




City of Richmond

Report to Committee

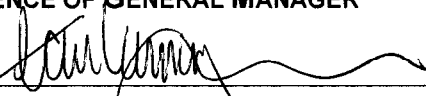

To: Planning Committee
From: Terry Crowe
Manager, Policy Planning
Date: January 5, 2007
File: 08-4057-05/2006-Vol 01
Re: **Richmond Comments: GVRD Discussion Paper on a Regional Affordable Housing Strategy**

Staff Recommendation

- (1) That the Greater Vancouver Regional District (GVRD) be advised that the City of Richmond:
- (a) supports the GVRD Board in preparing and implementing a Regional Affordable Housing Strategy, since affordable housing is an important federal, provincial, regional and municipal issue;
 - (b) has no major objections or concerns regarding the GVRD "Discussion Paper on a Regional Affordable Housing Strategy" received with a letter dated December 8, 2006 from Lois E. Jackson, Chair, GVRD Board; and
 - (c) requests further information and discussion on how a Regional Affordable Housing Strategy will be implemented (e.g., the proposed \$50 million regional surcharge; the affordable housing targets; the requirement that these targets be achieved in an Official Community Plan regional context statement; etc.).
- (2) That copies of this resolution be forwarded to:
- (a) all GVRD municipalities with a suggestion that they may wish to provide similar support to the GVRD Board preparing and implementing a Regional Affordable Housing Strategy; and
 - (b) the Richmond Federal MPs and Richmond Provincial MLAs with a request that the Federal and Provincial Governments support the GVRD in preparing and implementing a Regional Affordable Housing Strategy.


Terry Crowe
Manager, Policy Planning

Att.

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> GS	NO <input type="checkbox"/>
REVIEWED BY CAO (ACTING) 	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

Staff Report

Origin

Request

Municipalities in the Greater Vancouver Regional District (GVRD) have been asked to respond to the GVRD's "Discussion Paper on a Regional Affordable Housing Strategy" by Friday, February 2, 2007 (see **Attachment 1**).

Further Input

As noted in the attached correspondence and staff report, the GVRD's "Discussion Paper on a Regional Affordable Housing Strategy" was prepared as a starting point for discussion by municipalities and the GVRD Board on the regional role in addressing affordable housing needs in Greater Vancouver.

The GVRD will be holding a Board workshop on the proposed regional actions early this year and will be seeking the City's participation in the discussion over the coming months on the role of senior governments, the regional district and its member municipalities in addressing the affordable housing issue.

In other words, this will not be the only opportunity for Richmond to have input into a Regional Affordable Housing Strategy.

Findings Of Fact

Goals

The proposed GVRD Regional Affordable Housing Strategy is based upon three goals:

1. Provide adequate housing to meet the needs of low income renters;
2. Eliminate homelessness across the region; and
3. Increase the supply and diversity of modest cost housing.

Strategies

To achieve these three goals, the GVRD is proposing three strategies:

1. Make better use of the existing and available government and housing resources;
2. Secure additional stable funding to meet affordable housing needs in Greater Vancouver; and
3. Establish partnerships and secure sufficient and stable funding to provide required support services to assist people to access and maintain their housing.

Actions

The Discussion Paper proposes a number of actions under each strategy. GVRD staff have clearly indicated that these proposals are "preliminary" and a "work in progress", the merit of which remains to be fully explored.

Some of the key actions of interest to the City of Richmond are:

- Densification - the potential densification of Greater Vancouver Housing Corporation (GVHC) sites;
- Targets - the GVRD will set targets in the new Regional Growth Strategy (LRSP) for affordable and homeless housing;
- Regional Context Statement - the GVRD will also require the regional context statement in Official Community Plans (OCPs) to demonstrate how the municipality will meet these targets and upgrade or preserve existing rental stock;
- Development Cost Charges (DCCs) - the GVRD will seek enabling legislation to permit it to waive or reduce regional development costs charges (e.g., Greater Vancouver Sewerage and Drainage District DCCs) on social and affordable housing;
- Regional Surcharge - the GVRD will seek a legislative enactment to permit a regional surcharge on various regional levies and charges to enable it to raise up to \$50 million per year, to be matched by \$100 million per year from both the provincial and federal governments, to be spent on increasing the supply of social housing in Greater Vancouver;
- Lands - the GVRD, and potentially the Greater Vancouver Transportation Authority (GVTA), will provide lands it owns or controls for affordable housing at less than market value or for combined park & ride and housing developments; and
- Provincial and Federal Governments - various other actions aimed at the provincial and federal governments are proposed (e.g., exempt affordable housing from the PST and GST; allocate some portion of the property transfer tax revenues to regional housing programs; etc.).

Analysis

Richmond's Affordable Housing Strategy

The “Discussion Paper on a Regional Affordable Housing Strategy” is quite a comprehensive and ambitious undertaking, with which City staff have no major objections or concerns.

Most of the background material and proposed actions are consistent with the Affordable Housing Strategy that the City of Richmond is currently finalizing.

For example, the City's Affordable Housing Strategy is proposing the following similar actions to the Regional Affordable Housing Strategy:

- Densification - recognizes that densification should occur on GVHC and other underutilized sites – provided that there is at least a 1:1 replacement of existing rental units;
- Targets and Regional Context Statement - will establish targets for affordable housing in Richmond (further discussion is required as to how the GVRD will establish its targets and “require” municipalities to achieve these targets in their regional context statements);
- Development Cost Charges (DCCs) - proposes that the City evaluate the idea of waiving or reducing its DCCs for subsidized and low end market rental housing;

- Regional Surcharge – City staff and consultants have heard that the general taxpayer should be required to help fund the need for affordable housing, rather than putting the entire burden only on new development;
- Lands - identifies that the City should use its land assets and Affordable Housing Reserve Fund to partner with other levels of government, non-profit organizations or private developers to build affordable housing; and
- Provincial and Federal Governments - clearly recognizes that partnerships and support from the provincial and federal governments is critical to addressing the affordable housing issue.

Richmond's Request for a Regional Affordable Housing Strategy

On July 24, 2006, Council passed a motion supporting the GVRD in preparing and implementing a Regional Affordable Housing Strategy that would address all of the essential affordable housing components, particularly how to pay for affordable housing.

