City of Richmond

Report to Committee

To:	Planning Committee	**Date:**	July 6, 2015
From:	Cathryn Volkering Carlile General Manager, Community Services	**File:**	08-4057-01/2015-Vol 01
Re:	**Affordable Housing Contribution Rate and Reserve Fund Strategy Review – Final Recommendations for Adoption**		

Staff Recommendation

1. That the proposed rates in the report titled, "Affordable Housing Contribution Rate and Reserve Fund Strategy Review – Final Recommendations for Adoption" dated July 6, 2015 from the General Manager, Community Services be adopted:

    a. \$2 per square foot from single family subdivision developments;

    b. \$4 per square foot from townhouse developments; and

    c. \$6 per square foot from apartment and mixed use developments involving 80 or less residential units.

2. That development applications received prior to Council's adoption of the proposed policy, be processed under the existing Affordable Housing Strategy policies, provided the application is presented to Council for their consideration within 1 year of the effective date of the revised policy.

3. That the approved rates undergo periodic review to account for current market conditions and affordable housing demands.

Cathryn Volkering Carlile
General Manager, Community Services
(604-276-4068)

Att. 3

REPORT CONCURRENCE		
ROUTED TO: Development Applications Finance	**CONCURRENCE** ☑ ☑	**CONCURRENCE OF GENERAL MANAGER**
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	**INITIALS:**	**APPROVED BY CAO** (DEPUTY).

Staff Report

Origin

This purpose of this report is to respond to the February 3, 2015 Planning Committee and reiterated at the February 10, 2015 Council meeting:

It was moved and seconded

(1) That the staff report titled Richmond Affordable Housing Contribution Rate and Reserve Fund Strategy Review, dated January 13, 2015, from the General Manager, Community Services be received for information;

(2) That staff be directed to seek comments from the development community and other key stakeholders regarding the recommended Affordable Housing Contribution rates and report back to Planning Committee;

(3) That development applications already received and being processed by the City, prior to adoption of the proposed rates, be grandfathered with existing Affordable Housing Contribution rates; and

(4) That approved rates undergo periodic review to account for current market conditions and affordable housing demands.

This report supports Council's 2014-2018 Term Goal #2 A Vibrant, Active and Connected City:

Continue the development and implementation of an excellent and accessible system of programs, services, and public spaces that reflect Richmond's demographics, rich heritage, diverse needs, and unique opportunities, and that facilitate active, caring, and connected communities.

This report supports Council's 2014-2018 Term Goal #3 A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

Background

Affordable Housing Contribution Rate and Affordable Housing Reserve Fund Strategy Overview

The Affordable Housing Strategy, Affordable Housing Reserve Fund Policy 5008 and Richmond Zoning Bylaw 8500 Section 5.15 create a City policy framework to articulate affordable housing priorities, collect developer contributions, and manage the City's affordable housing reserve funds to provide resources to meet the specific housing and support needs of priority groups.

The City's Affordable Housing Reserve Fund was not intended to be the sole source of funding for development and operation of affordable housing in the City. Rather, its aim was to help the

City to plan and, as resources and budgets are available, support affordable housing development opportunities through collaboration with senior levels of government and other partners to:

- Develop and implement a strategic land acquisition program; and
- Collect monies to be utilized first and primarily towards subsidized rental housing capital development.

At the Council meeting, held on May 28, 2007, Council adopted the Richmond Affordable Housing Strategy. As part of the Strategy, Council adopted the following Affordable Housing Contribution rates where a cash contribution for affordable housing is received under a statutory density bonusing approach for rezoning applications received after July 1, 2007:

a. $1 per square foot from single family subdivision developments;

b. $2 per square foot from townhouse developments; and

c. $4 per square foot from apartment and mixed use developments involving 80 or less residential units.

This year, a review of the existing rates and the City's Affordable Housing Reserve Fund strategy was conducted as a key component of the overall Affordable Housing Strategy update that is currently underway. The Affordable Housing Contribution Rate and Affordable Housing Reserve Fund strategy review is intended to provide an updated resource to support the City's decisions and resource allocations on affordable housing matters, in accordance with the City's Affordable Housing Strategy and related City policies.

