




City of Richmond

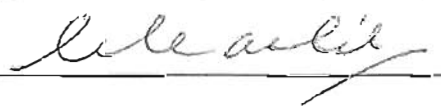


Report to Committee

To: Planning Committee *To: Planning Comm. June 19, 2012*
From: Cathryn Volkering Carlile **Date:** May 30, 2012
General Manager – Community Services **File:** 08-4057-05/2012
Re: **Project Specific Financial and Policy Considerations for the Proposed**
Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard

1. That the recommendations in the staff report dated May 30, 2012 from the General Manager, Community Services, to provide financial support by the City to Richmond Kiwanis Senior Citizens Housing Society for the proposed Kiwanis Towers affordable housing project at 6251 Minoru Boulevard, be endorsed, subject to the following conditions being satisfied:
 - a. Richmond Rezoning Bylaw 8500, Amendment Bylaw No. 8914 (RZ 11-591685) being adopted; and
 - b. Confirmation from the Kiwanis Seniors Housing Society that the required funding and/or financing has been secured.
2. That the Kiwanis Towers development be approved as a special development circumstance, meeting the Affordable Housing Strategy and other City policy requirements, as outlined in the staff report dated May 30, 2012 from the General Manager, Community Services, titled "Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard.
3. That Official Community Plan Amendment Bylaw No. 8915 to amend the City Centre Area Plan (dated September 14, 2009), as set out in the staff report dated May 30, 2012 from the General Manager of Community Services, entitled "Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard", be introduced and given first reading.
4. The Official Community Plan Amendment Bylaw No. 8916 to amend the West Cambie Area Plan (dated July 24, 2006), as set out in the staff report dated May 30, 2012 from the General Manager of Community Services, entitled "Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard", be introduced and given first reading.

5. That Bylaws No. 8915 and No. 8916, having been considered in conjunction with:
- the City's Financial Plan and Capital Program;
 - the Greater Vancouver Regional District Solid Waste and Liquid Waste Management Plans;
- are hereby deemed to be consistent with said program and plans, in accordance with Section 882(3)(a) of the Local Government Act.
6. That Bylaw No. 8915 and No. 8916, having been considered in accordance with OCP Bylaw Preparation Consultation Policy 5043, is hereby deemed not to require further consultation.
7. That amendments to the Richmond Affordable Housing Strategy (dated May 9, 2007), as set out in **Attachment 3** of the staff report dated May 30, 2012 from the General Manager of Community Services, entitled "Project Specific Financial and Policy Considerations for the Proposed Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard", be approved as Addendum No. 4 to the Richmond Affordable Housing Strategy.
8. That staff work with the Richmond Kiwanis Senior Citizens Housing Society applicant team to assist in the development of a tenant management plan to address: operation and tenant management, resident amenity planning, and community networking and partnership opportunities for the delivery of housing and resident programming.
9. That \$5,452,672 be allocated to Kiwanis Towers Affordable Housing Development from the existing City Wide Affordable Housing projects.
10. That staff bring forward reports to Council to request funds for the Kiwanis project as part of the Capital Budget process or through a special report, if required


 Cathryn Volkering Carlile
 General Manager – Community Services
 (604-276-4068)
 Att. 4

REPORT CONCURRENCE			
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER	
Budgets	<input checked="" type="checkbox"/>		
Law	<input checked="" type="checkbox"/>		
Development Applications	<input checked="" type="checkbox"/>		
Policy Planning	<input checked="" type="checkbox"/>		
Real Estate	<input checked="" type="checkbox"/>		
REVIEWED BY TAG SUBCOMMITTEE	INITIALS: 	REVIEWED BY CAO	INITIALS: 

Staff Report

Origin

On July 22, 2009, Council passed the following motion:

That staff develop and bring forward to the Planning Committee options for funding on a case by case basis of development cost charges and servicing costs for affordable housing projects.

This report responds to the above referral, specifically pertaining to a proposed redevelopment of the Kiwanis Senior's Housing Complex. The report provides information on the Kiwanis redevelopment proposal. It includes a rationale to utilize the City's Capital Affordable Housing Reserve Funds to support the development of subsidized, low-income housing for seniors through the provision of City contributions to cover development cost charges, servicing costs and municipal permit fees for the project and a portion of the construction costs of the project.

In addition to the 2009 referral, staff also brought forward the Kiwanis/Polygon concept last year, prior to the submission of the application, to City Council for discussion. The proposed concept was supported by Council.

Analysis

The City has received a Rezoning application from Polygon Carrera Homes Ltd. ("Polygon") in collaboration with the Kiwanis Senior Citizens Housing Society ("Kiwanis") for the development of the Kiwanis Towers low income seniors rental housing at 6251 Minoru Boulevard. The proposed affordable housing portion of the development consists of 2 concrete towers containing a total of 296 1-bedroom units and 710 square metres of resident indoor amenity spaces ("Kiwanis Towers Project").

The Affordable Housing Strategy prioritizes the use of affordable housing reserve funds for subsidized housing to support low income households (i.e. rents below what is stipulated in the Strategy for low end market rental units). In addition, Affordable Housing Reserve Fund allocations are determined through a competitive proposal call process (i.e. the City-owned site at 8111 Granville Avenue/8080 Anderson Road), with exception given to Council approved affordable housing projects in special development circumstances to:

- Meet senior government funding deadlines, and
- Confirm that funding has or will be obtained from other levels of government and other partners.

The Kiwanis request for the 6251 Minoru Boulevard affordable housing development has been reviewed as a "project-specific" special development circumstance that is proposing to:

- Secure rents below the Affordable Housing Strategy rates;
- Seek financial support from other levels of government;
- Meet the Affordable Housing Reserve Fund Policy funding priority for the provision of subsidized rental housing (i.e. low income seniors); and

- Align with the Affordable Housing Strategy proposal review and approval criteria.

Subject to Council approval, the proposed Kiwanis and City-owned sites will be the only affordable housing developments at this time to be considered for municipal capital funding support that varies from the City's standard affordable housing and OCP policies. Further details of the Kiwanis review and determination for funding are outlined below and described in this report.

