



# City of Richmond

## Report to Committee

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**To:** Planning Committee **Date:** June 26, 2017  
**From:** Cathryn Volkering Carlile  
General Manager, Community Services **File:** 08-4057-01/2017-Vol  
01  
**Re:** **Affordable Housing Strategy Update – Final Policy Recommendations**

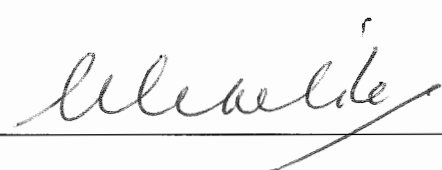

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### Staff Recommendation

1. That the recommended policy actions, as outlined in the staff report titled, “Affordable Housing Strategy Update – Final Policy Recommendations,” dated June 26, 2017 from the General Manager, Community Services, be adopted for incorporation into the updated Affordable Housing Strategy;
2. That the following changes to the Low-End Market Rental Policy be adopted:
  - a. An increase in the built unit contribution for apartments from 5% to 10%; and
  - b. A decrease in the built unit threshold for apartments from 80 units to 60 units;
3. That the following changes to the cash-in-lieu contribution rates be adopted:
  - a. \$4 per square foot for single family rezonings;
  - b. \$8.50 per square foot for townhouse developments;
  - c. \$10 per square foot for wood-frame apartment and mixed use developments involving 60 units or less;
  - d. \$14 per square foot for concrete apartment and mixed use developments involving 60 units or less; and
  - e. The above rates be examined and adjusted on a bi-annual basis.
4. That the in-stream development applications received prior to Council’s adoption of the proposed recommendations 2 and 3 be processed under the existing Affordable Housing Strategy policies, provided that the application is presented to Council for consideration within one (1) year of the effective date of the revised Low-End Market Rental policy and cash-in-lieu contribution rates.

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

Att. 10

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Real Estate Services	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Policy Planning	<input checked="" type="checkbox"/>	
Finance	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: CS	APPROVED BY CAO (ACTING) 

## Staff Report

### Origin

The purpose of this report is to present the final policy recommendations related to the Affordable Housing Strategy for Council adoption. If approved, changes to the low-end market rental policy and cash-in-lieu contribution rates will be implemented immediately (with the exception of in-stream applications) and the recommended policy actions will be included in the final updated Affordable Housing Strategy. This report outlines the progress to date, and recommended policies and a series of actions.

This report supports the following Council 2014-2018 Term Goals:

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.*

2.2. *Effective social service networks.*

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.*

3.4. *Diversity of housing stock.*

Goal #5 - Partnerships and Collaboration:

*Continue development and utilization of collaborative approaches and partnerships with intergovernmental and other agencies to help meet the needs of the Richmond community.*

5.2. *Strengthened strategic partnerships that help advance City priorities.*

This report also supports the Social Development Strategy Goal #1: Enhance Social Equity and Inclusion:

*Strategic Direction #1: Expand Housing Choices*

This report also addresses the following May 23, 2017 Council referral:

*(1) that the Affordable Housing Strategic approach and policy actions, as outlined in the staff report titled, "Affordable Housing Strategy Update – Draft Policy Review and Recommendations," be approved for the purpose of key stakeholder consultation and the results of the consultation be reported back to Planning Committee; (2) that an economic study be conducted on: (a) the ability to decrease the built unit threshold requirement to 60 units without causing a negative impact to the cash-in-lieu contribution; and (b) the viability of increasing beyond the 10% built unit percentage of total residential floor area in apartment development.*

The third portion of the referral as shown below will be partly addressed in a future Draft Market Rental Policy, where there will be further analysis regarding the feasibility of including secondary suites and other forms of market rental in townhouse and apartment developments. The viability of securing low-end market rental units in townhouse developments as part of the Affordable Housing Strategy is discussed further in this report.

*(3) that the viability of including of townhouse developments in the affordable housing strategy be examined.*

**Background**

Affordable Housing Strategy Update: Progress to Date

The City’s current Affordable Housing Strategy was adopted in 2007. Building on the success and experience gained over the past ten years, the City has undertaken a comprehensive, multi-phase and consultative process to develop a renewed Strategy that will help ensure that Richmond’s response to local housing affordability challenges remains relevant, reflects key priority groups in need, and addresses identified housing gaps, emerging socio-economic trends, market conditions and the evolving role of senior government.

On November 14, 2016, Council endorsed the Housing Affordability Profile that identified the priority groups in need and key housing gaps. The profile included information regarding housing statistics and a consultation summary report, which provided a comprehensive assessment of the state of housing affordability in Richmond. Staff utilized the findings from the profile to develop a set of draft policy options and recommended actions, which were presented for Council authorization for the purposes of stakeholder consultation on May 23, 2017.

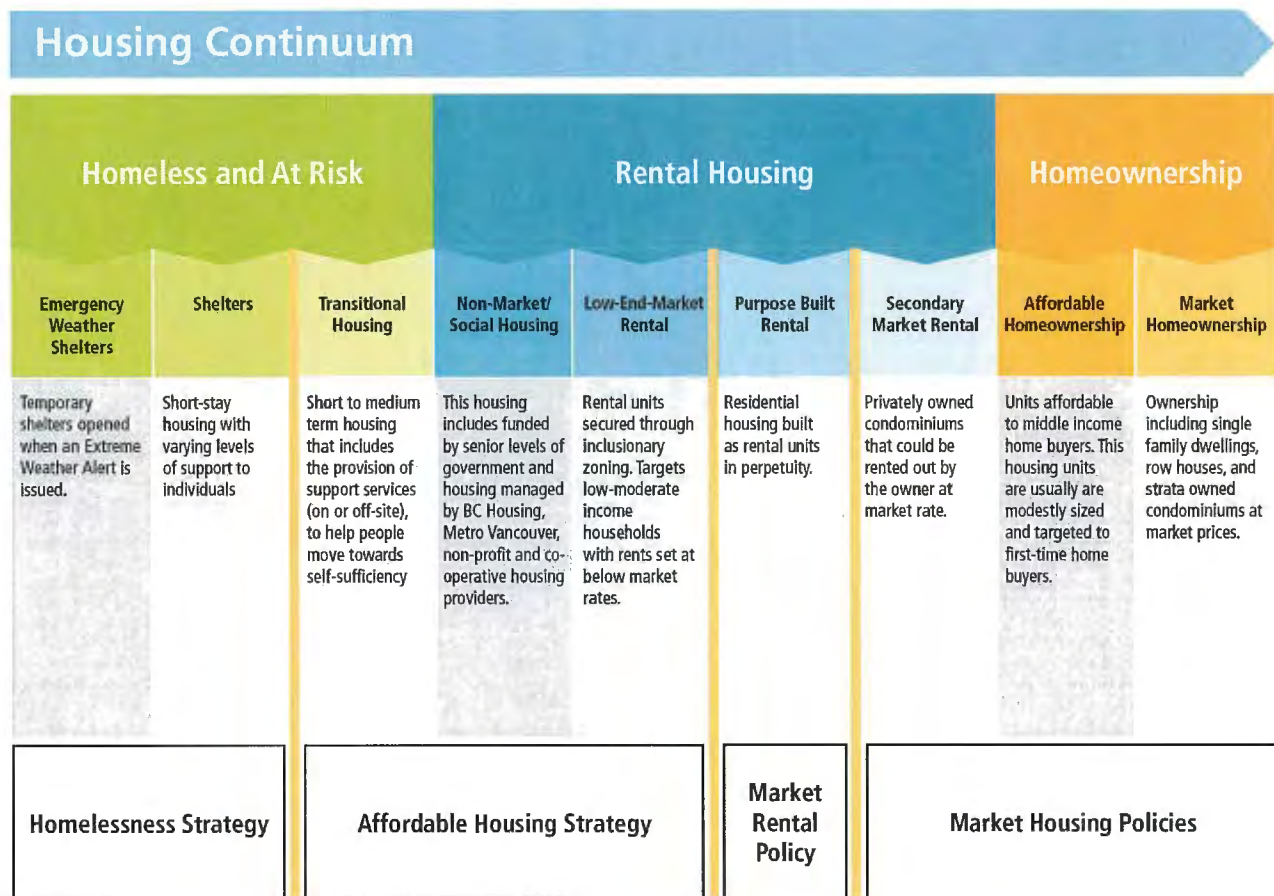
Figure 1 – Affordable Housing Strategy Update Process- Key Phases



*The Housing Continuum*

Throughout the update process, the housing continuum (Figure 2) has been a useful visual framework that identifies a healthy mix of housing choices in any community. Although identified housing gaps fall along various points on the continuum, the updated Affordable Housing Strategy’s focus will be on the identified portion of the housing continuum in the figure below. Additional policy initiatives, such as the Draft Market Rental Policy and the Homelessness Strategy update, scheduled to begin later in 2017, will complement the updated Affordable Housing Strategy and help address other components of the continuum.

Figure 2 – Housing Continuum



An updated strategy will continue to recognize the City’s limitations regarding its municipal mandate and resources required to address housing affordability. Once adopted by Council, the renewed strategy will help clearly define the City’s role, guide decision making and focus priorities and resources over the next ten years. The updated Affordable Housing Strategy will also continue to recognize the importance of continued partnerships with the private and non-profit housing sector, senior levels of government and community service agencies.

Existing and Emerging Affordable Housing Strategy Priorities

The 2007 Affordable Housing Strategy established three key housing priorities:

1. Non-market (subsidized) rental – targeted to households with incomes below \$34,000;
2. Low-end market rental “built” units – targeted to households with incomes of \$57,500 or less; and
3. Entry level homeownership – targeted to households with incomes of less than \$60,000.

The City has also applied a variety of policies and tools including an Affordable Housing Reserve Fund, Special Development Circumstance and Value Transfer, and land use policies that encourage secondary suites, private market rental housing and basic universal housing design.

Currently, the City's approach is to balance securing cash contributions to support the creation of non-market rental units and administer the strategy, and securing low-end market rental "built" units in developments. This approach is unique as Richmond is the only municipality in Metro Vancouver that applies consistent affordable housing policy requirements to developments across the city.

As part of Phase 1 of the Affordable Housing Strategy Update, the Housing Affordability Profile identified groups in need and housing gaps based on a review and analysis of demographics and housing data, along with feedback from extensive stakeholder consultation. The consultation sessions revealed the following priority groups who face additional barriers to finding affordable, appropriate housing in Richmond:

- Families;
- Low-to-moderate income households;
- Persons with disabilities;
- Seniors;
- Vulnerable groups including households on fixed incomes, persons experiencing homelessness, women and children experiencing family violence, persons with mental health and addictions issues, and Aboriginal populations.

Further feedback from the initial consultation sessions with the public and key stakeholders identified significant housing gaps that households may experience while searching for affordable and appropriate housing in Richmond. These housing gaps include:

- Family friendly units across the housing continuum;
- Accessible and adaptable units along the housing continuum;
- All types of rental housing;
- Non-market housing with supports; and
- Emergency shelter spaces for women and children.

The housing gaps reflect changing demographics in the community as well as the impact of low vacancy rates and escalating housing prices. Despite the variety of housing types available in Richmond, the current demand for affordable housing exceeds the supply, particularly for low to moderate income households. The current housing supply may also not be suitable or appropriate for some household types (e.g. households requiring more than two bedrooms).

## **Analysis**

### Policy Review Objectives

The goal of the policy review phase has been to propose policy recommendations that will form the foundation of the updated Affordable Housing Strategy. The specific objectives include:

- Examine existing Affordable Housing Strategy priorities and policies and new policy options in the context of emerging affordable housing priorities;

- Undertake a comprehensive economic analysis, testing the impact and market feasibility of potential changes to the City's current density bonusing, inclusionary housing and associated contribution rates; and
- Consult and seek input from a broad range of community stakeholders including private and non-profit housing developers, community service agencies, senior and regional government representatives and City staff who are actively involved in planning and the implementation of affordable housing policy.