The GVRD proposes to address these components in the following manner:

- Land Acquisition – the GVHC will be directed to pursue additional social housing opportunities through the sale and reinvestment in other properties;
- Construction of Units - the GVRD will use the proposed regional surcharge to construct additional social housing;
- Maintenance of Rental Units – the GVHC will continue to provide social housing and will review opportunities for site-intensification;
- Leasing Land/Renting Units – the GVHC will be directed to manage rental housing at the request of member municipalities;
- Subsidizing Rents – the GVRD will urge the provincial government to increase the shelter component of Income Assistance rates;
- Support Services – the GVRD will work with municipalities and service providers to develop and promote methods to provide affordable housing services;
- Research – the GVRD will continue to provide regional housing data and research (e.g., regional housing forecasts; research studies on secondary suites and other housing);
- Supportive Policies & Regulations – the GVRD will lobby for enabling legislation for municipalities to allocate some portion of municipal DCCs to an affordable housing fund;
- Financial Incentives – the GVRD is proposing to waive or reduce its DCCs on social and affordable housing; and
- Other – to address homelessness, the GVRD will urge senior levels of government and Health Authorities to provide 5,000 units of supportive housing in the region (the timing of which is still to be determined).

Financial Impact

None to the City at this time. The proposal for a regional surcharge will require further information and analysis as to its impact on Richmond.

Conclusion

The City has been asked to provide its initial comments on the GVRD's "Discussion Paper on a Regional Affordable Housing Strategy" (this will not be the only opportunity for Richmond to have input).

Staff are very supportive of the GVRD Board preparing and implementing a Regional Affordable Housing Strategy, since affordable housing is an important federal, provincial, regional and municipal issue.

Generally speaking, no major objections or concerns have been identified with regard to the Discussion Paper, which is consistent with the proposed direction of the City's draft Affordable Housing Strategy.

However, further information and discussion is needed on how the Regional Affordable Housing Strategy will be implemented. For example:

- ☐ What will the financial impact of the proposed \$50 million regional surcharge be on Richmond?
- ☐ How will the GVRD establish its affordable housing targets for each municipality?
- ☐ How will municipalities be required to achieve these targets in the regional context statement of their Official Community Plans?

Staff are suggesting that the City's position be forwarded to the GVRD municipalities, Richmond Federal MPs and Richmond MLAs. A wider circulation list is not recommended at this time since the Discussion Paper is still a draft and its distribution should be determined by the GVRD not the City of Richmond.



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HB:cas



Building A Sustainable Region

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Greater Vancouver Regional District • Greater Vancouver Water District
 Greater Vancouver Sewerage and Drainage District • Greater Vancouver Housing Corporation

Office of the Chair

Tel. 604 432-6210 Fax 604 451-6614

December 8, 2006

File No.: CR-16-01-RIC

Mayor Malcolm Brodie
 City of Richmond
 Mayor's Office
 6911 No.3 Road
 Richmond, BC V6Y 2C1

Dear Mayor Brodie and Members of Council,

Re: Discussion Paper on a Regional Affordable Housing Strategy

On November 24, 2006, the Greater Vancouver Regional District Board received the enclosed Discussion Paper on affordable housing and referred it to municipalities for review and comment. The paper was prepared as a starting point for discussion by municipalities and the GVRD Board on the regional role in addressing affordable housing needs in Greater Vancouver. The Board will be holding a Board workshop on proposed regional actions early in the new year and would value your comments.

We would appreciate receiving your review comments on this Discussion Paper by Friday, February 2, 2007. Ms. Verna Semotuk, Senior Housing Planner, can be reached by phone at (604) 432-6384, or by e-mail at Verna.Semotuk@gvrd.bc.ca, should you wish to discuss any aspects of the Discussion Paper with regional staff.

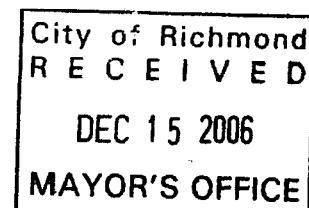
The excellent attendance at the recent Council of Councils on affordable housing held December 2nd demonstrates that every municipality across the region faces these issues. We look forward to your comments on the Discussion Paper, and to your participation in the discussion over the coming months on the role of senior governments, the regional district and its member municipalities in the partnerships that will be required to address these issues.

Yours truly,

Lois E. Jackson
 Chair, GVRD Board
 LEJ/CD/eg

Attachment: Discussion Paper on a Regional Affordable Housing Strategy in Greater Vancouver dated November 24, 2006. Also available on the GVRD website at www.gvrd.bc.ca

004454614





Committee Meeting Date: November 16, 2006

To: Housing Committee

From: Verna Semotuk, Senior Planner
Policy and Planning Department

Date: November 10, 2006

Subject: **Discussion Paper a Regional Affordable Housing Strategy**

Recommendation:

That the Housing Committee host a Board workshop to review the preliminary proposals for regional action on affordable housing as identified in the report titled "Discussion Paper on a Regional Affordable Housing Strategy", dated November 10, 2006.

1. PURPOSE

To report back to the Housing Committee on progress in the development of a Regional Affordable Housing Strategy.

2. CONTEXT

Background

The Housing Committee at its regular meeting on March 10, 2006, received a staff presentation on housing affordability in Greater Vancouver. This presentation provided an overview of the housing issues to be addressed in the regional growth strategy and those more appropriate for a Regional Affordable Housing Strategy. The Committee requested staff to report back on potential regional actions to address affordable housing issues, including the role of the GVHC.

Staff has been working through the issues and proposals presented in the "Discussion Paper on a Regional Affordable Housing Strategy" (Attachment 1) with the Technical Advisory Committee and its subcommittees. A TAC-hosted workshop on affordable housing was held in February 2006, with participation of municipal staff, housing providers (both market and non-market), and support services organizations. The workshop participants supported an expanded role by senior governments and the GVRD/GVHC in the provision of housing, and also advocated for innovative partnerships to create municipal solutions to assist with the housing affordability problem.