At the February 3, 2015 Planning Committee meeting, the report dated January 13, 2015 and titled, "Richmond Affordable Housing Contribution Rate and Reserve Fund Strategy Review – Recommendations for Stakeholder Consultation" was presented and discussed.

The purpose of the report was to introduce Council with adjustments to the cash-in-lieu affordable housing rates. The report coincided with another report appearing on the February 3, 2015 Planning Committee agenda titled: "Single Family Subdivision Rezoning Policy-Affordable Housing Considerations and Proposed Amendments" to be considered concurrently. Planning Committee directed staff to consult with stakeholders regarding the revised contribution rates and amendments to the single family rezoning policy.

This report provides a recommendation on the rates and provides feedback from the stakeholders.

Analysis

Affordable Housing Contribution Rate Review Process

The City contracted G.P. Rollo and Associates (GPRA), Land Economists, to undertake a review of its current affordable housing contribution rates in order to reflect changes in the housing development market and local land values since the rates were established in 2007.

GPRA reviewed the City's estimated affordable housing needs (projected until 2041) using the targets provided in the Affordable Housing Strategy and Metro Vancouver's Regional Growth Strategy. GPRA then determined the amount of funding the City would need to collect to achieve these targets. The contribution rate review was undertaken to determine how the rates should be adjusted to meet a specified target. GPRA utilized a rate analysis method to ensure that any projected increased rate would allow developers to still achieve an appropriate rate of return on their projects, while providing a fair and reasonable affordable housing contribution to the City as part of their new development requirements (Executive Summary presented in Attachment 1).

Utilizing this rationale, GPRA analyzed current affordable housing contribution rates and put forward two potential Affordable Housing Contribution rates (conservative and recommended) increases that provide varying levels of projected revenues and unit totals that could be generated through City investment of its Affordable Housing Reserve Funds towards affordable housing development. The chart below compares the current, conservative and recommended Affordable Housing contribution rates.

Current, Conservative and Recommended Affordable Housing Contribution Rates

Type of Development	Current rate per sq.ft.	Conservative rate per sq.ft.	Recommended rate per sq.ft.
Single Family dwellings	$1.00	$1.14	$2.00
Townhouse developments	$2.00	$2.28	$4.00
Apartments	$4.00	$4.55	$6.00
Potential Revenue (to 2041)	$38.9M	$44.2M	$76.1M
Projected Units	1,174	1,261	1,978

Existing Contribution Rates (2007 – 2015)
The existing contribution rates are projected to generate $38.9M in revenue plus current funds and interest, which would finance approximately 1,174 subsidized rental units through 2041, averaging 39 units per year, with no monies available for other Strategy priorities. The calculation is based on the City providing 20% of the cost of a project in partnership with Senior Government and/or private and community partners.

Conservative Contribution Rates
Affordable housing funds collected from the conservative increase would generate $44.2M (plus current funds and interest), which would finance 20% of approximately 1,261 subsidized rental units through 2041, an average of 42 units per year, again with no money available for other Strategy priorities.

Recommended Contribution Rates (2015+)
Affordable housing funds collected from GPRA's recommended increase, would generate $76.1M (plus current funds and interest), which would allow the City to fund 20% of 1,978 subsidized rental units, an average of 66 units per year, but would also allow for any additional monies to be put towards all three Strategy priorities. It must be stressed that GPRA recommends that rates not exceed the recommended values so as not to discourage redevelopment in the city.

Further, GPRA does not recommend setting lower rates based on hypothetical market downturns; rather, they suggest that periodic rate reviews be conducted to ensure adjustments are made to compensate for any longitudinal changes in the market.

Affordable Housing Reserve Fund Strategy Considerations

As part of the analysis, affordable housing practices were reviewed from other jurisdictions in Metro Vancouver and elsewhere and found very similar approaches that are employed by the City of Richmond with respect to Affordable Housing Reserve fund management and policy practice.