Results of the analyses are contained in the attached Recommendations Summary Chart (Attachment 1) and Final Policy Recommendations Report (Attachment 2). The following sections summarize key findings from the policy review and propose new directions for existing policies and recommended new policy options.

### Stakeholder Engagement Process

As part of the overall policy review, the City engaged City Spaces Consulting Ltd. to facilitate workshops with key stakeholders involved in the provision and management of affordable housing, including:

- Non-profit housing and service providers;
- Representatives from the Urban Development Institute (UDI) and developers experienced with the built affordable housing unit requirement; and
- Representatives from the Richmond Home Builders Group and Greater Vancouver Home Builders' Association and developers experienced with smaller-scale developments (e.g. townhouse, single family homes).

Staff also had discussions and solicited feedback from representatives from senior levels of government and quasi-government groups such as Canada Mortgage and Housing Corporation (CMHC), BC Housing, Vancouver Coastal Health and the Richmond School District.

### Highlights from the Stakeholder Engagement Sessions

The section below summarizes the key themes from the stakeholder workshops. The attached Stakeholder Feedback Summary Report (Attachment 3) provides a comprehensive accounting of all feedback received during the consultation process and City staff responses.

#### *UDI & Larger-Scale Developers*

- *General comments:* It was expressed during the workshop that the proposed low-end market rental policies would strongly burden developers to the point of making development projects unviable. Further, developers perceive that the costs of providing affordable housing are primarily borne by developers and the burden is not equally shared by taxpayers.
- *Increasing the requirements for Low-end Market Rental (LEMR) Units:* The developers stated that reducing the threshold to require affordable housing units in projects with as few as 60 units may not have the scale or scope to provide LEMR units. As a whole, it

was stated that increases to the affordable housing unit contribution would make acquiring construction financing, or operating capital, difficult to achieve. With regards to an increase of floor area dedicated to LEMR units from 5% to 10% or greater, developers stated that costs would be greater for those who are not eligible for those units. More specifically, the remaining 90% (or less) of floor area that would not be required as LEMR units must account for the resulting loss of profit. UDI and larger scale developers stated that the increase in affordable housing requirements should be looked at holistically, as other costs are on the rise such as development cost charge (DCC) rates, requiring Electric Vehicle (EV) charging stations, and updated BC Building Code requirements.

- *Management of Low-end Market Rental (LEMUR) units:* The management of small numbers of LEMR units (e.g. 2-3) was stated to be challenging as developers may not have management capacity internally and hiring a reputable property manager would be difficult because of the reduced scale (e.g. too small scale to attract property management). Developers stated it is also difficult to partner with a non-profit or housing provider to manage less than 20 units when they are not clustered together.
- *Use of Incentives:* The development industry highlighted the need for more incentives provided by the City, however it was noted that the commonly recommended incentive of a density bonus is limited due to height requirements in Richmond and the difficulty in providing underground parking. Other requirements such as commercial street frontages in the City Centre, and their associated density bonuses, also conflict with the application of further density bonus incentives. The use of parking relaxations as an incentive was stated as limited to the City Centre area and along Frequent Transit Networks but otherwise has little utility. The developers also noted that waiving or reducing development cost charges for LEMR units to save on overall project costs could be an incentive.
- *UDI and Larger-Scale Recommendations:* Throughout the workshop, developers offered recommendations to implement policy updates including:
  - Create more flexibility in clustering or dispersing LEMR units in order to create a product worth selling to a non-profit housing provider;
  - Allow developers more flexibility in providing cash payments rather than built units to support purpose-built affordable housing projects as designated by the City;
  - Ability for the developers to pool LEMR requirements with other developers to utilize on a specific site (e.g. taking the requirements from a number of different projects and pooling together on one site to reach a certain threshold to attract an operator/housing provider);
  - Create a phased approach where greater Affordable Housing Strategy requirements are applied only to transit oriented areas which can take advantage of municipal incentives;
  - Create relaxations on building form such as larger floor plates for towers, and reduction of distance between towers;



- Increased flexibility around the minimum unit size requirements;
- Remove or reduce requirements for commercial street frontages in the City Centre in order to fully utilize density bonuses for affordable housing; and
- The City should be willing to offer City-owned lands to create significant affordable housing projects such as the Kiwanis Towers or Storey's development.

*Richmond Homebuilders Group & Greater Vancouver Home Builders' Association*

- *General Comments:* Participants expressed that predictability in the development process (e.g. consistent requirements) as being important for the building industry and increasing requirements for affordable housing in the future. Members also expressed that there are many different pressures being faced by the development industry at this time such as long wait times for permit approval and the increase of other fees & charges.
- *Increasing cash-in-lieu payments:* Members suggested that staff look at costs associated with development holistically; e.g. including consideration of Richmond DCC increase, Metro Vancouver sewerage DCCs, TransLink levy, and introduction of Step Code energy efficiency requirements in addition to any changes with the Affordable Housing Strategy update.
  - Members asked staff to undertake another economic analysis once the TransLink/Step Code costs are known.
  - Concerns were expressed regarding the proposed sudden jump in cash-in-lieu contributions from \$2-4 per square foot for single-family housing and from \$4-8.50 for townhouse development when previous increases in the rates were more gradual.
- *Increasing Low-end Market Rental (LEMR) Requirements:* Participants stated that they did not have much experience in developing and managing LEMR units because they typically build less than 60-unit housing projects; however it was noted that reductions or waivers in development cost charges for developments that provide LEMR units should be considered.
- *Richmond Homebuilders Group and Greater Vancouver Home Builders' Association Recommendations:*
  - A phasing period for cash-in-lieu rate increases is helpful, rather than an immediate increase;
  - Developments that are currently being processed by the City should be exempt from increased cash-in-lieu rate increases;
  - Developments with LEMR or market rental units should be prioritized by the City and gaining approval should be fast tracked;
  - If townhouses require LEMR units, then there should be flexibility to permit clustered units on a portion of the site; and
  - The City should consider adding more diverse housing forms in established neighbourhoods rather than only single-detached housing.

### *Non-Profit Housing and Service Providers*

- *General Comments:* In general, non-profit groups and housing providers showed interest in the City's approach to creating LEMR units and willingness to promote partnerships. However, the non-profit providers suggested that the current LEMR units do not always meet their mandates for providing lower rents lower income tenants or those who are at shelter rates.
- *Municipal support for non-profits:* Non-profit organizations felt that the City could support non-profits by identifying:
  - Developing a list of pre-qualified organizations to partner with the private sector when a development project has the potential to create more than 10 LEMR units, and creating categories within pre-qualified lists in order to allow diverse non-profits/housing providers to access new units; and
  - Engaging non-profits early on in the development process to partner with the private sector and design units that will fulfill the requirements of their clients such as those with physical disabilities, or for families.
    - The non-profit partner would decide whether they require clustered LEMR units or if the LEMR units could be dispersed throughout a development.
    - Non-profits also have strengths in structuring Housing Agreements to be more flexible to their needs such as differing income levels and allowing higher rents to more deeply subsidize lower rents.
- *Other Recommendations:* Noted recommendations from non-profits organizations:
  - Recognize socially conscious developers who have done work to support different segments of society (e.g. individuals living with a disability, seniors, low-income families);
  - Understand social infrastructure needs to support housing objectives;
  - Create a policy framework to apply to faith-based and/or non-profit organizations who wish to redevelop their lands for social purpose goals;
  - Non-profit organizations support a Market Rental Policy because they can help to subsidize rents in those buildings and because it creates more supply; and
  - Property tax reductions or exemptions are very helpful to reduce costs for LEMR units managed by non-profits, and these savings can be passed onto clients.

These themes were taken into consideration while refining the policy recommendations.

### Economic Analysis

Economic analyses were undertaken by two independent third-party land economists to test various scenarios and examine the feasibility of increasing the built LEMR unit percentage requirement, cash-in-lieu contributions and decreasing the built LEMR unit threshold requirement.

The initial analysis was based on a review of land values, market trends and demand in Richmond and a development pro-forma analysis of 15 sites across the city using various development and density assumptions/scenarios.

Further work examined the feasibility of potentially:

- Increasing the built unit percentage requirement (e.g. up to 15%);
- Decreasing the built unit threshold requirement (e.g. from 60 to 30); and
- Requiring LEMR units and cash contributions in townhouse developments.

Key findings:

- Current high land values in Richmond and future market uncertainty combined with the impact of increased development cost charges and levies at both the municipal and regional levels suggest that increasing the LEMR “built” requirement to 15% of the total residential floor area may have an impact on development in the city;
- Instead, an increase of up to 10% could be considered to test the market, with continued monitoring to consider additional increases in the future;
- Increasing the built LEMR requirement above 10% would likely have impacts on the provision of other amenity contributions, suggesting there should be a balanced approach in how the City seeks to secure amenities through development;
- Should the City wish to increase the built LEMR requirement above 10%, it is recommended to provide two years notice to allow the market to prepare and adjust;
- Decreasing the development thresholds below 60 units would result in small numbers of LEMR units in each development. This situation could place overly onerous requirements on developers of smaller projects who may not typically have sufficient property management resources to effectively manage these units and may also exacerbate known management and occupancy challenges with LEMR units;
- Requiring LEMR units in addition to cash contributions would impact townhouse developments is not recommended as the scale is too small with respect to management and occupancy;
- Requiring LEMR units and cash contributions in townhouse developments would have impacts on the overall project viability;
- The City’s current 5% total residential floor area “built” contribution rate is worth more than the equivalent of cash-in-lieu contribution rates in terms of overall monetary value of affordable housing produced; and
- Increasing the cash-in-lieu contribution rates would help close the gap with the “built” unit contribution rate and create a more equitable approach.

#### Further Low-End Market Rental Analysis

In addition to the economic analyses, feedback from the first phase of the Affordable Housing Strategy update process was also considered in conjunction with findings from the annual

statutory declaration process (a yearly audit of occupied low-end market rental units) to refine policy recommendations. Some of the overarching themes include:

- There is a growing demand for non-market rental housing that is greater than the supply;
- Non-market housing developments serve an important need in the community (e.g. low-income seniors and vulnerable/at-risk households);
- There are concerns over the management and administration of low-end market rental units:
  - Managing affordable housing is not the mandate of the development community;
  - Dispersed units throughout developments and a small number of secured units are challenging from a non-profit management perspective as there is limited control over maintenance and operating costs;
  - Units may not be occupied by the intended tenant households;
  - There are significant demands on staff resources with respect to ongoing monitoring by the City and ensuring compliance; and
- There is a need for increased and diverse housing options (e.g. opportunities to create housing on smaller lots or in stacked townhouses, rental housing across the continuum).

### Recommended Policy Actions

Staff recommend continuing to secure a combination of non-market and low-end market rental housing as the foundational approach for the updated Affordable Housing Strategy.

This option would result in:

- Increasing the inventory of affordable housing units that would serve a diverse range of households and priority groups in need;
- Significant contributions to the City's Affordable Housing Reserve Fund; and
- Achieving the \$1.M annual target, which in turn can be used to support strategic initiatives that increase the local supply of affordable housing (e.g. land acquisition, partnerships).

This section outlines the recommended actions to support the continued approach of securing cash-in-lieu contributions to facilitate non-market housing and affordable housing built units through development.

To achieve this objective, significant City resources, including sufficient cash reserves and staffing will be required to implement the updated and new policies.

#### *Policy #1: Non-Market (Subsidized) Rental Housing*

Throughout the consultation process, non-market rental housing was identified as a significant need in Richmond. Cash-in-lieu contributions from developments are a critical piece in supporting and facilitating the creation of non-market rental housing. In recent cases, the Affordable Housing Reserve Fund has positioned the City to respond to partnership initiatives

with senior government, the non-profit and private sector, and leveraged to create a higher number of affordable housing units than what would typically be secured through development (e.g. the Storeys and Kiwanis projects). Non-market units may also include additional supports to support vulnerable populations achieve housing stability.

The City has a strong history of supporting non-market housing, such as providing City-owned land, capital contributions and grants towards development cost charges, municipal permit fees and servicing costs. As well, non-market units are typically managed by organizations with the mandate to provide affordable housing for households in need. City support also ensures that housing can be tailored towards a variety of household types.

