minoru Boulevard). It is recommended this 1:1 ratio be formally approved by Council.

Furthermore, it is recommended that a moratorium be placed on development applications on which the City has a discretionary approval process (e.g., rezoning; subdivision; strata title conversion; development permit) in order to send a message that the City does not want to see changes to the existing multiple-family residential rental housing stock before the final *Affordable Housing Strategy* is completed.

To apply such a moratorium to demolition and building permits would require a bylaw. Staff do not believe this is necessary because there has been no pressure recently to demolish older apartment buildings in Richmond. Further, it is unlikely a developer or property owner would risk demolishing an existing multiple-family development if they can not apply for rezoning or a development permit.

Similarly, a building permit could not be issued for any external renovations costing more than \$50,000 without a development permit. Unfortunately, even with a bylaw, sites such as Richmond Gardens would not be prevented from doing renovations that do not require a City building permit, as such situations are managed under the B.C. Tenancy Act.

- “f) That convertible or flex housing be permitted in single-family areas (subject to applicable Official Community Plan, Area Plan and City planning policies, the Zoning and Development Bylaw, and the normal Public Hearing process) and not be subsidized by the City of Richmond.”*

In 1995, the City adopted Comprehensive Development District (CD/44) for the convertible housing project at 3860 Regent Street.

Recently, another application has been received by the same realtor/builder to rezone another property at 10491/10511 Williams Road to CD/44 (RZ 06-333355).

Staff have no objection to the consideration of flex housing in Official Community Plan and Area Plan single-family designated areas, subject to other applicable planning policies such as a Single-Family Lot Size Policy, the lane establishment and arterial road redevelopment policies, and the provisions of the Zoning and Development Bylaw.

Furthermore, these applications would be subject to public input via the rezoning and Public Hearing process.

However, staff do not believe that the City should help pay for flex housing as has been proposed by Mr. Otto Dovel because this type of project should be self sufficient and the pilot project on Regent Street was funded by the City. The use of the Affordable Housing Reserve Fund will be examined in further detail as part of the final *Affordable Housing Strategy*.

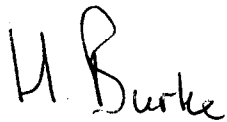
It should be noted the broader issue of secondary suites is being addressed by the Building Approvals Division and a report is expected in the near future, the outcome of which can be incorporated into this project.

Financial Impact

There is no financial impact to the City implementing the six (6) policies recommended by staff for in stream development applications.


Conclusion

The City has embarked on updating its 1989 and 1994 Affordable Housing Strategy as directed by Council in February 2006. The consultant for this project, McClanaghan & Associates, has prepared an "*Affordable Housing Strategy - Interim Strategy and Report*" which presents the preliminary information regarding the affordable housing stock in Richmond, summarizes the input received to date and outlines certain "interim recommendations". The next step in the process is for the consultant to prepare the final *Affordable Housing Strategy*, which will involve further input from the stakeholders, public and Council.



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HB:rg

Attachment 1 - "*Affordable Housing Strategy – Interim Strategy and Report*"
 McClanaghan & Associates, dated June 29, 2006

City of Richmond Affordable Housing Strategy

Interim Strategy and Report

(Draft Subject to Further Input—Not the Final Strategy and Report)

Date: June 29, 2006

Presented To:

The Planning and Development Department
City of Richmond

Presented By:

McClanaghan & Associates

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Summary of Interim Recommendations

Following is a summary list of the interim recommendations put forward in this report. The recommendations follow the five key policy areas set out below:

1. Definition of Affordability;
2. Expected Development Contribution
3. The Target for Affordable Units
4. Rental at Risk
5. Other Steps and Actions

Interim Recommendations for Policy Area #1 Affordable Definition

As an interim measure, it is recommended that:

1. The City reconfirm its commitment to promoting mixed income neighbourhoods through its housing policy, Official Community Plan and area planning processes (City Centre Area Plan Update).
2. The City adopt a revised definition which supports this policy direction and which includes targeted income thresholds for:
 - Entry level ownership;
 - Low end of market rental; and,
 - Subsidized housing.
3. The City use the following annual income thresholds to guide day-to-day decision making:
 - Entry level ownership (households earning \$60,000 or less assuming a 10 per cent down payment);
 - Low end of market rental (less than \$37,700); and,
 - Subsidized housing (less than \$20,000).

Interim Recommendations for Policy Area #2 Expected Development Contribution

1. Examine the density bonus mechanism and evaluate the equilibrium point between in-kind and in lieu contributions in consultation with the housing industry;
2. Align the floor area ratio (FAR) and developer contribution levels with the project economics in order not to deter development or adversely affect affordability;
3. Except in the Alexandra neighbourhood of the West Cambie Area Plan, the City should maintain their current contribution level of \$0.60 per square foot, pending the results of a current City study by G.P. Rollo and Associates Ltd. of social infrastructure contributions.

Interim Recommendations for Policy Area #3 The Target for Affordable Units

1. In keeping with the directions set out in Policy Area #1 on the City's definition of affordability, it is recommended that the City continue to explore opportunities to add new housing units at key points along the housing continuum including:
 - entry level ownership;
 - all forms of rental housing; and,
 - non-market housing where senior government funding is available.
2. The City should continue to identify opportunities to take advantage of funding from senior levels of government (where possible); and,
3. As a benchmark, the City of Richmond should continue to explore opportunities to maintain 6 per cent as dedicated target for subsidized housing recognizing that this target will be difficult to achieve without funding partnerships with other levels of government.

Interim Recommendations for Policy Area #4 Rental at Risk

1. The City establish a moratorium on the demolition or conversion of the existing rental housing stock with the exception of cases where there is 1:1 replacement.
2. The City adopt a policy on an interim basis to encourage the creation of entry level ownership for households with annual incomes of \$60,000 or less as well as support the creation of any new market rental housing where possible. The City's role is indirect and would be through enabling strategies (zoning and land use planning policies) and not by direct subsidy.

Interim Recommendations for Policy Area #5

1. The City promote increased housing options within current zoning provisions. This could include enabling convertible or flex housing to be built in districts zoned for single family housing subject to any planning policies and the normal public hearing process.
2. The policy direction embedded in the previous recommendation is to enable a convertible housing form to be considered with the objective being to allow the market to determine the feasibility of this approach. Given the City has already engaged in a convertible housing demonstration project in Steveston, it is recommended that the City should play an enabling role (zoning and building code interpretation) but should not provide direct financial support at this time.

Background

The City of Richmond first adopted an *Affordable Housing Strategy* in 1989. The initial strategy resulted in the introduction of a number of policies promoting an expanded range of housing choices for families and individuals living in Richmond. These included:

- *Encouraging the provision of a variety of housing types and tenures for a diversity of lifestyles at all income levels;*
- *Facilitating opportunities for home ownership for moderate income households;*
- *Facilitating opportunities for assisted housing for lower income households;*
- *Ensuring that the specialized housing needs of the elderly, disabled and single parent families are addressed through the previous goals; and,*
- *Ensuring a geographic distribution of affordable housing throughout the community.*

Within the context of this broader strategy, the City also put into place a number of specific initiatives including:

- *The establishment of an Affordable Housing Property Acquisition Fund;*
- *Provisions for priority to be given to the development of non-market housing on City-owned land;*
- *A resolution to preserve and maintain the existing rental housing stock;*
- *New zoning regulations designed to promote entry-level home ownership;*
- *Research designed to promote an expanded range of housing options;*
- *On-going support and participation in the Federal RRAP program; and,*
- *Exploration of zoning and other regulatory changes that would allow the City to realize the key strategic directions set out in their policy.*

The City up-dated their original strategy in 1994 at which time they:

- *Introduced a definition of affordability based on the 30 per cent of the income of households falling in the lowest 40% of the income distribution;*
- *Established a target in their Official Community Plan that 20% of all units should be "affordable"; and,*
- *Approved the use of density bonus provisions in designated areas as a means of facilitating an expanded supply of affordable units.*

The City also made a commitment to begin to explore other types of policy and/or regulatory changes that would support an expanded range of housing options for households in differing economic/social circumstances including:

- *Monitor and report back on Provincial policy actions on secondary suites;*
- *Review and suggest changes to small house and small lot issues, and recommend any appropriate regulatory changes;*
- *Encourage donations to the Affordable Housing Statutory Reserve Fund;*
- *Reduced parking requirements for seniors and family housing; and,*
- *Consider options for demonstration projects such as convertible housing.*

Re-visiting Richmond's Current Housing Strategy

It has been a number of years since Richmond up-dated their housing strategy. Over this period, the City and the Region have experienced a significant level of growth and change, putting pressure on the existing supply of affordable housing. In recognition of the importance of access to affordable housing and the role that it plays in promoting a high quality of life, the City has engaged in a process to up-date their current housing strategy to reflect new priorities, changing housing market conditions and emerging needs. To respond to this, the City of Richmond has engaged the services of McClanaghan & Associates to assist in this process.

Interim Policy Questions

This report provides some of the initial findings to emerge from a review of the City's current strategy and sets out some interim recommendations and strategies for consideration by Council. In particular, this report looks at:

- *The City's current definition of affordability;*
- *The development contribution that is required to fund the creation of new affordable housing units;*
- *The number of units which fall within the City's current target;*
- *Pressure on the existing rental housing stock; and,*
- *Other steps or actions that the City can take to create an expanded range of choice at key points along the housing continuum.*

The discussion and analysis set out in this report has been guided by an initial review of existing measures of housing need and local market conditions within the City of Richmond, as well as, feedback received through a series of stakeholder consultation meetings and a public open house held in May (see Appendices B and D). The general directions are intended to help to form the foundation for the development of the City's longer-term strategy to be completed later this year.

The Current State

Prior to looking at some of the key policy areas described at the outset of this report, this section provides a general overview of some of the key macro-level trends to which the City must respond. These include:

- a) Factors that can influence housing affordability;
- b) Changes in local housing market conditions (ownership and rental);
- c) Existing measures of housing need; and
- d) Changes in the policy directions of senior levels of government.

The information set out in this section helps to set the strategic context for understanding some of the current issues and challenges and is designed to assist the City of Richmond to more fully evaluate the decisions that they take both in the interim and over the longer term.

Factors Influencing Housing Affordability

Broadly speaking, *housing affordability* is measured as a ratio of housing costs to income with the general principle being that a household should not spend more than 30% of their income on shelter costs. This measure has resulted in some discussion among housing policy decision makers as to whether issues related to housing affordability should be viewed as a housing supply problem or an income problem.

In many ways issues related to housing affordability can be seen as both a supply problem and an income problem. In the case of issues related to housing supply, some housing analysts have noted that there has been very little purpose-built rental housing in recent years resulting in a situation where there is shortage of available affordable rental units relative to the demand.

This has been the view of housing market economists such as *TD Economics* where it has been noted that the lack of purpose-built rental housing has been a major contributing factor to the current shortage of affordable housing. In particular, the combination of strong demand for affordable housing and the limited supply of such housing have the potential to place significant pressure on the existing stock. This can, in turn, affect the choices available to lower income households.

Others have also raised the concern that the pressure on the existing rental housing stock has the potential to be further exacerbated by the loss of the available affordable housing stock through price escalation (rent increases), redevelopment or conversion to condo or strata-titled tenure, as well as, through diminished opportunities for households to move into home ownership. In particular, the lack of new purpose-built rental housing combined with these other factors has created stress on the existing rental housing stock through increased competition for the supply of available affordable units.

The Importance of Supply Enabling Strategies

In order to address some of the supply-side challenges which have been identified, it is important to identify strategies that will allow for the creation of additional capacity at key points along the housing continuum. This includes developing a broad-based approach with a mix of strategies designed to stimulate new rental housing construction, address market imperfections, and provide for an expanded range of opportunities for access to home ownership thereby helping to reduce pressure on the existing rental housing stock.

Targeted Strategies to Respond to the Needs of Low Income Households

While supply enabling strategies clearly have an important role to play in addressing affordability-related challenges, it is important to note that even in periods where supply responsiveness is robust, low income demand is unlikely to be effective demand for ownership or even market rental housing without some level of assistance.

For lower income households, the challenges may be two-fold. First, there is an absolute shortfall of units that fall at the lower end of the rent scale (rents of \$500 or less which would be affordable to households within incomes of \$20,000 or less). Secondly, many lower income households lack the resources necessary to 'solve' their problems on their own. As a result, it is important to ensure that targeted strategies are in place to address the needs of households falling at the low end of the housing continuum.

To some extent this has been the traditional role of government funded social housing programs. Municipalities and other partners typically provide zoning support, build community acceptance and, in some specific cases, provide modest capital contributions in the form of land or property tax relief.

At the senior level of government, these programs typically involve capital grants, favourable mortgage rates and/or the provision of on-going operating subsidies over the life of the project mortgage. The housing developed under these programs typically responds to both supply-side and affordability issues within a single program. In addition, this housing helps communities to build their local level capacity to respond to the on-going need for affordable housing.

Within the City of Richmond, there are approximately 3,154¹ non-market housing units which have been created under a mix of programs. This represents approximately 19 per cent of the existing rental housing stock and includes housing for low income seniors (754 units), families (1,838 units) and households with special needs many of whom require access to a combination of services and supports in addition to housing (562 units).

As the City of Richmond moves forward on the development of their strategy, it is important to understand that:

- 1. Affordability is strongly influenced by a broad range of factors including local market conditions as well as broader macro-economic factors (interest rates and incomes);*
- 2. Local responses can improve the affordability profile in individual municipalities; however the most successful remedies have been on a regional scale with significant resources from senior governments;*
- 3. Affordability issues affect most groups but in different ways;*
- 4. Affordability is ultimately tied to long-term supply;*
- 5. Low income demand is not effective demand and may require targeted strategies; and,*
- 6. Affordability challenges will not be resolved through short-term interventions. Rather, they are the result of long-term policy decisions and strategic interventions that focus on enabling a sustained and expanded range of options at key points along the housing continuum.*

Changes in local market conditions can also influence the housing affordability profile. Specific characteristics of the local housing market (rental and ownership) within the City of Richmond are discussed in the next section.

¹ There are also some households that are receiving rent assistance in the private rental market. This includes approximately 420 seniors who are receiving assistance through the Province's SAFER program (Shelter Aid for Elderly Renters).

Changes in Local Housing Market Conditions (Ownership)

Rapid Rate of Growth

The City of Richmond has been experiencing a significant level of growth and change. Between 1996 and 2001, the population in the City of Richmond increased by 10.4 per cent - a rate that was more than twice the rate of growth across the Province and higher than the general rate of growth across the Region (8.5 per cent). This accelerated growth has placed increased pressure on the services and amenities available through the City including the existing supply of affordable housing.

Increasing Housing Prices

The GVRD home ownership market has continued to experience significant price escalation over the past few years. Based on data reported by CMHC and the Greater Vancouver Real Estate Board, the average selling price for a single detached dwelling in the GVRD increased by more than 21 per cent from 2004 to present while the price for a town house unit increased by 26 per cent. Similar increases have occurred in the City of Richmond.

Diminishing Opportunities for Entry-Level Ownership

Apartment style units which typically represent entry-level ownership opportunities also experienced similar upward pressure with the average price for an apartment style unit in the GVRD increasing from \$259,000 in 2004 to more than \$322,000 in 2006.

Furthermore, while the City of Richmond has been successful in providing access to lower priced entry level ownership opportunities, as of May 2006, the price for a 2-bed condo unit at the 20th percentile² was \$249,900. In order to move into home ownership at this price level, a household would require an annual income of \$60,360³. Factoring in condo fees and utilities, this translates into total monthly housing cost of approximately \$1,500.

New Housing Starts

The City of Richmond has been relatively successful in adding new housing supply, most of which has been at the ownership end of the continuum. Based on data published by CMHC, there were a total of 6,892 new housing starts in the period 2001 to 2005 (an annual average level of 1,378 units).

² The 20th percentile condo price is a proxy for entry level home ownership in that it assumes that units below this benchmark may be distressed or in undesirable neighbourhoods.

³ This assumes a 10 per cent down payment and an interest rate of 5.2 per cent.