While a more in depth assessment would be required, some ideas that may be considered are:

Practice	Outcome/Consideration
Seeking additional revenue sources for the Affordable Housing Reserve Fund (i.e. partial transfer from general revenue or other funding).	Sole reliance on collected contributions from new development generates dependency of meeting affordable housing demands on development and business cycles.
Consider allocation of funds to all 3 Strategy priorities.	Diversifying allocations of funds may increase partnership opportunities in meeting affordable housing needs along all points of the affordable housing continuum.
Potential purchase and refurbishment of existing older rental properties or hotels.	May support utilization of existing built infrastructure to secure affordable rental or specialized housing.
Encourage development of a broader variety of housing forms.	Supports flexible design, stratified units/lock off suites, flexible design, and lower levels of finishing to improve affordability.

These ideas can be further examined as the Affordable Housing Strategy is reviewed in 2015/2016.

Stakeholder Consultation

At the February 3, 2015 Planning Committee and February 10, 2015 Council Meeting, Council directed staff to seek stakeholder input on GPRA's recommended rates. Staff held consultations with representatives from the Urban Development Institute (UDI), Small Builders Group and Greater Vancouver Home Builders' Association (GVHBA).

Below are the key themes that emerged from the discussions, and staff responses:

Key Theme	Staff Response
Need for a complete picture of the total costs of development: figures that represent the community amenity contributions (e.g. affordable housing, childcare, public art).	The consultants chose a fixed rate approach (e.g. $2/sq.ft. on all single family rezonings) so developers can anticipate affordable housing costs in advance.
Total cost of development is increasing: development cost charge (DCC) rates are also increasing this year, as well as costs of new demolition and recycling programs.	Staff recognize the increasing costs of development; however the affordable housing contribution rates have not been updated since 2007 and do not reflect current market conditions.

Key Theme	Staff Response
Periodic reviews of affordable housing contribution rates are necessary, so the increases will be gradual and not a spike.	GPRA has recommended periodic rate reviews as well, instead of proposing lower rates. Staff will proceed with this recommendation, as this approach will provide opportunities to evaluate and propose amended rates that reflect shifts in the market.
It is not realistic to expect the City to meet all of the housing needs without senior government support – targets should reflect this.	Staff do not expect to meet all of the housing needs in Richmond, but the City can make efforts to secure low end market rental housing targeted towards low to moderate income households, and provide capital grant assistance to non-profit housing providers to address a portion of housing need. During the Housing Action Plan process, a housing needs assessment will be completed which takes the current funding situation into account.
Partnering with the development community is a way to fill the gap of affordable housing provision, with modest support from the federal and provincial funding (e.g. the City could use funds to purchase land and work with developers to build affordable housing).	Staff are always open to considering innovative proposals from the development community, as well as partnership proposals with non-profit housing providers. The Kiwanis senior's housing development is an example of where there was a successful partnership with a non-profit society, developer, the City and senior government.
More thought should be applied to the single family rezoning rate: rates could be scaled based on lot sizes and attach the rate to lot size (instead of floor area).	There are no plans at this time to proceed with a scaled approach. A fixed rate approach provides more clarity around up-front costs.
Staff should consider further discussion of density bonusing on small lots.	Staff recognize the merits of density bonusing on small lots; however, there are no plans to explore this policy at this time.
Clarification on how affordable housing reserve funds are used.	Staff clarified that the funds are typically used for capital grants that cover non-profit developments' cost charges, building permit and servicing cost fees, as well as towards capital construction costs (e.g. Kiwanis Towers and Storeys development).

Additional comments and feedback from the development community are in Attachments 2 and 3. Discussions generated from the stakeholder comments were generally supportive of the proposed changes in contribution rates. Stakeholders expressed concern around the increasing costs of development after factoring in various contributions, but recognized the need to update the affordable housing contribution rates to reflect current market conditions. Stakeholders were also in favour of periodic rate reviews, to avoid a spike in rates in the future.

In conclusion, staff recommend that:

- The GPRA's recommended rate increases (i.e. $2 from single family subdivision developments, $4 from townhouse developments, and $6 from apartment and mixed use developments involving 80 or less residential units) be adopted.