One of the major challenges associated with creating additional non-market units is that the Affordable Housing Reserve Fund may not accumulate at a quick enough rate to support several projects, particularly given the significant land costs. As well, there may not be enough funds readily available to support acquisition of land/sites and partnerships at any given time. Complex affordable housing projects can also place significant demands on the reserve fund.

The economic analyses examined existing cash contribution rates with respect to maintaining or increasing the rates based on current market conditions. The analysis found that the City’s current 5% total residential floor area “built” contribution rate is worth more than the cash-in-lieu contribution rates in terms of the overall value of affordable housing produced.

Representatives from the development community expressed concerns with the rapid increase in cash contribution rates since 2014, and requested that the City consider a phased increase. Given that the built contribution percentage is recommended to increase to 10%, staff continue to recommend adoption of cash-in-lieu increases. This is expected to create greater equality between the “built” and cash-in-lieu contributions. It is also recommended that staff review the contribution rates on a biannual basis to ensure that the contribution rates are keeping pace with the built unit contribution value.

**Recommended Actions:**

1. Increase the cash-in-lieu contribution to create greater equality with the ‘built’ contribution as per the following table:

<b>Housing Type</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
Single Family	\$2/sq.ft.	\$4/sq.ft.
Townhouse	\$4/sq.ft.	\$8.50/sq.ft.
Multi-Family Apartments	\$6/sq.ft.	\$14/sq.ft. (concrete construction) \$10/sq.ft. (wood frame construction)

2. Continue to accept 100% cash-in-lieu contributions for apartment developments with 60 units or less (new, recommended lower threshold) and all townhouse developments to be used towards facilitating the creation of more non-market housing units.
3. Examine and adjust the cash-in-lieu contribution rates on a bi-annual basis to ensure greater equality with the low-end market rental policy built requirements, and to keep pace with market conditions. Should the cash-in-lieu contribution rates be tied to a specific index in the future, staff will consult with key stakeholders to determine best practices.
4. Set an annual contribution target of \$1.5M for the Affordable Housing Reserve Fund to support non-market rental and other innovative housing projects and to help position the

City to leverage funding opportunities through partnership with senior governments and the private and non-profit sectors.

5. Revise the household income thresholds for non-market rental units to ensure that units are targeted for the priority groups in need. For non-market rental units secured through development, calculate household income thresholds based on 25% below the 2016 Housing Income Limits.

<b>Non-Market Rental Unit – Income Thresholds</b>		
<b>Unit Type</b>	<b>Current Total Annual Household Income</b>	<b>Proposed Total Annual Household Income</b>
<b>Studio</b>	\$34,000 or less	\$28,875 or less
<b>1-Bdrm</b>	\$34,000 or less	\$31,875 or less
<b>2-Bdrm</b>	\$34,000 or less	\$39,000 or less
<b>3+ Bdrm</b>	\$34,000 or less	\$48,375 or less

6. Revise maximum monthly rents for non-market rental units to ensure that the rents are below average market rents and closer to a subsidized level. For non-market rental units secured, calculate maximum monthly rents based on 25% below the Canada Mortgage and Housing Corporation’s annual average market rents for Richmond.

<b>Non-Market Rental Unit – Maximum Rents</b>		
<b>Unit Type</b>	<b>Current Maximum Monthly Rent</b>	<b>Proposed Maximum Monthly Rent</b>
<b>Studio</b>	\$850	\$632
<b>1-Bdrm</b>	\$850	\$769
<b>2-Bdrm</b>	\$850	\$972
<b>3+ Bdrm</b>	\$850	\$1,197

The rents would be permitted to increase annually by the Consumer Price Index and the rent calculation methodology will be reviewed by staff biannually. It is recommended that there continue to be flexibility for non-market units, in cases of non-profit driven projects with the intention to provide 100% rental, to allow for a range of rent structure defined in consultation with non-profit housing providers of a specific project and City Affordable Housing staff. All rent structures and project-specific details are subject to Council approval.

7. Continue to seek strategic opportunities to acquire land and partner with senior levels of government and non-profit organizations.
8. Consider waiving (full or partial) development cost charges from City general revenue for non-market units if purchased/owned by a non-profit housing provider – section 563 of the Local Government Act allows Council, through a bylaw, to waive or reduce DCCs for the purposes of affordable housing. As part of this action, review implications on the City’s tax increase and develop a framework to implement potential development cost charge waivers.

*Policy #2: Low End Market Rental (LEMR) Housing – Built Unit Contribution*

A density bonus is offered at time of rezoning for multi-family and mixed use developments with more than 80 units in exchange for at least 5% of total residential floor areas built as low-end

market rental units. The units are secured in perpetuity with a Housing Agreement registered on title. The City currently establishes income and maximum rental thresholds for low-end market rental units utilizing BC Housing's Housing Income Limits. However, the current approach presents some challenges. For example, the Housing Income Limits are tied to the average market rents determined by Canada Mortgage and Housing Corporation and may not reflect non-market or low-end of market need. In some cases, the low-end market rents may be equivalent to market rents. As well, the monthly allowable rent and annual allowable increases may push rents over average market rents determined by Canada Mortgage and Housing Corporation.

The City has also been successful in securing low-end market rental units through development on an ongoing basis. This has led towards the creation of mixed-income developments, and has provided opportunities for individuals/households that may not qualify for non-market housing but also cannot afford market rental housing.

One of the major challenges associated with securing a small amount of LEMR units include occupancy management, where the units may not be rented to the intended/target households. Further, stakeholders from the development community indicated that the current minimum unit sizes are not consistent with market trends, which may add additional costs towards construction. Another challenge is securing LEMR contributions on sites that are already zoned to the development potential envisioned in the Official Community Plan (i.e. pre-zoned sites). The City's Affordable Housing Strategy is founded on the principle of providing a density bonus at time of rezoning to secure cash-in-lieu contributions or LEMR units. This pre-zoning situation has predominantly occurred within the City Centre on sites zoned CDT1. On sites that already have established zoning, the City's approach has been to ensure that the zoning district provides a density bonus for LEMR units and to negotiate the inclusion of LEMR units in exchange for reduced parking requirements. The increase in affordable housing contributions will require further amendments to the City's Zoning Bylaw to reflect the increased contribution rates and it is anticipated that the increased contribution rates will create additional challenges on these pre-zoned sites. Staff will continue with the current approach of negotiating the inclusion of LEMR units in exchange for reduced parking requirements, as well as continuing to monitor the situation. Any increases to the built unit requirement above 5% may diminish the ability to negotiate parking reductions as an incentive in exchange for the provision of LEMR units on the pre-zoned sites.

Representatives from the development community expressed concerns with increasing the percentage above 5% and decreasing the 80 unit threshold requirement, stating that it would have an impact on the cost of housing on the market side and overall project viability.

The development industry further commented on the challenges with managing a small number of units, which was echoed by the non-profit housing sector. Non-profit housing providers are generally interested in owning and managing LEMR units, but may experience challenges obtaining capital funding to purchase the units and maintaining operating costs. Staff recommend the following actions to address the need for more low-end market rental units, while encouraging and facilitating non-profit ownership/management to maintain the integrity and spirit of the program.

Recommended Actions:

1. Decrease the built unit threshold requirements in apartment developments from more than 80 units to more than 60 units.
2. Revise the built unit percentage of total residential floor area in apartment developments (with the proposed new threshold of more than 60 units) to 10%.
3. Revise the household income thresholds for low-end market rental units to ensure that units are targeted for the priority groups in need. For low-end market rental units secured through development, calculate income thresholds based on 10% below the 2016 Housing Income Limits.

<b>Low-end Market Rental (LEMR) Unit Maximum Income Thresholds</b>		
<b>Unit Type</b>	<b>Current Total Annual Household Income</b>	<b>Proposed Total Annual Household Income</b>
<b>Studio</b>	\$34,000 or less	\$34,650 or less
<b>1-Bdrm</b>	\$38,000 or less	\$38,250 or less
<b>2-Bdrm</b>	\$46,500 or less	\$46,800 or less
<b>3+ Bdrm</b>	\$57,500 or less	\$58,050 or less

4. Revise maximum monthly rents for low-end market rental units to ensure that the rents stay consistently below average market rental rents. For low-end market rental units secured through development, calculate maximum rents based on 10% below the Canada Mortgage and Housing Corporation’s annual average market rents.

<b>Low-end Market Rental (LEMR) Unit Maximum Rents</b>		
<b>Unit Type</b>	<b>Current Maximum Monthly Rent</b>	<b>Proposed Maximum Monthly Rent</b>
<b>Studio</b>	\$850	\$759
<b>1-Bdrm</b>	\$950	\$923
<b>2-Bdrm</b>	\$1,162	\$1,166
<b>3+ Bdrm</b>	\$1,437	\$1,436

The rents would be permitted to increase annually by the Consumer Price Index and the rent calculation methodology will be reviewed by staff biannually.

5. Revise the minimum unit size targets for 2BR units from 860 ft<sup>2</sup> to 741ft<sup>2</sup>. Utilize minimum unit size targets and ensure that LEMR units are not smaller than the average size of a comparable market unit in the same development.

<b>Unit Type</b>	<b>Current LEMR Minimum Size</b>	<b>Recommended LEMR Minimum Size Targets</b>
Bachelor/Studio	37m <sup>2</sup> (400 ft <sup>2</sup> )	37m <sup>2</sup> (400 ft <sup>2</sup> )
1 Bedroom	51m <sup>2</sup> (535 ft <sup>2</sup> )	51m <sup>2</sup> (535 ft <sup>2</sup> )
2 Bedroom	<b>80m<sup>2</sup> (860 ft<sup>2</sup>)</b>	<b>69m<sup>2</sup> (741ft<sup>2</sup>)</b>
3+ Bedroom	91m <sup>2</sup> (980 ft <sup>2</sup> )	91m <sup>2</sup> (980 ft <sup>2</sup> )

6. Strongly encourage and play an active role in facilitating partnerships between developers and non-profit organizations to promote non-profit ownership and management of the low-end market rental units;



- Consider waiving (full or partial) development cost charges for low-end market rental units if purchased by a non-profit housing provider – section 563 of the Local Government Act allows Council, through a bylaw, to waive or reduce DCCs for the purposes of affordable housing. As part of this action, review implications on the City’s tax increase and develop a framework to implement potential development cost charge waivers.
  - Facilitate introductions and discussions between non-profit housing providers and developers at an early stage (e.g. pre-application/beginning of rezoning) to secure partnerships and to ensure that the design of the LEMR units is appropriate for the target group.
7. Continue to require 100% cash-in-lieu contributions in all townhouse developments through the Affordable Housing Strategy, as townhouse applications are the most significant revenue stream for the Affordable Housing Reserve Fund. The Arterial Road Policy includes a provision for increased density in exchange for LEMR townhouse units, which will contribute to the overall LEMR housing stock. Requiring LEMR units in all townhouse developments may pose a cash flow challenge, resulting in minimal cash-in-lieu contributions to meet the Affordable Housing Reserve Fund’s annual \$1.5M target.
  8. While partnerships with the private sector and senior levels of government are critical to creating affordable housing, it is recommended that the City develops policy language around the use of senior government funding to be directed towards lowering the rents of LEMR units or creating additional LEMR units above the 10% requirement and not reimbursing developers/builders for LEMR units which are secured and provided under the Affordable Housing Strategy requirements.
  9. Set a target of securing 80-100 LEMR units annually. Metro Vancouver’s 2016 Demand Estimates highlight that 70 units should be generated annually to meet the needs of low-income households (\$30,000 - \$50,000). Staff recommend increasing the target slightly to accommodate households falling on the lower end of the “moderate income” household bracket (\$50,000 to \$75,000). It is noted that \$58,000 is the highest total household income eligible for a 3-bedroom low-end market rental unit. As of December 2016, the City has secured 441 low-end market rental units since 2007, averaging 44 units per year. Increasing the 5% built unit requirement to 10% would put the City in a favourable position to achieve its target of securing 80-100 LEMR units annually for housing low-income households.