As part of the proposal, Kiwanis has requested City financial support for the proposed Kiwanis Tower project, to include:

Kiwanis Towers Financial Project Summary:

Financial Contribution Category	Total Amount	Current Funding Source
Kiwanis Proposed Equity Contribution	\$21,070,000	Kiwanis
City Contribution: Affordable Housing Value Transfers from Polygon projects (Subject to Council approval and provided that City receives such funds)	\$18,690,406	City of Richmond through affordable housing value transfers from Polygon projects.
City Contribution:	\$ 2,147,204	City of Richmond
City Contribution: Municipal Contribution towards Development Cost Charge, Servicing Cost Charge, and Building Permit Fees	\$ 3,305,468	City of Richmond
Remaining Estimated Financing Required (*Total reflects proposed contributions being applied, as noted above)	\$13,275,922	Kiwanis to secure mortgage (BC Housing providing construction financing and arranging mortgage)
Total Gross Capital Construction Project Costs (A fixed construction contract has been negotiated between Kiwanis and Polygon)	\$58,489,000	

*Total financing costs are subject to BC Housing financing approval terms and requirements. Kiwanis reports \$16,581,390 for BC Housing financing costs, which doesn't reflect the proposed City contribution towards DCC, SC, and Municipal Permit costs.

Average Tenant Rents: \$680-\$830 (Rents may be lower based on final requirements for financing)

Total Shelter Costs: \$755-\$905 (Includes rent, average electrical charges, and tenant insurance)

A Housing Agreement to secure 296 units of low-income rental housing for seniors will be registered on title. A subsequent report will be brought forward to Council outlining the terms and conditions for the housing agreement.

This report provides an overview and analysis of the Kiwanis request with respect to:

Section A: City Policy considerations to support the Kiwanis Towers financial support request, and

Section B: Affordable Housing Strategy requirements and considerations.

Section A: City Policy Considerations and Proposed City Contributions to Support the Kiwanis Towers Financial Support Request

To support the viability of the project and to further Kiwanis' ability to provide tenant rents below what is stipulated in the Affordable Housing Strategy, the proposal involves the following financial offsets:

- Existing funds in the City's Capital Affordable Housing Capital Reserve Fund, and
- Affordable Housing Value Transfers from current and proposed Polygon projects, (note: further details of the proposed transfer method and outcomes are outlined below).

Staff had previously conducted a review to determine what funding sources could be utilized to provide financial support for the affordable housing projects. Through the review, it was identified that the Affordable Housing Statutory Reserve Fund Policy-5008, Section 5.15 of the Zoning Bylaw 8500 and Affordable Housing Operating Reserve Fund Bylaw No. 8206 required amendments to align with the Affordable Housing Strategy and other City requirements for the allocation and distribution of Affordable Housing Reserve Funds.

Council endorsed the proposed amendments to the above Bylaws and policy at its meeting of April 10, 2012. The Bylaw and amendments were subsequently adopted. The amendments provide Council with the authority to direct:

1. Different proportions of contributions to the Affordable Housing Reserve Funds, from time to time, to support affordable housing special development circumstances, and
2. Capital financial support for specific affordable housing developments for affordable housing project eligible costs that include:
 - a) Municipal fiscal relief (i.e. development cost charges, costs related to the construction of infrastructure required to service the land, and development application and permit fees).
 - b) The construction of infrastructure required to service the land on which the affordable housing is being constructed; and
 - c) Other costs normally associated with construction of the affordable housing (e.g. design costs, soft costs).

A. Proposed City Contribution: Affordable Housing Value Transfers

Kiwanis is requesting the City's consideration of financial support for the proposed Kiwanis Towers development to support the financial viability of the project, and to provide tenant rents below what is stipulated in the City's Strategy. Kiwanis is requesting Council consideration of approval for affordable housing value transfers from Polygon sites that have or will require the provision of affordable housing.

The proposal identifies values for converting the requirement to provide affordable housing units into a cash-in-lieu equivalent (referred to in this report as Affordable Housing Value Transfers or AHVT) for several current and proposed Polygon developments. These AHVTs are proposed to be deposited into the City's Affordable Housing Capital Reserve Fund and then, at the City's discretion, allocated to the Capital construction costs of the proposed Kiwanis Towers development.

The City hired G.P. Rollo & Associates (GPRA), land economists, experienced in affordable housing matters, to:

1. Work with the City and Polygon to analyze the proposed AHVT rates;
2. Review the proposed AHVT's to support the Kiwanis site; and
3. Generate a calculation method that is sound and reasonable, without creating an on-going incentive for developers to deviate from standard City policy.

The AHVT rate has been determined as the difference between the cost to produce a unit and the average market value of the affordable housing units, utilizing Richmond specific market analysis. From the GPRA analysis, it was determined that the affordable housing value transfer for developments *where developers do not intend to keep the affordable housing portion of their density bonus* granted for developing affordable housing on the transfer site will be:

- A. \$160 sf. for wood-frame construction, and
- B. \$225 sf. for concrete projects.

These rates would apply where the developer pays the AHVT rate and doesn't choose to build the affordable housing square footage either on the development site or another site in the City. This reduces the gross buildable area by the affordable housing square footage and common areas that are no longer required.

It is important to note that should developers opt to keep the affordable housing portion of their density bonus, granted for developing affordable housing on another transfer site, the amounts are higher and will be:

- A. \$230 sf. for wood-frame construction, and
- B. \$278 sf. for concrete projects.

Kiwanis is requesting that the City accept AHVT contributions for the following current and proposed Polygon developments. If Council approves the proposed developments, Kiwanis is requesting that 100 percent of the contributions be allocated to the City's Capital Affordable Housing Reserve Fund and at the City's discretion (provided that the amounts have been collected), be used to support the Kiwanis Towers project. It is important to note that rates are derived for the purpose of the Kiwanis Development Tower project only and should not be used for future projects. The request includes:

Project	Affordable Housing Value Transfer Rate	Affordable Housing Square Feet	Total Contribution
Mayfair Place 9399 Odlin Road (16 Built, Secured Units) RZ 10-537689 (West Cambie Area)	\$160/ sf.	13,896 sf. actual built area	\$2,223,360
Cambridge Park 9500 Odlin Road (22 Built, Secured Units) RZ 08-408104 (West Cambie Area)	\$160/sf.	17,010 combined built area (Cambridge, Wishing Tree and Fisher Gate)	\$2,721,600
Carrera (Market side/Kiwanis) 6251 Minoru Boulevard RZ 11-591685 (Pending Council Approval) (City Centre)	\$225/sf.	18,071 sf.	\$4,066,031
Mueller 8331, 8351, 8371 Cambie Rd. & 3651 Sexsmith Rd. RZ 11-591985 (Under Review By Staff) (City Centre)	\$225/sf.	23,277 sf.	\$5,237,409
Alexandra Road East 9331, 9393, 9431, 9451 & 9471 Alexandra Road RZ 12-598503 (Under Review By Staff) (West Cambie)	\$160/sf.	9,817 sf.	\$1,570,741
Alexandra Road West 9491, 9511, 9531 & 9591 Alexandra Road RZ 12-598506 (Under Review By Staff) (West Cambie)	\$160/sf.	17,945 sf.	\$2,871,264
Total			\$18,690,406

*Above amounts are subject to the City's final determination, subject to annual review and construction price index adjustments, as required.