- The revised rates not be applied to development applications that are currently under staff review provided that they are presented to Council for consideration within 1 year of Council's adoption of the revised Affordable Housing Contribution Rates.

- Any new development application received after Council's adoption of the revised Affordable Housing Contribution Rates be subject to the new contribution rates.

- That approved rates undergo periodic review to account for current market conditions and affordable housing demands.

Financial Impact

There will be no financial impact to administer the proposed changes to the Strategy.

Conclusion

Stakeholders from the development community generally recognized the need for a rate review process and increase in contribution rates, but stressed that the reviews should be conducted periodically to ensure the increases are gradual. GPRA's recommended rates are fixed, which means that the costs associated with affordable housing can be anticipated prior to development.

The proposed recommendations cited in this report will support the City to advance its affordable housing objectives while balancing development requirements with growing affordable housing demands in our City, to ensure low to moderate income households can live, work and contribute to Richmond's local and diverse economy and community.

Joyce Rautenberg
Affordable Housing Planner
(604-247-4916)

Att. 1: Richmond Affordable Housing Strategy Reserve Fund Strategy Review – Executive Summary
2: Stakeholder Consultation Summary – Representatives from Richmond Small Builders Group and Greater Vancouver Home Builders Association
3: Stakeholder Consultation Summary – Representatives from the Urban Development Institute

EXECUTIVE SUMMARY – RAH RESERVE FUND STRATEGY REVIEW

The City of Richmond established the Affordable Housing Statutory Reserve Fund in 1991 and their Affordable Housing Strategy in 2007 to support the implementation of the City's Affordable Housing priorities assisting in the provision of Subsidized Housing, Low-End Market Rental, and Entry-Level Home Ownership in the City of Richmond.

The 2006 Regional Growth Strategy from Metro Vancouver estimated the annual needs in the City of Richmond at 73 Subsidized Housing units, 279 Low-End Market Rental units, and 243 Entry-Level Ownership units from 2006 to 2041. A separate piece of analysis in 2006 by McClanaghan & Associates for the City was prepared to determine the ability of the City to meet the Metro Vancouver estimates. The McClanaghan & Associates report indicated that the City could reasonably assist in the provision of 25 to 50 Subsidized Housing units, 95 Low-End Market Rental units, and 60 Entry-Level Ownership units annually based on an 80/20 split of funding between other sources and the City respectively. The City then adopted their own annual targets based on the information from both reports. The following table presents the aggregate targets from 2006 to 2041 as estimated by Metro Vancouver, McClanaghan & Associates, and the City of Richmond:

Table 1: Affordable Housing Needs and Targets by Priority 2006 – 2041

Estimated Need/Target by 2041	Metro Vancouver	McClanaghan & Associates	City of Richmond
Subsidized Housing	2,520	1,500	2,190
Low End Market Rentals	7,611	2,850	8,370
Entry Level Ownership	8,399	1,800	7,290

Since July 2007 Single Family residential rezonings have been required to provide either secondary suites or coach houses in at least 50% of new lots created or a cash-in-lieu contribution of $1 per square foot of gross building area (GBA) to the Affordable Housing Reserve Fund. Townhouse developments have been required to contribute a cash-in-lieu contribution to the Fund at $2 per square foot of GBA and apartment developments less than 80 units have been required to contribute $4 per square foot of GBA.

It was not intended for the Affordable Housing Reserve Fund to serve as the sole funding support for development and operation of affordable housing in the City, but rather to partner with all levels of government along with private sector and community providers to meet the needs of those in Richmond requiring affordable housing. However, this goal has been hampered by decreased funding from senior government for affordable housing with increased burden placed on individual municipalities to bridge the funding gap.

With this in mind the City of Richmond retained G. P. Rollo & Associates (GPRA) to assist the City in determining:

A. Appropriate Affordable Housing contribution rates for new development in the City; and

B. How best to manage the City's Affordable Housing Reserve Fund.

The review of contribution rates was deemed necessary by the City to reflect changes in market conditions since the rates were established in 2007, increased estimates of need, and a desire to update rates to 2015 values as the existing rates were set prior to the adoption of the Affordable Housing Strategy in 2007.