*Policy #3: Entry Level Homeownership*

In the current 2007 Affordable Housing Strategy, this priority was targeted to households with annual household incomes of less than \$60,000 and focused on encouraging the construction of smaller, owned units. Although stakeholder consultations identified homeownership as a need in the community, a comprehensive homeownership program is not being recommended at this time. This will be addressed further in the report. Staff continue to recommend encouraging opportunities through land use and regulation to support affordable homeownership.

**Recommended Actions:**

1. Focus priorities on non-market and low-end market rental housing, as there are limited resources and funding opportunities to create affordable homeownership units. Furthermore,

the ongoing administration and management of an affordable homeownership program would fall outside the City's mandate.

2. Continue to encourage homeownership opportunities that are affordable through land use and regulatory measures including flexibility in unit sizes and the permitting of secondary suites and coach houses as “mortgage helpers.”

*Policy #4: Affordable Housing Special Development Circumstance and Value Transfer*

The Affordable Housing Special Development Circumstance policy is an addendum to the existing Affordable Housing Strategy, which allows for clustering affordable housing units in a standalone building/project if a sound business case and social programming approach is identified to support target population. The Affordable Housing Special Development Circumstance has previously been paired with the value transfer mechanism, where certain developments convert their built unit contribution to a cash-in-lieu contribution to be used towards a “donor site” for a standalone affordable housing project. The value transfer mechanism presents an opportunity for the City to provide capital contributions towards affordable housing projects and ensure that rent levels are targeted towards low-income or vulnerable households.

The primary benefit of utilizing the Affordable Housing Special Development Circumstance policy is to secure rents at the non-market level, which helps to address the needs of low-income and vulnerable households. The City has experienced success in this regard by securing 296 units at the Kiwanis Towers and 129 units at the Storeys development at non-market rent rates. This policy has been recognized by other jurisdictions as a model to replicate.

One of the primary challenges with this model is that the value transfer mechanism is heavily dependent on the availability of land. Stakeholders from the development community prefer this approach, stating that there should be flexibility to allow contributions from specific projects to be moved to another site by the same developer or to a “donor” site. Representatives from the Richmond Home Builders Association also suggested a “bank” for each builder, where contributions could be used towards a rental housing development or another project that can achieve greater affordability.

**Recommended Actions:**

1. Incorporate the Affordable Housing Special Development Circumstance policy into the updated Affordable Housing Strategy as a priority for securing affordable housing units.
2. Develop a list of prequalified non-profit housing providers for management and development of affordable housing units.

*Policy #5: Secondary Suites*

The City requires all new single detached lots being rezoned to either include secondary suites on 100% of new lots created, secondary suites on 50% of new lots created and a cash contribution on the remaining 50%, or to provide a 100% cash contribution on the total buildable residential floor area to the Affordable Housing Reserve Fund.

This policy provides potential mortgage helpers for many homeowners, and adds to the market rental housing supply. However, there is no direct benefit to the affordable housing supply and there is no mechanism to ensure that units are affordable or rented out.

Stakeholders from the Richmond Home Builders Association were generally pleased to see that there were no changes proposed to the current single family rezoning policy and that there is flexibility to provide suites and/or cash.

**Recommended Action:**

1. Continue with the existing secondary suite policy, which supports a balanced approach to secure both built suites and cash-in-lieu contributions.

*Policy #6: Market (Purpose-Built) Rental Housing*

Under a separate complementary process, the City is currently drafting a policy aimed at increasing the supply of purpose built market rental housing. Richmond's current Official Community Plan encourages a 1:1 replacement when existing rental housing in multi-unit developments are converted to strata or where existing sites are rezoned for new development. The replacement units are secured as low-end market rental with a Housing Agreement.

**Recommended Actions:**

1. Ensure the proposed Draft Market Rental Housing Policy is developed with a holistic approach and considers both market rental and affordable housing objectives, including incentives for market rental development and policies regarding tenant relocation and protection.
2. For townhouse developments, explore the feasibility of including a market rental component in addition to an affordable housing cash contribution as part of a future Draft Market Rental Housing Policy. This could achieve the desire for more built units, while maintaining the cash flow necessary for maximizing the Affordable Housing Reserve Fund. The Draft Market Rental Housing Policy will respond to the recent referral from Council on April 10, 2017 to develop a policy on market rental and/or secondary suites in multi-family developments.

*Policy #7: Basic Universal Housing*

The City currently provides a Floor Area Ratio exemption for residential units that incorporate basic universal housing features in new developments.

The current basic universal housing policy provides clear expectations and standards to developers and builders, and the City has been successful in securing affordable housing units with these features. However, the current regulations focus on physical accessibility and changes to the BC Building Code may pose challenges for incorporating the features moving forward.

**Recommended Action:**

1. Continue to secure affordable housing units with basic universal housing features and formalize this policy in the updated Affordable Housing Strategy.

### Recommended New Policies

The section below proposes new policies, which were selected and evaluated on their potential to address identified priorities including groups in need and local housing gaps. The new policy recommendations are commonly used in other jurisdictions and supported by legislation. These recommendations have been refined from the preliminary policy options incorporating stakeholder feedback. It is noted that implementation of the new policies will require significant City resources, including funds from the Affordable Housing Reserve Fund and staff resources.

#### *Policy #1: Municipal Financing Tools (Medium Term: 3 – 5 years/Ongoing)*

Municipal financing tools, such as development cost charge waivers and property tax exemptions, can play a role in facilitating non-profit ownership and management of low-end market rental units secured through development. Municipal financing tools can also support the development of new non-market housing projects. It was confirmed by all stakeholder groups that relief from development cost charges or property taxes allows private and non-profit developers to deliver a greater number of affordable housing units at lower rents.

#### Recommended Actions:

1. Consider waiving development costs charges and municipal permit fees for new eligible affordable housing developments that are owned and operated by non-profit housing providers and where affordability is secured in perpetuity. Staff will undertake a review of any implications on the City's tax increase, work to cost out development cost charge waivers and develop an implementation framework. Contingent on the results of this review, waiving the development cost charges and municipal permit fees may be from the City's general revenue instead of a grant from the Affordable Housing Reserve Fund.
2. Undertake a review and best practice analysis of property tax exemptions for non-market housing managed by non-profit housing providers.

#### *Policy #2: Family-Friendly Housing Policy (Short Term: 1 – 3 years)*

This policy would encourage developers to provide additional larger units (2BR+) in multi-residential developments, allowing families to have more options in finding suitable accommodation for their needs. This policy also sets a requirement for providing a certain percentage of low-end market rental units as family-friendly units. Based on information from the 2011 Census, there were 55,400 family households in Richmond. The City Centre area had the largest number of families, and also featured the largest proportion of lone-parent families.

Approximately 20% of renters are family households. The development community suggested that a City-wide policy may be unnecessary as larger sized units are already being delivered by the market. The non-profit sector echoed these comments, stating that some non-market housing may be intended for a specific priority group in need (e.g. bachelor units for low-income seniors) and therefore a family-friendly component should be flexible in purpose-built affordable housing projects. However, feedback from the initial consultation sessions with the public and key stakeholders indicated that family-friendly housing is a significant need in Richmond and there is a lack of family-friendly rental options in the community.

Staff continue to recommend that a certain percentage of low-end market rental units be allocated towards family-friendly housing to ensure that affordable options are available for families while the remaining units can be targeted towards a specific client group if desired.

Recommended Actions:

- Require a minimum of 15% 2 bedroom and 5% 3+ bedroom for all low-end market rental units secured through development to accommodate priority groups in need (e.g. families).
- Monitor the success of the policy and consider applying the same percentage of family friendly units in all market developments

*Policy #3: Public-Private Partnerships (Medium Term: 3 – 5 years/Ongoing)*

This policy encourages partnerships with other levels of government, non-profit housing providers, and the development community to facilitate the development of purpose-built affordable housing. The non-profit sector suggested that the City could facilitate potential partnerships between developers and non-profit housing providers earlier on in the development application process to help ensure that any secured low-end market rental units are targeted towards identified priority groups in need.

Recommended Actions:

1. Continue to identify potential opportunities for partnerships with senior government, private developers and non-profit housing organizations in order to capitalize on opportunities for affordable housing development as they arise (e.g. funding and development opportunities).
2. Develop a list of pre-qualified non-profit housing providers for partnership on potential housing projects, by scale of project.
3. Facilitate potential partnerships between developers and non-profit housing providers at the pre-application/rezoning phase to encourage non-profit management of LEMR units and input into the design and programming space to accommodate priority groups in need

*Policy #4: Non-profit Housing Development*

This policy continues to build non-profit capacity by supporting non-profit housing providers with funding, financial incentives, technical assistance and other resources to facilitate the development of purpose-built affordable housing. The non-profit sector suggested that the City allow for flexible rent structures that could support a mix of affordable rental rates within one project that is non-profit owned and managed.

Recommended Actions:

1. Continue to build relationships with established non-profit housing providers throughout Richmond and Metro Vancouver that have expertise providing housing, especially for the identified priority groups in need.
2. Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects (i.e. senior government funding, partnerships, the ability to offer rents close to the shelter/income assistance rate and programming to support the priority groups in need).

3. Allow for flexibility for affordable housing development that is non-profit owned and managed to present innovative rent structures that support a mix of affordable rental rates for consideration.

*Policy #5: Co-location of Non Market Housing and Community Assets*

This policy promotes the integration of affordable housing with new and redeveloped community assets (e.g. civic facilities, faith-based properties, etc.) where appropriate. The non-profit sector suggest that the City take into consideration the needs of social service programming to support affordable housing residents that may be residing in future co-location developments. Senior government encouraged the City to consider partnering with faith groups and quasi-government organizations for the possible redevelopment of community assets, including affordable housing.

Recommended Actions:

1. Explore opportunities to co-locate affordable housing with community assets (existing or new) and facilitate potential partnerships with non-profit housing providers; and
2. Consider the needs of non-profit support services (e.g. amenity space for programming) within co-location opportunities to accommodate the priority groups in need.

*Policy #6: Use of City-Owned Land for Affordable Housing (Long-term: 5 – 10 years/Ongoing)*

This policy seeks to use vacant or under-utilized City-owned land as well as acquire new land to be allocated for affordable housing projects in order to leverage partnership opportunities with senior government and non-profit housing providers. All stakeholder groups were supportive of this approach.

Recommended Action:

1. Review affordable housing land acquisition needs during the annual review of the City's Strategic Real Estate Investment Plan. Continue to use cash-in-lieu contributions in the Affordable Housing Reserve Fund for affordable housing land acquisition and allocating land for affordable housing project development.

*Policy #7: Rent Bank Program (Long-term: 5 – 10 years)*

A rent bank is a program (typically managed by a non-profit entity) that offers no-interest loans for rent and utilities to low-income households that are experiencing short-term financial hardships, which can prevent these households from becoming homeless. The non-profit sector suggests that an expanded community-led rent-bank program is needed in Richmond to further support the identified priority groups in need.

Recommended Action:

1. Undertake a review of best practices of opportunities to support local rent bank initiatives.

*Policy #8: Community Land Trust (Long-term: 5 – 10 years)*

A community land trust acts as community-based organization that acquires land and removes it from the private market and leases it to non-profit housing providers for affordable housing. This proposed policy would not include City-owned land. Stakeholders are supportive of staff exploring existing community land trust models.

## Recommended Action:

1. Consider conducting a feasibility study of establishing a locally-based community land trust in Richmond.

*Policy #9: Encouraging Accessible Housing (Long Term: 5 – 10 years)*

This option strives to ensure that affordable housing is created and targeted to groups in need of accessible housing, considering both mental and physical barriers to housing. The non-profit sector encourages the City to facilitate partnerships between suitable non-profits with developers contributing low-end market rental units, to ensure that a certain number of the units are appropriately designed for persons living with disabilities.

## Recommended Actions:

1. Continue to build relationships with non-profit organizations to obtain input into housing needs and design for program clients that require accessibility features.
2. Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development to ensure that a portion of LEMR units are designed with adaptable features to accommodate priority groups in need (e.g. persons with disabilities).