Changes in Local Housing Market Conditions (Rental)

Rents Have Remained Relatively Affordable

Average rents within the City of Richmond have remained relatively comparable to average rents across the GVRD and are affordable to the majority of households. Based on data published by CMHC, there were approximately 4,120 renter households in 2001 in the City of Richmond that were unable to find housing that they could afford without spending more than 30% of their income on rent. This represents approximately 1 in 4 renter households and, while significant, is below the general level of need reported across the GVRD (28 per cent).

Existing Measures of Housing Need

Based on data published by CMHC, approximately 8,835 households across the City of Richmond were in core housing need⁴. Of these, approximately 4,720 (54 per cent) were owners while 4,120 (46 per cent) were renters⁵.

Of those in core housing need, family households accounted for 64 per cent of the total, the majority of whom were owners (55 per cent). In addition, there were approximately 1,810 senior households in core housing need. This included 1,070 owners and 740 renters with seniors generally representing approximately 1 in 5 of all households in core housing need.

Non-senior, non-family households tended to be among those who were more likely to be represented among the renter households in core housing need accounting for almost half of the total (46 per cent). Non-senior, non-family households tend to be younger and at varying stages in their housing careers with their frequent dependence on a single income making them more vulnerable to affordability challenges.

The profile of housing need within the City of Richmond is somewhat different from the general profile of housing need across the GVRD. In particular, it is important to note that while the general percentage of households in core housing need (owners and renters) is relatively comparable (1 in 6), a larger percentage of owners tend to be in core housing need in Richmond when compared to the Region as a whole (12 per cent versus 9 per cent respectively).

⁴ Core need housing refers to households unable to find housing in their community that is suitable in size (enough rooms), in good repair and affordable (costs no more than 30 per cent of their income).

⁵ There can be slight differences in the numbers reported due to "rounding" of the data by Statistics Canada.

Changes in Policy Directions At the Federal and Provincial Levels

In addition to changes in local market conditions, there have also been important shifts in the policy context and funding programs provided through senior levels of government—both Federal and Provincial. These have had important implications in terms of the decisions available to local governments. The following provides a chronology of some of the key decisions made by other levels of government which have had an impact on the choices available to the City of Richmond.

1989	The City of Richmond adopts an <i>Affordable Housing Strategy</i> designed to encourage the provision of a variety of housing types and tenures for a diversity of lifestyles at different income levels.
1993	Federal government announces decision to withdraw funding support for the creation of new social housing units resulting in a significant reduction in the number of new social housing units that can be created.
1994	The City of Richmond re-confirms their commitment to affordable housing through setting a target in their OCP and through developing a definition of affordability. The City also adopts the use of density bonus provisions in designated areas in order to facilitate an expanded supply of affordable units.
1994	Provincial government through work done on the <i>Provincial Commission on Housing Options</i> maintains their commitment to fund new social housing construction. However, production targets decrease from 1,800 units under previous funding levels with Federal involvement to 600 units with the unilateral provincial funding.
Present	<p>Federal:</p> <p>Limited Federal involvement in housing and homelessness issues through the <i>Supporting Communities Partnership Initiative (SCPI)</i>, limited capital grants for new housing construction through the <i>Affordable Housing Framework Agreement</i> signed with the Province. The Federal government also committed funding of \$1.4 billion nation-wide over the next 5 years to fund new housing initiatives (Bill C-48).</p> <p>Provincial:</p> <p>As set out in BC Housing's latest Service Plan, the Province has maintained a commitment to fund new housing development with an emphasis on targeting new housing resources to those who are homeless or in immediate need of housing assistance as well as frail seniors who are in need of both housing and support in order to enable them to continue to live independently in the community. The Provincial government has also provided additional assistance for low income seniors living in housing in the private rental market through the government's SAFER program (Shelter Aid for Elderly Renters).</p>

Understanding the Housing Continuum

The 'housing continuum' provides an important conceptual framework for looking at housing affordability within the context of the broader housing system. Within the City of Richmond, 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 housing as well as non-profit and co-op housing. It can also include households that are currently living without a place to call home.

Figure 1 below sets out the continuum of options within the City of Richmond. This includes information on the number of owners and renters based on data captured from the 2001 Census as well as information on the existing inventory of non-market units. The data captured in Figure 1 also shows the number of homeless individuals living in the City of Richmond based on data from the last GVRD homeless count (May 2005).

Figure 1⁶

Home Ownership		Private Market Rental Housing	Non-market Rental Housing	Homeless
Non-Condo Owners 25,875 (46%)	Condo Owners 14,380 (25%)	13,366 (23%)	3,154 (6%)	33 ⁷
40,255 households (71%)		16,525 households (29%)		
Source: Statistics Canada, 2001 Census, BC Housing Non-market inventory, GVRD Homeless Count (2005)				

The Role of Income

In looking at the range of choices available on the housing continuum, it is important to note that income plays a central role in determining where a household is situated. Income can also play an important role in determining the potential opportunities available to households to allow them to advance along the continuum. This includes households who are interested in making

⁶ Any minor differences in totals can be explained by the 'rounding' of the data by increments of 5 by Statistics Canada.

⁷ Based on data reported in the most recent GVRD homeless count (May 2005) there were a total of 33 individuals in the City of Richmond who were either living on the streets or staying in emergency shelters at the time of the count.

the transition from renting to owning as well as households wishing to make the transition from non-market to private market housing.

Income can also determine the extent to which a household will experience affordability problems with some households having too little income to afford the choices available.

If one were to look at the current income thresholds across the different range of options available within the City of Richmond, the following picture emerges:

1. The average annual income required for a household wishing to access entry-level ownership (a 2-bed condo at the 20th percentile) within the City of Richmond is approximately \$60,360 assuming a 10 per cent down payment at a 5.2 per cent interest rate.
2. The affordability threshold⁸ for a household renting a standard 1 bedroom unit based on the 2005 market rate is \$31,200.
3. The affordability threshold for a household renting a standard 2 bedroom unit based on the 2005 market rate is \$37,239.
4. The affordability threshold for a household renting a standard 3 bedroom unit based on the 2005 market rate is \$42,560.
5. The core need income threshold (CNIT) published by CMHC was reported to be \$37,500 for renter households with the actual income threshold ranging from \$27,500 for a bachelor unit to \$48,500 for a 4-bed unit.

Figure 2

Home Ownership		Private Market Rental Housing	Non-market Rental Housing	Homeless
Non-Condo Owners \$75,041	Condo Owners \$53,870	\$38,930	\$16,000 ⁹	33 10
Source: Statistics Canada, 2001 Census, BC Housing Non-market inventory, GVRD Homeless Count (2005)				

⁸ This assumes that a household is not spending more than 30 per cent of their income on rent.

⁹ The average income of a household in core housing need living in Richmond is \$20,520.

¹⁰ Based on data reported in the most recent GVRD homeless count (2005) there were a total of 33 individuals in the City of Richmond who were either living on the streets or staying in emergency shelters at the time of the count.

Key Measures and Indicators of Housing Need In Richmond

Based on the data captured in the housing continuum, the following provides a general overview of the range of housing choices.

Much of the data used in this study dates from the 2001 Census. Where more recent data is available it has been used. It is recommended that the data be undated when information from the 2006 Census is released.

Total Households 2001	56,775
Increase in Households 1996 -2001	11%
Total Owners 2001	40,255
Increase in Owners 1996 -2001	14%
Ownership Rate 2001	71%
Total Renters 2001	16,525
Increase in Renters 1996 -2001	6%
Rental Rate 2001	29%
Households in Core Housing Need ₂₀₀₁	8,885
Number of Households in Core Need ₂₀₀₁	1 in 6
Number of Owners in Core Need ₂₀₀₁	4,720
Number of Renters in Core Need ₂₀₀₁	4,120
Percentage of Owners in Core Need ₂₀₀₁	1 in 8
Percentage of Renters in Core Need ₂₀₀₁	1 in 4
Median Income Owners ₂₀₀₁	\$56,157
Median Income Condo Owners ₂₀₀₁	\$53,870
Median Income Non-Condo Owners 2001	\$75,041
Median Income Renters ₂₀₀₁	\$38,930
Average Income Households in Core Need ₂₀₀₁	\$20,520

Preliminary Findings and Interim Recommendations

Having set the general policy context, this section of the report focuses more fully on the specific policy areas described at the outset of this report. In putting forward this report, the goal is to:

- a. examine some of the key elements which currently make up the City's Affordable Housing Strategy;*
- b. ensure that the direction is clear; and*
- c. test and refine some of the underlying values and principles which help to guide the strategy.*

This report also includes a number of interim recommendations for consideration by City Council with respect to a number of key policy areas including:

- 1. The City's Definition of Affordability** - *What changes, if any, are required to the City's current definition of affordable housing?*
- 2. Expected Development Contribution** - *What should be the approach and mechanisms used by the City for determining the amount of the voluntary contributions to be made to the City's Affordable Housing Statutory Reserve Fund?*
- 3. The Target for Affordable Units** - *What should be the City's target in terms of the number of affordable units created?*
- 4. Rental At Risk** - *What approach should the City adopt to preserve and maintain the existing supply of affordable rental housing?*
- 5. Other Steps and Actions** - *What other steps and actions are available to the City to create an expanded range of housing choices along the housing continuum?*

Each of these questions is explored in more detail in the body of this report along with a series of recommendations for Richmond City Council to consider. The directions to emerge from this report will be used to help guide and inform a series of focus group sessions planned for later in the summer with key stakeholders and stakeholder groups. This will include consultation with representatives from the housing supply sector including the Home Builder's Association, the Urban Development Institute and other key stakeholders. It will also include a targeted focus group session with groups and agencies in the community who work with households with specific housing needs.

What changes if any, are needed to the City's current definition?

Under the City's original policy directions, the goal was to encourage the provision of a variety of housing types and tenures for a diversity of lifestyles at all income levels. This included facilitating opportunities for home ownership for households with moderate incomes as well as facilitating access to assisted housing for households with lower incomes.

Under the City's current definition of affordability, "affordable" refers to housing costs that are equal to no more than 30% of the gross income of households in the lowest two income quintiles or lowest 40% of households in the income distribution. Using data from the 2001 Census, this translates into an income threshold of approximately \$41,000 or less. Using the standard approach for determining housing affordability, this would mean that, if a household had an annual income of \$41,000 and was spending more than \$1,000 per month on shelter, they would be in housing need.

One of the questions which the City has to consider within the context of this review is whether the current definition is the correct definition and/or what adjustments may be required.

Based on the findings to emerge from the previous discussion, this income threshold would be too low for ownership based on current market conditions and too high for the rental market.

Entry Level Ownership

As noted in the previous discussion, based on current housing market conditions, the average selling price for an entry-level unit within the City of Richmond (apartment style unit at the 20th percentile) is currently \$249,900. This price range is currently \$85,000 higher than what would be affordable to a household with an annual income of \$41,000. Furthermore, the inventory of units that would fall within the lower income threshold is limited. Based on data captured in the MLS database there are currently only 19 out of a total of 497 condo units within the City of Richmond that would fall within the price range of the current affordability definition¹¹.

¹¹ A household with an annual income of \$41,000 would require a unit in the price range of \$165,000 in order to move into home ownership assuming a down payment of 10 per cent and current interest rates.

Rental Housing Supply

Similar challenges exist with regard to the rental housing stock. Based on data captured in the 2001 Census, the median income across renter households living in the City of Richmond was \$38,930 which means that an affordability threshold of \$41,000 is above the median income. In addition, the core need income threshold¹² developed by CMHC which currently determines access to social housing¹³ has an average annual income of \$37,700 or less with actual amounts varying depending on the unit size¹⁴.

Interim Recommendations

During the next phase of work, steps will be taken to provide benchmarks for the entry level ownership threshold, (price point, income level) and examine the economics of rental housing (both rental at risk and the challenges in creating new rental product). Specific wording for the revised definition will be provided upon completion of the community consultation process supporting the Affordable Housing study. However, as an interim measure it is recommended that:

1. The City reconfirm its commitment to promoting mixed income neighbourhoods through its housing policy, Official Community Plan and area planning processes (City Centre Area Plan Update).
2. The City adopt a revised definition which supports this policy direction and which includes targeted income thresholds for:
 - a. Entry level ownership;
 - b. Low end of market rental; and,
 - c. Subsidized housing.
3. The City use the following annual income thresholds to guide day-to-day decision making:
 - a. Entry level ownership (households earning \$60,000 or less assuming a 10 per cent down payment);
 - b. Low end of market rental (less than \$37,700); and,
 - c. Subsidized housing (less than \$20,000).

¹² Core Need Income Thresholds represent the income required to pay the average rent for an appropriate sized unit in the private market. Average rents are derived from CMHC's annual Rental Market Survey, done in the fall and released in the spring. The size of unit required by a household is governed by federal/provincial occupancy standards.

¹³ While this is the level that determines access to social housing, the average income of households receiving housing assistance is significantly lower with income and asset tests ensuring that limited housing resources are targeted to those in the greatest housing need..

¹⁴ Based on the most recent Core Need Income Thresholds established by CMHC (2003), the affordability threshold for renter households for a bachelor unit is \$27,500, a 1-bedroom unit is \$31,000, a 2-bedroom unit is \$37,500, a 3-bedroom unit is \$44,000 and a 4+ bedroom unit is \$48,500.

What should be the amount and mechanism for the voluntary contributions to be made to the City's Affordable Housing Statutory Reserve Fund?

Municipalities play an important role in creating conditions that stimulate or enable new housing supply thereby helping to generate increased housing supply elasticity. Traditional elements falling within the municipal purview including zoned capacity through land use regulation, permit processing, infrastructure and servicing financing with municipalities playing a significant role in determining the extent to which amenities get financed through the development process.

While the City of Richmond will not be able to solve the affordability problems on their own, they can contribute to a solution. To this end, the City of Richmond has shown a strong commitment to the creation of affordable housing through the policies and strategies they have adopted. Two major initiatives have included:

- *A City-wide contribution of \$0.60 per square foot for multi-family units to facilitate the creation of new affordable housing; and,*
- *The use of density bonus provisions in major re-zoning initiatives such as the West Cambie Area Plan.*

Both of these approaches are important in that they make an explicit commitment to the creation of affordable housing and are valid methods of generating additional affordable housing units.

In undertaking this review, one of the questions which the City of Richmond has to consider is whether their current strategies are the right strategies in terms of the approaches that they have adopted for the creation of new affordable housing units

The Use of a City-wide Housing Contribution of \$0.60 per Square Foot

The City of Richmond's current housing contribution of \$0.60 per square foot for new multi-unit developments is relatively modest. Under this formula, this would translate into a contribution of approximately \$600 based on a standard unit size of 1,000 square feet.

Using the multi-unit housing starts reported for the City of Richmond in 2005, a contribution of this level would generate approximately \$540,000 for the City's Affordable Housing Statutory Reserve Fund.

Very few other municipalities have adopted this type of approach in terms of their housing strategies. The one exception would be the City of Vancouver which has a requirement of \$2.00 per square for new multi-unit developments. If the City of Richmond had adopted a levy similar to the one that is applied in the City of Vancouver, then the net annual revenue generated for this levy would have been closer to \$1.8M based on the production levels reported in 2005. Furthermore, if this levy had been applied to the multi-unit housing starts over the past five (5) years, the contribution to the City's Affordable Housing Statutory Reserve Fund would have been closer to \$6.0M.

Richmond Housing Starts (2001-2005)				
	Total Housing Starts	Total Multi-Unit Starts	Total Low Rise Starts	Total High Rise Starts
2001	563	118	118	0
2002	1,392	796	298	501
2003	1,641	555	445	110
2004	1,526	649	348	301
2005	1,770	930	517	413
Total 2001-2005	6,892	3,051	1,726	1,325
Source: CMHC, <i>Housing Now</i> 2001, 2002, 2003, 2004, 2005				

In looking at existing mechanisms such as the current development cost charges structure, it is important to recognize that, in some ways, the different fees and levies that are associated with the development of new housing construction can potentially contribute to a higher cost profile for new housing supply—a result which can affect the general level of affordability. Consequently there is a limit to how much the development process can fund affordability initiatives.

In addition, it is important to recognize that development cost charges, amenity cost charges and voluntary contributions essentially cover three categories of investment – basic infrastructure (roads, sewers and servicing), social infrastructure (parks, recreation and education), and enhanced social infrastructure like the provision of affordable housing.