A key issue for GPRA was to ensure the increased rates would allow developers to still achieve an acceptable return on their projects. GPRA undertook an economic review of how the current rates were established as well as proforma analyses in order to determine potential new rates and their impact on developers.[1]

GPRA has put forward two potential Affordable Housing contributions rate increases:, an increase to $1.14 for single family dwellings, $2.28 for townhouse and $4.55 for apartments, (***Option 1: Conservative Increase***) and the other being an increase to $2.00 for single family dwellings, $4.00 for townhouse and $6.00 for apartments (***Option 2: Recommended Increase***). GPRA then prepared an estimate of revenues to be collected through to 2041 based on housing demand projections for the City by both Metro Vancouver and Urban Futures using current rates and both the Conservative and Recommended rates.

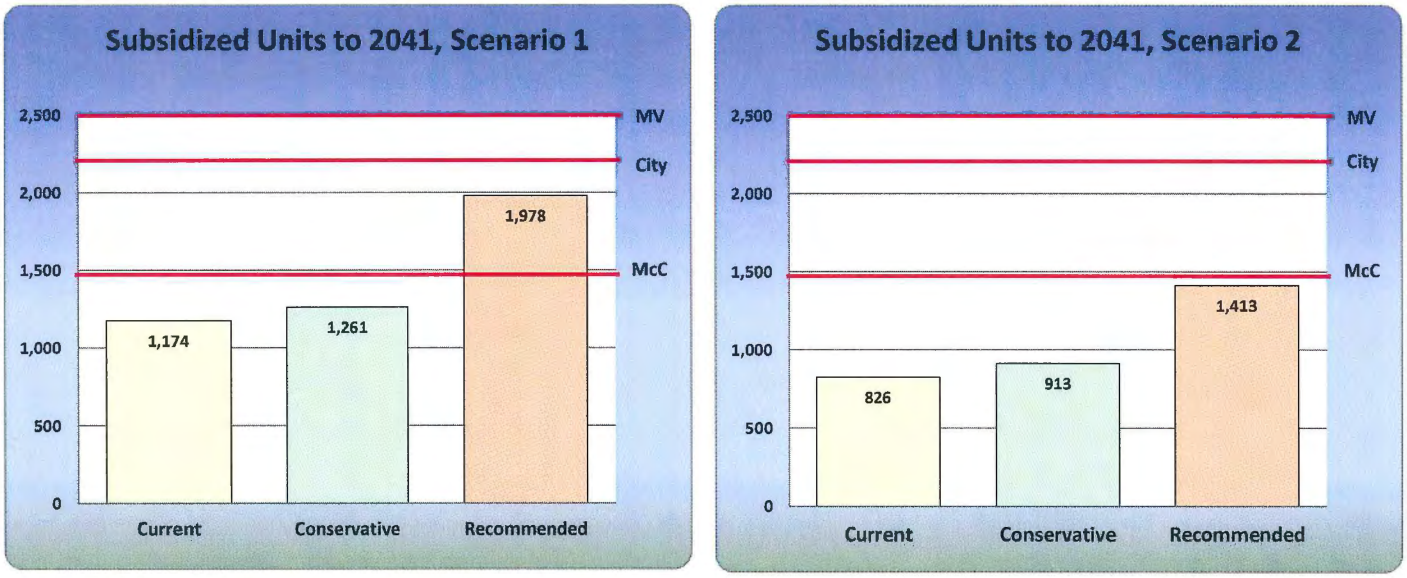
Two scenarios were identified for how funds were to be allocated among the City's three priorities: in **Scenario 1** *all funds would be allocated to Priority 1 – Subsidized Housing until the City's target of 73 units per year was met*; in the **Scenario 2** *funds would be split between all three priorities*. Even by implementing the Recommended Increase and devoting all funds to Priority 1 the City could not meet their goal of 73 units per year of subsidized housing, and would have no monies available for either of Priority 2 or 3, and would still rely upon 80% of the funding from senior levels of government or from partnering with private housing providers or non-profits.