*Policy #10: Compact Living Rental Units (Long Term: 5 – 10 years)*

This policy would entail studying the feasibility of allowing smaller rental units (approximately 250-300 square feet on average) where appropriate for individual households. This work may include recommendations regarding unit design and sizes as well as appropriate areas in Richmond where compact units may be located.

## Recommended Action:

1. Collaborate with the City's Planning and Development Division to conduct a feasibility study on compact living rental units.

*Policy #11: Transit-Oriented Affordable Housing Development (Long Term: 5 – 10 years)*

This policy seeks to locate affordable housing near the Frequent Transit Network and frequent transit routes. The private sector suggested that the City may want to consider additional parking reductions for LEMR units secured in proximity to transit, when developing a policy.

## Recommended Actions:

1. Continue to encourage diverse forms of affordable housing along the Frequent Transit Network in the city.
2. Collaborate with the City's Transportation Department to revisit parking requirements for LEMR units located along the Frequent Transit Network.

## Policy Options Not Recommended

### *Policy #1: Affordable Homeownership Program*

Given available municipal resources and the affordable housing priorities that have been identified through the Affordable Housing Strategy update process, staff do not recommend the development of an affordable homeownership program for Richmond at this time. If Council would like to explore possible options for Richmond in the future, staff would recommend that a comprehensive cost/benefit analysis be undertaken to fully understand program complexities and the associated risks. Stakeholders supported the focus on affordable rental housing given limited municipal resources and the needs of the identified priority groups.

### *Policy #2: Municipal Housing Authority*

A municipal housing authority is one option that some municipalities have used to develop and deliver housing units and to ensure the ongoing effective management of affordable housing units that are secured through various programs and policies. They typically involve legal incorporation, governance through a Board of Directors (usually City Council members) that provides public accountability, public funding either from senior and/or local governments, an asset planning function and ongoing tenant involvement.

Staff do not recommend a local municipal housing authority be established at this time due to the significant demands on municipal resources. Creating a local authority would first involve a comprehensive feasibility analysis which would explore various models and a full assessment of costs, benefits and risks to the City.

## Resources Required

A key assumption while reviewing policy options and recommendations was that adequate resources would be available to support implementation. Although the specific actions to support each policy option will be identified in the implementation plan, staff recommend that the following two new staffing priorities be advanced in the 2018 Budget Process to begin implementation work in 2018:

- 1) A regular full-time Planner 1 – Affordable Housing position
- 2) A regular full-time Affordable Housing Assistant position

Currently, there are two regular full-time staff dedicated to the Affordable Housing section. The portfolio is responsible for the implementation of the Affordable Housing Strategy, including development of policies and updates, securing affordable housing contributions through development, and ongoing monitoring. Since adoption of the initial Affordable Housing Strategy, the portfolio has expanded to include significant project coordination duties associated with affordable housing developments, homelessness initiatives and maintaining ongoing working relationships with senior levels of government, the non-profit sector and the development industry. The nature of the affordable housing portfolio has become increasingly complex and requires technical expertise to address opportunities and challenges. The current staffing levels are working above capacity to respond to the existing Affordable Housing Strategy priorities and more staff support is required to respond to a growing and complex portfolio, and carry out the actions identified in the updated policy recommendations.



### Next Steps

Subject to Council approval, the low-end market rental and cash-in-lieu contribution policies would be implemented effective immediately, with a grandfathering period for in-stream development applications for up to one year, provided the application is presented to Council for consideration within one year of the effective date of the revised low-end market rental policy and cash-in-lieu contribution rates.

The recommended policies would be incorporated into the Draft Affordable Housing Strategy to be presented for Council consideration in the fourth quarter of 2017. In the Final Affordable Housing Strategy, an implementation plan would also be included. Staff will request Council authorization to consult with the public and key stakeholders to solicit feedback on the Draft Affordable Housing Strategy. The Final Affordable Housing Strategy will be refined from the stakeholder feedback and presented to Council for adoption.

### **Financial Impact**

None.

### **Conclusion**

A thorough analysis of existing policies and new policy options has been undertaken to generate recommendations that will respond to the identified priority groups in need and housing gaps. The review process has looked at policies holistically, taking funding, existing City resources and municipal mandate and jurisdiction into consideration.

Further refinement of the recommendations with stakeholder input promotes a balanced approach in the creation of more affordable housing units in partnership with senior levels of government, non-profit housing societies, the development sector and service providers. Encouraging more affordable housing opportunities along the housing continuum will help to generate a full range of options to meet the needs of Richmond's diverse population.



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

- Att.1: Summary Chart – Final Policy Recommendations
- Att.2: Final Policy Recommendations Report
- Att.3: Stakeholder Feedback Summary Report
- Att.4: Policy Manual – Low-End Market Rental Housing Built Unit Contribution Policy
- Att.5: Policy Manual – Affordable Housing Cash-in-Lieu Contribution Rates
- Att.6: Economic Analysis Memo – Site Economics
- Att.7: Economic Analysis Memo – G.P. Rollo & Associates
- Att. 8: Written Submission – Kwantlen Students' Association
- Att. 9: Written Submission – Urban Development Institute
- Att. 10: Written Submission – Richmond Poverty Response Committee

**AHS Update – Summary of Proposed Final Recommendations**

Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
1. Current	Affordable Housing ('built') – Low-end Market Rental (LEMR) unit contribution	<ul style="list-style-type: none"> <li>• Increase up to 10% of the total floor area as the built affordable contribution rate</li> <li>• Decrease threshold to 60 units</li> <li>• Allow for flexibility to cluster LEMR units</li> <li>• Revise minimum size requirement targets (specifically revision of 2BR unit size)</li> <li>• Facilitate non-profit housing provider management and potential ownership of LEMR units                             <ul style="list-style-type: none"> <li>○ Consider waiving (full or partial) development cost charges for LEMR units if purchased by a non-profit housing provider</li> <li>○ Develop a list of pre-qualified non-profit housing providers</li> </ul> </li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>• Supportive of a small increase in built requirement to meet demand, suggest that an increase to 10%+ of the residential floor area ratio places too large a burden on private development and passes costs to the owners of market units</li> <li>• Supportive of a decrease in the minimum size requirement of 2 bedroom LEMR units</li> <li>• Due to the extra construction costs associated with integrating LEMR unit sizes into a development, UDI suggests that LEMR size requirements could become targets and that the size of LEMR units be equivalent to the size of the market units being developed in each development</li> <li>• Supportive of waiving development cost charges for LEMR units</li> </ul> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>• Suggestion to partner non-profit housing providers with developers at pre-application to ensure affordable housing requirements meet the needs of identified priority groups</li> <li>• Generally supportive of proposed maximum rents</li> <li>• Supportive of waiving</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the built affordable contribution to 10% of total residential floor area                             <ul style="list-style-type: none"> <li>○ Review and examine the contribution and assess percentage built with changing market conditions bi-annually</li> </ul> </li> <li>• Decrease the threshold to 60 units</li> <li>• Allow for flexibility to cluster or disperse LEMR units</li> <li>• Set minimum unit size targets and ensure that LEMR units are not smaller than the average size of a comparable market unit in the development</li> <li>• Facilitate non-profit partnership in the development application phase                             <ul style="list-style-type: none"> <li>○ Consider waiving the development cost charges and municipal permit funds for LEMR units upon purchase by a non-profit housing provider                                     <ul style="list-style-type: none"> <li>▪ Consider waiving the development cost charges and municipal permit funds from general revenue instead of as a grant from the Affordable</li> </ul> </li> </ul> </li> </ul>

Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
			<p>development cost charges for LEMR units</p> <ul style="list-style-type: none"> <li>To date, non-profit housing providers have only been able to manage/purchase LEMR units with capital funding from BC Housing</li> </ul>	<p>Housing Reserve Fund Review</p> <ul style="list-style-type: none"> <li>implications on tax base and develop a framework to implement potential development cost charge waivers <ul style="list-style-type: none"> <li>Facilitate potential partnerships with non-profit housing providers and developers in the rezoning stage of development</li> <li>Develop an information guide about partnering with developers of LEMR units</li> </ul> </li> <li>In the event that a developer wishes to retain ownership, facilitate potential partnerships with qualified non-profits (i.e. BC Housing, Metro Vancouver Housing Corporation) to help select qualified tenants from the identified priority groups in need for the LEMR units <ul style="list-style-type: none"> <li>Develop an information guide about the spirit of the LEMR program</li> </ul> </li> <li>Calculate City-wide maximum household income thresholds and rents at 10% below BC Housing HILs for Vancouver</li> <li>Calculation City-wide maximum monthly rents at 10% below CMHC Average Rents for</li> </ul>

Priority	Policy/ Practice	Summary of <i>Preliminary Recommendation</i>	Stakeholder Feedback	Summary of <i>Proposed Final Recommendations</i>
2. Current	Affordable Housing ('cash-in-lieu') contribution	<ul style="list-style-type: none"> <li>• Increase the cash-in-lieu contribution to match the value of the 'built' contribution</li> <li>• Continue to accept cash contributions for all townhome developments               <ul style="list-style-type: none"> <li>◦ For townhouse developments, explore the feasibility of including market rental % requirement in addition to AH cash contribution. The market rental floor area would be exempted from AH contribution.</li> </ul> </li> <li>• Continue to accept cash contributions for all multi-family developments below 60 units</li> <li>• Continue with existing single family rezoning policy, with a balanced approach of securing both built suites and cash contributions</li> <li>• Work collaboratively to help ensure seniors government funding is directed towards</li> </ul>	<p><i>Development Community Urban Development Institute</i></p> <ul style="list-style-type: none"> <li>• Suggest that cash-in-lieu rates should be further refined, especially for single family rezoning</li> <li>• Suggest a phased approach to the increase in cash-in-lieu contributions</li> </ul> <p><i>Richmond Home Builders</i></p> <ul style="list-style-type: none"> <li>• Suggest a phased approach to increase in cash-in-lieu contributions</li> </ul> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>• Non-profit housing providers require capital funding to be able to purchase LEMR units or develop stand-alone non-market housing buildings</li> </ul> <p><i>Senior/Quasi Government</i></p> <ul style="list-style-type: none"> <li>• Suggest that when BC Housing is purchases LEMR units, non-profit management and ownership is ensured</li> </ul>	<p>Richmond</p> <ul style="list-style-type: none"> <li>• Permit income thresholds and maximum monthly rents to increase by the Consumer Price Index annually</li> <li>• Review the LEMR program, including maximum thresholds and rents on a bi-annual basis</li> </ul> <ul style="list-style-type: none"> <li>• Increase the cash-in-lieu contributions from \$2ft<sup>2</sup> to \$4ft<sup>2</sup> for single family, from \$4ft<sup>2</sup> to \$8.50ft<sup>2</sup> for townhouse, and from \$6ft<sup>2</sup> to \$10ft<sup>2</sup> for wood frame multi-family development or from \$6ft<sup>2</sup> to \$14ft<sup>2</sup> for concrete multi-family development               <ul style="list-style-type: none"> <li>◦ Review and examine cash-in lieu contributions and assess with changing market conditions bi-annually</li> </ul> </li> <li>• Continue to accept cash contributions for all townhouse developments               <ul style="list-style-type: none"> <li>◦ For townhouse developments, explore the feasibility of including a market rental % requirement in addition to AH cash contribution</li> </ul> </li> <li>• Continue to accept cash contributions for all multi-family developments below the 60 unit threshold</li> <li>• Continue to comply with existing single family rezoning policy, with a balanced approach of securing both built secondary</li> </ul>

Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
3. Current	Affordable Housing Reserve Fund	<p>lowering the rents of LEMR units, or creating additional units above the 10% City requirement</p> <ul style="list-style-type: none"> <li>Ensure sufficient developer cash contributions (\$1.5 million annually) are collected to support affordable housing projects and to help position the City to leverage funding opportunities through partnership with senior governments and the private and non-profit sectors</li> <li>Seek strategic land acquisition opportunities for affordable housing</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggest that funds could be used to purchase additional market units from developers to increase the number of LEMR units in each development and make non-profit management more attractive</li> <li>Suggest that City-owned land could be earmarked for affordable housing development</li> </ul> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Suggest that City-owned land could be earmarked for affordable housing development</li> </ul> <p><i>Senior/Quasi Government</i></p> <ul style="list-style-type: none"> <li>Non-profit housing providers have difficulty securing the appropriate amount operating funding to provide rents affordable to the priority groups in need (e.g. persons on fixed incomes)</li> </ul> <p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggestion that the City could allow developers to transfer</li> </ul>	<p>suites and cash contributions</p> <ul style="list-style-type: none"> <li>Work collaboratively to help ensure senior government funding is directed towards non-market housing development, lowering the rents of LEMR units, or creating additional units above the 10% City requirement</li> </ul> <ul style="list-style-type: none"> <li>Ensure sufficient developer cash contributions are collected (\$1.5M generated annually) to support affordable housing projects and leverage funding opportunities through partnership with senior governments, the private and non-profit sectors</li> <li>Seek strategic land acquisition opportunities for affordable housing</li> <li>Explore the use of the Affordable Housing Reserve Fund to support innovative housing projects <ul style="list-style-type: none"> <li>Continue to use the Affordable Housing Reserve Fund for capital contributions towards innovative non-market housing projects that involve partnerships with senior government and provide programming to meet the needs of the identified priority groups in need</li> </ul> </li> </ul>
4. Current	Special Development Circumstance and Value	<ul style="list-style-type: none"> <li>Incorporate the policy into the overall AHS as a priority for securing affordable</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggestion that the City could allow developers to transfer</li> </ul>	<ul style="list-style-type: none"> <li>Allow flexibility for large scale developments (or combination of developments) to cluster LEMR</li> </ul>

	Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
<p style="text-align: center;"><b>PLN 52</b></p>		Transfer Policy	<p>housing units</p> <ul style="list-style-type: none"> <li>Develop a list of prequalified non-profit housing providers for management and development of affordable housing units</li> </ul>	<p>their affordable housing contribution (built LEMR or cash-in lieu) to another site planned for an affordable housing project</p> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Supportive of a prequalified non-profit providers list, categorized by scale of development and target priority group in need</li> </ul>	<p>units in one, stand-alone building if a partnership with a non-profit housing provider is established</p> <ul style="list-style-type: none"> <li>Encourage innovation (i.e. rental structure that allows a variety of subsidized rents) in clustered projects</li> <li>Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development</li> </ul> <ul style="list-style-type: none"> <li>Continue to use the Affordable Housing Reserve Fund for capital contributions when partnership opportunities become available</li> </ul>
5. Current	Ongoing	Secondary Suites	<ul style="list-style-type: none"> <li>Continue with the existing policy, which supports a balanced approach to secure both built suites and cash-in-lieu contributions.</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Supportive of current policy</li> </ul>	<ul style="list-style-type: none"> <li>For single-family rezonings, continue to review development applications and secure one of the following: (a) secondary suites on 100% of new lots developed, (b) secondary suites on 50% of new lots developed and a cash contribution on the remaining 50% of new lots created, or (c) a cash contribution on 100% of the new lots developed</li> </ul>
6. Current	Short-term (1-3 years) (Planning & Development Initiative)	Rental Housing	<ul style="list-style-type: none"> <li>Continue to require a 1:1 replacement of existing rental housing</li> <li>Consider providing incentives for the development of additional units of market rental housing and a tenant</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Supportive of incentives for market rental development</li> <li>Suggest that private developers may be able to better manage LEMR units in a market rental building due to the ability to hire one</li> </ul>	<ul style="list-style-type: none"> <li>As per the forthcoming Market Rental Policy, continue to require replacement of existing market rental housing</li> <li>As per the forthcoming Market Rental Policy, consider providing incentives for the development of additional units of market</li> </ul>

	Priority	Policy/ Practice	Summary of <i>Preliminary Recommendation</i>	Stakeholder Feedback	Summary of <i>Proposed Final Recommendations</i>
7. Current	Ongoing	Basic Universal Housing	<p>relocation and protection plan through the Market Rental Policy</p> <ul style="list-style-type: none"> <li>Continue to secure affordable housing units with Basic Universal Housing features</li> </ul>	<p>professional property manager for the whole building</p> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Units need to be adaptable in order to be suitable for a person with disabilities. Suggestion that Basic Universal Housing features should be encouraged in all market units to support ageing in place</li> </ul>	<p>rental housing as well as a tenant relocation and protection plan</p> <ul style="list-style-type: none"> <li>Continue to secure affordable housing units with Basic Universal Housing features</li> <li>Continue to encourage market developments to be built with Basic Universal Housing features</li> <li>Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development to ensure that some LEMR units are designed with adaptable features to support the priority groups in need (i.e. persons with disabilities)</li> </ul>
8. Potential	Medium Term (3-5 years)	Municipal Financial Tools	<ul style="list-style-type: none"> <li>Consider waiving the development cost charges and municipal permit fees for new affordable housing developments that are owned/operated by a non-profit and where affordability is secured in perpetuity</li> <li>Do not consider property tax exemptions at this time</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggest that the development cost charges could be waived on all LEMR units, regardless of ownership</li> </ul> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Supportive of a development cost charge waiver for LEMR/non-market housing</li> <li>Suggest that property tax exemptions may help facilitate the ongoing operating costs of affordable housing</li> </ul> <p><i>Senior/Quasi Government</i></p> <ul style="list-style-type: none"> <li>Encourage the City to provide incentives (i.e. development</li> </ul>	<ul style="list-style-type: none"> <li>Consider waiving the development cost charges and municipal permit fees for new affordable housing developments that are owned/operated by a non-profit and where affordability is secured in perpetuity <ul style="list-style-type: none"> <li>Consider waiving the development cost charges and municipal permit fees from general revenue instead of as a grant from the Affordable Housing Reserve Fund</li> </ul> </li> <li>Review implications on tax base and develop a framework to implement</li> </ul>

	Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
9. Potential	Medium Term/ Ongoing (3-5 years)	Family Friendly Housing Policy	<ul style="list-style-type: none"> <li>Develop a family friendly housing policy</li> <li>Consider requiring a minimum % of units to be built in all new multi-unit condominium projects and LEMR units</li> </ul>	<p>cost charge waivers) to encourage partnerships between private and non-market housing providers</p> <p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggest that a blanket policy would be unnecessary as larger sized units are already being delivered on the market</li> </ul>	<p>potential development cost charge waivers</p> <ul style="list-style-type: none"> <li>Undertake a review and best practice analysis of property tax exemptions for non-market housing managed by a non-profit housing provider</li> <li>Require a minimum of 15% 2 bedroom and 5% 3+ bedroom for all LEMR units secured in developments to accommodate priority groups in need (i.e. families)</li> <li>Monitor the success of the policy and consider applying the same % of family friendly units in all market developments</li> </ul>
10. Potential	Medium-term/ Ongoing (3-5 years)	Public-Private Partnerships	<ul style="list-style-type: none"> <li>Identify potential opportunities for partnership to facilitate the development of affordable housing</li> <li>Create a list of pre-qualified non-profit housing providers for partnership on potential housing projects</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Supportive of bidding on RFPs to develop affordable housing projects on City owned land</li> </ul> <p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Supportive of bidding on RFPs to develop affordable housing projects on City owned land</li> <li>Supportive of a prequalified non-profit providers list, categorized by scale of development and target priority group in need</li> </ul>	<ul style="list-style-type: none"> <li>Identify potential opportunities for partnership to facilitate the development of affordable housing</li> <li>Develop a list of pre-qualified non-profit housing providers for partnership on potential housing projects</li> <li>Facilitate potential partnerships between developers and non-profit housing providers at the pre-application/rezoning phase to encourage non-profit management of LEMR units and input into the design and programming space to accommodate priority groups in need</li> </ul>
11. Potential	Medium-term/ Ongoing (3-5 years)	Non-profit Housing Development	<ul style="list-style-type: none"> <li>Continue to build relationships with established non-profit</li> </ul>	<p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Supportive of developing a set of criteria for the prioritization</li> </ul>	<ul style="list-style-type: none"> <li>Continue to build relationships with established non-profit housing providers throughout</li> </ul>



Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
12. Potential  <b>PLN - 55</b>	Co-Location of Non-Market & Community Assets	<p>housing providers throughout Richmond and Metro Vancouver that have expertise in housing the identified priority groups in need</p> <ul style="list-style-type: none"> <li>Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects</li> </ul>	<p>of City-supported non-market housing</p> <ul style="list-style-type: none"> <li>Allow for flexibility for innovative rent structures that support a mix of affordable rental rates</li> </ul>	<p>Richmond and Metro Vancouver that have expertise in housing the identified priority groups in need</p> <ul style="list-style-type: none"> <li>Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects (i.e. senior government funding, partnerships, the ability to offer rents close to the shelter/income assistance rate and programming to support the priority groups in need)</li> <li>Allow for flexibility for innovative rent structures that support a mix of affordable rental rates</li> </ul>
13. Potential	Use of City Land for Affordable Housing	<ul style="list-style-type: none"> <li>Explore opportunities to co-locate affordable housing with community assets (existing or new)</li> </ul>	<p><i>Non-Profit Sector</i></p> <ul style="list-style-type: none"> <li>Supportive of co-location of affordable housing with community assets</li> <li>Suggest that the City take into consideration the needs of social service programming to support affordable housing residents in co-location developments</li> </ul> <p><i>Senior/Quasi Government</i></p> <ul style="list-style-type: none"> <li>Encourage the City to partner with faith groups and quasi-government organizations for the possible redevelopment of community assets including affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>Explore opportunities to co-locate affordable housing with community assets (existing or new) and facilitate potential partnerships with non-profit housing providers</li> <li>Consider the needs of non-profit supportive services (i.e. amenity space for programming) within co-location opportunities to accommodate the priority groups in need</li> </ul>
13. Potential	Long-term/ Ongoing (5-10 years)	<ul style="list-style-type: none"> <li>Review affordable housing land acquisition needs annually during the review of the City's Strategic Real Estate Investment Plan</li> </ul>	<ul style="list-style-type: none"> <li>All stakeholders supportive of the use of City-owned land for affordable housing redevelopment</li> <li>All stakeholders suggest to</li> </ul>	<ul style="list-style-type: none"> <li>Review affordable housing land acquisition needs during the annual review of the City's Strategic Real Estate Investment Plan</li> </ul>

	Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
			<ul style="list-style-type: none"> <li>Continue to use cash-in-lieu contributions in the Affordable Housing Reserve Fund for land acquisition for affordable housing projects</li> </ul>	allocate City-owned land for affordable housing and for the City to facilitate an RFP process	<ul style="list-style-type: none"> <li>Continue to use cash-in-lieu contributions in the Affordable Housing Reserve Fund for affordable housing land acquisition</li> <li>Consider allocating City-owned land specifically for the use of affordable housing development</li> </ul>
14. Potential	Long-term (5-10 years)	Rent Bank Program	<ul style="list-style-type: none"> <li>Work with non-profits to further enhance and support local rent bank initiatives</li> <li>Consider utilizing funds from the Affordable Housing Reserve Fund towards developing a pilot rent bank program to be administered by a non-profit organization</li> </ul>	<i>Non-Profit Sector</i> <ul style="list-style-type: none"> <li>Supportive of an expanded community led rent-bank</li> </ul>	<ul style="list-style-type: none"> <li>Undertake a review and best practice analysis of opportunities to support local rent bank initiatives</li> </ul>
15. Potential	Long-term (5-10 years)	Community Land Trust	<ul style="list-style-type: none"> <li>Consider conducting a feasibility study of a community based Community Land Trust in Richmond</li> </ul>	<i>Non-Profit Sector</i> <ul style="list-style-type: none"> <li>Supportive of the land-trust model</li> </ul>	<ul style="list-style-type: none"> <li>Consider conducting a feasibility study of a community based Community Land Trust in Richmond</li> </ul>
16. Potential	Long-term/Ongoing (5-10 years)	Encourage Accessible Housing with Persons with Disabilities	<ul style="list-style-type: none"> <li>Continue to build relationships with non-profit organizations to obtain input into housing needs and design for program clients that require accessibility features</li> </ul>	<i>Non-Profit Sector</i> <ul style="list-style-type: none"> <li>Suggestion to partner suitable non-profits with developers contributing LEMR units to help design some LEMR units for persons with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Continue to build relationships with non-profit organizations to obtain input into housing needs and design for program clients that require accessibility features</li> <li>Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development to ensure that some LEMR units are designed with adaptable features to accommodate priority groups in need (i.e. persons with disabilities)</li> </ul>
17. Potential	Long-term	Micro-Unit	<ul style="list-style-type: none"> <li>Consider working with</li> </ul>	<i>Development Community</i>	<ul style="list-style-type: none"> <li>Collaborate with the City's</li> </ul>