In considering the proportion of funding that should go to each of these categories, it is generally expected that basic infrastructure will be fully funded through the development process by way of development cost charges (DCC) while the funding for social infrastructure costs is typically covered through other sources. The City has currently engaged the services of an external consultant to conduct a City-wide review of social infrastructure charges. Therefore, while there may be the potential to increase the housing contribution at a future point in time, it is recommended that in the interim, the City should maintain the current contribution level of \$0.60 per square foot, pending the results of the current study.

The Use of Density Bonus Provisions

The use of density bonus provisions is the other approach that has been adopted by the City. Density bonus provisions are generally a strategy which has been adopted by municipalities whereby they make allowances for increased density in exchange for the creation of additional housing units either through in-kind or cash-in-lieu contributions.

While some municipalities in the GVRD believe that the use of a density bonus has merit as a planning tool, a number of municipalities in the GVRD reported that they do not perceive density bonus provisions to be effective within their planning contexts. In particular, some noted that while they have tried to implement this strategy they have not had success in take-up or in attracting support from the development community. At the same time, the development community tends to feel that this concept is a sound but that the current mechanism can be complicated in terms of the zoning and documentation process it entails. Consequently, there is the need for greater clarity and predictability in the process.

Within the context of the City of Richmond's *West Cambie Area Plan* provisions were made for an increase in density of 13 per cent (a floor area ratio or FAR of 1.5 to 1.7) with the City setting the requirement that the incremental floor space be provided as affordable housing units. Alternatively, the developer could receive 1.5 FAR and provide cash in lieu equal to \$5.10 per square foot to go into the City's Affordable Housing Statutory Reserve Fund. This concept uses the City's land use powers to create additional density to extract value from the development process which in turn is used to generate affordable housing units. Under this plan, the proposed density bonus would create 150 affordable housing units whereas the \$5.10 would create 70 additional units.

While the concept has merit and is worth exploring, it must be fully tested from a built form, design and marketing perspective in order to confirm that the incremental FAR can translate in a viable development that can realize the value of the increased density. In addition, it is important to note that there may be a number of potential constraints which could limit the realization of this value. This could include parking requirement, the size of the building envelope, height restrictions determined by fire code, and the marketability of the unit. It should also be noted that flood plain issue and proximity to the airport can limit the City's ability to offer density bonus provisions in some areas such as the Downtown Commercial district (C7).

In cases where there is an area-wide rezoning, it is likely that there is a sufficient increase in density which makes it possible for the City to charge an amount that is above a City-wide figure of \$0.60 per square foot for already established zones. In a new zone, the imposition of a higher levy is less likely to create a hardship on the long term land owner or developer because of the significant amount of value that could be generated from the increased amount of development rights.

In the West Cambie circumstance, a charge of \$5.10 per square foot is approximately 10 per cent of the incremental value created through the rezoning process. However, from a project economic perspective, it is important to ensure that the additional density can be utilized and the additional value realized.

In general, the City's approach is good from a community mix perspective, a social policy perspective and a housing supply perspective. However, there is the need to consult with the development industry and housing supply sector to ensure that the approach that is adopted is:

- Grounded in the project economics so as not to deter development or adversely affect housing affordability;
- Able to provide a system that is consistent and predictable for the development industry and community.
- Able to develop and implement the system with broad input from stakeholders to ensure that the results are practical and achievable;

During the next phase of work, steps will be taken to provide benchmarks for the entry level ownership threshold, (price point, income level) and examine the economics of rental housing (both rental at risk and the challenges in creating new rental product). The next phase of work will also explore the

management arrangements related to units created through affordability initiatives. For purpose-built subsidized units, this would typically be a non-profit housing operator. For single or scattered units within market projects, a rental management company or non-profit would need to be selected for both operating efficiency and experience in tenant selection and placement where income and demographic profile determine the selection criteria.

Interim Recommendations

1. Examine the density bonus mechanism and evaluate the equilibrium point between in-kind and in lieu contributions in consultation with the housing industry;
2. Align the floor are ratio (FAR) and developer contribution levels with the project economics in order not to deter development or adversely affect affordability;
3. Except in the Alexandra neighbourhood of the West Cambie Area Plan, the City should maintain their current contribution level of \$0.60 per square foot, pending the results of a current City study by G.P. Rollo and Associates Ltd. of social infrastructure contributions.

What should be the City's target in the number of affordable units created?

Under the City's original policy directions, the goal was to encourage the provision of a variety of housing types and tenures for a diversity of lifestyles at all income levels. This included facilitating opportunities for home ownership for households with moderate incomes as well as facilitating access to assisted housing for households with lower incomes.

While the City of Richmond has achieved reasonable success in promoting a mix of housing options, there continue to be important deficits at key points along the housing continuum including entry-level ownership, low end of market rental housing and non-market housing.

As a result, it is important for the City of Richmond to develop a mix of strategies that will allow them to create an expanded range of options for households in differing economic and social circumstances.

Within their OCP, the City of Richmond has set a target that 20% of all new housing is "affordable". Based on the housing starts generated over the past five (5) years, this would be the equivalent of approximately 276 units each year.

In looking at the housing starts over the past five years, the City of Richmond would appear to have realized some success in generating entry-level 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)¹⁵. To some extent this was facilitated by an increase in the number of higher density multi-family developments that were created with this housing type representing almost half of all housing starts over the past five year.

To some extent the City has experienced greater challenges within the existing rental housing stock, with a lack of purpose-built rental housing construction, the shortage of low end of market units and the shift in funding provided by senior levels of government. One of the City's objectives in moving forward should be to continue to maintain their current community mix. At the same time, it will be difficult for the City to respond to the needs

¹⁵ 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.

of households falling at the low end of the continuum without the involvement of senior levels of government.

Currently the continuum shows that approximately 6 per cent of the existing housing stock (19% of the rental housing stock) is non-market, government-supported 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 need for affordable housing. As a benchmark, the City of Richmond should continue to explore opportunities to maintain 6 per cent as a dedicated target for subsidized housing. However, this target will be difficult to achieve without funding support from other levels of government.

Within a Regional context, a major factor in the projected deficit in the rental supply is the lack of new rental housing construction. This is largely attributable to the current financial and taxation environment for rental housing investments relative to housing product for direct ownership. In a recent pro forma analysis contained in the GVRD Affordable Housing Study, the comparative rate of return for purpose-built rental versus market condo was 1.7 per cent versus 57 per cent for a comparable condo development on the same site. In looking at the respective 'bottom lines' it is clear that the project economics are more favourable in the case of the condo development¹⁶. In fact, not only does the condo development provide a much better return on investment but it also offers a lower level of risk. At the same time, the current capitalization rate for rental housing is below the general rate of return offered through 'risk-free' government bonds.

In the absence of senior government funding for the construction of new affordable rental housing units or a change in the financing and taxation policies designed to stimulate new rental housing construction, it is unlikely that the City will be able to realize its target of 20%.

¹⁶ It is noted that the rate of return for this market condo investment example is exceptional and that the typical rate of return on equity (leverages at 3:1) is in the order of 25-30 per cent.

Interim Recommendations

1. In keeping with the directions set out in Policy Area #1 on the City's definition of affordability, it is recommended that the City continue to explore opportunities to add new housing units at key points along the housing continuum including:
 - entry level ownership;
 - all forms of rental housing; and,
 - non-market housing where senior government funding is available.
2. The City should continue to identify opportunities to take advantage of funding from senior levels of government (where possible); and,
3. As a benchmark, the City of Richmond should continue to explore opportunities to maintain 6 per cent as dedicated target for subsidized housing recognizing that this target will be difficult to achieve without funding partnerships with other levels of government.

Strategies to preserve and maintain the existing rental supply

The existing rental housing stock in the City of Richmond provides homes for approximately 3 in 10 households. In general, the rental market would appear to be reasonably healthy. Based on data captured in the 2001 Census, almost half of the existing rental housing stock in Richmond (47%) was built after 1980 compared to one third of rental units across the GVRD. In addition, the stock would appear to be in reasonably good repair with approximately 1 in 5 units being identified as being in need of minor repairs and 1 in 10 units being in need of major repairs—a result which is in line with the Region as a whole.

In general, the average rents also appear to be relatively comparable to the rents reported across the Region with the average rent for a 1-bedroom unit being approximately \$780 per month and the average rent for a 2-bedroom unit being approximately \$931 per month. As well, the rent increases have been relatively modest with rents increasing on average between 10 to 15 per cent over the past 5 years. This is slightly above the rate of inflation.

While vacancy rates have shown a slight improvement in 2005, the available data suggests that, in general, Richmond has experienced a relatively tight rental market with vacancy rates typically falling below 1 per cent for most unit types¹⁷.

Given the relatively tight rental market conditions which have prevailed over the past few years, some analysts have questioned why price inflation in the rental market is not higher. In looking more closely at the general rental market dynamics within the City of Richmond there are a number of potential factors to take into consideration. First, it may be possible that the contribution of the secondary rental market including basement or garden suites as well as rented condo units have had a moderating effect with this stock helping to provide an expanded range of choice for renter households.

It might also be the case that, to some extent, the lower incomes of many renter households has created a price ceiling with more than two-thirds of all

¹⁷ Although the most recent data published by CMHC shows a slight softening in the market with the average vacancy rate for a 1-bedroom unit at 1.9 per cent and the average vacancy for a 2-bedroom unit at 3.5 per cent.

renter households in the City of Richmond having annual incomes of \$50,000 or less.

There are also some who would speculate that there may be a lag effect and the market is poised for an adjustment. When one looks at the recent selling prices of rental buildings, the capitalization rates have been in the range of 4 to 6 per cent. This is a rate which is extremely low with investors typically looking for a yield of at least 8 to 9 per cent suggesting that the market may be due for a correction—for example, investors may anticipate the opportunity to increase rental rates, thereby improving the yield/profitability of the investment.

The lower rates may also signal that investors are anticipating the replacement of these units with market condo stock which has been yielding much higher investment returns. This is a pattern which has been emerging in some communities across the GVRD with more municipalities seeing development applications for the redevelopment of existing purpose-built rental housing stock.

In looking at this area in general, one of the questions which the City has to consider is the approach that they wish to adopt with respect to preserving and maintaining the existing supply of affordable rental units.

In considering the approach that the City may wish to adopt, it is important to recognize that there has been very little new rental housing construction in recent years with condo developments typically providing a much higher yield on investment. In addition, the available data suggests that there is an absolute shortfall of affordable rental units with the potential loss of stock resulting in even greater pressure and competition for the units that are available.

Based on data captured in CMHC's *Housing in Canada database, 2000* less than one third of the existing rental housing stock in the City of Richmond is at the affordable or "low end of market" part of the continuum. Furthermore, based on the available data, it would appear that there is an absolute shortfall of approximately 1,260 units for households with incomes of \$30,000 or less. If any of these units are lost through the redevelopment or conversion of this stock, the pressure on the remaining stock can only be further intensified.

The available data also suggests that approximately one-third of renter households in the City of Richmond have incomes of more than \$50,000. Many of these households are currently competing with the lower income households for the available affordable rental housing units. If the City was able to create a broader range of entry-level ownership options, it may be possible to reduce some of the pressure on the existing rental housing stock.

The data capture in the table below reflects the inventory of rental units at the different ranges as well as the number of renter households in Richmond competing for these units. Column 1 on the table below shows the different rent ranges while column 2 shows the approximate number of units in that range. Column 3 shows the affordability threshold for units at the upper end of the range while column 4 shows the approximate number of renter households in Richmond with incomes falling within that range. The final column shows the shortfall of units within a given rent range.

The Inventory of Rental Units Across Richmond –Average 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
Shelter Cost Less than \$250	775	\$10,000	1,800	(1,025)
Shelter Cost of \$250-\$499	955	\$20,000	2,470	(1,515)
Shelter Cost of \$500-749	3,510	\$30,000	2,090	(1,420)
Shelter Cost of \$750-\$999	5,100	\$40,000	2,080	3,020
Shelter Cost of \$1,000-\$1,249	3,340	\$50,000	2,040	1,300
Shelter Cost \$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+).

Interim Recommendations

1. The City establish a moratorium on the demolition or conversion of the existing rental housing stock with the exception of cases where there is 1:1 replacement.
2. The City adopt a policy on an interim basis to encourage the creation of entry level ownership for households with annual incomes of \$60,000 or less as well as support the creation of any new market rental housing where possible. The City's role is indirect and would be through enabling strategies (zoning and land use planning policies) and not by direct subsidy.

Policy Area #5: Other Steps and Actions

What other steps and actions are available to the City to create an expanded range of housing choices along the housing continuum?

As part of their original housing policy, the City made a commitment to explore other types of initiatives that would support an expanded range of housing options for households in differing economic and social circumstances including:

- *The potential introduction of secondary suites;*
- *The promotion of smaller lot sizes; and,*
- *The introduction of demonstration projects and pilot initiatives such as convertible housing.*

This section provides some general analysis on some of the different types of strategies and approaches that the City has adopted including exploration of potential opportunities provided through the approval of convertible housing demonstration projects, coach houses and other forms within the broader housing mix.

In looking at this area, one of the questions which the City may wish to consider is what are the potential benefits of convertible housing and other possible housing types that could be created within current zoning provisions.

The convertible housing concept provides for 2 stacked units with an interior connection and provides the owner with the ability to use the dwelling as a single family house or, alternatively, with a secondary suite or home/office based business depending on the actual zoning used. This provides for life cycle flexibility, modest density, and social diversity within predominantly single family or duplex zones. The convertible house example examined in this study is a 2 ½ storey structure with a FSA of 0.6-0.75 and would resemble a duplex zoning.

The housing type can be accommodated on 33 ft. lots and is intended to be non-strata titled. In terms of housing innovation, the physical design prototype is used in several duplex zones of Vancouver. However, the Vancouver model does not typically have an internal connection and is often strata titled.

Essentially, the convertible housing concept has innovations¹⁸ that allow for a modest increase in density, expanded supply and diversity in built form while remaining within existing zoning provisions. Other forms of housing that would provide similar benefits are coach houses, live/work arrangements, secondary suites and home office arrangements.

While this form of housing may offer potential opportunities that are worth consideration, in many ways these types of arrangements are fundamentally a secondary suite initiative. Therefore, whatever decision the City wishes to make should be consistent with their views and existing policies on secondary suites. If the City were to allow convertible or flex housing to be built in districts that are currently zoned for single family development, it would allow for an opportunity for the market to determine the actual demand and feasibility of this type of housing.

Typically, the debate will be similar to that which currently exists around secondary suites and the trade-offs of enhanced supply and efficient use of the land base (as is the case with coach houses, duplexes, live/work units and home offices) versus the attendant pressures on parking, municipal services (water, sewer) as well as community and social mix (population growth, density, demand for school and community amenities).

Interim Recommendations

1. The City promote increased housing options within current zoning provisions. This could include enabling convertible or flex housing to be built in districts zoned for single family housing subject to any planning policies and the normal public hearing process.
2. The policy direction embedded in the previous recommendation is to enable a convertible housing form to be considered with the objective being to allow the market to determine the feasibility of this approach. Given the City has already engaged in a convertible housing demonstration project in Steveston, it is recommended that the City should play an enabling role (zoning and building code interpretation) but should not provide direct financial support at this time.

¹⁸ CMHC has conducted extensive work on design standards for “flex housing” and “adaptable housing”. An example of this would be the CMHC publication entitled *Pocket Planner: Homes that Adapt*.

Appendix



The Housing Continuum

This section sets out the housing continuum for the City of Richmond with the data captured in this section providing additional information on the specific range of housing choices available to seniors and families.

Data captured in the housing continuum includes information on:

1. The number of units (ownership, rental, and government-supported) within the City of Richmond;
2. The general inventory of rental units within different rent ranges based on data published by CMHC in their *Housing in Canada* database;
3. The general income and shelter profile of households in core housing need¹⁹ including those who are *in need and paying at least half of their income on housing (INALH)*; and,
4. The cost of home ownership across different unit types (single family, townhouse and condo units) including the threshold at which households can move into entry-level ownership based on current market conditions.

