



City of Richmond

Memorandum

To: Planning Committee Date: April 18, 2008
From: Brian Jackson File: 06-2270-20-01/2008-Vol
Director, Development Planning; and 01
Joan D'Angola
Affordable Housing Coordinator
Re: Affordable Housing Strategy Update and Recommendation

This memo provides an update on the Affordable Housing Strategy and its implementation to date.

Summary of Affordable Housing Strategy

The Strategy establishes three key affordable housing priorities, housing types, and eligible tenant annual income thresholds, which are outlined below.

Priority	Affordable Housing Type	Household Annual Income Threshold
1 st	Subsidized Rental	less than \$20,000
2 nd	Low End Market Rental	between \$20,000 and \$37,700
3 rd	Entry Level Homeownership	less than \$60,000

Priority 1. To address the need for Subsidized housing:

- For townhouse developments and smaller apartment developments, a cash-in-lieu contribution towards the City's Affordable Housing Reserve is required in exchange for increased density. This cash contribution is based on the following amounts:
 - \$2 per square foot from townhouse developments; or
 - \$4 per square foot from apartment and mixed-use developments involving 80 or less residential units.
- The City will utilize these cash-in-lieu contributions to work with senior levels of government and community-based groups to provide affordable subsidized housing units in the City.

Priority 2. To address the need for Low End Market Rental housing:

a. Multi-Family Rezoning Applications

In exchange for bonus density, each multi-family or mixed-use development containing more than 80 residential units are asked to:

- Build at least 5% of the total residential building area with a minimum 4 units, as low end market rental units.
- To ensure that these units are secured for low end market rental purposes a **Housing Agreement** will be registered on title through the rezoning process. The Housing Agreement is used to establish rental rates and eligible tenant income levels by unit type in perpetuity to ensure continued affordability.

b. Single Family Rezoning Applications

- All single family lots being rezoned in order to facilitate a subdivision are required to ensure at least half (50%) of the new lots being created through the subdivision will include a single family dwelling with a secondary suite or a single family dwelling with a coach house unit.
- In order to ensure these secondary suites/coach house units remain affordable for low end market rental purposes, a **Housing Agreement** will be registered on title through the rezoning process. The Housing Agreement is used to establish rental rates and eligible tenant income levels by unit type in perpetuity to ensure continued affordability.

The Affordable Housing Strategy establishes the following requirements for low end market rental units:

Unit Type	Minimum Unit Sizes	Maximum Monthly Rent ¹	Total Household Annual Income ²
Bachelor	37 m ² (400 ft ²)	\$500	\$23,000 or less
One bedroom	50 m ² (535 ft ²)	\$625	\$28,000 or less
Two bedroom	80 m ² (860 ft ²)	\$750	\$33,000 or less
Three bedroom	91 m ² (980 ft ²)	\$943	\$37,700 or less

Notes:
¹ Rents may only be increased annually by the Consumer Price Index
² Household income may be increased annually by the Consumer Price Index
^{*} Denotes 2007 amounts

Priority 3. To address the need for entry level homeownership:

The Strategy focuses on the first two priorities (rental housing). Policy work has begun in order to address the need for affordable homeownership and will be brought to Council at a later date. In the interim, developers are providing different proposals containing entry level homeownership units which are included in the results referenced below.

How the Strategy is Working

Successes

Richmond’s Strategy can be considered the most innovative and advanced Affordable Housing Strategy in the Lower Mainland, if not in all of Canada. It provides Richmond City Council, staff, and developers with the opportunity to be recognized as leaders in the affordable housing

field and is working well overall. At a recent national housing conference, Richmond was recognized on numerous occasions for the strength and success of its affordable housing initiatives.

The Strategy has provided staff with the opportunity to pursue significant potential collaborations with other levels of government and non-profit societies. Staff are currently exploring a potential Memorandum of Understanding with BC Housing which may lead to the development of new subsidized housing in Richmond, including a women and children emergency shelter. This proposal will be brought to Council for consideration in the coming weeks.

In accordance with the Interim Affordable Housing Strategy (June 29, 2006) and the final Affordable Housing Strategy (May 28, 2007), Council has approved the following contributions through the multi-family and mixed use rezoning process:

- 4,645 m² (50,000 square feet) of affordable subsidized rental housing;
- 39 affordable rental units (reduced rents);
- 135 rental units; and
- 34 entry-level homeownership units.

The City has a total of \$8,031,108 in the Affordable Housing Reserves and is awaiting additional cash contributions from a number of rezoning applications, which have passed third reading but have not yet satisfied all rezoning conditions.

Staff are currently working with developers on a number of in-stream rezoning and development permit applications for multi-family developments where the City is expecting to secure:

- approximately 135 additional affordable rental units;
- approximately 210 entry level homeownership units; and
- additional funds into the Affordable Housing Reserves as per the Affordable Housing Strategy.