	Priority	Policy/ Practice	Summary of Preliminary Recommendation	Stakeholder Feedback	Summary of Proposed Final Recommendations
	(5 – 10 years) (Planning & Development Initiative)	Rental Housing (Compact Living Rental Units in report)	Planning to conduct a feasibility study on micro-unit housing	<ul style="list-style-type: none"> <li>Supportive of a micro-units policy.</li> </ul>	Planning Department to conduct a feasibility study on micro-unit housing
18. Potential	Long-term (5 – 10 years) (Planning & Development Initiative)	Transit-Oriented Affordable Housing Development Guidelines	<ul style="list-style-type: none"> <li>Continue to encourage diverse forms of housing along the Frequent Transit Network</li> </ul>	<p><i>Development Community</i></p> <ul style="list-style-type: none"> <li>Suggestions to reduce the parking requirement for LEMR units along the FTN.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to encourage diverse forms of housing along the Frequent Transit Network</li> <li>Collaborate with City's Transportation Department to revisit parking requirements for LEMR units located along the FTN</li> </ul>
19. Potential  <b>PLN - 57</b>	Not Recommended	Affordable Home-ownership Program	<ul style="list-style-type: none"> <li>This option is not recommended at this time, as the priorities focus on rental housing and an affordable homeownership program would place significant demands on municipal resources and jurisdiction</li> </ul>		<ul style="list-style-type: none"> <li>Not Recommended. There would significant demands on municipal resources and jurisdiction at this time. It is recommended that the focus of the Affordable Housing Strategy is rental housing</li> </ul>
20. Potential	Not Recommended	Municipal Housing Authority	<ul style="list-style-type: none"> <li>This option is not recommended at this time, as there would be significant demands on municipal resources and jurisdiction</li> </ul>		<ul style="list-style-type: none"> <li>Not Recommended. There would be significant demands on municipal resources and jurisdiction at this time</li> </ul>

1. Recommended Cash-in-Lieu Contribution Rates:

Housing Type	Current Rates (\$ per buildable sq. ft.)	Proposed Rates (\$ per buildable sq. ft.)
Single Family	\$2	\$4
Townhouse	\$4	\$8.50
Multi-Family Apartment (60-70 units or less)	\$6	\$14 (concrete construction) \$10 (wood frame construction)

2. Recommended Rent and Income Thresholds:

Under the current 2007 Affordable Housing Strategy, affordable housing secured under the first priority (Subsidized Rental) have an income threshold of \$34,000 and a maximum monthly rent of \$850 regardless of unit types. The recommendation for the Affordable Housing Update is to calculate rent targets for non-market units based on 25% below the CMHC Annual Average Market Rents for Richmond and to calculate income thresholds targets based on 25% below the Housing Income Limits (HILs) for Vancouver:

Non-market Rental Unit Thresholds				
Unit Type	Current Total Annual* Household Income	Recommended Total Annual Household Income	Currently Maximum Monthly* Rent	Recommended Maximum Monthly Rent
Studio	\$34,000 or less	\$28,875 or less	\$850	\$632
1-Bdrm	\$34,000 or less	\$31,875 or less	\$850	\$769
2-Bdrm	\$34,000 or less	\$39,000 or less	\$850	\$972
3+ Bdrm	\$34,000 or less	\$48,375 or less	\$850	\$1,197

\*Note that the current annual income thresholds and maximum monthly rents may vary in range and are determined on a project-specific basis in consultation with the non-profit housing provider and City of Richmond Affordable Housing staff and approved by City Council

It is recommended that there continue to be flexibility for non-market units, in cases of non-profit driven projects with the intention to provide 100% rental, to allow for a range of rent structures defined in consultation with non-profit housing providers of a specific project and City of Richmond Affordable Housing staff. All rent structures and project specific details are subject to City Council approval.

For low-end market rental units secured through development, calculate rent thresholds based on 10% below the CMHC annual average market rents and income thresholds based on 10% below the Housing Income Limits (HILs) to ensure that rents remain affordable in relation to the market:

Low-end Market Rental (LEMR) Unit Threshold					
Unit Type	Current Total Annual Household Income	Recommended Total Annual Household Income	Currently Maximum Monthly Rent	Recommended Maximum Monthly Rent	Recommended Maximum Monthly Rent
Studio	\$34,000 or less	\$34,650 or less	\$850	\$759	\$759
1-Bdrm	\$38,000 or less	\$38,250 or less	\$950	\$923	\$923
2-Bdrm	\$46,500 or less	\$46,800 or less	\$1,162	\$1,166	\$1,166
3+ Bdrm	\$57,500 or less	\$58,050 or less	\$1,437	\$1,436	\$1,436


Permit the income thresholds and maximum monthly rents for LEMR and non-market to increase units by the Consumer Price Index annually.

3. Recommended Minimum Unit Sizes:

Unit Type	Current LEMR Unit Size Requirements	Recommended LEMR Unit Minimum Size Targets
Bachelor/Studio	37m <sup>2</sup> (400 ft <sup>2</sup> )	37m <sup>2</sup> (400 ft <sup>2</sup> )
1 Bedroom	51m <sup>2</sup> (535 ft <sup>2</sup> )	51m <sup>2</sup> (535 ft <sup>2</sup> )
2 Bedroom	80m <sup>2</sup> (860 ft <sup>2</sup> )	69m <sup>2</sup> (741ft <sup>2</sup> )
3+ Bedroom	91m <sup>2</sup> (980 ft <sup>2</sup> )	91m <sup>2</sup> (980 ft <sup>2</sup> )

\*Note that the recommended LEMR sizes are targets and that Affordable Housing staff will ensure that LEMR units are not smaller than the average size of a comparable market unit in the development



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604 687 2281

5<sup>th</sup> Floor, 844 Courtney Street  
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# CITY OF RICHMOND

## Final Policy Recommendations Report

### Affordable Housing Strategy Update

July 2017

# EXECUTIVE SUMMARY

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## SUMMARY OF POLICY RECOMMENDATIONS

The Policy Recommendations Report has been prepared for the City of Richmond to provide a framework for updating the City's Affordable Housing Strategy. Policy recommendations presented in this report have been revised from the initial policies presented in the Policy Options Report (May 2017) based on stakeholder feedback and additional economic analysis. This report contains an examination of existing and potential new policies with respect to addressing identified housing gaps and presents policy recommendations for the City of Richmond.

Recommended policies are focused on increasing the supply of affordable rental housing options that address the needs of Richmond's priority groups:

- Families including one parent families;
- Low and moderate income earners such as seniors, families, singles, couples, students;
- Persons with disabilities; and
- The City's more vulnerable residents (e.g. those on fixed incomes, women and children experiencing family violence, individuals with mental health/addiction issues, and Aboriginal population).

No single policy or proposed action is successful in isolation. When implemented together, the combination of recommended policies and practices create a comprehensive response to affordable housing issues in a community.

Implementation of the recommended policies will require partnerships and ongoing collaboration among a wide variety of groups including the City, senior levels of government, the private and non-profit housing sectors. Effective and timely implementation will also require significant City resources including sufficient cash reserves and staff resources. Increasing capacity will enable the City to build on the success of past initiatives and partnerships that have contributed to increasing the supply of affordable housing options for



residents and to position Richmond to continue to proactively respond to future funding and collaborative opportunities with senior levels of government and other community partners.

The following table summarizes existing and potential policy actions (including preliminary recommendations) that have been considered through this analysis.

*Table 1: Summary of Proposed Directions*

Status	Priority Level	Policy / Practice	Description	Summary of Recommendations
Current	Short Term (1-3 years)	Affordable Housing ('built') - Low End Market Rental (LEMR) unit contribution	Requires 5% of the residential floor area of multi-residential development over 80 units to be LEMR units, secured as affordable in perpetuity with a housing agreement, in exchange for a density bonus	<ul style="list-style-type: none"> <li>• Consider a phased approach to increase the floor area contribution rate to 10%</li> <li>• Decrease threshold to 60 units</li> <li>• Allow for flexibility to cluster or disperse LEMR units</li> <li>• Set minimum size targets and ensure LEMR units are not smaller than the average size of a comparable market unit within the development</li> <li>• Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development</li> <li>• Consider waiving Development Cost Charges for LEMR units if purchased by a non-profit housing provider</li> <li>• For LEMR units, calculate City-wide thresholds at 10% below BC Housing's Housing Income Limits and maximum monthly rents at 10% below CMHC Average Rents for Richmond</li> <li>• For non-market units, establish income thresholds and maximum rent targets and allow for flexible rent structures when projects are non-profit driven and provide 100% affordable rental housing</li> </ul>





Status	Priority Level	Policy / Practice	Description	Summary of Recommendations
Current	Short Term (1-3 years)	Affordable Housing ('cash-in-lieu') contribution	Requires cash-in-lieu contributions for single-family, townhouse, and multi-residential rezonings less than 80 units, in exchange for a density bonus.	<ul style="list-style-type: none"> <li>• Increase the cash-in-lieu contribution to match the current value of the 'built' LEMR contribution (5% of floor area)</li> <li>• Continue to accept cash contributions for townhouse developments and multi-residential developments less than 60 units</li> <li>• For townhouse developments, explore the feasibility of including a market rental component in addition to an affordable housing cash contribution in a future draft Market Rental Policy</li> <li>• Secure both built suites and cash contributions for single family rezoning</li> </ul>
Current	Short Term (1-3 years)	Special Development Circumstance and Value Transfer Policy	Provides developers with a density bonus in exchange for funding the building of an affordable housing development off-site, where low rents and additional supportive programming are also secured	<ul style="list-style-type: none"> <li>• Incorporate the policy into the overall Affordable Housing Strategy</li> <li>• Develop a list of prequalified non-profit housing providers for management and development of affordable housing units</li> <li>• Allow flexibility for large scale developments (or combination of developments) to cluster LEMR units in one, stand-alone building if a partnership with a non-profit housing provider is established</li> <li>• Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development</li> </ul>
Current	Short Term (1-3 years)	Affordable Housing Reserve Fund	Uses developer cash contributions to support affordable housing development through land acquisition and other initiatives to leverage additional funding through partnerships with senior governments and the private and non-profit sector	<ul style="list-style-type: none"> <li>• Ensure sufficient developer cash contributions are collected (target of \$1.5 million generated annually ) to support affordable housing projects and leverage funding opportunities through partnerships</li> <li>• Seek strategic land acquisition opportunities for affordable housing</li> <li>• Use to support innovative housing projects</li> </ul>