Most recently on October 19, 2006, the Housing Committee received an information report on the new Provincial housing strategy (named "Housing Matters BC", announced by the Minister on October 3, 2006). The Committee directed staff to include proposed regional actions in the regional affordable housing strategy which could build upon the new provincial initiatives and address gaps in regional affordable housing supply and supportive services.

The Need for Action by All Levels of Government

"Affordable housing" is defined as housing which has a market price or rent that does not exceed 30% of a household's gross income, for households of low to moderate income. Current funding for affordable housing by all levels of government is dwarfed by the amount of funding required to meet housing need in this region. Greater Vancouver has severe gaps in its affordable housing supply on a number of fronts:

- There is a chronic shortfall in the supply of affordable rental housing. The existing rental stock is aging, and new rental housing is not being constructed because of market economics. Approximately 40% of the region's households are renters, many of which are low-income households. Rental vacancy rates are hovering around 1% in the region, well below what is considered to be a healthy rental market. This region needs a net addition of an estimated 2,250 units of affordable renting housing annually.
- There is a critical shortfall in the supply of social housing. The waiting list for social housing in Greater Vancouver now stands at over 11,000 households, half of whom are families. The inventory of social housing in the region is approximately 48,000 units (including GVHC's 3,500 units) but this supply has not been keeping pace with demand.
- The incidence and duration of homelessness is increasing across the region. The regional count of "absolute homeless" people (including people in emergency shelters) almost doubled to 2,174 between the years 2002 and 2005. Emergency shelter capacity is strained, in part because shelters are providing housing for longer-stay people because second-stage or supportive housing to address health and addiction problems is not available. This region requires a minimum of 5,000 supportive housing units to meet need.
- There is a shortfall in modest-cost housing appropriate for first-time home-buyers, resulting in pent-up demand and even greater competition for scarce rental housing. This region needs an estimated 12,000 units of affordable ("modest-cost") units annually.

The scale and urgency of these supply shortfalls require that every housing player "step up to the plate". Given its current role in housing, and its ability to speak to senior governments on behalf of its member municipalities, the GVRD is well placed to take greater leadership on issues of affordable housing, particularly with respect to housing supply. The long experience, since 1974, of the GVHC in the direct provision and management of housing provides a foundation for a stronger regional role.

Proposed GVRD Actions to Address Affordable Housing Need

Attachment 1 contains a set of preliminary proposals for regional actions on affordable housing. These proposals represent a range of ideas generated through discussion and workshops over the past two years with municipal staff and other players in housing and homelessness, and from findings of regional research on affordable housing need. They are a "work in progress" and the merit of many of the proposals remains to be fully explored, but collectively they provide a starting point for discussion with the Housing Committee and the Board.

The proposals for regional action in Attachment 1 appear in Section 5 of the document, and are preceded by information which sets the foundation for the proposed regional actions:

- Section 1 provides a definition of "affordable housing" and illustrates the housing continuum approach used in preparing the proposals;
- Section 2 identifies the target populations most in need of affordable housing in this region;

- Section 3 identifies the chronic shortfalls in the supply of housing in this region; and,
- Section 4 identifies the respective roles of senior governments, the GVRD, and municipalities in the provision of housing.

The proposed regional actions in Section 5 address three goals: to address rental housing supply, eliminate homelessness, and meet the need for more modest-cost housing. Three strategies and accompanying proposed actions are suggested to achieve these goals:

- Strategy 1 Make better use of the existing and available government and housing industry resources.
- Strategy 2 Secure additional stable funding to meet affordable housing needs.
- Strategy 3 Establish partnerships and secure sufficient and stable funding to provide required support services to assist people to access and maintain their housing.

Next Steps

The proposals for regional action presented here are intended to initiate discussion with the Housing Committee. The proposed next step is to hold a Board workshop hosted by the Committee to review the range of proposed regional actions contained in Attachment 1, prior to the Board authorizing these proposals to be distributed for wide public discussion.

3. ALTERNATIVES

The Housing Committee may:

- a) Hold a Board workshop to review the scope and substance of proposed regional actions on affordable housing, as contained in Attachment 1; or,
- b) Provide direction to staff for an alternate process for Board and Committee review of the proposed regional actions, or,
- c) Receive this report for information only.

4. CONCLUSION

The Housing Committee requested staff to develop proposals for regional actions on affordable housing that would address critical gaps in housing supply in this region, and would build upon the new provincial initiatives on housing.

Proposals for regional actions on affordable housing are contained in the Attachment. These actions are organized according to what the GVRD and GVHC could do now, without additional resources, and what actions the GVRD could take to help secure stable funding required to meet housing need and support services over the longer term. These proposals are intended to initiate discussion, and the recommended next step is for the Housing Committee to hold a Board workshop to review the scope and substance of the proposed strategies and actions.

Attachment:

"Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver", November 24, 2006

Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver

**GVRD Policy and Planning Department
November 24, 2006**

Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver

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Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver

1. Introduction

The purpose of this paper is to identify a range of actions the GVRD might take to contribute to solutions and remedies on most urgent and persistent housing needs in Greater Vancouver, in partnership with member municipalities, senior governments, and housing providers.

Affordable housing is necessary for regional sustainability

The majority of households in Greater Vancouver are properly housed: living in housing that is in good condition, of appropriate size, and affordable in relation to their income.

However, for an estimated one-third of the region's households, finding and remaining in affordable housing to rent or own is a problem. When people live in housing that is neither appropriate nor affordable, or indeed have no housing at all in the case of the homeless, it is hard to argue that we have the foundation for a sustainable, livable region.

The following are three core arguments that the sustainability of the region depends on the provision of adequate housing:

Housing, Health and Quality of Life: There is a strong correlation between housing and health. Neighbourhoods with poor quality housing are shown to have lower health outcomes. Individuals and households living in inadequate or unaffordable housing are more likely to deal with the stresses of overcrowding, moving often, making trade-offs between shelter costs and other necessities of life, or carrying large debt loads. Children living in poor housing score lower in "school readiness" and adults' abilities to participate effectively in work, education or community affairs are impaired when they are preoccupied with housing problems.