However, by implementing the Recommended Increase and choosing to allocate funds to all three priorities the City could meet or exceed McClanaghan & Associates 'achievable goal' of 25 to 50 subsidized units per year and provide funding to both other priorities.

The two figures on the following page show a comparison between the two scenarios of the total Subsidized Units potentially funded through 2041 with the three contribution rates. The units funded can also be compared to the needs and targets (see Table 1 above) denoted by the horizontal lines **MV** (Metro Vancouver needs), **City** (City of Richmond Targets in the AHS), and **McC** (McClanaghan & Associates 'achievable targets')

[1] Economic Analyses on gross contribution potential were completed in October 2011 and then reviewed in November 2013 and again in January 2015 and reflect market conditions at that time. Sensitivity analysis was undertaken to account for potential downward trends in the market, but significant and/or rapid market fluctuations could impact the results and require additional analyses.

Figure 1: Comparison of Subsidized Units Funded through 2041 Scenario 1 vs. 2



As part of this process GPRA conducted a review of affordable housing practices in other jurisdictions in the Lower Mainland and elsewhere and found very similar approaches in place as those employed by the City of Richmond.

However, there are some ideas to be considered, including: seeking additional sources of revenue for the Fund; allocation of funds between all three priorities; consider grants, tax exemptions, and other incentives to encourage rental/affordable housing; allocation of fund to ongoing management of affordable housing units; fast tracking rental/affordable housing development approvals; direct subsidies to at-risk; offering low-interest/deferred loans for qualified entry level purchasers; incentivize innovation for affordable housing.

G. P. Rollo and Associates recommends that the City implement the Recommended Increase for Affordable Housing contributions as this will allow the Fund to meet targets set by McClanaghan & Associates for subsidized housing units and for funding for other affordable housing priorities. We also recommend allocating funds to all three priorities to provide at least some assistance to other needs beyond subsidized housing. This, along with consideration of some of the recommendations identified in the review of other jurisdictions will position the City to move forward in their Affordable Housing Strategy to meeting their goals.

Richmond's Small Builders' Group (RSBG) and Greater Vancouver Home Builders Association Stakeholder Consultation – Affordable Housing Strategy Update

Topic: Affordable Housing Contribution Rates and Single Family Rezoning Application Considerations
Date of Consultation: March 11, 2015

Purpose:
The purpose of this report is to summarize:
- RSBA and GVHBA members' comments regarding the proposed Affordable Housing Contribution Rates and Single Family Rezoning Application Considerations, and
- City staff responses to their comments were addressed within the context of the existing Affordable Housing Strategy and the City's current updating process.

1.	Challenges and Questions Identified by Participants:
•	Clarification that this policy and proposed contribution rates apply to subdivisions/rezonings only
•	As proposed, the policy will be applicable regardless of lot sizes
•	There should be a flexible approach in case lot is too small or a suite is not viable
•	How were the proposed rates developed?
	– The analysis shows the rate of return, includes cost, loans, interest
	– The recommended rates were predicated on developers getting an acceptable rate of return
•	Single family and townhouse rates appear to have doubled, why haven't apartment rates?
	– $6 appears to be the cap; anything more would be a pinch
	– With larger apartment developments, there are more carrying costs (e.g. rezoning process is longer)
	– The analysis also looked at various housing types in neighbourhoods all over Richmond
•	There are many costs associated with development: going towards accessible design, meeting and exceeding updated Building Code regulations, adding in solar panels and other energy efficient features → this all adds to the cost of development and construction
•	It is really important to consider the big picture and all the costs
•	Greater Vancouver Home Builders' Association (GVHBA) is doing a study of all associated costs with building and construction
•	Does Richmond have a rental program? Similar to City of Vancouver's STIR (Short-Term Incentives for Rental) or Rental 100 program?
–	Purpose-built rental projects contribute overall to affordability in Richmond, but are outside of the Affordable Housing Strategy's scope
–	Affordable Housing staff are working with Policy Planning staff to develop a market rental policy; this could increase housing stock as a whole
2.	RSBA and GVHBA Responses to Consultant's Proposed Rates, Managing Affordable Housing Reserve Fund and Impacts of Proposed Interim Single Family Rezoning Policy
•	How are the funds used? How long does it take for the funds to be used?
	– Funds are directed to the City's Affordable Housing Reserve Fund and used for capital grants that cover non-profit's development cost charge (DCC)/permit/servicing costs fees
	– Non-profits can leverage the grant funds to get financing for construction/projects
	– The City would fund 20%, with project partners funding 80%
•	How do Richmond's rates compare with other municipalities?