Kiwanis is applying for construction and mortgage financing from BC Housing. The proposed affordable housing value transfers will support the non-profit affordable housing provider to qualify for Provincial Project Approval for financing.

B. Proposed City Contribution: Cash-In-Lieu Contributions

Cash-in-lieu contributions are deposited to the City's Affordable Housing Reserve Fund to support the City's ability to purchase or acquire land for affordable housing development and to leverage funding opportunities to work with senior levels of government and community-based groups to support the City's affordable housing objectives.

On July 24, 2006, Council adopted the West Cambie-Alexandra Amenity Guidelines- Policy 5044. The guidelines developed developer contribution guidelines for developers seeking a density bonus through rezoning applications in the West Cambie area.

In 2007, a total of \$2,147,204 was received from the Polygon Hennessey Green (9800 Odlin Road; RZ 06-354959) and Meridian Gate (9288 Odlin Road; RZ 06-344033) projects in the West Cambie area. The projects contributions were deposited to the City's Affordable Housing Reserve Fund to be used for Affordable Housing Capital Projects in the West Cambie area.

Kiwanis has requested that an amount equal to the voluntary housing contributions of \$2,147,204 made by Polygon for the Hennessey Green and Meridian Gate projects be disbursed towards the Kiwanis Tower Projects.

C. Proposed City Contribution: Development Cost Charge, Service Cost Charge and Building Permit Fees

Due to limited senior government capital funding for subsidized rental housing development, an integrated funding approach is required to leverage financial support from various sources.

In addition, Kiwanis is requesting consideration of City contributions toward the development cost charge, service cost charge, development application and/or building permit fees to support their efforts to provide tenant rents that are below the rates stipulated in the Strategy. Their request has been reviewed utilizing a criteria generated from comparative research of current municipal grant initiatives. A summary of the assessment is as follows:

Criteria Requirements	Kiwanis Tower Project	Eligibility
<i>The eligible applicant must be a non-profit society or non-profit developer</i>	Richmond Kiwanis Seniors Housing Society has operated Seniors housing at the Minoru location since 1959.	Constitution registered on September 21, 1959 B.C. Registered Society Business Number on file.
<i>A written request from the applicant indicating the number of units to secure rents below what is stipulated in the Affordable Housing Strategy</i>	The affordable housing development consists of: 296 subsidized, seniors rental units The 2012 affordable housing strategy stipulates a \$925 maximum rent for a 1-bedroom unit, in accordance with Housing Income Limits published by CMHC.	A rezoning application has been received for the proposed development. Kiwanis will secure rents ranging between \$680-\$830 per month. The total shelter costs will range between \$755-\$905 per month (i.e. rent, electrical and tenant liability insurance costs).

<i>The rents must be secured below the Affordable Housing Strategy in perpetuity.</i>	Terms to be Secured through a City's Housing Agreement and Housing Covenant registered on title in perpetuity.	Rents and income threshold limits and annual verification of tenant eligibility are subject to the City's requirements as outlined in the Housing Agreement.
<i>Confirmation that funding from at least one source has been committed and/or secured (e.g. a partner from another level of government, private sector, or non-profit sector).</i>	Kiwanis equity contribution (\$21 M) BC Housing Financing Provisional Provincial Approval has been provided to Kiwanis. Proposed City contributions.	Final Provincial Project Approval will be processed upon receiving confirmation that the project has received the required municipal approvals and has met the BC Housing financing requirements. BC Housing to have 1 st priority on construction financing agreements. City to assume 2 nd priority on mortgage and other security.
<i>The applicant has submitted a sound financial, business, and a resident amenity plan.</i>	A financial pro forma has been received to include capital construction costs and on-going operating/maintenance budget requirements. On behalf of Kiwanis, Polygon to facilitate a tenant relocation program during construction to include: move out, move in, and temporary rental placement and assistance. In addition, Kiwanis and Polygon representatives are working with the City through a collaborative multi-stakeholder initiative (i.e. City, BC Housing, Vancouver Coastal Health, BC Non-Profit Housing Association, and BC Hydro) to support the rezoning process, development of an affordable housing provision rationale and a communications process.	Polygon has been hired by Kiwanis to oversee the development and construction management of the proposed Kiwanis Towers development. City staff facilitated a multi-stakeholder project communications process to support: 1) BC Hydro Thermal Comfort and Energy Modeling to maximize: energy efficient building design, life cycle operation cost analysis, and non-profit provider and tenant utility savings. 2) Resident amenity and service program planning (e.g. community health spaces). 3) Operations and Management plans (i.e. tenant management, operation and maintenance requirements and best practices).
<i>Housing is to be owned and operated in the long-term by a non-profit society, non-profit housing provider or government body.</i>	A City Housing Agreement and Housing Covenant will be registered on title to ensure use is secured in perpetuity. BC Housing to register a Section 219 Covenant on Title, which will expire 5 years after the mortgage being paid in full.	Kiwanis Senior Housing Society will retain ownership and oversee the management of the proposed Kiwanis Towers Development as senior low-income rental housing.

The development cost charge, service cost charge, development application and/or building permit fees are calculated by the total square feet of buildable, residential area that is designated for subsidized, affordable rental housing. The contribution by the City for the payment of these costs is proposed to come from the City's Affordable Housing Capital Reserve Fund. The estimated costs are:

CITY CONTRIBUTION: CATEGORY	AMOUNT
Development Cost Charges	\$2,160,118
Building Permit Fees	\$691,000
Servicing Cost Charges - Road Works	\$196,950
Servicing Cost Charges - Water	\$72,150
Servicing Cost Charges - Storm	\$74,100
Servicing Cost Charges - Sanitary	\$40,950
Servicing Cost Charges - Hydro / Telephone	\$42,900
Servicing Cost Charges - Service Connection Fees	\$27,300
Total City Contribution	\$3,305,468

*Offsite services were based on a pro-rated land area calculation between Polygon's adjacent Carerra development and Kiwanis. Kiwanis was allocated 39% of the total costs. Actual costs of Servicing Agreements will not be finalized until engineering design is approved and the contract for construction that will include servicing related costs is secured. Should the actual values exceed \$454,350; any additional level requests are to be provided in writing from the Kiwanis Society to include confirmed values and are subject to the City determination and approval requirements.