The data captured in the housing continuum model set out in this section will be used to guide and inform subsequent phases of this project and will allow for a detailed discussion of the range of options available to respond to the specific needs of households falling at different points along the continuum.

Home Ownership		Private Market Rental Housing		Non-market Rental Housing	Homeless
			Low End of Market		
Owners Not in Core Need	Owners in Core Need 4,720	Renters Not in Core Need 9,251	Renters in Core Need 4,120	Assisted Units 3,154	33
40,255 households (71%)		16,525 households (29%)			
Source: Statistics Canada, 2001 Census, BC Housing Non-market inventory, GVRD Homeless Count (2005)					

¹⁹ Core need housing refers to households unable to find housing in their community that is suitable in size (enough rooms), in good repair and affordable (costs no more than 30 per cent of their income).-

Notes on the Housing Continuum

The following reflect some of the key data sources that were used in developing the 'housing continuum model' set out in this report.

- Statistics Canada 2001 Census;
- BC Housing non-market inventory;
- Local MLS data (single family, townhouse and apartment units);
- CMHC Rental Market data;
- CMHC Core Housing Need data; and,
- GVRD Homeless Count data (May 2005).

The continuum was developed in the context of the housing supply analysis study completed for the GVRD and is designed to look more closely at the range of options available for households at different points along the housing continuum. This could include:

- Households with low to moderate incomes who may be experiencing difficulty in finding and keeping suitable housing;
- Households who are currently renters but who may be able to move into home ownership under the right circumstances;
- Households facing multiple challenges and who are in need of government-supported housing; and,
- Low income families and seniors who may face challenges in finding housing they can afford.

The continuum will be used during the next phase of work to:

- Develop a better understanding of the range of options available to households at different points along the housing continuum as well as to begin to focus on the range of options available to key priority groups;
- Establish an appropriate benchmark for entry level ownership both in terms of an "affordable price" and in terms of an "affordable income".
- Examine the economics of rental housing (both 'rental at risk' and the challenges in creating new rental product).

This work will be guided and informed through a series of focus group sessions planned for August. This includes consultation with representatives from the housing supply sector and development industry including the Canadian Home Builders Association, the Urban Development Institute and the BC Real Estate Association.

The focus group sessions will be designed to look more closely at the concept of density bonusing as well as DCC contributions in terms of the potential implications on the overall project economics for both ownership and rental housing as well as in terms of the potential opportunities that might exist for the creation of additional affordable units.

A second focus group is planned for groups and agencies in the community who work with households with specific housing needs. These sessions will focus specifically on the range of possible supply-side and demand-side responses available to the City of Richmond to begin to alleviate the range of needs that have been identified.

Column 1 shows the **median income** for renters and owners 2001 Census.

Columns 2 and 3 show the **income distribution** for households in Richmond and the **number of households** falling into each range 2001 Census.

Column 4 shows the **cost of a single family dwelling** at the 20th percentile²⁰ and the related **qualifying income** assuming a down payment of 10% and an interest rate of 5.2 per cent over 25 years MLS data (May 2006).

Column 5 provides information on the **cost of a townhouse unit** at the 50th percentile and the related **qualifying income** assuming a down payment of 10% and an interest rate of 5.2% over 25 years MLS data (May 2006).

Column 6 provides information on the **cost of a 2-bed condo unit at the 50th percentile** and the related **qualifying income** assuming a down payment of 10% and an interest rate of 5.2% over 25 years MLS data (May 2006).

Column 7 provides information on the **cost of a 2-bed condo at the 20th percentile** and the related **qualifying income** with this measure representing the threshold at which households may be able to move into entry level ownership MLS data (May 2006).

Column 8 provides information on the **average rent** and the related **affordability threshold** for renter households living in Richmond. This data is taken from the 2001 Census and includes all rental units.

Column 9 shows the **inventory of social housing units** in the City of Richmond based on information provided by BC Housing. This includes 1,838 units for low income families, 754 units for low income seniors²¹ and 562 units for households with special needs.

Data along the bottom of the continuum also shows the number of households in core housing need²² in 2001 reported by CMHC as well as those spending at least half of their income on housing (INALH).

The median incomes for renters and owners are also reflected in the continuum through the use of dotted lines. This is intended to provide the sense of difference between the qualifying income needed to move into ownership and the current median income. The dotted line would also show the difference between the median income of a renter household and the average income of a household living in social housing.

²⁰ The 20th percentile refers to the point at which 20 percent of the units are less costly while the remaining 80 percent of units are more costly.

²¹ There are also approximately 420 senior households living in housing in the private rental market that are receiving assistance under the Province's SAFER program.

²² Core need housing refers to households unable to find housing in their community that is suitable in size (enough rooms), in good repair and affordable (costs no more than 30 per cent of their income).

Richmond – Total Households -56,775

		Total Owners 40,255			Total Renters 16,525		
		Single family (20 th percentile)	Townhouse (50 th percentile)	2 bed condo (50 th percentile)	2 bed condo (20 th percentile)	Private rental (incl. rent supplement of 440 units)	Social housing 3,154 units
	Household Income 2000	\$126,960 ¹					
	100K+						
	90K to 99,999						
	80K to 89,999			\$88,440 ²			
	70K to 79,999						
	60K to 69,999				\$60,360 ⁴		
Median Income Owners: \$56,157	50K to 59,999						
	40K to 49,999						
Median Income Renters: \$38,930	30K to 39,999					\$33,520 ⁵	
	20K to 29,999						
	10K to 19,999						
	Under \$10K						\$16,000 ⁶
	Housing Cost	\$569,900	\$389,000	\$333,000	\$250,000	\$838	
Households in Core Need				4,720		4,120	
Average income core need				\$22,120		\$21,767	
#INALH Households				2,415		1,995	
Average income INALH Hseholds				\$22,356		\$18,683	

Notes to the continuum: ¹ Purchasing threshold single family dwelling (May 2006); ² Purchasing threshold town house unit (May 2006); ³ Purchasing threshold apartment unit 50th percentile(May 2006); ⁴ Purchasing threshold entry-level ownership (May 2006); ⁵ Affordability threshold based on average reported rents (2001 Census); ⁶ Average income of all households living in social housing (BC Housing 2005); Qualifying incomes in the figure above based on a 5.2% interest rate and a down payment of 10 per cent with a 25 year amortization period.

Richmond – Family Housing Continuum -- Family Households -43,425

		Total Family Owners 32,400			Total Family Renters 11,030		
		Single family (20 th percentile)	Townhouse (50 th percentile)	2 bed condo (50 th percentile)	2 bed condo (20 th percentile)	Private rental (incl. rent supplement of 420 units)	Social Hsing - 1,838 units
Family Household Income 2000	Number of Households (43,425)	\$126,960 ¹					
100K+	8,505 (20%)						
90K to 99,999	2,290 (5%)						
80K to 89,999	3,160 (7%)		\$88,440 ²				
70K to 79,999	3,510 (8%)			\$78,480 ³			
60K to 69,999	3,725 (9%)				\$60,360 ⁴		
Median Income Owners: \$64,440							
50K to 59,999	3,865 (9%)						
40K to 49,999	4,580 (11%)						
30K to 39,999	4,250 (10%)					\$38,120 ⁵	
20K to 29,999	4,225 (10%)						
10K to 19,999	3,000 (7%)						\$17,000 ⁶
Under \$10K	2,305 (5%)						
Housing Cost		\$569,900	\$389,000	\$333,000	\$250,000	\$838	
Households in Core Need	5,665 (13%)		3,125			953	
Average income core need	\$24,554		\$24,650			\$24,426	
#INALH Hshlds	3,060		1,800			1,255	
Income data not available							

Notes to the continuum: ¹ Purchasing threshold single family dwelling (May 2006); ² Purchasing threshold town house unit (May 2006); ³ Purchasing threshold apartment unit 50th percentile(May 2006); ⁴ Purchasing threshold entry-level ownership (May 2006); ⁵ Affordability threshold based on average reported rents (2001 Census); ⁶ Average income of family households living in social housing (BC Housing 2005); Qualifying incomes in the figure above based on a 5.2% interest rate and a down payment of 10 per cent with a 25 year amortization period.

Richmond – Senior Housing Continuum – Total Senior Households – 10,515						
		Total Senior Owners 8,750			Total Senior Renters 1,765	
		Single family (20 th percentile)	Townhouse (50 th percentile)	2 bed condo (50 th percentile)	2 bed condo (20 th percentile)	Private rental (incl. 420 rent supplement units)
Household Income 2000	Number of Households (10,515)	\$126,960 ¹				Social Hsing 754 units
100K+	730 (7%)					
90K to 99,999	285 (3%)					
80K to 89,999	290 (3%)		\$88,440 ²			
70K to 79,999	475 (5%)			\$78,480 ³		
60K to 69,999	725 (7%)				\$60,360 ⁴	
50K to 59,999	875 (8%)					
40K to 49,999	1,155 (11%)					
30K to 39,999	1,450 (14%)					
20K to 29,999	1,985 (19%)					\$27,920 ⁵
10K to 19,999	2,370 (23%)					
Under \$10K	170 (2%)					\$12,000 ⁶
Housing Cost		\$569,900	\$389,000	\$333,000	\$250,000	\$698
Households in Core Need	1,810 (17%)				1,070	740
Average income core need	\$17,765				\$17,930	\$15,467
#INALH Hshlds	705		370			335
Income data not available						

Notes to the continuum: ¹ Purchasing threshold single family dwelling (May 2006); ² Purchasing threshold town house unit (May 2006); ³ Purchasing threshold apartment unit 50th percentile(May 2006); ⁴ Purchasing threshold entry-level ownership (May 2006); ⁵ Affordability threshold based on average reported rents (2001 Census); ⁶ Average income of senior households living in social housing (BC Housing 2005); Qualifying incomes in the figure above based on a 5.2% interest rate and a down payment of 10 per cent with a 25 year amortization period.

Stakeholder Feedback

As part of this process, a series of stakeholder meetings and a public Open House were held to discuss issues that were of importance to key stakeholder groups in the community. The meetings were designed to learn more about the different perspectives of key stakeholders and to get their feedback on the following:

1. The most important outcome of this process;
2. The critical issues that need to be addressed;
3. Key elements within the current strategy that are working well;
4. Key elements within the strategy that are not working well; and,
5. Other issues and concerns to be addressed through the process.

Highlights and Key Themes from the Consultation Process

Some of the key themes to emerge through the consultation process included:

- Support for the non-profit sector;
- Housing and support for people with mental illness and other disabilities;
- Housing for those who are homeless or at risk of becoming homeless;
- Housing for low income families;
- Housing for low income seniors;
- Affordability challenges resulting from increasing rents;
- Loss of existing rental housing stock;
- Displacement of low income renter households;
- The need for partnerships with senior levels of government;
- The need for partnerships with the private sector;
- The need for innovation and exploration of alternatives;
- Clarity with respect to the role of the City

Complete summary notes from each of the stakeholder meetings have been included in this Appendix while the findings from the public Open House are presented in Appendix D.

Feedback from the Stakeholder Consultation
City of Richmond Affordable Housing Strategy

Richmond City Hall
5:00 p.m. to 7:00 p.m.
May 1, 2006

Meeting Participants:

Janice Barr	Richmond Society for Community Living
Alice Chai	S.U.C.C.E.S.S.
Ahlay Chin	Chinese Mental Wellness Association of Canada
Otto Dovertal	Dovertal Construction
Dave Eddy	BC Non Profit Housing Association
Isabel Evans	Co-operative Housing Federation of Canada
Ella Huang	Disability Resource Centre
David Reay	Richmond Poverty Response Committee
Bill Sorenson	City of Richmond Seniors Advisory Committee

The meeting included a round-table discussion that focused on a series of key areas for consideration. These included:

1. What is the most important outcome of this process?
2. What are the critical issues that need to be addressed?
3. What do you believe is working with regard to the current strategy?
4. What do you believe is not working with regard to the current strategy?
5. Are there any other important points that need to be discussed?

Comments from a discussion with Annie McKittrick of the Richmond Poverty Response Committee which took place immediately following the stakeholder meeting are also included. The following are some of the key themes and points that were raised during the forum.

Q1. What Would be the Most Important Outcome of this Process

- More affordable family housing for low income families
- Affordable home ownership
- Affordable housing for low income seniors
- Prevention of the loss of existing affordable rental
- A strategy for seniors to remaining living in their housing
- Maintain what we have
- Innovation such as current seniors' assisted living projects
- Partnerships across key groups
- An integrated and inclusive approach
- Housing for people with disabilities that includes supports
- Not look at housing in isolation – needs service overlay
- Housing for person with mental illness with low incomes
- Accessible units for people with disabilities (purpose-built)
- Respect for diversity, mixed income neighbourhoods (i.e. co-op housing)
- Strategies to support aging in place
- Availability of housing integrated with appropriate support services
- An effective long-term strategy/policy with measurable results
- Strategies to deal with resource constraints/diminishing resources
- Forward looking/innovative policies to take advantage of opportunities
- Use existing innovation
- Housing for families with disabilities including care givers/supports
- Work for culturally sensitive housing solutions that meet specific needs

Q2. Critical Issues that Need to be Addressed

- Expanded scope from government's current priority groups which include seniors and only the most vulnerable
- Need political will from senior governments
- The housing agenda is being driven by the crisis in health care
- Need policies for families otherwise could result in homelessness for families
- The non-profit housing sector must demonstrate the benefits and cost savings to government
- There is the need for the Federal government to be at the table – need for a Federal housing strategy
- Benefits of co-op housing have been recognized – there is the need for more housing like this
- Importance of being able to live and work in the same community is important but means there is the need for affordable housing

Q3. What is Working With the Current Strategy

- Need to prevent homelessness
- Community-based service providers play critical role –
- Richmond has a history of innovation/rising to challenges
- Strong non-profit housing sector with good quality housing
- General community acceptance of assisted housing
- Assisted housing is well integrated into existing neighbourhoods – has helped to build community acceptance

Q4. What is Not Working With the Current Strategy

- Need for broader representation and participation in the planning process
- Some individuals and households are being marginalized
- Displaced renters need a voice in the process
- Additional amenity costs can affect affordability
- Developments need to be small and integrated (scale can be an issue)
- Land costs can affect affordability
- Redevelopment can put pressure on existing stock (increase need)
- Need to understand the needs and put into place targeted strategies
- Need to ensure that people can afford to live where they work
- Difficult to determine what is affordable? 30% of income might not be affordable
- There is still a stigma attached to social housing
- Need innovation (i.e. flexible and modular housing)
- Need housing for women and children fleeing abuse
- Need a range of options to meet different needs
- Housing that meets universal design guidelines
- Secondary suites policy and anti-conversion policies are needed
- Standards and regulations to maintain the condition of the existing stock
- Need for a housing registry

Q5. Any Other Points to Discuss

- Need to look at opportunities provided through the Affordable Housing Fund
- Need for a City-wide Affordable Housing Strategy
- Long waiting lists for assisted housing indicates strong demand
- There is displacement of some tenants (ie. Richmond Gardens)
- Need to look at what happens when people get evicted
- Richmond lacks emergency shelters
- There are very few services for those who are homeless

-
- There is a concern about those who are 'at risk' of homelessness
 - There is the need for Richmond to address the needs of all citizens
 - Inadequate housing can have important human and social consequence which need to be addressed
 - Affordable home ownership is a growing issue
 - Need to look at ways to help non-profit tenants advance along the continuum
 - Need to look for ways to preserve the existing rental housing stock
 - Alternatives for entry level ownership (i.e. equity coops, life leases)
 - The rapid pace of development is creating significant pressure
 - Need to lobby senior governments/need municipal leadership
 - There is a supply shortage and gaps in the existing continuum as senior government's have changed directions in what they fund
 - Need to insert affordable housing into the current development equation – should there be a moratorium on development? Is there a way to work to find community solutions and partnerships?

Conclusions and Next Steps

The feedback received through this consultation process helps to provide important information for guiding and informing the development of the City's strategy with the results drawing attention to the need for a longer term view.