	– Richmond is unique – the only city with dedicated affordable housing contributions instead of a broad community amenity contribution (CAC)
•	What about industrial developers? Local Government Act allows only for residential density bonusing
	– Should look into a mechanism – commercial spaces generate jobs and there is a need for workforce housing
•	There should be density bonuses for building a suite, this helps the rental market and ensures that home sizes will not be affected
•	Density bonuses could be applied for family-oriented suites
•	Should consider bumping up fee for houses of a certain size or larger (e.g. 7000 sq.ft.) for households that can afford to pay and don't want to include a suite
•	Should consider an incentive-based approach: incentives for smaller lots, mid-size lots, larger lots → scaled approach
•	Need to keep location and transportation in mind: rental housing needs to be in close proximity to transit and amenities
•	Lot size policy "protects" single family homes in interior neighbourhoods, rezoning mostly occur on arterial roads
•	Concern in certain neighbourhoods over secondary suites because of location
•	There are currently no mechanisms to enforce secondary suites – no enforcement of renting the suite out, no rent caps and not secured in perpetuity
•	Going back to rates – the original rates were developed in 2006 and were closer to $2 → the current rates were a compromise (e.g. $1/ sq. ft. in single family rezoning)
•	What is next? Feedback will be presented to Council and going forward, builders will be able to choose from the 3 options
•	Builders understand the need for increasing the rates and recognize that the rates cannot stay static
3.	Current Market Condition Challenges Identified by Participants:
•	Concerned about increasing costs of new demolition and recycling program, also increased DCC (would like to know how much they will increase by)
•	Land values are extremely high and the end product is not selling at a comparable price
•	Housing is becoming more complex to build
•	Regulations keep increasing and costing more, especially with energy efficiency
•	Many builders choose to build above code, which is also costly
•	It is hard to build housing for people who do not qualify for affordable housing
•	Currently, builders have to construct custom homes to make money
•	Some builders are trying to shift to multi-family construction because single family homes are expensive and challenging to recoup costs
•	Land values make single family construction not a viable career option
•	Land prices and scarcity of land are biggest challenges
•	If you allow subdivisions, it means less neighbourhood change – if lot sizes do not change, the houses become larger and larger
•	If the policy is only applied one way (e.g., flat rate), it may not capture the nuances of the market
•	What is the alternative? Do an analysis on every single rezoning application (which would require staff resources or external consultants) which would slow down the process to a halt
•	Incomes cannot meet the costs of single family homes

•	There is no entry level housing in Richmond
4.	City Staff Suggested Next Steps
•	For builders and development community stakeholders that were unable to attend, a survey will be sent out for feedback
•	The Groups are interested in hearing feedback from Richmond residents through Let's Talk Richmond tool

UDI Stakeholder Consultation – Affordable Housing Strategy Update

Topic: Affordable Housing Contribution Rates and Single Family Rezoning Application Considerations
Date of Consultation: March 10, 2015

Purpose:
The purpose of this report is to summarize:
- UDI members' comments regarding the proposed Affordable Housing Contribution Rates and Single Family Rezoning Application Considerations, and
- City staff responses to their comments were addressed within the context of the existing Affordable Housing Strategy and the City's current updating process.