Summary: The Kiwanis Towers project meets the non-profit eligibility requirements to apply for a City contribution for the payment of Development Cost Charge, Service Cost Charge, and Building Permit fees. The City's contribution would support Kiwanis to achieve financial viability and to maintain rents below the Strategy rates.

Section B: City policy and Affordable Housing Strategy proposal review considerations

The Richmond OCP Bylaw Preparation Consultation Policy 5043 provides direction regarding the consultation requirements for an OCP amendment. The Policy requires a local government to consider opportunities for consultation with persons, organizations and authorities that may be affected by the enactment, repeal, or amendment of an OCP bylaw. The consultation process for the Kiwanis proposed development included two components to address the physical nature and affordable housing arrangements, as noted below:

A. Physical nature of the proposed Kiwanis development

Community consultation details about the physical nature of the proposed Kiwanis development are outlined in the report entitled, "Application by Polygon Development 275 Ltd. for Rezoning at 6251 Minoru Boulevard from School and Institutional Use (SI) to High Rise Apartment (ZHR11) Brighthouse Village (City Centre)", dated May 30, 2012 from the Director of Development.

B. The affordable housing arrangements of the proposed Kiwanis development

The Strategy's affordable housing proposal review criteria focuses on supporting non-profit affordable housing providers to build capacity to respond to existing and emerging affordable housing needs. Staff worked with Kiwanis Seniors Housing Society and Polygon to build relationships, provide resources, generate stakeholder consultation, and facilitate technical analysis for the support for affordable housing development that includes the provision of cash contributions to support affordable housing in special development circumstances.

The collaborative, multi-stakeholder consultation process included participation from:

<i>BC Non-Profit Housing Association</i>	<ul style="list-style-type: none"> - Provided assistance in the facilitation of the BC Hydro Thermal Comfort and Energy Modeling - Provided non-profit resources and technical support to Kiwanis, Polygon and the City.
<i>BC Hydro</i>	<ul style="list-style-type: none"> - BC Hydro New Construction Program to conduct the Thermal Comfort and Energy Modeling
<i>BC Housing</i>	<ul style="list-style-type: none"> - Collaborative Project Communications support - Project Financing, Operations and Management expertise and best practice information.
<i>Vancouver Coastal Health</i>	<ul style="list-style-type: none"> - Collaborative project communications support - Facilities, Minoru Residence, communications, community partnership, and senior tenant health and well-being considerations.
<i>CHIMO Crisis Services (Outreach and Advocacy)</i>	<ul style="list-style-type: none"> - Provided tenant assistance, support and input into the Kiwanis Tenant Relocation Program implementation.
<i>Seniors Advisory Committee</i>	<ul style="list-style-type: none"> - Provided Kiwanis and Polygon feedback about the proposed development with respect to senior and community issues.
<i>Seniors Minoru Place Society Executive Board</i>	<ul style="list-style-type: none"> - Provided feedback about the proposed development and key resident and community amenity planning considerations for seniors.
<i>City staff</i>	<ul style="list-style-type: none"> - Facilitated inter-department collaboration to provide technical, communications, planning, and community services support to Kiwanis and Polygon. - Community Services staff provided applicants with the Affordable Housing Strategy proposal review criteria and utilized the information to guide the collaborative process.

Further collaboration is recommended, due to the significant proposed investment of municipal resources that is being requested for the project, as well as, to support Kiwanis in the development of resident amenity programming, community networking and partnership opportunities to effectively meet the projected increase and diverse needs of the seniors to be housed in the proposed development.

It is believed that the Policy 5043 requirements have been met through the consultation process. Further opportunities for input by residents, business, organizations, and property owners will be provided at the Planning Committee meeting, Council meeting, and statutory Public Hearing.

1. Proposed Amendments to City Centre Area Plan (CCAP)- Section 4.1.(n)- Density Bonusing- Affordable Housing

On September 14, 2009, the City Centre Area Plan was adopted by Council. In accordance with the Richmond Affordable Housing Strategy, an affordable housing density bonusing approach is included in the City Centre Area Plan to be used for rezoning applications in the City Centre.

Existing Policy Requirements

Apartments and mixed use developments over 80 residential units are required to construct affordable housing units on site.	Make available at least 5% of their total residential building area (or a minimum of 4 residential units) for affordable low end market rental housing. Note: Calculation on net area as per the Zoning Bylaw.
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An amendment to the CCAP Section 4.1 is required to allow developers to provide cash contributions for affordable housing in special development circumstances that include apartments or mixed use developments over 80 units, which meet the City's Affordable Housing Strategy and Policy requirements. The proposed amendment to Bylaw No. 8915 reflects the recommended amendment that is required to facilitate the contributions from the current and proposed Polygon developments within the City Centre Area (**Attachment 1**).

Proposed Amendment to be added (**in bold**)

Apartments and mixed use developments over 80 residential units	Construct and make available at least 5% of their total residential building area (or a minimum of 4 residential units) for affordable low end market rental housing, <u>or</u> <u>Provide a cash contribution towards affordable housing only in Council approved special development circumstances, while continuing to meet the City's affordable housing policy requirements.</u>
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2. Proposed amendments to the West Cambie Area Plan- Section 9.3, Objective 3

On July 24, 2006, the West Cambie Area Plan was adopted and includes the following policy for affordable housing density bonuses for properties within the Alexandra quarter:

Existing Policy Requirements

Density Bonusing- Affordable Housing	<p>a) Density Bonusing will be offered to developers where they build affordable housing with their development;</p> <p>b) The intent of density bonusing for affordable housing is to secure a number of affordable housing units within a development (e.g. 5% of the total units) and to permit additional density for market housing as a financial incentive to the developer for building the affordable housing;</p> <p>c) Conceptually, the increased density bonus (DB) will be allocated, as follows:</p> <ul style="list-style-type: none"> • One-third of the DB, for affordable housing; and • Two-thirds of the DB to pay for the affordable housing and to provide a developer incentive. • Note that this formula may vary slightly, based on an economic analysis during the development application review process. <p>d) City staff and developers will work together to achieve this goal.</p>
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An amendment to the West Cambie Area Plan density bonusing amenity provisions for affordable housing is required to permit cash contributions towards affordable housing in special development circumstances. The proposed amendment to Bylaw No. 8916 reflects the recommended amendment that is required to facilitate the contributions from the current and proposed Polygon developments within the West Cambie Area (**Attachment 2**).