Housing choice in communities permits people to "age in place" and to live in locations closer to destinations for daily living. Furthermore, housing choice provides for stability in communities, and for healthier community design which encourages walking and cycling.

Links to Economic Well-being: Housing affordability is important in supporting a competitive regional economy because the region must be able to attract and retain a broad labour force, including those with low to moderate incomes. Furthermore, households spending a large component of income on shelter have less disposable income available for consumer spending, which helps drive the regional economy. Adequate, stable housing permits people to participate in the work force, and in civil society.

Public Costs: Homelessness has a social and health cost to the individual and to communities. People experiencing homelessness "spiral down" in personal health, and are disproportionate users of emergency health, police, social and criminal justice services. The public cost of providing these services exceeds the costs of providing housing. Furthermore, the livability of communities is reduced when residents and businesses perceive personal or business risk from people who are visibly homeless.

"Affordable housing" defined

Housing affordability is a function of housing cost and household income. "Affordable housing" is defined as housing which has a market price or rent that does not exceed 30% of a household's gross income. This measure applies to households of low to moderate income,

that is, households which have income that is 80% or less than the median household income for the urban area in which they live. Affordable housing can be provided by the private, non-profit, cooperative, and public sectors. It may include a variety of housing tenures, including ownership, cooperative, and rental.

By this definition, those households whose income is low to moderate and who pay more than 30% of income on shelter comprise 34% of Greater Vancouver's total number of households, and have a pre-tax income of roughly \$40,000 or less.

Households with affordability problems are found across the region, and are not concentrated in one municipality or part of the region. Meeting affordable housing need requires providing for a range of housing types in all communities across Greater Vancouver. People with differing demographic profiles, and at different stages in their life cycle, need housing of different types and tenure. The range of housing required to house people throughout their life cycles, and through changing circumstances in their lives, is referred to as "the housing continuum" which can be graphically illustrated as follows:

Emergency Shelters	Transition Housing	Supportive Housing	Non-Profit and Social Housing	Assisted Living	Market Rental Housing	Ownership Housing
←← Requires more public funding				Requires less public funding →→		

Market production of housing regularly falls short of required supply

Apart from the issue of *affordability*, the history of housing production in Greater Vancouver demonstrates the market's frequent inability to produce the *housing supply* required to keep pace with demand, particularly rental housing. Historical data on housing starts in Greater Vancouver from 1994 to 2005 showed that the market has consistently not produced a sufficient supply of rental units, that shortfall averaging 2,500 units per year. (Source: Affordable Housing Supply Analysis (March 2006), Prepared for GVRD by McClanaghan and Associates.)

Shortfalls in production are therefore illustrated by a number of trends over the past decade:

- lack of construction of new purpose-built rental housing;
- gradual loss of existing affordable housing stock, and lack of sufficient replacement or infill housing; and
- lack of sufficient modest-cost housing for first-time homeowners.

2. People in Need of Affordable Housing

The incidence and depth of poverty has been increasing in Greater Vancouver since 1980. The number of families living below the poverty line has doubled since that time, with over 23% of families with children now living in poverty. An estimated 85,000 children in Greater Vancouver live in poverty. Over 60% of these poor families live on incomes less than half the poverty line, indicating the depth of poverty. Approximately 43% of these families work at least half-time.

Increasingly, households with moderate income levels are also experiencing affordability problems. Annual income levels for "middle income" occupation groups in Greater Vancouver are not keeping pace with increasing housing costs. Professional, trades and service industry workers now have difficulty affording to live in Greater Vancouver.

A recent study by the federal government (Human Resources and Skills Development Canada) showed that Greater Vancouver has the greatest incidence of working poor of any major city in Canada, with more than 72,000 workers (9.6 % of the total workforce) living in poverty. This

share is nearly twice the rate of working poor households in Toronto, with the next highest incidence at 5.3%. The report identifies this region's high housing costs as the reason for the high incidence of working poor. The following table illustrates the incomes required to rent or purchase typical-cost housing here:

Table 1: Household Incomes Required to Purchase and Rent Housing, Greater Vancouver, 2005

	Average Selling Price (2005)	Qualifying Household Income to Purchase	% of Renter Households With Qualifying Incomes
Single Family	\$585,000	\$121, 921	< 6%
Townhouse	\$358,000	\$80,748	< 11%
2 Bdrm Condo	\$295,000	\$66,916	< 18%
	Average Rent (2005)	Qualifying Household Income to Rent	% of Renter Households with Qualifying Incomes
2 Bedroom Apt	\$1,004	\$40,160	<63%
1 Bedroom Apt	\$788	\$31,520	<82%

Source: Affordable Housing Supply Analysis (2006), Prepared for GVRD by McClanaghan and Associates

The three target populations who experience the most critical need for affordable housing in Greater Vancouver are: the homeless; low and moderate income renter households; and first-time homeowners.

The Homeless

The number of street homeless people is increasing: the 2005 Regional Homeless Count demonstrated that the number of homeless people nearly doubled from 1,121 to 2,174 since 2002. The majority of this increase occurred in the unsheltered or street homeless population (1,127 people), which grew by almost 800 people, or a 238% increase, since 2002.

Approximately 75% of homeless people surveyed in the homeless count reported a health condition of some kind, with 35% of homeless people reporting two or more health conditions. The most common health problems were addictions (49% of homeless people), medical conditions such as diabetes or Hepatitis C (35% of homeless people) and mental illness (23% of homeless people). The high incidence of health conditions points to the need for support services to assist homeless people to access and maintain housing.

Lack of adequate income is also a significant factor contributing to homelessness. Less than half of all homeless people (45%) had a steady income source, including those accessing provincial Income Assistance (30% of homeless people). The remainder survived with no income, income from binning or bottle collecting, casual employment and/or illegal activities. In addition to problems with access to Income Assistance, the shelter component of Income Assistance is insufficient to afford rental housing in Greater Vancouver. The shelter component of Income Assistance for a single person is \$325 per month, a rate that has not increased since 1991. In 2005, the average market rent for a bachelor apartment in Greater Vancouver was \$678 per month, more than double the shelter allowance rate.