Feedback from the Stakeholder Consultation

City of Richmond Affordable Housing Strategy

Richmond City Hall
2:00 p.m. to 4:00 p.m.
May 2, 2006

Meeting Participants:

Adrian Archambault	Habitat for Humanity Society
Barbara Bawlf	Richmond Mental Health Consumer & Friends Society
Frances Clark	Richmond Committee on Disability
Helen Collinge	Canadian Federation of University Women- Richmond
Aileen Cormack	Community Health Advisory Committee
Karen Efron	Richmond Mental Health
Jeff Fisher	Urban Development Institute
Andrew Fletcher	Richmond Mental Health Consumer & Friends Society
Angela Gauld	Richmond Seniors Advisory Committee
Orest Goyak	The Salvation Army
Steve Hall	Canada Mortgage and Housing Corporation
Leslie Horsman	Canadian Federation of University Women Richmond
Steve Jedreicich	Urban Development Institute
Susan Knight	CMHA/Pathways Clubhouse
Jennifer Larsen	Community Health Advisory Committee
Jim Lippert	Habitat for Humanity Society
Dale McMann	BC Housing
Doug Purdy	Independent Consultant
Bonnie Rice	Katherine Sanford Housing Society
Carol Smith	Seniors Affordable Housing Coalition
Mary-Anne Wasnick	Richmond Mental Health Consumer & Friends Society

The meeting included a round-table discussion that focused on a series of key areas for consideration. These included:

1. What is the most important outcome of this process?
2. What are the critical issues that need to be addressed?
3. What do you believe is working with regard to the current strategy?
4. What do you believe is not working with regard to the current strategy?
5. Are there any other important points that need to be discussed?

The following are some of the key themes and points that were raised during the forum.

Q1. What Would be the Most Important Outcome of this Process?

- Access/support to housing providers
- User friendly accessible housing
- More affordable housing for those with a mental illness
- Partnerships with non-profits to get more units of affordable housing
- Need for more subsidies as market rents increase
- More lower cost housing/lower rents
- Protection and maintenance of the existing rental housing stock
- Potential loss of older walk-up rental stock
- Need for tenant protection (i.e. Richmond Gardens)
- Escalating rents can displace some households
- Need to protect housing subsidies for those with a mental illness
- Need for a rent ceiling
- Need to hold senior governments accountable
- Need for changes in the existing tax structure
- Excessive fees/development charges are problematic
- Issues with respect to access to zoned land
- Need for a range of options in the community
- Need for security of tenure
- Affordability of support programs is also an issue
- Need for affordable barrier free housing
- Shelters for homeless women and children
- Need for clear secondary suite policy
- Need for innovation (i.e. convertible housing)

Q2. Critical Issues that Need to be Addressed

- Land and construction costs are high
- Need land to be set aside for affordable housing
- Need for entry-level ownership

-
- Identify sites which have potential for affordable
 - Lack of funding for affordable housing
 - Need to explore full range of tools available
 - Need to find alternatives for replacing aging stock
 - Need for regulatory changes
 - Homeless is a critical issue
 - People with addictions challenges need support and housing
 - Definite need for housing and supports for people with mental illness
 - Importance to build accessible housing
 - Safety can be a concern for some

Q3. What is Working/Not Working With the Current Strategy

- Land is too expensive- City needs to make land available
- Need innovation from the private sector/developers
- Need to look at future needs
- City needs a policy for dealing with surplus land
- City needs to create an inventory of land
- Important to have access to services for seniors

Q4. Any Other Points to Discuss

- Pressure on existing homeless shelters (high occupancy rate in men's shelter)
- Need for an emergency shelter for women and children
- High cost of housing contributing to homelessness
- Need for a range of options including transitional housing
- Provincial policy is to target resources to the most vulnerable
- BC Housing's directly managed public housing stock will evolve to house those in the greatest need putting pressure on non-profits
- Need to look at the whole housing continuum –shelters, transitional, special needs, seniors and families
- Needs are growing – increasing pressure at key points along the continuum including the need for housing with supports
- There is a need to explore partnership with health and other agencies
- Need for more purpose-built rental housing including accessible units
- Need for all key stakeholders at the table – City, senior governments, developers
- People can not leave their existing housing even if it is unsafe because they have no where that they can move
- Funding for independent living is all for seniors – there needs to be funding for households 19 to 55

-
- City must explore strategies around their Affordable Housing Fund
 - Policy should have stronger wording and make explicit the directions
 - Need for more construction of new affordable housing units
 - Need for proactive strategies/contributions such as the strategies adopted in Kamloops and Vancouver
 - Need to recognize the importance of providing housing in the same community as where one works
 - Need to recognize that some households face extreme affordability challenges –paying 50 to 75 per cent of their income on housing.
 - Need to elevate the importance of social issues and ensure that they remain on the policy agenda
 - Income growth is important especially if it does not rise at the same rate as the cost of housing
 - Need to build community acceptance for some housing such as group homes
 - Community acceptance/support tends to build over time
 - Need to explore higher densities in certain areas such as arterial roads
 - City has an important facilitative role to play in building partnerships
 - Need to look at ways to better utilize existing social housing site
 - Need to recognize and respect diversity

Conclusions and Next Steps

The feedback received through this consultation process helps to provide important information for guiding and informing the development of the City's strategy with the results drawing attention to the need for a longer term view.

Appendix



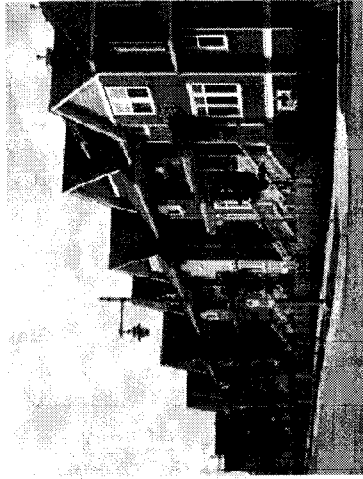
Materials to Support the Public Open House City of Richmond Affordable Housing Strategy

Richmond City Hall
4 PM to 7 PM
May 31, 2006

AFFORDABLE HOUSING DEFINITION

Creating the Richmond we want...

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

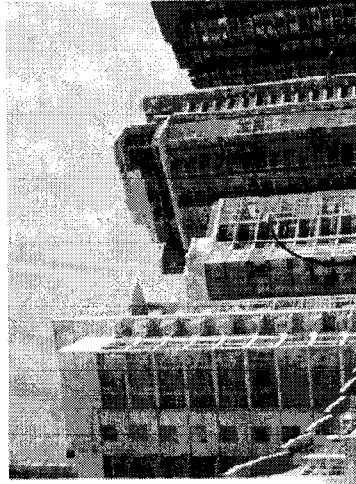
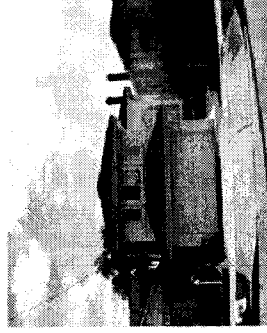


Current state

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

— City of Richmond, 1994 Affordable Housing Strategy

While incomes may have grown since the 2001 Census, according to data in the Census, this would mean that affordable housing is approximately \$1,000 per month or less.



Key measures and indicators

According to the 2001 Census:

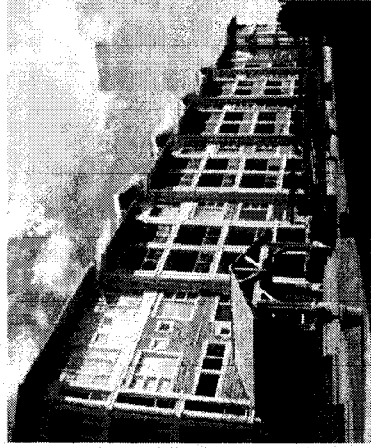
- 17% of Richmond households have incomes of less than \$20,000.
 - Affordable housing for a household with a \$20,000 income is \$500/month.
 - 39% of Richmond households have incomes of less than \$40,000.
 - Affordable housing for a household with a \$40,000 income is \$1,000/month.
 - 59% of Richmond households have incomes of less than \$60,000.
 - Affordable housing for a household with a \$60,000 income is \$1,500/month.
 - 74% of Richmond households have incomes of less than \$80,000.
 - Affordable housing for a household with an \$80,000 income is \$2,000/month.
- The remaining 26% can afford housing costs of over \$2,000/month.

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AFFORDABLE HOUSING DEFINITION

Creating the Richmond we want...

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



What we heard

Through our initial meetings with stakeholders we heard the following —

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



Questions to consider

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

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

AFFORDABILITY OF HOME OWNERSHIP

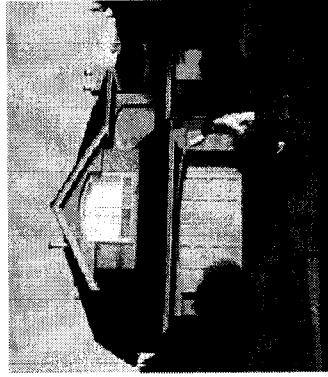
Creating the Richmond we want...

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



Current state

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



Key measures and indicators

- Monthly statistics published on *Realtorlink* reported the following benchmark prices for dwelling units sold in Richmond in April '06:
 - \$614,631 for single detached homes,
 - \$379,891 for townhouse units,
 - \$259,163 for apartment style condo units.
- Based on these prices, a 5.5% interest rate and a down payment of 5%, a household would require an annual income of \$59,355 to carry the cost of a median priced condo.

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AFFORDABILITY OF HOME OWNERSHIP

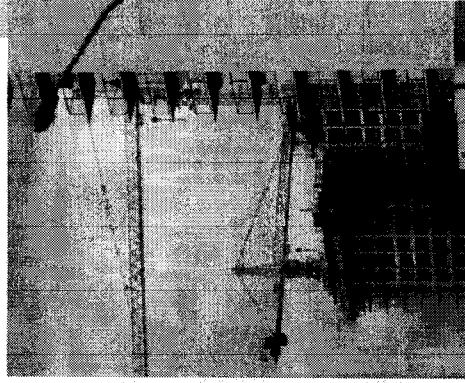
Creating the Richmond we want...

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

What we heard

Through our initial meetings with stakeholders we heard

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



Questions to consider

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

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

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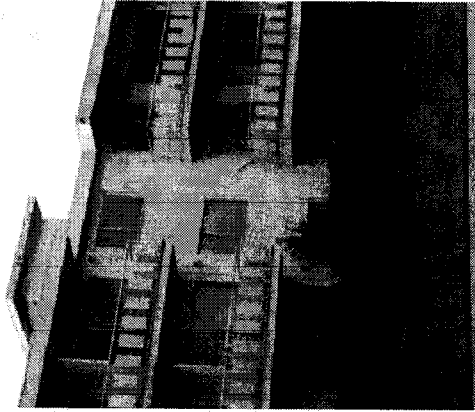
RENTAL "AT RISK"

Creating the Richmond we want...

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

Current state

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



Key measures and indicators

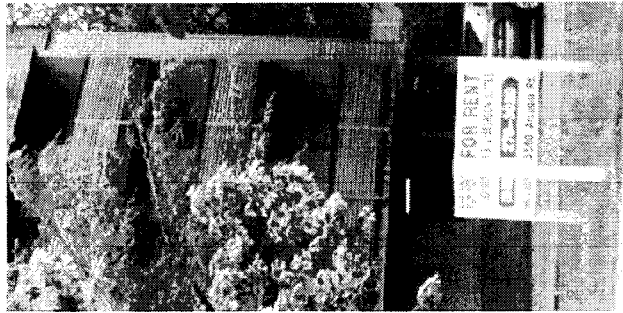
- The average rent ²⁰⁰⁶ based on recent CMHC data was \$931 for a 2-bedroom unit in Richmond. After Vancouver, West Vancouver and North Vancouver these are the highest rents in Greater Vancouver.
- Based on the median reported income across rental households in Richmond (\$38,930), an affordable rent would be \$973/month.
- 12% of all Richmond households reported annual incomes of \$20,000 or less ^{2006 data}. For these households an affordable rent is \$500/month.
- Using the definition adopted by the City of Richmond in 1994, households falling into the lower two income quartiles would have a maximum annual income of approximately \$41,300.
- High rent costs have contributed to affordability challenges in Richmond with households facing housing challenges (i.e. in "core housing need") reporting average rents of \$863 per month. This is 23% higher than the average rents reported across the GVRD.
- The average vacancy in the City of Richmond is 2.7%. This is up from 1.3% in the previous year.
- The average rent in the City of Richmond increased by 1% last year and 2% over the past 3 years (below the general rate of inflation of 1.8%).

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RENTAL "AT RISK"

Creating the Richmond we want...

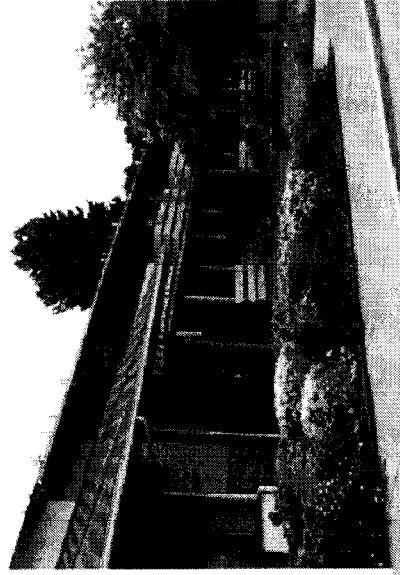
The existing supply of rental housing plays an important role in responding to local housing needs. Older rental housing stock provides housing for many households with low to moderate incomes who would otherwise have limited options within the current housing market.



What we heard

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

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



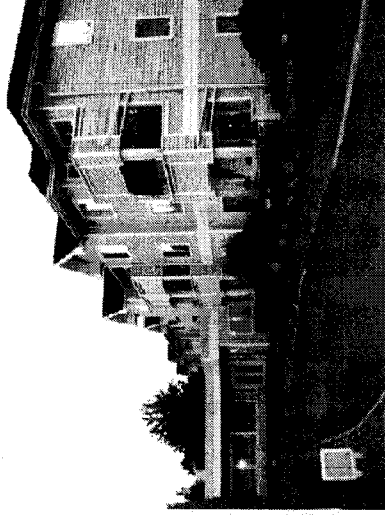
Questions to consider

- In working toward the development of an Updated Affordable Housing Strategy for the City of Richmond, the following are some questions to consider:
 - Do you think that the pressure on the existing rental housing stock through demolition, conversion or upgrading is a significant problem in Richmond?
 - Which groups do you think are most affected by this problem? Are there specific neighbourhoods that are more affected by this problem?
 - While the City is not in a position to control market rents, there are things the City could do to try to address the pressures on the existing rental housing stock. What should the City do to address this problem?

NON-MARKET OR ASSISTED HOUSING

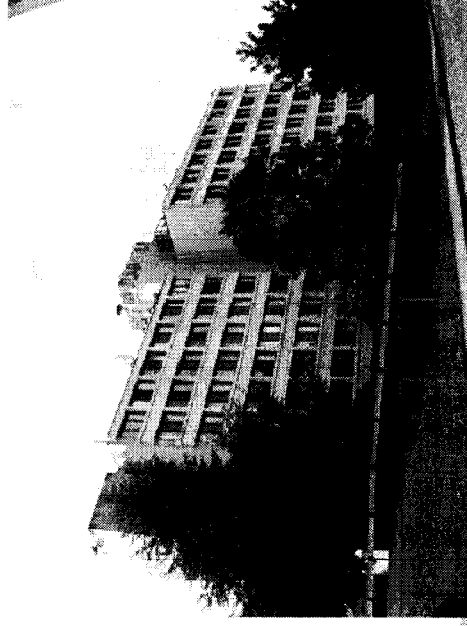
Creating the Richmond we want...

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



Current status

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



Key measures and indicators

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

NON-MARKET OR ASSISTED HOUSING

Creating the Richmond we want...