Proposed Amendment to be added (in bold)

Density Bonusing- Affordable Housing	<p>e) <u>Provide a cash contribution towards affordable housing only in Council approved special development circumstances, while continuing to meet the City's affordable housing policy requirements.</u></p>
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3. Affordable Housing Policy proposed amendments- Policy Area #2

Policy area 2, recommendations 9 and 10 of the Affordable Housing Strategy outlines the requirements for the use of regulatory tools and approaches to facilitate the creation of new affordable housing.

Existing requirements – Policy Area #2, Recommendation No. 9 and 10

Affordable Low End Market Rental Housing	
#9)	In order to meet the City's targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007.
#10)	<p>Where an affordable housing unit density bonusing approach is provided for apartment and mixed use developments involving more than 80 residential units:</p> <ul style="list-style-type: none"> a) at least 5% of the total residential building area (or a minimum of 4 residential units) should be made available for affordable low end market rental purposes; b) the unit sizes and number of bedrooms will be determined by the City; and c) the affordable low end market rental units will be subject to a housing agreement registered on title.

The City has historically recognized the value of securing built affordable housing in areas throughout Richmond. Therefore, any decision on accepting AHVT contribution in place of requiring the constructed affordable housing units for the purpose supporting the proposed Kiwanis Towers project should not be viewed as a precedent or shift from the City's standard requirement to implement the affordable housing built requirements as part of the density bonus provisions in each planning area (e.g. City Centre Area Plan and West Cambie Area Plan).

However, as a special development circumstance, to facilitate the AHVTs to support the creation and funding of seniors rental housing at the Kiwanis Towers project, an amendment to the Affordable Housing Strategy Policy Area 2 is required (**Attachment 3**). The proposed amendment, presented below and in Attachment 3, will uphold the City's preferred method of securing units through the density bonusing approach and will allow for AHVT contributions to City approved affordable housing projects in special development circumstances.

Proposed Amendment to be added (in bold)

Affordable Low End Market Rental Housing	
#9a)	<p>In order to meet the City's targets for affordable low end market rental housing, a density bonusing approach involving the provision of affordable housing units as an amenity be utilized for apartment and mixed use developments involving more than 80 residential units for rezoning applications received after July 1, 2007, and</p> <p><u>In lieu of constructed units, cash contributions to be allowed toward affordable housing only in Council approved special development circumstances that meet the City's affordable housing policy and other</u></p>

#10d)	<p><u>City requirements.</u></p> <p><u>In lieu of constructed units, cash contributions to be allowed towards affordable housing only in Council approved special development circumstances that meet the City's affordable housing policy and other City requirements. The affordable housing transfer value rates are subject to the City's final determination and periodic assessment of housing, market and financial requirements.</u></p>
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4. Policy and Impact Assessment to the City's Affordable Housing Needs

The proposed development and request for affordable housing value transfers will support the provision of much needed low-income, senior rental housing and the financial viability of the Kiwanis project. However, the proposed transfers also raises socio-economic and policy questions, such as:

1. Is it the best use of significant municipal investment of resources (i.e. Affordable Housing Reserve Funds and the conversion of secured, built affordable housing units to market housing) to support affordable housing for one targeted population group (i.e. low-income seniors) versus a broader range of groups?
2. What is the impact of accepting AHVT contributions to the Low End Market Rental Inventory?
3. How will the proposed Kiwanis Towers affordable housing development meet the Affordable Housing Strategy's long-term estimated housing needs and objectives?

A diverse affordable housing supply is required to support Richmond's low income households. According to 2001 Core Need Household data and 2006 Census reflects that:

- Approximately 4,120 or 25 percent of Richmond renter households are core need households (i.e. spending more than 30 percent of income on shelter),
- Of these households, 1,995 spend at least 50 percent of their income on rent (INALH). INALH households face extreme affordability challenges and risk of homelessness, and
- 25 percent of Richmond's seniors are low-income (i.e. below Statistic Canada's Low Income Cut Off values), representing the third highest proportion of low income seniors in the region.

Richmond's Official Community Plan (OCP), Section 3.2, anticipates a significant increase in the City's senior population over the next two decades. The Richmond population is projected to increase by 163 percent or 38,000 more individuals, comparing to a region-wide forecast rate of 118 percent. This will contribute to an increasing demand for diverse housing forms, specialized housing and assisted rental housing for low income senior households.

The 2006 Census reports the Richmond seniors' population at:

Richmond Seniors by Age Category

Age Group	Total
Total Seniors- 55 Years and above	42,625
55-64 Years	21,260
65-74 Years	11,885
75 Years and above	9,480

The 2006 Census reports 42,625 seniors (55 years and above) reside in Richmond. The areas with the highest number of seniors are: City Centre, Steveston, Broadmoor, and Blundell. Given the growing demand and varying housing and support needs required for seniors, close proximity to services and community amenities, as well as, affordable, accessible and aging-in-place housing options are required.

Richmond's Seniors Income Distribution

Annual Income Range	Number of Persons	Affordable Shelter Cost
Under \$15,000	16,675	\$375 and below
\$15,000-\$29,999	10,305	\$375-\$750
\$30,000-\$44,999	6,300	\$750-\$875
\$45,000-\$59,999	3,735	\$1,125-\$1,500
\$60,000 and over	4,670	\$1,500 and above
Total With After-Tax Income	41,690	

The average reported senior income was reported at \$41,690. Of the 85,250 Richmond residents who are 55 and over, 25 percent are low-income, representing the third highest proportion of low income seniors in the region. There were 830 senior households over the age of 65 that reported spending at least 50 percent of their annual income on total shelter costs, which is reflected in the table below:

INALH Senior Households

Richmond	1996	2001	2006
45-54	775	1245	1340
<i>Renters</i>	260	500	395
<i>Owners</i>	510	745	950
55-64	320	500	675
<i>Renters</i>	110	170	215
<i>Owners</i>	205	330	460
65 +	645	705	830
<i>Renters</i>	380	335	345
<i>Owners</i>	260	370	485

*INALH (In need and spending at least 50 percent on housing/shelter)

Affordable Housing Strategy Priorities and Use of Reserve Funds

The Affordable Housing Strategy prioritizes the use of Affordable Housing Reserve Funds to support the development of subsidized rental housing to meet the needs of low-income households with rents below what is stipulated in the Affordable Housing Strategy. The Strategy's current maximum income threshold is \$37,000 and maximum rent is \$925 for a 1-Bedroom unit. Since the inception of the proposed development, it was clearly identified that the Affordable Housing Strategy, Affordable Housing Reserve Fund policy, and proposed Affordable Housing Value Transfer initiative prioritize the use of reserve funds and value transfer of affordable housing units to be utilized for project's that will secure rents below what is stipulated in the Strategy for low end market rental units.