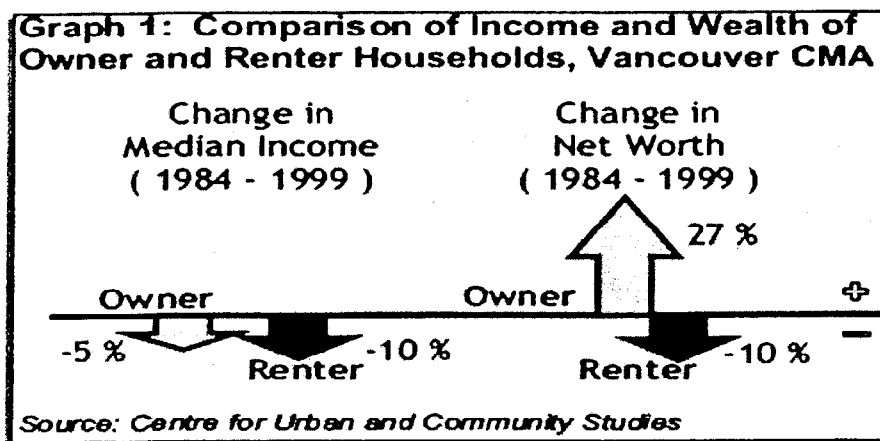
The average length of stay in emergency shelters is also increasing, from 12 days in 2000 to 16 days in 2004. This increase is a strong indicator of the lack of housing options for people exiting shelters. It also points to the increasingly strained shelter capacity in the region. There were 26,525 incidents of people being turned away during the 2004/2005 cold/wet weather season (October to April), and 92% of those turn-aways were a result of the shelter being full. It is estimated that 1,100 people across this region are without shelter any night of the year.

Low and Moderate Income Renters

While renter households constitute approximately 40% of all households across the region, they account for approximately 63% of all regional households in core need. CMHC defines households being in core need if they experience at least one of three types of housing challenges based on established standards. These standards relate to "suitability" (enough bedrooms for the size and composition of the household), "adequacy" (if the unit is safe and in good repair), and "affordability" (shelter costs are in excess of 30% of the household's gross, pre-tax income). The target populations most over-represented among renter households who are in the greatest need for affordable housing are:

- immigrant and refugee families, particularly those who have arrived in Canada in the past 10 years;
- seniors, particularly senior women over 75 years of age;
- female-led single-parent families; and,
- single persons who receive Income Assistance.

The economic profile of renters and homeowners describes two distinct housing markets, as disparities in income and assets are significant, and continue to increase. Renters also spend proportionally more on rent than do homeowners on mortgages and maintenance. Of renters with incomes of \$10,000 – \$40,000, one quarter pay more than 50% of that income for rent, compared with one-fifth of owner households in this same income range.



Another indicator of the increasing affordability crunch upon renters is the increasing number of people requiring social housing, particularly for those units which are rent-geared-to-income and have deep subsidies attached. The central social housing registry for Greater Vancouver has a wait list of over 11,000 households (as of October 2006), half of which are family households.

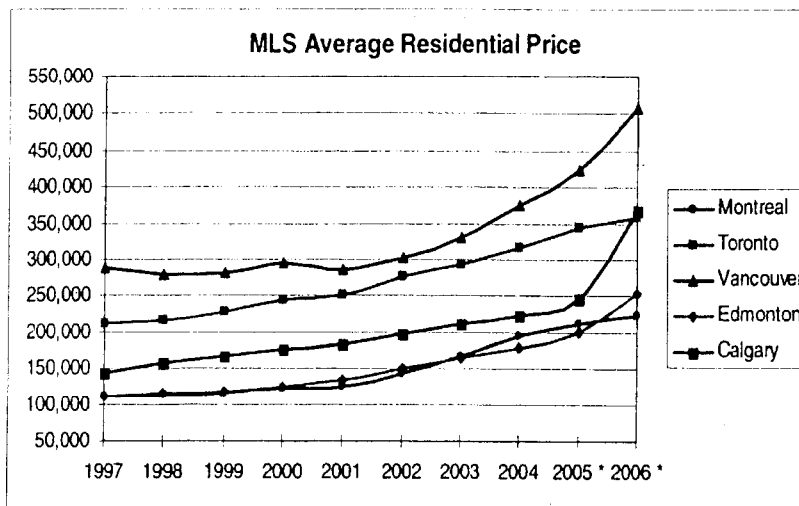
The chronic lack of market rental and social housing units in this region means that not only are low-income renters scrambling for scarce affordable rental units, but that they are competing with moderate-income renters who cannot afford first-time homeownership.

Low and Moderate Income Homeowners

Greater Vancouver continues to have the highest housing costs in Canada (see Graph 2 below). Stats Canada (2005) reports that housing affordability in Canadian CMAs improved between 1991 and 2001, except for Greater Vancouver where housing affordability fell by a "significant amount" and shelter costs outgrew income by 6.8%. The higher than national average housing costs and the below national average incomes in Greater Vancouver mean

that increasingly owners are being squeezed, and that even middle-income renters cannot move into homeownership.

**Graph 2: MLS Average Residential Price (All Housing Types),
Select Urban Centres, 1997-2006**



Vancouver \$508,435

Montreal \$222,879

Toronto \$358,035

Edmonton \$254,240

Calgary \$367,033

Source: CREA (MLS) from *Canadian Housing Observer 2005*, CMHC

3. The Supply of Affordable Housing

Housing the Homeless

The region has had an increase in shelter capacity since 2000. Permanent shelter and youth safe house capacity increased by 190 beds from 458 beds in 2000 to 648 beds in 2005 primarily due to funding from the Supporting Communities Partnership Initiative (SCPI), delivered under a federal program with partnered funding from the Province.

Some progress has been made in supplying supportive housing units in the region since 2000. Through SCPI (from 2000-2006), in partnership with other funders, approximately 635 units of supported housing were completed, or are under development. Some additional units have been developed through other programs. However, all of these units were developed using funding provided through ad hoc and/or time-limited programs. There is currently no supply program at any level of government that can consistently deliver the number of units needed to address chronic homelessness in the region.