1.	Challenges and Questions Identified by UDI Participants:
•	What are the total costs of development? • Would like a complete picture of community amenity contributions (e.g., affordable housing, childcare, public art, connecting to District Energy Utility system, etc)
•	Are current DCC rates taken into account? • What about the upcoming DCC increase this year in 2015?
•	Important to have transparency
•	Consultant chose a fixed rate approach so that developers can anticipate costs in advance
•	As the building size/number of units increase, the list of requirements becomes longer
•	There should be a periodic review of Affordable Housing rates
•	What costs end up being passed on to homebuyers?
•	How will these charges impact land values? • Concerns around costs and risks with rezoning, and whether increased rates will deter development or decrease the number of units being sold
•	There needs to be a balance between the recommended rate and potential (maximum rate)
•	Rezoning process: takes a long time, if applications were processed in a shorter time frame, this would decrease carrying costs during rezoning • Currently rezoning takes 1 year
2.	Stakeholder Comments on Financing Affordable Housing & Affordable Housing Targets
•	There needs to be clarity on all costs associated with development
	o Community amenity contributions (CACs) should be derived from meaningful explanation on what City wants to achieve
	o Should be similar to the DCC review process
•	What is a reasonable expectation of what Richmond can provide, in terms of affordable housing?
•	Clarify: Targets will based on a 20/80 split (City could meet target number of units while contributing 20% of costs, while 80% would be taken on by partner, e.g. senior government)
•	It is not realistic to expect the City to meet all housing needs without senior government funding/intervention
•	Should look at alternative financing/perspectives:
	o Municipal levy (example in Seattle)
	o Comparing costs of homelessness and providing housing; costs less to provide housing
	o Working with developers and the City being open to innovation
•	How to fill the gap of affordable housing provision? There is a modest amount of federal and provincial funding, there needs to be more partnership with the development community

	○ For example, the devolution of assets (expiry of operating agreements with respect to co-ops, social housing stock)
	○ Provincial government provides mostly financing for projects, limited capital funding
	○ Development community could work with co-ops and societies to do an economic analysis, assess viability of development and explore partnership opportunities
	○ Responses need to be flexible and creative
3.	UDI Responses to Consultant's Proposed Rates and Managing The Affordable Housing Reserve Fund
•	Increased rates: $1 → $2 for single family rezoning; $2 → $4 for townhouse developments; $4→$6 for apartment buildings with less than 80 units
•	How to create rates to meet achievable targets?
	○ If targets are realistic, a target driven approach could be rolled out and scaled over time (according to market conditions)
	○ There needs to be a periodic review of these rates so the increases are gradual, not a spike
	○ Calculate the ratio that represents population growth and target number of units to meet the housing demand
	○ Consultants took on a reverse analysis, identified what percentage of targets could be met
	○ Targets are based on Metro Vancouver's Estimated Housing Demand (Richmond numbers)
	○ Asked the City to determine more achievable targets
	○ City is currently exceeding subsidized rental and low end market rental (LEMR) targets (Priority 1 and 2 of the Affordable Housing Strategy) – 50 units per year for subsidized rental and 95 units per year for LEMR
	○ Falling behind on affordable rent- to-own targets (Priority 3)
	○ There should be a distinction between need (which will always be there) and target (something achievable)
•	Staff should keep an eye out for creative opportunities (e.g. similar to Kiwanis)
	○ Could partner with co-ops, non-profits and developers, as well as with Dev Apps/Policy Planning departments to facilitate these innovative opportunities
•	More thought should be applied to single family rezoning rates
	○ Could be scaled based on lot size, attach rate to lot size (not house size/floor area)
	○ If rezoning could allow for smaller lots, more affordable homes could be achieved and more opportunities to generate funds for the Affordable Housing Reserve Fund
•	What about innovative approaches like the City of Vancouver and the Vancouver Housing Authority?
	○ City could use funds to purchase land and work with developer to build housing (e.g. Storeys Development site located at 8111 Granville/8080 Anderson Road)
4.	City Staff Suggested Next Steps
•	Information about the next Dialogue Panel (clarify whose panel is this?) will be circulated (the topics will be asset transfer and expiry of operating agreements)
•	Affordable Home Ownership Policy Update will take place as part of overall Strategy update – development community is interested in this topic
•	Consider further discussion of density bonusing on small lots
•	Could ask for provision of secondary suites in new homes in exchange for density bonus