Providing adequate, affordable, and suitable housing stock becomes challenging with decreased, committed Senior Government funding for affordable housing. Due to the absence of such funding, Kiwanis is requesting a significant amount of municipal fiscal support to achieve their project's financial viability goals. The challenge persists for Kiwanis to achieve a financially

viable non-profit operation, while meeting the Affordable Housing Strategy and tenant income requirements.

Kiwanis' current housing program provides 122 units of low-income senior rental housing with monthly rents of \$360; whereas, the proposed Kiwanis Towers development will provide rents ranging between \$680 to \$830. Kiwanis estimates that shelter costs will range between \$755-\$905 per month (i.e. base rent, utility costs estimated at \$45 per month, and tenant liability insurance costs at \$30 per month). It has been determined that tenant liability costs should not exceed \$25 per month to be affordable for low income seniors.

Further determination is required by Kiwanis to ensure appropriate measures are in place regarding tenant liability insurance rates to be charged at an affordable rate to tenants, as well as the development of tenant management policies to incorporate insurance claim management, deductible coverage requirements and tenant management/communication procedures. A well developed set of policies and practices will support Kiwanis to achieve a well maintained, sustainable operation, while serving the socio-economic needs of their tenants.

Senior households may be eligible for SAFER subsidy to offset the total monthly shelter costs; however, this should not be viewed as a permanent, operating subsidy (i.e. future governments could change SAFER guidelines or eliminate the program entirely).

Studies reveal that seniors that have access to stable housing and supportive social networks experience improved health and well-being. The Kiwanis Towers development will provide rental housing for low-income seniors in a City Centre location close to transit, shopping, and community services (e.g. Minoru Place Activity Centre). The development will also include 1-bedroom units to accommodate a senior couple or single, which will support the Kiwanis tenants to age in place.

While the Kiwanis project does represent a significant departure from the Affordable Housing Strategy's density bonusing approach, it may represent Richmond's only opportunity to provide subsidized senior rental housing on this scale in the absence of provincial and federal programs.

Kiwanis' request includes the proposed release of the City's housing agreements that have secured low end market rental units in Polygon's Mayfair and Cambridge Park developments. In addition, AHVT contributions are proposed for future Polygon projects in the City Centre and West Cambie Area (Alexandra West, Alexandra East, Mueller, and Carerra projects).

Five out of the six proposed donating projects are located in the West Cambie area (**Attachment 4**). Even if Council approves the acceptance of the AHVT contributions for all 5 projects, there remains at least 41,943sf. of affordable housing area to potentially be built through the current West Cambie Area Plan requirements, so the community remains a mixed income area. In addition, the Remy Development, located in the West Cambie area, has negotiated and secured 48 low end market units and 33 units for low-income market units and 33 units for low-income seniors and persons with disabilities at rates lower than what is stipulated in the Strategy.

In addition, Staff has completed an affordable housing policy review of the Kiwanis Towers project. The following is a summary of the pros and cons of financially supporting the development:

Pros:

- The Kiwanis site is strategically located in the City Centre and has close proximity to the Canada Line, community amenities, Minoru Seniors Place Activity Centre, and nearby services.
- Due to limited Senior Government funding, the proposal offers an innovative partnership approach to support subsidized affordable housing development for low income seniors.
- The results from the BC Hydro New Construction program that involved collaborative design efforts and energy modeling will result in a high efficiency envelope to reduce energy costs for Kiwanis and rental tenants, life-cycle costing, and maximized energy conservation.
- The proposed AHVT contributions, if approved by Council, will support the non-profit housing providers to cover development related costs.

Cons:

- The proposed AHVT contributions, if approved by Council, would release the requirements to provide affordable housing on sites scattered throughout the City to support affordable housing development on one site.
- Due to limited operating funding, Kiwanis has to ensure that efficiencies, liabilities and costs are accounted for through the capital development analysis. This presents a challenge to keep tenant shelter costs at a level affordable to low-income seniors, while ensuring that adequate capital, operating and contingency funds (i.e. maintenance, upkeep, and repair) are available to support the project's viability.

- The Kiwanis development is targeted exclusively to seniors, whereas, the previously secured low end market rent units from other developments typically accommodate a broader demographic (e.g. families with children, as well as, senior households).

Although the proposed AHVT contributions would decrease the number of secured low end market rental units scattered throughout Richmond by 29 units, they will support a significant project delivering 296 units of low income senior rental housing. This will create an overall gain of 40 new units to Richmond's affordable housing inventory, on a strategically located City Centre site that is near transit, shopping, amenities, community centres, and Minoru Place Senior's Centre.

Affordable Housing Strategy Proposal Review Criteria Summary

In an effort to support the capacity of non-profit affordable housing providers in effective delivery of housing and supports that contribute to the long-term health and well-being of affordable housing residents, the Affordable Housing Strategy requires that all affordable housing developments be reviewed with the following criteria:

Criteria	Project Review	Consideration
<i>Development/property management</i>	<p>Polygon is providing the development and construction management.</p> <p>Kiwanis is to provide the direct property management with 2 staff and potentially a 3rd staff to provide 24 hour/7 day a week service.</p>	<p>During the construction of the Kiwanis Towers development, it is being proposed that the Kiwanis Resident Manager will: 1) Work at a similar Seniors housing development; and 2) Will enroll in a property management education program.</p> <p>Additional or alternative professional property management and non-profit mentoring opportunities have been identified.</p>
<i>Partnerships and support from other levels of government</i>	<p>BC Housing financing- Final Provincial Project Approval will be subject to the finalization of the required municipal approvals and the applicants meeting BC Housing finance eligibility requirements.</p>	<p>Proposed City contributions to include development cost charge, service cost charge, and permit relief; permitted affordable housing value transfers and cash-in-lieu contributions.</p>
<i>Key development risks and mitigation strategies</i>	<p><u>Development Risks:</u> Phased contributions, Project costs rising, or one of the transfer sites or donor site not proceeding as indicated.</p>	<p><u>Mitigation:</u></p> <p>Polygon and Kiwanis have agreed to enter into a fixed price construction contract.</p> <p>Partial contributions are required as a condition of the Kiwanis Towers rezoning application. A letter of credit for the remaining balance of the phased contributions with CPI, is required.</p>

		<p>BC Housing to have first position on the construction financing mortgage with BC Housing having first charge hold. City may pursue primary charge on mortgage.</p> <p>BC Housing to provide the construction financing, with modifications at time of the take-out mortgage and assignment to a financial institution for the long-term mortgage. BC Housing to register a Section 219 Covenant on title for the duration of the mortgage, subject to termination 5 years after the mortgage is paid in full.</p> <p>BC Housing will require an operating agreement, but it will not be registered on title. The Kiwanis project is a BC Housing "finance only" project.</p> <p>In addition, the City will register independently from BC Housing a Housing Agreement and Section 219 Covenant on title, in perpetuity.</p>
Management capacity and experience	<p>Kiwanis is working with Polygon to create an operating budget to include total tenant shelter, operating and maintenance costs</p> <p>A contingency fund has been included to cover on-going maintenance and operation expense.</p>	Interim employment and field training for Kiwanis maintenance personnel will be provided.
Community partnerships	Kiwanis met with the Seniors Advisory Committee, Minoru Seniors Society Executive Board and Vancouver Coastal Health about the proposed development.	Further development of a tenant management, resident amenity planning and potential community partnership opportunities is recommended.