There is a seeming contradiction between increasing homelessness since 2000, and the increase in spending on homelessness since that time. It can be explained by both growing need and inadequate expansion in supply:

- Significant cutbacks in social and community services and tightening in eligibility and rates for Income Assistance had a combined impact on a vulnerable population, creating additional homelessness. The growing incidence and depth of poverty in this region means more households are at-risk of homelessness, or flowing in and out of homelessness.
- The total amount of spending on homelessness in Greater Vancouver has been insufficient. Despite the investment of \$58 million in federal funding plus provincial matching funds since 2000, funding in this region falls far below that of American and British cities that have demonstrated progress towards eliminating chronic homelessness. The insufficient supply of affordable housing keeps people in cycles of homelessness (in shelters and on the street).

At least 675 supportive housing units are required to meet the immediate need to house unsheltered people in the region. To make substantial progress towards eliminating chronic homelessness, the region needs an estimated 5,000 units of supportive housing.

Rental Housing

The loss of existing affordable rental housing and the lack of new purpose-built rental housing construction have resulted in a major housing gap in this region. The region is forecast to require 70,500 additional rental units by the year 2021, or an average annual increase of 3,525 additional units. The prospects for the private market meeting future forecast demand for rental housing remain bleak due to unattractive rates of return for rental properties.

As a result, "purpose-built" rental housing is declining in its share of the region's total housing stock. It is estimated that by 2003, 51% of total rental stock in the region was non-traditional (secondary suites and own-to-rent condos).

Vacancy rates are an indicator of how "tight" the rental market is. A 3% vacancy rate is considered healthy in a rental market. Vacancy rates in Greater Vancouver remain among the lowest in Canada: in 2005, the rental housing vacancy rate in Vancouver was 1.4% compared with 3.7% for Toronto, and in late 2006 the vacancy rate across the region was below one percent (0.6%). Vacancy rates for lower end of market units are consistently lower than for higher-rent units.

Insufficient supply of rental housing has major implications for affordability, and therefore increases the need for supply of social housing.

In social housing, vacancy rates for the deep-subsidy units are virtually zero and the regional inventory (47,220 units) is not keeping pace with demand, particularly for households requiring deep subsidies. BC Housing is the primary provider of social housing in the region, with the GVHC being the second-largest provider. While BC Housing has recently produced a substantial number of units for frail seniors, neither of these social housing providers has produced a significant supply of housing for low-income individuals and families in the past five years.

Owned Housing

The supply of housing is highly cyclical in this region, and the market's ability to meet the forecast demand for roughly 12,000 owned units per year is sensitive to interest and inflation rates. In 2004 and 2005, annual owned housing starts exceeded 18,000 units, but three years prior to that, housing starts ranged between 7,000 – 8,000 units. The particular current challenge for the market is production of modest-cost housing, affordable for "entry-level" homeownership.

The growing disparities between owner and renter households translate into markedly different affordability thresholds for the ability of renters to move into home ownership. This is exacerbated by the highly cyclical nature of market housing production, and the insufficient supply of modest-size, entry-level housing product on the market (e.g. small lot detached housing, freehold tenure row houses, townhouses, modest-size condo units).

4. Public Policy for Housing Provision

The public policy context for housing is complex. The policy environment in senior governments has changed remarkably in the last decade. Production of affordable housing now requires

multi-party partnerships and public policy interventions in the housing market to support production of all types and tenures of housing.

Federal Government Role

The federal government, through its Canada Mortgage and Housing Corporation, provides funding and resources for residential rehabilitation, mortgage underwriting for social housing, seed funding to non-profit societies, and research in best practices. Furthermore, a national homelessness initiative since 2000 has provided significant funding for homelessness projects in the region. The federal government also transfers funding for affordable housing to the provinces and territories: of the \$1.4 billion allocated to affordable housing in April 2006, \$800 million was distributed among provinces and territories on a per capita basis, with approximately \$106 million being allocated to B.C. Other than for operating costs or rent subsidies, this federal funding can be allocated by provincial governments as they wish. Most recently, the federal government devolved responsibility for some 51,600 units of social housing to the Province of B.C. in June 2006, under the Canada-BC Social Housing Agreement.

Provincial Government Role

The provincial government in 2004 shifted its priorities from housing supply programs for low-income families ("Homes BC" program) to assisted living housing for frail populations ("Independent Living BC"). The Province also provides funding for homelessness projects, including shelters, cold/wet weather beds, and outreach programs. Most recently, the Provincial government unveiled its housing strategy on October 3, 2006, the major components of which are:

1. *Rental Assistance Program:*

This program provides cash assistance to families who are renting in the private housing market, have an income below \$20,000, have one or more dependent children under 19 years of age, and are spending more than 30% of household income on rent. Households with any family members receiving income assistance are not eligible.

2. *Independent Living BC (ILBC):*

Additional funding has been allocated to ILBC, to subsidize operating costs of 550 new assisted living units for seniors, including non-profit units, conversions from existing for-profit housing or health facilities, and units provided through rent supplements in private assisted living developments.

3. *Provincial Homelessness Initiative:*

Additional funding under the federal-provincial Affordable Housing Agreement (now called the Federal Housing Trust) is allocated to build and subsidize new supportive housing. An expanded homeless outreach program will fund outreach workers and projects to assist those living on the street and in shelters with access to government housing and income support.

4. *Aboriginal Housing:*

Of the recent devolution of CMHC-managed units to the Province, 2,600 units are being transferred to the Aboriginal Housing Management Association to accommodate off-reserve Aboriginal people.

5. *Home Ownership:*

Existing programs include income tax reductions, property tax deferment, the First Time Home Buyers' Property Transfer Tax Exemption, and the Home Owner Grants.

Regional Role

The GVRD currently has a number of roles in housing:

- Direct provision of housing: The Greater Vancouver Housing Corporation (GVHC) manages a portfolio of 3,500 social housing units which accommodate about 10,000 people.