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



What we heard

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

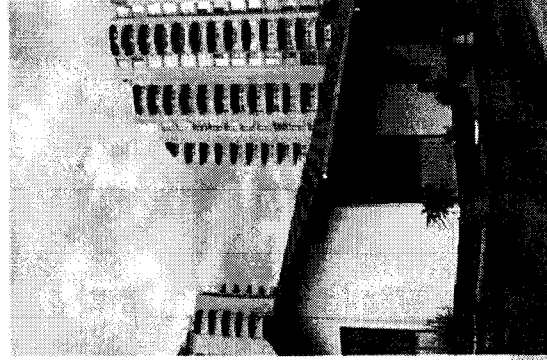
- The existing portfolio of assisted and social housing plays an important role in responding to the needs of low income families, seniors, and individuals with special needs.
- Housing for people with mental and physical disabilities is needed as well as housing and supports for people with mental illness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



Questions to consider

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

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

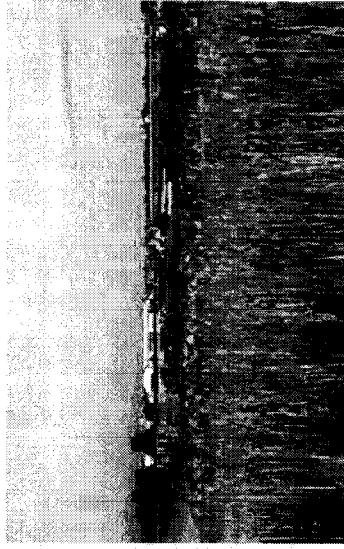


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THE ROLE OF THE CITY

Creating the Richmond we want...

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



Current state

Current strategies within the City of Richmond include:

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



Key measures and indicators

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

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

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

Based on CMHC data (December 2005), the average price of a new single detached unit was \$745,585. Assuming a 5% down payment and an interest rate of 5.5%, a household would require an annual income of \$78,083.

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

THE ROLE OF THE CITY

Creating the Richmond we want...

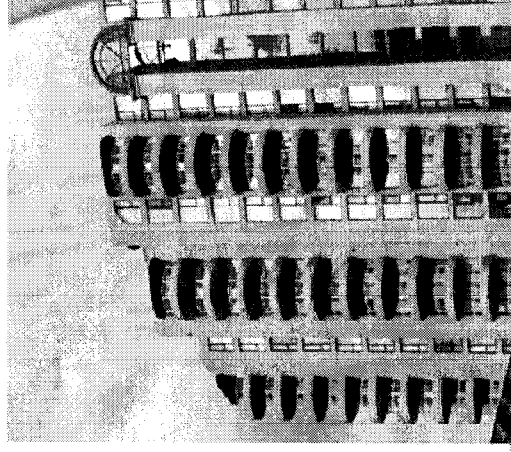
The City of Richmond will not be able to solve the affordability pressures on their own but the City can contribute to a solution.



What we heard

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

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



Questions to consider

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

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

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Appendix



Feedback from the Public Open House Meeting (May 31)

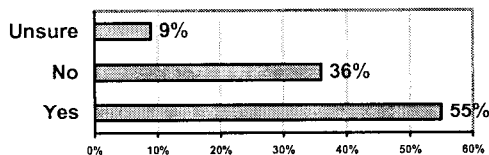
City of Richmond Affordable Housing Strategy

Richmond City Hall
4:00 p.m. to 7:00 p.m.
May 31, 2006

Topic 1:

Definition of Affordable Housing Feedback Received from the Public Consultation

According to the City's Affordable Housing Strategy, "affordable housing" refers to housing that costs no more than 30% of the gross income of households in the lower two income quintiles (lowest 40% of households) in Richmond. Out of those who participated, the following reflect the responses received with respect to those who felt that the City's current definition of affordability was still relevant.



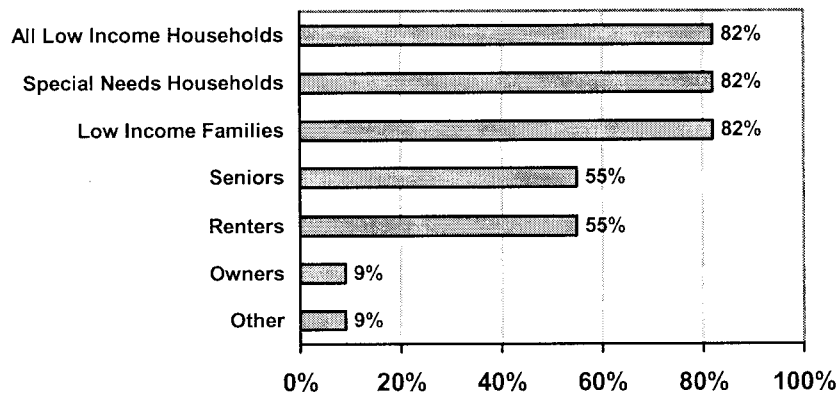
When asked to identify the best aspects of the current definition, the respondents provided the following comments:

- *It recognizes the relationship between housing cost and income*
- *It recognizes the challenges faced by those at the lower end of the income distribution and helps to target resources to those who are in greatest need*
- *It recognizes that, in addition to housing costs, households need income to help them meet their needs for other basic necessities and allows for some money to be left over to cover these costs*

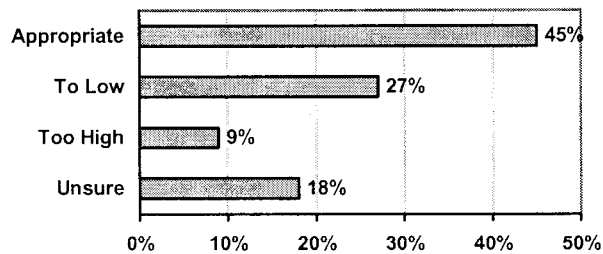
When asked to identify changes that they would like to see to the current definition, the respondents provided the following comments:

- *The definition should be broader and should recognize needs of all households*
- *The definition should take into account all of the different groups that make up the community to ensure that no one is excluded or pushed out*
- *The definition has to reflect the realities of low income households and the challenges that they face in finding suitable housing in Richmond*

Of those who participated in the Open House, the majority (73%) reported that they felt that the definition should apply to specific groups with the following reflecting the priority groups that were identified.

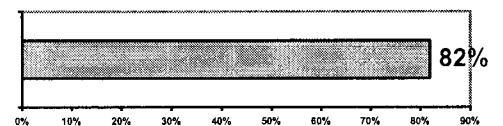


The City of Richmond defines affordable housing as “housing that costs no more than 30% of the gross income for households in the lower two income quintiles in Richmond”. Based on the 2001 Census, a household with an annual income of \$41,000 or below would fall within the definition. When asked if the City’s definition was appropriate, the chart below shows the range of responses received.

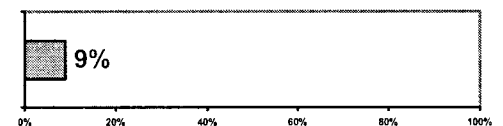


When asked to identify which definition of affordable housing seemed to “best” reflect their concerns the following provides an overview of the responses received.

Affordable housing is housing that is safe, appropriate and accessible, and which requires no more than 30 per cent of the owner’s/renter’s household income. (*Greater Vancouver Regional District*).

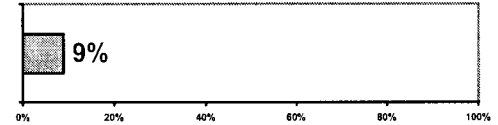


Housing that is affordable to low or moderate income households, for either purchase or rental, including dwelling units which are price subsidized or price controlled, and limited equity dwelling units (*City of Kelowna*).

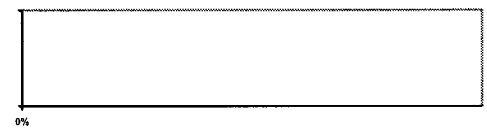


Responses to the question of which definition of affordable housing seemed to “best” reflect their concerns (continued)

Housing which would have market price or rent that would be affordable to households of low to moderate income. Households of low and moderate income are those who have income which are 80 per cent or less than the average household income for the urban area they live in. (*City of Coquitlam*).



Affordable housing refers to housing that costs no more than 30% of the gross income of households in the lower two income quintiles in Richmond (*City of Richmond*)



Housing where the rent or mortgage plus taxes is 30 per cent or less of the household’s gross annual income. (*District of Esquimalt*)

None of the respondents reported a preference for these definitions

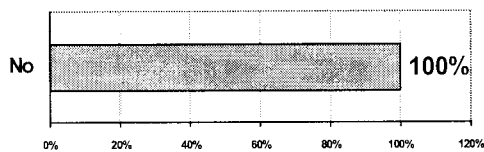
Housing affordability relates to the changing relationship between the economic resources of the residents of a community and the costs of housing within it (*City of Mission*)

When asked why they selected their preferred definition, respondents focused on words and aspects like *safety, quality of life, safe, appropriate and accessible, income mix and recognition of community, inclusiveness.*

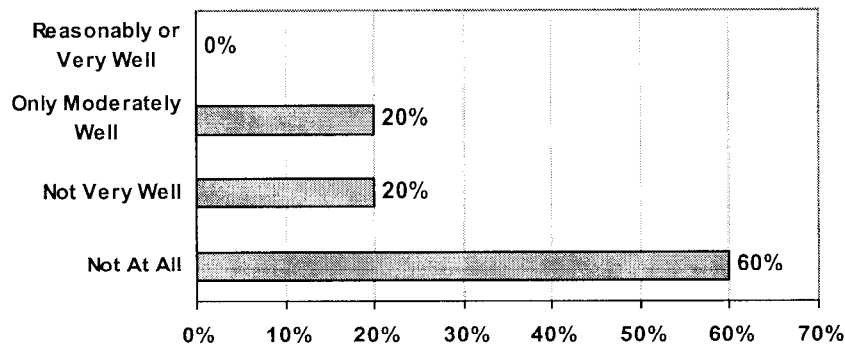
Topic 2:

Affordability of Home Ownership Feedback Received from the Public Consultation

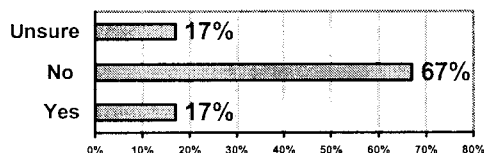
Out of those who participated in the Open House on May 31, 2006, all respondents felt that there were not adequate home ownership opportunities in Richmond.



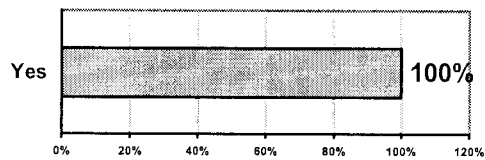
When asked the extent to which the City's current strategies had been successful in terms of providing housing options for households with different income levels (eg. condos, townhouses, single family homes), only a small minority reported that they felt that the City's strategies had been working well.



When asked if the smaller apartment style condo units were successful in providing affordable housing most respondents felt they did not see this as being true.



All respondents indicated that the City should legalize secondary suites as a means of increasing the pool of affordable rental units and/or allowing more households to achieve home ownership.



When asked why, the responses included:

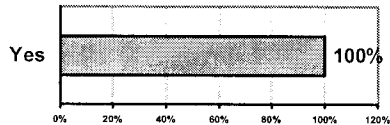
- *They have always existed*
- *Can help home buyers pay their mortgages*
- *Should have standards of maintenance*
- *They often represent the more affordable units and give people choices*
- *Legalizing them would help the tenants who live in them*

Topic 3:

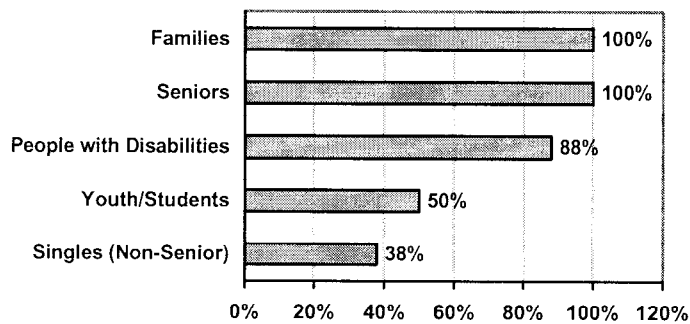
Rental "at Risk"

Feedback from the Public Consultation

Out of those who provided feedback through the public consultation process, all of the respondents reported that they felt that pressure on the existing rental housing stock through demolition, conversion or upgrading was a problem in Richmond.



When asked which groups were most affected by this problem, respondents provided the following responses.

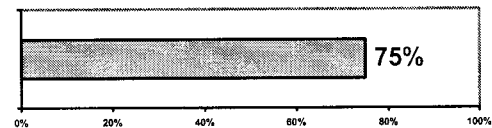


When asked which specific neighbourhoods were affected by this problem, the following areas were identified:

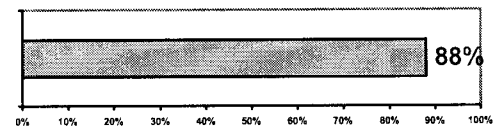
- Steveston
- Garden City
- Richmond Gardens
- Central Richmond
- Downtown Richmond
- West Richmond

When asked what actions the City could do to try to address the pressures on the existing rental housing stock, in response to specific suggestions, the following feedback was received:

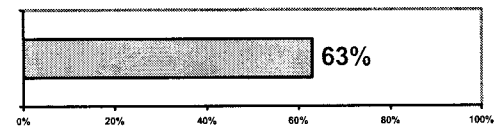
Place a moratorium on rental demolition, conversion or up-grading until the affordable housing strategy is completed?



Introduce a policy to require at least a 1:1 'replacement' of rental housing units as old units are removed from the stock?



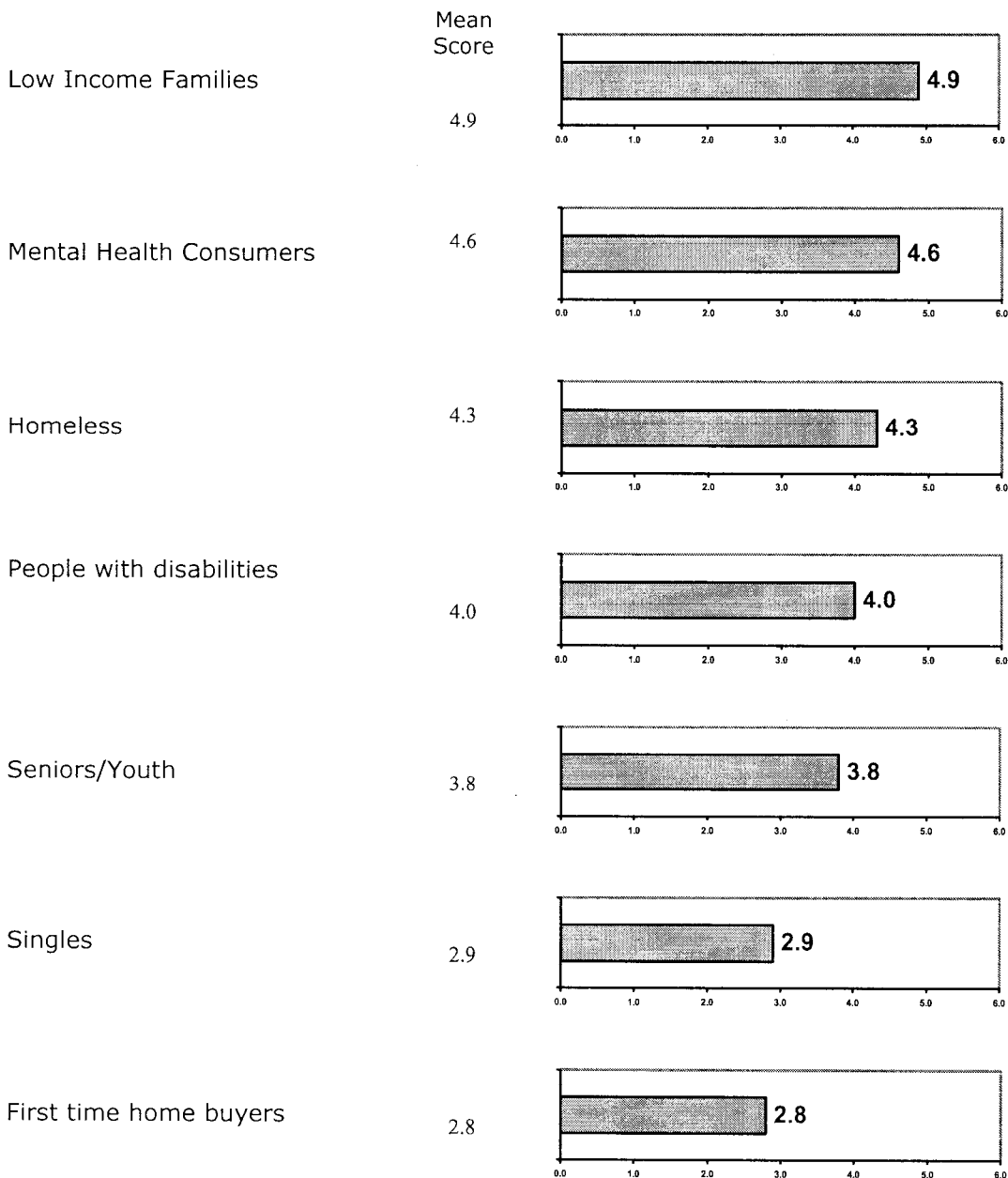
Limit the redevelopment potential in specific neighbourhoods with considerable rental housing stock?