Financial Impact

There are four financial aspects resulting from the support of the Kiwanis development:

1. \$18,690,406 will be received from Polygon as Affordable Housing Value Transfer (AHVT) contributions and disbursed for the Kiwanis Towers project only if:
 - a. The rezoning applications of the Kiwanis project and other proposed developments are approved.
 - b. Polygon does not keep the affordable housing density bonus granted.
 - c. City receives the funds from Polygon

- d. Council approves the requests for disbursement to the Kiwanis project after the cash is received by the City.
2. If all the proposed Polygon projects and AHVTs referred to in this staff report are approved and the contributions are received and deposited into the capital Affordable Housing Reserve Fund, the City will be making a financial decision to redirect approximately \$5,607,122 in funds that would have otherwise been contributed to the City's Affordable Housing Operating Reserve Fund to the capital Affordable Housing Reserve Fund (i.e. \$18,690,406 x 30% that is typically directed to the Affordable Housing Operating Reserve Fund, per Policy 5008 and Bylaw 8206).
3. If approved, the total amount of \$5,452,672 will be allocated to the Kiwanis project which will be funded from the existing Affordable Housing City Wide capital projects for municipal fees and service costs (Development Cost Charges, Service Cost Charges and Building Permit) as well as a portion of the construction cost.

City Wide Affordable Housing Capital Reserve Fund Balance	Totals
Current City Wide Affordable Housing Capital Reserve Fund Balance (including committed and uncommitted funds)	\$8,843,719
Proposed City Contributions to Kiwanis project	(\$5,452,672)
Remaining City Wide Affordable Housing Capital Reserve Fund Balance (including committed and uncommitted funds)	\$3,391,047

The City has adopted a density bonusing approach for all multi-family and single family rezoning applications. A cash contribution towards the City's Affordable Housing Reserve is required in exchange for the increased density proposed as part of a rezoning application for a development with less than 80 dwelling units. Affordable housing contributions are allocated to the City Wide and West Cambie Reserves to replenish the fund balances and to support affordable housing development in these areas.

4. To offset the density bonus benefit already provided to Polygon for the Mayfair Place and Cambridge Park projects (as a result of terminating the Housing Agreements for these sites), it is proposed that the square footage corresponding to the total area of the affordable housing units on these sites be factored into the final proposed floor area permitted on future Polygon developments (i.e. Polygon's Alexandra West or Alexandra East projects).

The Kiwanis Towers project's proposed financial source and contributions include:

Kiwanis Affordable Housing Development Funding Source	
Funding Source	Amount
Kiwanis Society	\$34,345,922
City Contribution: Through proposed AHVT, subject to Council approval	\$18,690,406
City Contribution: Through Existing City Wide Affordable Housing Capital Projects	\$5,452,672
Total Estimated Gross Capital Construction Project Costs	\$58,489,000

Conclusion

The proposed Kiwanis Towers affordable housing development meets the review criteria for proposals in the Affordable Housing Strategy to:

1. Produce an increase in senior rental housing at rates lower than what is required in the Affordable Housing Strategy; and
2. Meet the Affordable Housing Reserve Fund policy requirements for financial support for affordable housing developments.

Further, the Kiwanis Towers development exemplifies an innovative multi-stakeholder approach to combine non-profit, private, and public sector funding and expertise with Senior Government financing and technical support to achieve subsidized rental housing to meet the needs of Richmond's low income seniors.



Dena Kae Beno
Affordable Housing Coordinator
(604) 247-4946

DKB:dkb



City of
Richmond

Bylaw 8915

**Richmond Official Community Plan Bylaw No. 7100,
Amendment Bylaw No. 8915
CITY CENTRE AREA PLAN**

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

1. The Richmond Official Community Plan Bylaw No. 7100, Schedule 2.10, Section 4.1n) (City Centre Area Plan) is amended by:

On page 4 - 4, repealing Policy 4.1n and replacing with the following text:

"In accordance with the Richmond Affordable Housing Strategy, the following density bonusing approach will be used for rezoning applications in the City Centre:

- Apartment and mixed use developments involving more than 80 residential units are to make available at least 5% of their total residential building area (or a minimum of 4 residential units) for affordable low end market rental housing. Note: Calculation on net area as per the Zoning Bylaw.
- All townhouse developments and apartment or mixed use developments involving 80 or less residential units are to provide a cash contribution for affordable housing (currently \$2 per square foot for townhouse developments and \$4 per square foot for apartment or mixed use developments).
- Single-family residential developments are to include an affordable low end market rental secondary suite or coach house on at least 50% of any lots being rezoned and subdivided or to provide a cash contribution for affordable housing (proposed to be \$1 per square foot for all new single-family residences).
- Provide a cash contribution towards affordable housing only in Council approved special development circumstances, while continuing to meet the City's affordable housing policy requirements"

2. This Bylaw is cited as “Richmond Official Community Plan Bylaw No. 7100, Amendment Bylaw No. 8915”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

CITY OF RICHMOND
APPROVED for content by originating dept. 
APPROVED for legality by Solicitor 

MAYOR

CORPORATE OFFICER



City of
Richmond

Bylaw 8916

**Richmond Official Community Plan Bylaw 7100,
Amendment Bylaw 8916
WEST CAMBIE AREA PLAN**

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

1. The Richmond Official Community Plan Bylaw No. 7100, Schedule 2.11A, Section 9.3.2 Objective 3 (West Cambie Area Plan) is amended by:

On pages 47-48, repealing the Policies below Objective 3 and replacing with the following:

“POLICIES:

Density Bonusing – Affordable Housing

- a) Density Bonusing will be offered to developers where they build affordable housing with their development;
- b) The intent of density bonusing for affordable housing is to secure a number of affordable housing units within a development (e.g., 5% of the total units) and to permit additional density for market housing as a financial incentive to the developer for building the affordable housing;
- c) Conceptually, the increased density bonus (DB) will be allocated, as follows:
 - One-third of the DB, for affordable housing; and
 - Two-thirds of the DB to pay for the affordable housing and to provide a developer incentive.
 - Note that this formula may vary slightly, based on an economic analysis during the development application review process.
- d) City staff and developers will work together to achieve this goal.
- e) Provide a cash contribution towards affordable housing only in Council approved special development circumstances, while continuing to meet the City's affordable housing policy requirements.