The possible (actual and in-stream) total affordable housing results could be:

Type	Possible Results
Affordable subsidized rental housing	4,645 m ² (50,000 sq. ft)
Affordable rental units	174
Rental units	135
Entry-level homeownership units	244

Relative to the Affordable Housing Strategy annual targets, the following scenario could occur:

Type	Annual Target	Possible	Short/Over Target
Affordable subsidized rental housing	25 – 50 units	4,645 m ² (50,000 sq. ft.)	Over
Affordable rental units	95 units	174 units	Over
Rental units	Not established	135	n/a
Entry-level homeownership units	60	244	Over

The above indicates that:

1. the City's Affordable Housing Strategy is working,
2. senior governments still need to significantly increase their support for affordable housing to meet the existing community demand,
3. flexibility and innovation are required.

Furthermore, staff are currently working on a recommendation for Council's consideration that will allow for a modest density bonus for affordable housing in sites that are currently zoned C-7. If adopted, this tool will likely result in the development of an even greater number of affordable housing units in the City, particularly in the downtown core.

Challenges

Notwithstanding the above successes, staff have received some opposition to the Strategy. The strongest collective opposition has been expressed by the single family development community, which outlined its concerns in a meeting with staff on April 8, 2008. The single family developers have voiced their collective opposition to the current Affordable Housing Strategy requirement of providing a secondary suite with a Housing Agreement, restricting both rents and occupant income. The developers have cited limitations such as the difficulty in getting financing when there is a Housing Agreement on title, the increased costs of developing single family houses, the decreased marketability of the home with a Housing Agreement on title, and the legal and management difficulties associated with the Housing Agreement. At the April 8th meeting, the developers asked staff to be able to provide options for Affordable Housing Contributions.

Since July 1, 2007 when the final Affordable Housing Strategy took effect, we have received 20 single family rezoning applications to facilitate the creation of 48 single family lots. Barring any changes to the Strategy, and were the single family developers willing to fulfil the requirement, we would secure 24 affordable rental secondary suites.

Given that the single family developers are opposed to the current Affordable Housing Strategy requirements, Council may wish to refer this portion of the Strategy back to staff for further review and further consultation with the single family developers as well as with other affordable housing stakeholders.

Should this be Council's decision, Staff recommend:

1. **That the Policies contained in the Richmond Affordable Housing Strategy related to single family rezoning applications, received after July 1, 2007 be referred back to staff for further review and discussion with stakeholder groups.**
2. **That staff bring forth policy recommendations on a revised Richmond Affordable Housing Strategy related to single-family rezoning applications.**

Potential Interim Strategy

Staff have recently met with the single family developers several times in order to discuss their concerns related to the existing affordable housing strategy.

Should Council wish to refer the Affordable Housing policies related to single family development back to staff for review, an interim strategy for dealing with in-stream single family rezoning applications should be implemented in order to not unduly delay the processing of single family rezoning applications received since July 1, 2007. Based on discussions between staff and representatives from the single family development community, the following approach could be used in the interim until staff are able to develop a final recommendation based on additional consultation:

- That a density bonus zoning approach be used for all in-stream single family rezoning applications received after July 1, 2007.
- To receive the higher density provided by this density bonusing approach, the following would be required:
 - a cash contribution of \$1.00 per total buildable square foot on all new houses to be constructed be provided towards the Affordable Housing Reserves; **or**
 - The construction of a secondary suite, without a Housing Agreement, on at least 50% of new single family lots created.

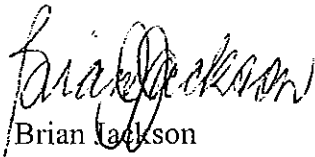
This contribution from the single family development community will allow the City to continue making progress on affordable housing, either by increasing monies in the Affordable Housing Reserve, or by providing additional rental housing stock. Additional rental housing stock provides an opportunity for renters to move from affordable rental housing into market rental housing, thereby potentially increasing availability of affordable rental units for those most in need. Secondary suites also provide increased affordability for first-time homebuyers who may use the suites as “mortgage-helpers”. This movement of first time homebuyers out of the tight rental market could further reduce the pressure on existing market rental and affordable rental housing stock.

Should Council wish to refer the Strategy as it related to the single family developments back to staff, staff recommend:

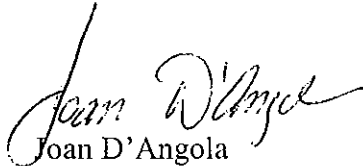
- 1. That the following policies apply to in-stream single-family rezoning applications received after July 1, 2007, until a revised Richmond Affordable Housing Strategy related to single-family rezoning applications is approved:**
 - a. To help meet the City’s Affordable Housing Targets, a density bonusing approach be taken for all single-family rezoning applications received after July 1, 2007, namely:**
 - i. In order to help meet the City’s targets for affordable subsidized rental housing, a density bonusing approach involving the provision of a cash contribution be used. Where a cash contribution for affordable housing**

- is received under this density bonusing approach, it be based on \$1 per square foot of building area for single-family developments;
- ii. In order to help meet the City's targets for rental housing, a density bonusing approach involving the provision of a secondary suite be used. Where the density bonusing approach is taken in exchange for a higher density, all lots that are being rezoned but not subdivided and at least 50% of any lots that are being rezoned and subdivided are to include a secondary suite.

Please do not hesitate to contact the undersigned with any questions or concerns.



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