- Acting as “Implementation Partner” in homelessness: The GVRD acts as the secretariat to the Regional Steering Committee on Homelessness, to implement “3 Ways to Home”, the framework for funding investment on homelessness in the region. Federal funding for this work to extend to March 2007.
- Setting out housing policies in the Regional Growth Strategy (LRSP): this includes general housing objectives and policies to support growth management objectives.
- Regional housing data and research: The GVRD provides regional housing forecasts and data analysis and undertakes research such as studies on secondary suites, ground-oriented medium density housing, and freehold tenure townhouses.
- Providing input to senior governments: Municipal staff meet on a regular basis and respond to provincial and federal staff on policies and programs and, where appropriate, bring these issues to the Housing Committee and GVRD Board for their attention and action.

Municipal Role

Local governments have a number of tools to address affordable housing. The range of municipal initiatives includes:

- *Policy and regulatory actions* (OCP policies, zoning, density bonussing; demolition and conversion control bylaws);
- *Financial actions* (write-downs on municipal land; affordable housing reserve funds and homelessness trust funds); and,
- *Partnerships* (partnering with senior governments on homelessness projects; with non-profit and social housing providers on affordable housing projects).

The level of municipal involvement varies widely across from the region and both the Provincial Housing Minister and the development industry have suggested that some municipal development control practices have been an impediment to achieving affordable housing goals.

While it is expected that senior governments will continue to take on the main responsibility for social housing, there is much that the private sector, municipalities and the GVRD can contribute to help address the regional housing crisis. Affordable housing issues cannot be adequately addressed solely on a municipality by municipality basis. Housing markets behave regionally, and government policy guidance and/or market intervention to produce affordable housing requires a regional response. GVRD member municipalities have identified the need for a united regional message to senior governments on policies, programs and funding priorities for affordable housing, and on the need for local governments to have “a seat at the table” with senior governments on housing issues.

The proposed actions on the following pages focus on meeting these critical unmet needs in Greater Vancouver:

- The chronic shortfall in the supply of affordable rental housing.
- The critical shortfall in the supply of social housing.
- The increasing incidence and duration of homelessness across the region.
- The shortfall in modest-cost housing appropriate for first-time home-buyers.

5. Preliminary Proposals for a Draft Regional Affordable Housing Strategy (RAHS)

The Regional Affordable Housing Strategy is based upon three goals, as follows:

GOAL 1: Provide adequate housing to meet the needs of low income renters.

GOAL 2: Eliminate homelessness across the region.

GOAL 3: Increase the supply and diversity of modest cost housing.

STRATEGIES

The above three goals will be implemented through three key strategies, all three of which can be used in relation to achieving each of the goals. The strategies for the GVRD are to:

1. Make better use of the existing and available government and housing industry resources.
2. Secure additional stable funding to meet affordable housing needs in Greater Vancouver.
3. Establish partnerships and secure sufficient and stable funding to provide required support services to assist people to access and maintain their housing.

Strategy 1: Make better use of the existing and available government and housing industry resources.

Direct Housing Provision Actions

- 1.1 The GVRD will direct the GVHC to continue to provide social housing, with particular priority upon reviewing opportunities for site-intensification on GVHC properties, primarily through:
 - densification; or
 - sale and reinvestment in other properties.
- 1.2 The GVRD will direct the GVHC, at the request of member municipalities, to:
 - manage market or non-profit rental housing acquired through municipal Affordable Housing Funds or other municipal development processes; and
 - continue to provide expertise to member municipalities and to non-profit societies to facilitate the development of non-market and low end of market housing projects.
- 1.3 The GVRD will direct the GVHC to encourage new opportunities for homeownership for those in non-profit housing and market rental housing, by:
 - partnering with financial institutions and the private and non-market sector to develop a demonstration program to provide opportunities for GVHC tenants to access ownership housing using an asset development approach (e.g. VanCity Springboard Mortgage and Individual Development Accounts).

Regulatory Actions

- 1.4 In the new regional growth strategy, the GVRD will set targets, with suggested distribution by municipality and subregion, for the number of *new affordable owned and rental housing units* required by the year 2011 and 2016, and will include a requirement for regional context statements to demonstrate how municipalities will achieve these targets, through actions such as:

- accommodating two-family dwellings, “granny flats” and secondary suites in zoning districts currently designated for single detached homes;
- increasing the stock of modest-cost housing, including small units, small lots, infill options such as coach houses, rowhouses and conversions, townhouses, and apartment-style condominium housing;
- requiring 15% of units in residential or mixed-use developments of 20 units or more to be affordable units, for either rent or ownership;
- implementing changes to regulations, regulatory processes and regulatory fees which may reduce the cost of housing;
- identifying sites appropriate for affordable housing;
- amending zoning and subdivision bylaws to permit greater densification on sites identified as appropriate for affordable owned and rental housing;
- donation or lease of municipal lands to non-profit organizations which develop affordable housing;
- reduction of on-site parking regulations for secondary suites and affordable owned and rental housing with good transit access where appropriate;
- density bonussing.

1.5 In the regional growth strategy, the GVRD will include a requirement for regional context statements to demonstrate how municipalities will meet targets *for rental housing by measures to upgrade and preserve existing rental housing stock*, through means to include:

- upgrading of secondary suites;
- application of demolition controls to preserve rental stock;
- standards of maintenance bylaws;
- anti-conversion bylaws related to rental vacancy rates;
- replacement policies for loss of rental housing; and
- protection of mobile home parks.

Fiscal Actions

1.6 The GVRD will seek enabling legislation to permit it to:

- waive regional (GVS&DD) development cost charges on social housing;
- reduce/waive regional development cost charges on affordable housing when affordability is secured for a minimum of 20 years. To this end, it will revise the method of calculation of regional development cost charges so that there is variation by unit and lot size, with the purpose of reducing charges on smaller units and lots.

Advocacy Actions

1.7 To address homelessness, the GVRD will work with municipalities to develop and promote methods to gain community acceptance for sheltering and housing projects. To this end, the GVRD will:

- work with municipalities, the Regional Steering Committee on Homelessness (RSCH), BC Housing and the BC Non Profit Housing Association (BCNPHA) to deliver workshops on best practices in addressing community opposition to municipal planners and other staff involved in municipal approval processes for shelter and supportive housing projects; and
- develop housing and homelessness components of GVRD education and outreach programs.