Developer Contributions – Public Amenities

- f) Accept contributions from developers based on the West Cambie – Alexandra Interim Amenity Guidelines for provision of:

- Affordable housing: Where a development does not build affordable housing, contributions to the Affordable Housing Statutory Reserve Fund will be accepted (and no bonus density will be granted);
 - City public realm beautification (e.g. walkways, gateways, plazas, and streetscape beautification);
 - High Street streetscape improvements (e.g., street furniture, landscaping);
 - Child care facilities;
 - Community planning and engineering planning costs
- g) The City may establish specific bylaws, policies and guidelines (e.g. West Cambie – Alexandra Interim Amenity Guidelines), separate from the Area Plan, to clarify City and Developer responsibilities, roles and financing arrangements.”
2. This Bylaw is cited as “**Richmond Official Community Plan Bylaw 7100, Amendment Bylaw 8916**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept. 
APPROVED for legality by Solicitor 

Richmond Affordable Housing Strategy
Addendum No. 4
(Date Council Approved)

That the Richmond Affordable Housing Strategy dated May 9, 2007, approved by Council on May 28, 2007, as amended, be further amended as follows:

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

Affordable Low End Market Rental Housing

9-a)

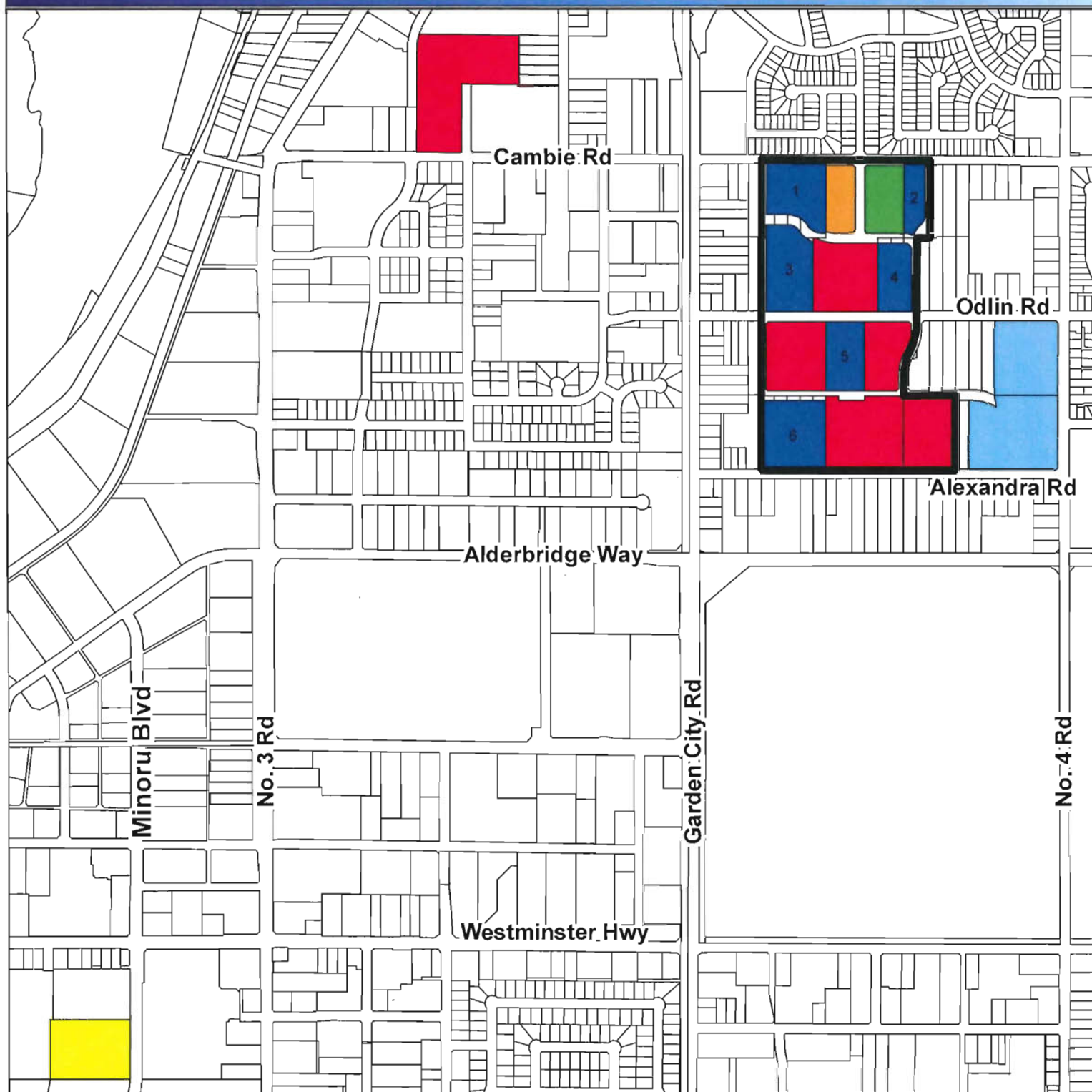
In lieu of constructed units, cash contributions to be allowed toward affordable housing only in Council approved special development circumstances that meet the City's affordable housing policy and other City requirements.

10-d)

In lieu of constructed units, cash contributions to be allowed towards affordable housing only in Council approved special development circumstances that meet the City's affordable housing policy and other City requirements. The affordable housing transfer value rates are subject to the City's final determination and periodic assessment of housing, market and financial requirements.



Affordable Housing Value Transfers: Kiwanis Towers Project



Legend

- Built AH Being Retained
- AH Being Transferred
- Built Market Housing
- AH Cash Contributions
- Potential AH To Be Retained
- Apartment Allowance Area
- Kiwanis Site

Map Created By: Onkar Buttar
Print Date: May 04, 2012

Note:
The information shown on this map is compiled from various sources and the City makes no warranties, expressed or implied, as to the accuracy or completeness of the information.
Users are reminded that lot sizes and legal description must be confirmed at the Land Title office in New Westminster.
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