Topic 4:

Non-Market/Assisted Housing- Feedback from the Public Consultation

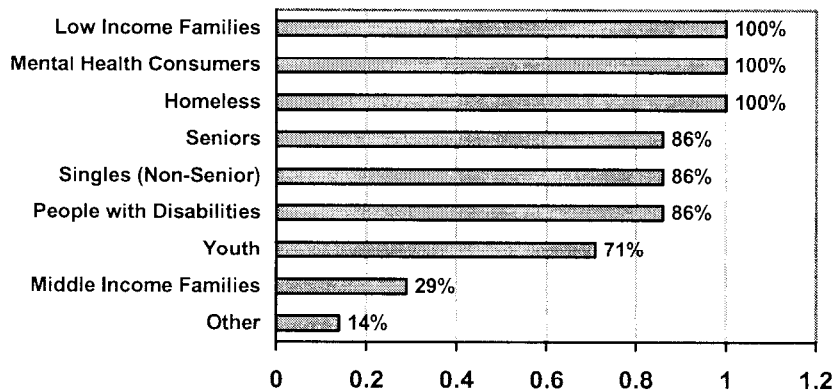
Respondents were asked to use a scale of 1 to 5 to indicate the importance of addressing the housing needs of different groups. The following reflects the mean score assigned with 1 indicating low importance and 5 indicating high importance.



Topic 5:

Role of the City of Richmond Feedback Received from the Public Consultation

Out of those who participated in the Open House on May 31, 2006, the following reflect the responses received with respect to those who are most significantly affected by affordability issues.



A number of respondents also reported that they felt that it was important for the City to consider the following:

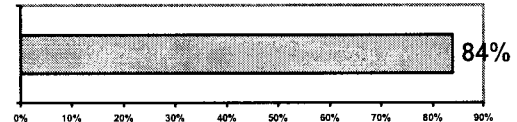
- *Make affordable housing a priority*
- *Actively lobby senior government*
- *Develop a clear policy*
- *Promote affordable housing in all neighbourhoods to allow people more choice*
- *Restrict developments that don't provide affordable housing*

The following reflects the feedback received in terms of the key successes of the City's strategies and the gaps that need to be addressed as the City moves forward.

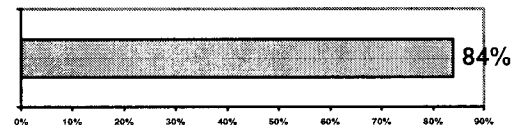
Key successes	Gaps to be addressed
• The housing is integrated	• Pressure on neighbourhoods
• Partnerships are in place	• Loss of low income housing
• Mixed income communities	• Lack of affordable housing
• Opportunities for professional families	• People being pushed to the margins
• Positive development climate	• City needs to show leadership

In response to questions around the role the City should play all of the participants felt that the City had a central role in helping to facilitate partnerships while a significant percentage of participants also felt that the City had a role to play in providing land and in pursuing concessions for affordable housing through the development process.

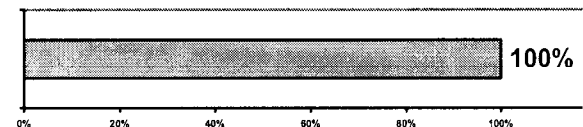
Provide City-owned land at below market value?



Collect money from development to help pay for non-market or assisted housing?



Play an active facilitative role in brokering partnerships between developers, non-profit housing providers and other potential partners such (eg. senior levels of government)?

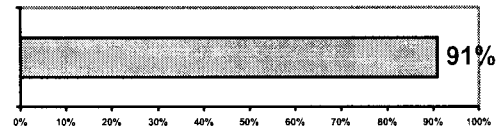


When asked if there were specific areas or neighbourhoods which have issues which need to be addressed, the following reflects the feedback that was received:

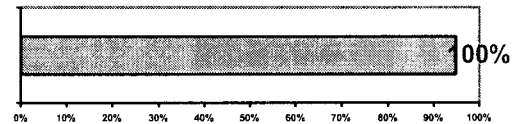
Area/Neighbourhood	Nature of concerns
Steveston/West Richmond	Lower and middle income groups can no longer afford to live there
City Centre/older areas	Displacement of residents/growth pressure
Oval lands	Need to ensure inclusion of affordability
Richmond Gardens and others	Loss of existing rental stock/redevelopment pressure
All areas	Increasing homelessness, mental illness and poverty

When asked what type of policies or strategies the City should adopt, the following were the responses received:

Establish a target of affordable housing units in an area?



Actively lobby senior levels of government for funding partnerships?



When asked what other types of strategies the City should consider, respondents stressed the importance of having mixed income communities and ensuring that affordability is part of the current development equation.

Appendix



Other Data Used in the Preparation of this Report

The following provides additional information on the key housing measures and indicators used in this report. They include:

- Inventory of Subsidized Housing—City of Richmond and GVRD
- Housing Prices, Greater Vancouver and Richmond
- Average Rents 2000 to 2004, GVRD and Richmond
- Home Ownership Rates, GVRD
- Senior Households - Average Income and Shelter Costs –
- Senior Renters –Income and Shelter Costs (Core Need)
- Senior Owners – Income and Shelter Costs (Core Need)
- Family Households - Average Income and Shelter Costs-
- Family Renters- Income and Shelter Costs (Core Need)
- Family Owners – Income and Shelter Costs (Core Need)
- Housing Starts- 1986 to 2005
- Inventory of Rental Units (Rent Ranges) – GVRD/Richmond
- Average Income –All Owners, Condo Owners and Renters
- Age of Total Housing Stock (BC, GVRD, Richmond)
- Age of Total Ownership Housing Stock (BC, GVRD, Richmond)
- Age of Total Rental Housing Stock (BC, GVRD, Richmond)
- Multi-Family Development Cost Charge (DCC) Rates - GVRD
- Average Rents in Richmond (2000-2005)
- Average Vacancy Rates, Richmond (2000-2005)

Much data has been used to draw conclusions in the preparation of this report. This appendix includes tables presenting the data and sources used.

Inventory of Subsidized Housing – City of Richmond and GVRD (Social Housing and Private Market Rent Assistance)		
	City of Richmond	GVRD
Total Social Housing Units	3,154	48,322
Family Housing Units	1,838	20,514
Seniors' Housing Units	756	17,256
Special Needs Housing	560	10,552
Private Market Rent Assistance	420	6,922
<i>Source: BC Housing, May 2006</i>		

Housing Prices Greater Vancouver and Richmond May 2006			
	2006 Forecast	GVRD	Richmond
Single Detached	\$640,000	\$635,926	\$569,000 20th percentile
Townhouse	\$390,000	\$396,455	\$389,000 50th percentile
Apartment	\$324,000	\$321,559	\$249,900 20th percentile
<i>Source: CMHC Housing Outlook Conference 2005, Real Estate Board of Greater Vancouver—Housing Price Index</i>			

Average Rents 2000 to 2004					
	2000	2001	2002	2003	2004
GVRD	\$740	\$768	\$793	\$805	\$821
Richmond	\$747	\$759	\$811	\$809	\$838
<i>Source: CMHC Rental Market Report, 2000, 2001, 2002, 2003, 2004</i>					

Home Ownership Rates, GVRD and Richmond

	Total Households	Total Owners	Total Renters	%Owners
British Columbia	1,534,335	1,017,490	512,365	66%
GVRD	758,710	462,645	295,745	61%
Lions Bay	520	470	50	90%
Langley D	29,675	24,950	4,720	84%
Belcarra	260	210	50	81%
Delta	32,785	26,020	6,765	79%
North Vancouver D	29,075	22,945	6,115	79%
Bowen Island	1,145	890	260	78%
Maple Ridge	22,595	17,520	5,070	78%
Pitt Meadows	5,300	4,075	1,225	77%
Anmore	425	325	105	76%
West Vancouver	16,340	12,485	3,850	76%
Port Moody	8,540	6,500	2,040	76%
Port Coquitlam	17,755	13,220	4,540	74%
Surrey	115,710	82,695	33,020	71%
Richmond	56,775	40,255	16,525	71%
Coquitlam	40,220	28,370	11,850	71%
White Rock	9,075	5,835	3,240	64%
Langley C	10,090	5,860	4,225	58%
Burnaby	74,000	41,705	32,290	56%
North Vancouver C	20,710	9,935	10,720	48%
New Westminster	26,030	12,400	13,625	48%
Vancouver C	236,100	103,345	132,750	44%
Statistics Canada, 2001 Census				

Income and Shelter Costs of Senior Households, GVRD and Richmond

	All Senior Households		Senior Owner Households		Senior Renter Households	
	Average Household income	Average Shelter Cost	Average Household income	Average Shelter Cost	Average Household income	Average Shelter Cost
British Columbia	\$ 42,017	\$ 477	\$ 46,179	\$ 439	\$ 26,459	\$ 622
GVRD	\$ 46,998	\$ 551	\$ 53,560	\$ 519	\$ 27,582	\$ 648
Langley D	\$ 43,073	\$ 488	\$ 44,417	\$ 482	\$ 26,274	\$ 576
Langley C	\$ 31,544	\$ 474	\$ 37,307	\$ 444	\$ 22,171	\$ 523
Surrey	\$ 44,914	\$ 564	\$ 48,125	\$ 535	\$ 29,572	\$ 704
White Rock	\$ 43,412	\$ 543	\$ 48,486	\$ 473	\$ 28,419	\$ 752
Delta	\$ 47,688	\$ 534	\$ 52,503	\$ 513	\$ 25,580	\$ 631
Richmond	\$ 46,071	\$ 534	\$ 49,237	\$ 504	\$ 30,007	\$ 685
Vancouver	\$ 48,643	\$ 559	\$ 60,629	\$ 532	\$ 27,210	\$ 608
Burnaby	\$ 43,323	\$ 517	\$ 49,598	\$ 474	\$ 26,579	\$ 634
New Westminster	\$ 35,467	\$ 520	\$ 41,926	\$ 479	\$ 24,474	\$ 588
Coquitlam	\$ 42,785	\$ 538	\$ 46,133	\$ 482	\$ 28,851	\$ 775
Belcarra	\$ 43,092	\$ 564	\$ 43,092	\$ 626	\$ -	\$ -
Anmore	\$ 54,904	\$ 252	\$ 54,904	\$ 252	\$ -	\$ -
Port Coquitlam	\$ 39,751	\$ 539	\$ 44,831	\$ 490	\$ 25,373	\$ 689
Port Moody	\$ 47,868	\$ 550	\$ 52,892	\$ 562	\$ 24,233	\$ 492
North Vancouver D	\$ 56,605	\$ 572	\$ 60,584	\$ 566	\$ 27,969	\$ 616
North Vancouver C	\$ 37,213	\$ 544	\$ 41,750	\$ 484	\$ 27,063	\$ 680
West Vancouver	\$ 83,072	\$ 780	\$ 94,581	\$ 715	\$ 39,152	\$ 1,032
Bowen Island	\$ 61,684	\$ 599	\$ 64,104	\$ 573	\$ 37,936	\$ 709
Lions Bay	\$ 93,912	\$ 851	\$ 98,037	\$ 781	\$ -	\$ -
Pitt Meadows	\$ 37,178	\$ 462	\$ 41,018	\$ 421	\$ 23,575	\$ 616
Maple Ridge	\$ 37,079	\$ 466	\$ 40,171	\$ 444	\$ 24,582	\$ 556
CMHC, Based on the 2001 Census						

Income and Shelter Costs (Senior Owners in Core Housing Need)

	Total	Average Household Income	Average Shelter Cost
British Columbia	23,385	\$ 17,945	\$ 600
GVRD	12,090	\$ 18,390	\$ 633
Pitt Meadows DM	70	\$ 19,093	\$ 775
Surrey C	1,865	\$ 18,730	\$ 696
Langley DM	515	\$ 18,653	\$ 694
West Vancouver DM	440	\$ 19,144	\$ 694
Port Coquitlam C	200	\$ 18,071	\$ 679
Maple Ridge DM	400	\$ 19,003	\$ 678
North Vancouver DM	480	\$ 17,101	\$ 650
Coquitlam C	605	\$ 18,401	\$ 645
Richmond C	1,070	\$ 17,976	\$ 616
New Westminster C	505	\$ 18,003	\$ 614
Delta DM	480	\$ 17,549	\$ 609
Burnaby C	1,325	\$ 18,170	\$ 603
Langley C	250	\$ 19,235	\$ 602
White Rock C	300	\$ 17,338	\$ 600
Vancouver C	2,980	\$ 19,023	\$ 598
North Vancouver C	475	\$ 16,408	\$ 593
Port Moody C	80	\$ 18,630	\$ 553
Belcarra VL	15	\$ -	\$ -
Anmore VL	0	\$ -	\$ -
Bowen Island IM	10	\$ -	\$ -
Lions Bay VL	0	\$ -	\$ -

CMHC, Core Housing Need, 2001 based on data from the 2001 Census

Income and Shelter Costs (Senior Renters in Core Housing Need)			
	Total	Average Household income	Average Shelter Cost
British Columbia	27,760	\$ 15,948	\$ 604
GVRD	15,905	\$ 16,644	\$ 626
North Vancouver C	610	\$ 17,552	\$ 728
West Vancouver DM	460	\$ 16,439	\$ 723
White Rock C	475	\$ 17,055	\$ 711
Richmond C	740	\$ 17,459	\$ 698
Delta DM	405	\$ 16,348	\$ 661
Pitt Meadows DM	105	\$ 17,537	\$ 657
Surrey C	1,675	\$ 17,285	\$ 642
Port Coquitlam C	295	\$ 17,335	\$ 633
Burnaby C	2,055	\$ 16,855	\$ 625
Coquitlam C	585	\$ 16,852	\$ 620
New Westminster C	950	\$ 16,445	\$ 612
Langley DM	150	\$ 15,467	\$ 606
Langley C	450	\$ 16,868	\$ 597
Vancouver C	6,195	\$ 16,227	\$ 596
Maple Ridge DM	430	\$ 16,655	\$ 592
North Vancouver DM	260	\$ 16,026	\$ 572
Port Moody C	45	\$ 15,320	\$ 537
Belcarra VL	-	\$ -	\$ -
Anmore VL	-	\$ -	\$ -
Bowen Island IM	-	\$ -	\$ -
Lions Bay VL	-	\$ -	\$ -
CMHC, Core Housing Need, 2001 based on data from the 2001 Census			