- 1.8 To address homelessness, the GVRD will urge the provincial government to:
- reduce barriers to access, and provide increased outreach services to help connect homeless people to income, health and other support services;
 - ensure provincial settlement programs for immigrants and refugees are integrated with provincial initiatives on homelessness;
 - regularly review its income supplement programs, such as SAFER and the new Rental Assistance Program for working families, to ensure that current market rents and income levels in Greater Vancouver are used in the calculation of the “30% of income” eligibility criteria; and,
 - ensure housing and support services strategies include culturally sensitive components to address the specific needs of homeless and at-risk Aboriginal persons.
- 1.9 To address affordable housing needs, the GVRD will urge the provincial government to:
- allocate some portion of its funding for assisted living units under Independent Living BC (ILBC) to a housing supply program for low-income families;
 - exempt affordable housing from the PST;
 - provide enabling legislation for municipalities and the GVRD to allocate some portion of municipal development cost charges/levies to an affordable housing fund.
- 1.10 To address homelessness, the GVRD will urge the federal government to continue a national homelessness initiative and funding programs for homelessness projects that:
- use a community-based delivery model; and,
 - ensure integration between national homelessness initiatives and federal government immigration policies.
- 1.11 To address affordable housing needs, the GVRD will urge the federal government to:
- respond to the call from the Federation of Canadian Municipalities (FCM) to develop a National Affordable Housing Strategy;
 - exempt affordable housing from GST; and,
 - identify opportunities to provide tax incentives for the construction of new purpose-built rental housing.

Measures on Homelessness Actions

- 1.12 The GVRD will work with the Regional Steering Committee on Homelessness to monitor and report on progress in implementing strategies to address regional homelessness.
- 1.13 In the final Regional Affordable Housing Strategy, the GVRD will include targets, with suggested distribution by municipality and subregion, for housing types (including shelter beds, transition housing, residential treatment and recovery houses) that provide housing and support services to homeless people in their own communities. The GVRD will work with member municipalities, the Regional Steering Committee on Homelessness (RSCH) and other partners to develop these targets for the elimination of homelessness in Greater Vancouver.

Strategy 2: Secure additional stable funding to meet affordable housing needs in Greater Vancouver.

Fiscal Actions

- 2.1 The GVRD will seek a legislative enactment to permit a regional surcharge on various regional levies and charges, particularly those directed towards demand management, to enable the regional district to raise up to \$50 million per year, to be matched at a ratio of 2:1 from the provincial government, and 2:1 from the federal government. This revenue is to be spent on increasing the supply of social housing in Greater Vancouver.

- 2.2 The GVRD will establish and manage a Regional Affordable Housing Trust Fund, to act as a repository for affordable housing funding from a variety of sources, monies from which will be allocated to construction of additional social housing.
- 2.3 The GVRD will identify lands across the region owned or controlled by the GVRD which are suitable for the development of affordable housing, and provide these sites to affordable housing developers at less than market value.
- 2.4 The GVRD will request the Greater Vancouver Transportation Authority (GVTA) to identify surplus lands suitable for the development of affordable housing, possibly combining park and ride sites with housing developments.

Advocacy Actions

- 2.5 The GVRD will urge the provincial government to:
 - allocate some portion of 45% of the Provincial revenue generated by the property transfer tax in the GVRD from provincial general revenue to regional housing programs within the GVRD;
 - increase the shelter component of Income Assistance rates to reflect the high costs of housing in the Greater Vancouver region;
 - establish a Provincial Rental Tax Credit Program geared to income; and,
 - work with the development industry and the federal government to develop a low-income tax credit or subsidy program for the construction of affordable rental housing.
- 2.6 The GVRD will urge the federal government to:
 - allocate some portion of the accumulated \$5.7 billion reserve funds held by Canada Mortgage and Housing Corporation (CMHC) to build new social housing;
 - reduce or eliminate taxes which act as disincentive for the provision of affordable housing;
 - improve ability for existing affordable housing to be maintained by:
 - substantially increasing funding for the Residential Rehabilitation Assistance Program (RRAP) and Home Adaptation for Seniors' Independence Program (HASI) renovation programs;
 - increasing the forgivable loan portion of its RRAP program for non-profit housing providers;
 - revising eligibility criteria for RRAP in order to increase access to the program in high-cost urban areas such as Greater Vancouver.
- 2.7 The GVRD will urge senior governments to provide municipalities with early opportunities to purchase, at less than market value, provincial or federal government "surplus" lands being divested.
- 2.8 To address homelessness, the GVRD will urge senior levels of government and Health Authorities to provide 5,000 units of supportive housing in the region.
- 2.9 The GVRD will urge BC Housing and other funders to develop additional shelter capacity in line with the regional shelter distribution outlined in the Final Regional Affordable Housing Strategy.
- 2.10 The GVRD will urge BC Housing and other funders to ensure that all shelters have funding for 24/7 operations and are focused on moving people who are homeless into permanent affordable housing connected with the supports they need.

Strategy 3: Establish partnerships and secure sufficient and stable funding to provide required support services to assist people to access and maintain their housing.

Direct Housing Provision Actions

- 3.1 The GVRD will direct GVHC to link its tenants to support services, wherever required, to:
- develop partnerships with Provincial agencies and non-profit societies, to provide on-site support services, or linkages to support services in the community, for GVHC tenants;
 - continue the partnership with the Seniors Housing Information Program (SHIP) in its pilot project for the provision of emergency housing and support services to seniors.

Advocacy Actions

- 3.2 To address homelessness, the GVRD will urge senior levels of government and Health Authorities to provide stable funding for operating costs and support services required for the 5,000 units of supportive housing needed in the region. (See Action 2.8)
- 3.3 The GVRD will urge the provincial government and Health Authorities to increase the number of outreach teams who link homeless people with income and support services, including Assertive Community Treatment teams, to meet the need throughout the region.
- 3.4 The GVRD will urge the provincial government to provide an interdepartmental policy framework and funding support for the Vancouver Coastal Health Authority, the Fraser Health Authority and other key partners to develop a Regional Addictions Strategy which addresses supportive housing needs in Greater Vancouver.

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