Income and Shelter Costs of Family Households						
	All Family Households		Family Owner Households		Family Renter Households	
	Average Household income	Average Shelter Cost	Average Household income	Average Shelter Cost	Average Household income	Average Shelter Cost
British Columbia	\$ 75,166	\$ 1,033	\$ 84,098	\$ 1,097	\$ 50,901	\$ 857
GVRD	\$ 82,256	\$ 1,158	\$ 93,947	\$ 1,255	\$ 55,650	\$ 936
Langley D	\$ 84,533	\$ 1,253	\$ 89,621	\$ 1,292	\$ 54,105	\$ 1,008
Langley C	\$ 70,034	\$ 1,100	\$ 81,016	\$ 1,224	\$ 48,320	\$ 852
Surrey	\$ 76,952	\$ 1,203	\$ 86,980	\$ 1,326	\$ 47,744	\$ 843
White Rock	\$ 98,792	\$ 1,238	\$ 113,931	\$ 1,321	\$ 63,920	\$ 1,054
Delta	\$ 89,387	\$ 1,200	\$ 95,497	\$ 1,242	\$ 59,981	\$ 994
Richmond	\$ 74,657	\$1,078	\$ 81,399	\$ 1,099	\$ 56,216	\$ 1,020
Vancouver	\$ 82,085	\$ 1,094	\$ 100,621	\$ 1,217	\$ 59,151	\$ 940
Burnaby	\$ 73,262	\$ 1,017	\$ 85,623	\$ 1,096	\$ 53,391	\$ 890
New Westminster	\$ 73,012	\$ 1,063	\$ 89,785	\$ 1,285	\$ 50,326	\$ 762
Coquitlam	\$ 80,678	\$ 1,127	\$ 89,863	\$ 1,187	\$ 52,367	\$ 941
Belcarra	\$ 135,966	\$ 1,320	\$ 142,351	\$ 1,292	\$ 103,924	\$ 1,731
Anmore	\$ 07,482	\$ 1,263	\$ 120,719	\$ 1,230	\$ 62,054	\$ 1,293
Port Coquitlam	\$ 76,964	\$ 1,153	\$ 83,650	\$ 1,217	\$ 50,517	\$ 899
Port Moody	\$ 86,804	\$ 1,206	\$ 94,344	\$ 1,262	\$ 55,608	\$ 972
North Vancouver D	\$ 105,739	\$ 1,407	\$ 115,174	\$ 1,452	\$ 63,933	\$ 1,208
North Vancouver C	\$ 74,624	\$ 1,153	\$ 90,459	\$ 1,334	\$ 56,772	\$ 946
West Vancouver	\$ 166,716	\$ 1,728	\$ 181,217	\$ 1,749	\$ 93,444	\$ 1,613
Bowen Island	\$ 100,535	\$ 1,323	\$ 109,200	\$ 1,399	\$ 68,615	\$ 1,051
Lions Bay	\$ 166,337	\$ 1,478	\$ 172,745	\$ 1,481	\$ 88,377	\$ 1,438
Pitt Meadows	\$ 75,891	\$ 1,121	\$ 82,149	\$ 1,202	\$ 51,046	\$ 804
Maple Ridge	\$ 75,290	\$ 1,205	\$ 80,459	\$ 1,256	\$ 49,586	\$ 945
CMHC, Based on the 2001 Census						

Income and Shelter Costs (Family Renters in Core Housing Need)

	Total	Average Household Income	Average Shelter Cost
British Columbia	64,120	\$ 21,080	\$ 763
GVRD	35,905	\$ 22,771	\$ 815
West Vancouver DM	250	\$ 24,591	\$1,084
North Vancouver DM	815	\$ 25,588	\$1,074
Richmond C	2,540	\$ 24,426	\$ 953
Port Moody C	245	\$ 22,516	\$ 916
White Rock C	205	\$ 20,329	\$ 907
Langley DM	700	\$ 23,885	\$ 892
Maple Ridge DM	845	\$ 25,079	\$ 892
Delta DM	885	\$ 25,682	\$ 876
North Vancouver C	1,035	\$ 23,557	\$ 858
Coquitlam C	1,900	\$ 22,873	\$ 857
Langley C	520	\$ 22,050	\$ 834
Burnaby C	4,505	\$ 22,660	\$ 814
Port Coquitlam C	845	\$ 23,169	\$ 785
Vancouver C	12,205	\$ 22,105	\$ 779
Surrey C	6,505	\$ 22,498	\$ 760
New Westminster C	1,450	\$ 21,280	\$ 724
Pitt Meadows DM	170	\$ 20,926	\$ 664
Belcarra VL	-	\$ -	\$ -
Anmore VL	-	\$ -	\$ -
Bowen Island IM	15	\$ -	\$ -
Lions Bay VL	-	\$ -	\$ -

CMHC, Core Housing Need, 2001 based on data from the 2001 Census

Income and Shelter Costs (Family Owners in Core Housing Need)			
	Total	Average Household Income	Average Shelter Cost
British Columbia	41,125	\$ 24,622	\$ 982
GVRD	21,705	\$ 25,946	\$ 1,107
Surrey C	3,960	\$ 27,950	\$ 1,258
Delta DM	860	\$ 27,637	\$ 1,230
West Vancouver DM	230	\$ 25,307	\$ 1,226
North Vancouver C	245	\$ 27,533	\$ 1,225
Pitt Meadows DM	120	\$ 29,134	\$ 1,216
North Vancouver DM	655	\$ 26,125	\$ 1,204
Port Coquitlam C	580	\$ 26,593	\$ 1,195
White Rock C	70	\$ 25,401	\$ 1,174
Langley C	235	\$ 27,347	\$ 1,162
Maple Ridge DM	855	\$ 26,047	\$ 1,160
New Westminster C	330	\$ 27,893	\$ 1,150
Langley DM	925	\$ 26,465	\$ 1,130
Bowen Island IM	30	\$ 25,665	\$ 1,123
Coquitlam C	1,550	\$ 24,586	\$ 1,105
Port Moody C	205	\$ 24,077	\$ 1,060
Vancouver C	5,370	\$ 25,425	\$ 1,035
Richmond C	3,125	\$ 24,658	\$ 1,030
Burnaby C	2,290	\$ 24,898	\$ 968
Belcarra VL	0	\$ -	\$ -
Anmore VL	10	\$ -	\$ -
Lions Bay VL	15	\$ -	\$ -
CMHC, Core Housing Need, 2001 based on data from the 2001 Census			

Housing Starts, 1986-2005

	Richmond	Vancouver	Greater Vancouver	BC
1986	1,498	3,245	13,578	20,687
1987	1,686	4,163	17,860	28,944
1988	2,108	3,825	17,901	30,487
1989	2,672	4,448	21,834	38,894
1990	1,224	3,922	17,970	36,720
1991	998	3,349	14,769	31,875
1992	1,773	4,535	18,684	40,621
1993	2,105	5,833	21,307	42,807
1994	2,196	5,813	20,473	39,408
1995	1,407	5,272	14,992	27,057
1996	2,135	4,406	15,453	27,641
1997	893	5,870	15,950	29,351
1998	940	4,096	11,878	19,931
1999	637	3,258	8,677	16,309
2000	649	2,738	8,203	14,418
2001	563	4,574	10,862	17,234
2002	1,392	4,191	13,197	21,625
2003	1,641	4,571	15,626	26,174
2004	1,526	5,715	19,430	32,925
2005	1,770	4,155	18,914	34,667

Source: BC Stats, Housing Starts Data published by CMHC

Inventory of Rental Units (Rent Ranges) – GVRD/Richmond

	GVRD	%	Richmond	%
Shelter Cost Less than \$250	12,120	5%	775	6%
Shelter Cost of \$250-\$499	36,470	14%	955	7%
Shelter Cost of \$500-749	98,265	39%	3,510	25%
Shelter Cost of \$750-\$999	58,175	23%	4,275	30%
Shelter Cost of \$1,000-\$1249	26,115	10%	2,515	18%
Shelter Cost \$1250 or more	22,090	9%	2,015	14%
Total	253,235	100%	14,045	100%

CMHC, Housing in Canada database 2000 based on the 1996 Census

Average Income-- Owners, Condo Owners, Renters (GVRD)

	Total Owners	Average Income All Owners	Average Income Condo Owners	Average Income Renters
GVRD	458,780	\$ 77,083	\$ 60,195	\$ 38,451
Lions Bay VL	470	\$ 145,358	\$ -	\$ 97,246
West Vancouver DM	12,460	\$ 138,741	\$ 78,822	\$ 60,827
Anmore VL	325	\$ 105,137	\$ -	\$ 61,049
Belcarra VL	205	\$ 104,129	\$ -	\$ 68,495
North Vancouver DM	22,920	\$ 96,345	\$ 66,643	\$ 51,302
Bowen Island IM	880	\$ 92,237	\$ -	\$ 51,831
Port Moody C	6,500	\$ 82,657	\$ 71,369	\$ 45,671
Delta DM	25,865	\$ 82,401	\$ 60,712	\$ 46,604
Vancouver C	103,095	\$ 79,852	\$ 68,394	\$ 41,427
Langley DM	24,010	\$ 75,023	\$ 55,168	\$ 45,729
Coquitlam C	28,335	\$ 74,389	\$ 55,940	\$ 41,897
Port Coquitlam C	13,200	\$ 73,819	\$ 65,917	\$ 40,278
White Rock C	5,830	\$ 73,768	\$ 50,273	\$ 41,570
Surrey C	82,300	\$ 72,999	\$ 55,812	\$ 39,130
Pitt Meadows DM	3,975	\$ 68,825	\$ 51,300	\$ 42,255
Burnaby C	41,600	\$ 68,238	\$ 55,118	\$ 40,211
Maple Ridge DM	17,415	\$ 67,841	\$ 50,963	\$ 37,768
Richmond C	40,050	\$ 67,442	\$ 53,870	\$ 45,335
North Vancouver C	9,905	\$ 67,342	\$ 60,761	\$ 42,607
New Westminster C	12,385	\$ 67,225	\$ 58,092	\$ 36,394
Statistics Canada, 2001 Census				

Age of Total Housing Stock (BC, GVRD, Richmond)

	All Dwellings	Built Before 1960	% Built Before 1960	Built Between 1960 and 1980	% Built Between 1960 and 1980	Built After 1980	% Built After 1980
British Columbia	1,534,335	315,300	21%	577,295	38%	641,740	42%
GVRD	758,715	163,425	22%	263,865	35%	331,425	44%
Richmond	56,775	4,655	8%	21,865	39%	30,245	53%
Statistics Canada, 2001 Census							

Age of Total Ownership Housing Stock (BC, GVRD, Richmond)

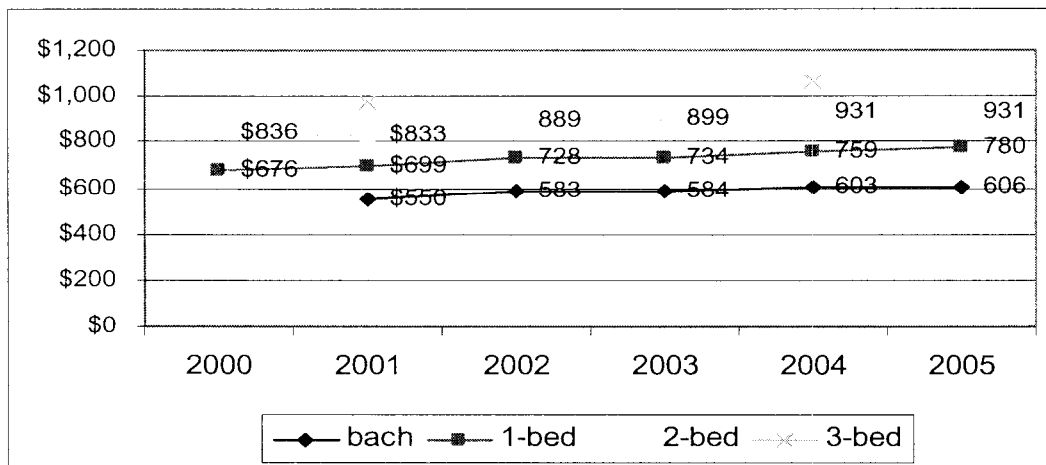
	All Dwellings	Built Before 1960	% Built Before 1960	Built Between 1960 and 1980	% Built Between 1960 and 1980	Built After 1980	% Built After 1980
British Columbia	1,017,485	191,855	19%	352,635	35%	472,990	46%
GVRD	462,645	90,045	19%	138,635	30%	233,950	51%
Richmond	40,255	3,025	8%	14,670	36%	22,560	56%
Statistics Canada, 2001 Census							

Age of Total Rental Housing Stock (BC, GVRD, Richmond)

	All Dwellings	Built Before 1960	% Built Before 1960	Built Between 1960 and 1980	% Built Between 1960 and 1980	Built After 1980	% Built After 1980
British Columbia	512,360	123,305	24%	223,860	44%	165,195	32%
GVRD	295,740	73,365	25%	125,115	42%	97,260	33%
Richmond	16,520	1,630	10%	7,200	44%	7,685	47%
Statistics Canada, 2001 Census							

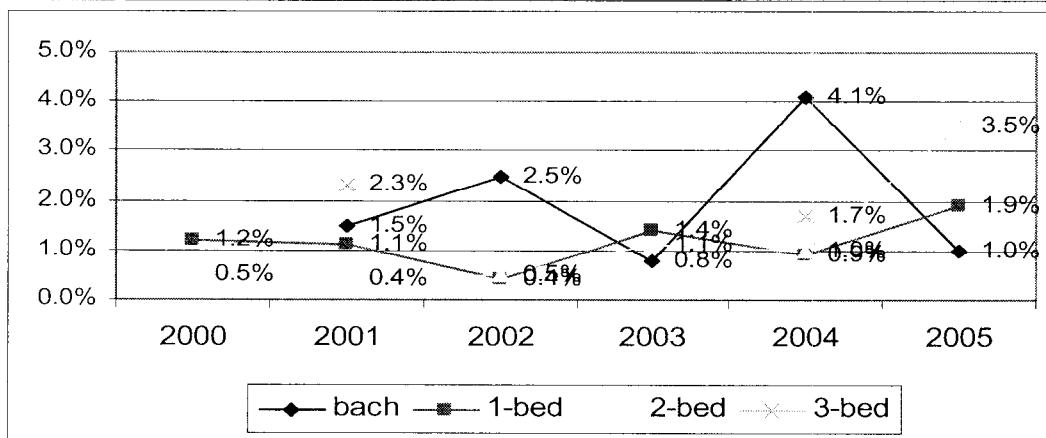
Average Rents in Richmond (2000-2005)						
	2000	2001	2002	2003	2004	2005
bach		\$550	\$583	\$584	\$603	\$606
1-bed	\$676	\$699	\$728	\$734	\$759	\$780
2-bed	\$836	\$833	\$889	\$899	\$931	\$931
3-bed		\$978			\$1,064	

Average Rents in Richmond (2000-2005)



Average Vacancy Rates in Richmond (2000-2005)						
	2000	2001	2002	2003	2004	2005
bach		1.5%	2.5%	0.8%	4.1%	1.0%
1-bed	1.2%	1.1%	0.4%	1.4%	0.9%	1.9%
2-bed	0.5%	0.4%	0.5%	1.1%	1.0%	3.5%
3-bed		2.3%			1.7%	

Average Vacancy Rates in Richmond (2000-2005)



The table below shows the most recent DCC data (June 2006) provided by the Ministry of Community Services. In looking at the general profile, it would appear that Richmond's current DCC profile falls between Maple Ridge at \$12.92 per square foot and West Vancouver which falls at \$15.66.

Multi-Family Development Cost Charge (DCC) Rates in GVRD Municipalities (June 2006)

	Cost Per Unit	DCC Rate /sq. ft (assuming 100M ²).
GVRD (Median)	\$10,700	\$10.72
GVRD (Average)	\$11,700	\$11.71
Port Moody	\$3,660	\$3.66
New Westminster²³	Not reported	\$4.41
North Vancouver City	\$4,929	\$4.93
White Rock	\$4,936	\$4.94
Pitt Meadows	\$6,308	\$6.31
Port Coquitlam	\$6,644	\$6.64
Burnaby	\$6,913	\$6.91
Langley City	\$9,078	\$9.08
West Vancouver	\$9,917	\$9.92
Anmore	\$10,718	\$10.72
Delta	\$11,229	\$11.23
Maple Ridge	\$12,920	\$12.92
Richmond	\$14,846	\$14.85
West Vancouver	\$15,658	\$15.66
North Vancouver District	\$16,351	\$16.35
Coquitlam	\$16,874	\$16.87
Port Coquitlam	\$19,063	\$19.06
Surrey	\$19,680	\$19.68
Langley District	\$20,000	\$20.00
New Westminster	Not reported	\$20.12
Vancouver	Not reported	Not reported
Pitt Meadows	Not reported	Not reported
Belcarra, Bowen Island, Lion's Bay	Not reported	Not reported

Municipal Development Cost Charges Data provided by the Ministry of Community Services, June 2006

²³ Some communities included a cost range in the development cost structure. The low end and high end of the range is noted as two entries on the table.