Status	Priority Level	Policy / Practice	Description	Summary of Recommendations
Current	Ongoing	Secondary Suites	Permits secondary suites in single-family dwellings, which may be available for rent through the secondary market. In exchange for single-family rezoning and subdivisions, a secondary suite must be required on 50% of new lots or a cash-in-lieu affordable housing contribution	<ul style="list-style-type: none"> <li>For single-family rezonings, continue to review development applications and secure one of the following: (a) secondary suites on 100% of new lots developed; (b) secondary suites on 50% of new lots developed and a cash contribution on the remaining 50% of new lots created; or (c) a cash contribution on 100% of the new lots developed</li> </ul>
Current	Short Term (1-3 years)	Market Rental Housing	Seeks to maintain the existing stock of rental housing through 1:1 replacement	<ul style="list-style-type: none"> <li>Continue to require replacement of existing market rental housing</li> <li>Through a future draft Market Rental Policy, consider providing incentives for the development of additional units of market rental housing as well as a tenant relocation and protection plan</li> </ul>
Current	Ongoing	Basic Universal Housing	Aims to increase the supply of accessible housing for persons with disabilities	<ul style="list-style-type: none"> <li>Continue to secure affordable housing units with Basic Universal Housing features</li> <li>Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development to ensure that some LEMR units are designed with adaptable features</li> </ul>
Potential	Long Term/ Ongoing (5-10 years)	Co-Location of Non-Market Housing & Community Assets	Integrates affordable housing with new and redeveloped community facilities, where appropriate	<ul style="list-style-type: none"> <li>Explore opportunities to co-locate affordable housing with community assets (existing or new) and facilitate potential partnerships with non-profit housing providers</li> <li>Consider the needs of non-profit service providers in co-location opportunities to accommodate the priority groups in need</li> </ul>
Potential	Medium Term/ Ongoing (3-5 years)	Public-Private Partnerships	Collaboration with other levels of government, non-profit housing providers, and the private sector to facilitate the development of affordable housing	<ul style="list-style-type: none"> <li>Identify potential opportunities for partnerships to facilitate the development of affordable housing</li> <li>Develop a list of pre-qualified non-profit housing providers for partnerships on potential housing projects</li> <li>Facilitate potential partnerships between developers and non-profit housing providers at the pre-application and rezoning stages to encourage non-profit management of LEMR units and input into the design and programming space</li> </ul>



Status	Priority Level	Policy / Practice	Description	Summary of Recommendations
Potential	Medium Term/ Ongoing (3-5 years)	Non-profit Housing Development	Build non-profit capacity through supporting non-profit housing providers with funding, financial incentives, technical assistance and other resources to support the development of affordable housing	<ul style="list-style-type: none"> <li>Continue to build relationships with established non-profit housing providers throughout Richmond and Metro Vancouver that have expertise in housing the identified priority groups in need</li> <li>Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects</li> <li>Allow flexibility for innovative rent structures that support a mix of affordable rental rates</li> </ul>
Potential	Medium Term/ Ongoing (3-5 years)	Family Friendly Housing Policy	Encourages developers to provide larger units (2 and 3 bedrooms) in multi-residential developments	<ul style="list-style-type: none"> <li>Require a minimum of 15% two-bedroom and 5% three-bedroom for all LEMR units secured in developments to accommodate priority groups in need</li> <li>Monitor the policy and consider applying the same % of family friendly units in all market developments</li> </ul>
Potential	Long Term/ Ongoing (5-10 years)	Use of City Owned Land for Affordable Housing	Seeks to use vacant or under-utilized land and acquire new land for affordable housing projects in order to leverage partnership opportunities with senior government and non-profit housing providers	<ul style="list-style-type: none"> <li>Review affordable housing land acquisition needs during the annual review of the City's Strategic Real Estate Investment Plan</li> <li>Continue to use cash-in-lieu contributions from the Affordable Housing Reserve Fund for affordable housing land acquisition</li> <li>Consider allocating City-owned land specifically for the use of affordable housing development</li> </ul>
Potential	Medium Term (3-5 years)	Municipal Financing Tools	Exempts property taxes and waives or reduces development cost charges to stimulate the creation of affordable housing	<ul style="list-style-type: none"> <li>Consider waiving the development cost charges and municipal permit fees for new affordable housing developments that are owned/operated by a non-profit and where affordability is secured in perpetuity</li> <li>Consider waiving the development cost charges and municipal permit fees and reimburse from the City's general revenue instead of as a grant from the Affordable Housing Reserve Fund</li> <li>Undertake a review and best practice analysis of property tax exemptions for non-market housing managed by a non-profit housing provider</li> </ul>



Status	Priority Level	Policy / Practice	Description	Summary of Recommendations
Potential	Not Recommended	Affordable Homeownership Program	Provides support to allow first-time homebuyers to enter into the housing market	<ul style="list-style-type: none"> <li>Not Recommended. There would be significant demands on municipal resources and jurisdiction. It is recommended that the focus of the Affordable Housing Strategy remains rental housing</li> </ul>
Potential	Not Recommended	Municipal Housing Authority	An independent, City-controlled agency to directly manage and operate affordable housing units and potentially develop new affordable housing units	<ul style="list-style-type: none"> <li>Not Recommended. There would be significant demands on municipal resources and jurisdiction at this time</li> </ul>
Potential	Long Term (5-10 years)	Transit-Oriented Affordable Housing Development Guidelines	Seeks to locate affordable housing near the Frequent Transit Network	<ul style="list-style-type: none"> <li>Continue to encourage diverse forms of housing along the Frequent Transit Network</li> <li>Collaborate with the City's Transportation Department to revisit parking requirements for LEMR units located along the Frequent Transit Network</li> </ul>
Potential	Long Term (5-10 years)	Compact Living Rental Units (Micro-Units)	Allows the development of smaller rental units appropriate for individuals	<ul style="list-style-type: none"> <li>Collaborate with the City's Planning Department to conduct a feasibility study on micro-unit housing</li> </ul>
Potential	Long Term/Ongoing (5-10 years)	Encouraging Accessible Housing with Persons with Disabilities	Ensures that affordable housing is produced and targeted to groups in need of accessible housing	<ul style="list-style-type: none"> <li>Continue to build relationships with non-profit organizations to obtain input into housing needs and design for program clients that require accessibility features</li> <li>Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development to ensure that some LEMR units are designed with adaptable features to accommodate priority groups in need (i.e. persons with disabilities)</li> </ul>
Potential	Long Term (5-10 years)	Community Land Trust	Is a community based organization that acquires land and removes it from the private market and leases it to non-profit housing providers for affordable housing	<ul style="list-style-type: none"> <li>Consider conducting a feasibility study of a community-based Community Land Trust in Richmond</li> </ul>
Potential	Long Term (5-10 years)	Rent Bank Program	A program that offers no-interest loans for rent and utilities to low-income households that are experiencing short-term financial hardships to prevent homelessness	<ul style="list-style-type: none"> <li>Undertake a review and best practice analysis of opportunities to support local rent bank initiatives</li> </ul>



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# I. INTRODUCTION

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## PURPOSE OF DOCUMENT

The City of Richmond is updating its 2007 Affordable Housing Strategy through a multi-phased approach, and has engaged CitySpaces Consulting to facilitate and implement a policy review as part of this process.

Consultation activities facilitated by CitySpaces (2016) in Phase 1, (Housing Affordability Profile), gained insights on the housing issues identified by stakeholders and the public. Together with the profile and housing indicators data, priority groups and housing gaps in Richmond were identified.

This report, as part of Phase 2, is a comprehensive policy review informed by research and consultation, and outlines policy recommendations to guide the future planning of affordable housing in Richmond.

This document also analyzes existing policies with respect to meeting the housing needs of Richmond's priority groups and identifies additional municipal policy and practice options for consideration.

## POLICY REVIEW GOALS AND OBJECTIVES

The goal of the Affordable Housing Strategy Policy Review is to develop updated policy recommendations that will be incorporated into an updated Affordable Housing Strategy which will guide the City's response over the next 10 years to address local housing affordability issues, in partnership with the private developers and non-profit housing sectors, senior government, and community service agencies.

Specific objectives of the Policy Review include:

- Undertaking a comprehensive examination of existing Affordable Housing Strategy policies, priorities and regulatory and financial tools aimed at addressing housing affordability;
- Consulting with a broad range of stakeholders including staff, private developers and non-profit housing sectors and other community partners



on implementation challenges and successes of existing policies and tools, as well as recommended policy options; and

- Recommending new and/or amended policies, regulatory and financial mechanisms that will help address identified affordable housing gaps and priority groups in need.

## AFFORDABLE HOUSING STRATEGY UPDATE PROCESS

Richmond has a long history of supporting affordable housing that resulted in an inventory of 3,175 affordable rental units prior to adoption of the current Affordable Housing Strategy in 2007. The current Affordable Housing Strategy defines the following three priority areas for addressing affordable housing challenges and outlines policies, directions, definitions, and annual targets for affordable housing. These priority areas are:

- Subsidized (Non-Market) Rental Housing (for households with income of \$34,000 or less);
- Low End Market Rental (for households with income between \$34,000 and \$57,000); and
- Entry Level Homeownership (for households with income less than \$64,000).

Since 2007, the City of Richmond has successfully secured approximately 1,392 of additional affordable housing units ranging from low-end market rental to subsidized rental.

While the Affordable Housing Strategy has helped guide Richmond's response to local affordability over the past ten years, there remains significant housing affordability challenges in the community. Current and emerging demographic changes, community and regional growth, development pressures, changing market conditions (e.g. high land values, persistently low rental vacancy rates), and an evolving senior government funding situation may no longer be accurately reflected in the current Affordable Housing Strategy policy priorities. It is within this context that the City initiated an update to the Affordable Housing Strategy.

*Figure 1: Affordable Housing Strategy Update Process*





The Affordable Housing Strategy Update process is outlined in the Figure 1, beginning with creating a Housing Affordability Profile (informed by research and consultation), followed by policy review (Phase 2) towards informing drafting housing actions and the Updated Affordable Housing Strategy (Phase 3).

## THE HOUSING CONTINUUM

The housing continuum is a visual concept used to describe and categorize different types of housing. The housing continuum is a practical framework that identifies a healthy mix of housing choices in any community. The Affordable Housing Strategy places emphasis on housing gaps and priority groups experiencing the greatest challenge in the Richmond housing market.

Figure 2: Housing Continuum



## KEY HOUSING PARTNERS

### SENIOR GOVERNMENTS

The Federal and Provincial governments in Canada have historically played a major role in the provision of affordable housing. This has shifted significantly over the past 20+ years, as senior government policy changes have resulted in less funding to support the creation of new affordable housing options for low and moderate income households.



The City has encouraged and supported innovative approaches to delivering affordable housing, including:

- Providing contributions to offset construction costs
- Leasing City-owned land to non-profit housing providers
- Providing development incentives such as density bonus in exchange for affordable rental units

In BC, the Provincial Government has continued to match available federal funding on housing but with an increased focus on providing rent supplements as the primary means of improving affordability for low-income households (Metro Vancouver, 2015). These changes have continued to place considerable pressure on local governments to become more active beyond their traditional land use planning and development approvals role in the provision of affordable housing. More recently, the BC Government, through the Provincial Investment in Affordable Housing (PIAH) Program, has committed \$355 million over five years to help form partnerships with the non-profit housing sector and municipalities to create affordable rental housing units for people with low to moderate incomes.

### METRO VANCOUVER REGIONAL DISTRICT

The Regional Growth Strategy, *Metro Vancouver 2040: Shaping our Future*, recognizes affordable housing as an essential component of creating complete communities. In supporting the strategy, municipalities are required to develop local Housing Action Plans which are intended to help implement regional housing goals. The Regional Affordable Housing Strategy (RAHS) 2016 includes a vision, goals, strategies and recommended actions aimed at expanding housing supply, diversity and affordability with a focus rental housing (both market and non-market), transit oriented affordable housing developments; and the housing needs of very low and low income households.

### LOCAL GOVERNMENT

Local governments are increasingly taking a more active role to plan for and facilitate affordable housing. These roles typically include:

- **Regulatory measures:** which include municipal land use planning (e.g. Official Community Plans, Neighbourhood Plans), regulatory and development approval tools (e.g. Zoning Bylaws) to encourage the supply of housing;
- **Fiscal measures:** such as direct funding, provision of City owned land and, at times, relief from municipal fees and charges;
- **Education and advocacy:** to help raise community awareness of local affordability issues and to encourage increased role and support by senior governments to address affordability challenges; and
- **Direct Service:** to provide affordable housing either through a civic department or agency such as a municipal housing authority.

Richmond has long acknowledged that providing a range of affordable and diverse housing types for residents is an integral part of creating a liveable community. The City recognizes that it cannot solve local affordability issues on its own, but needs to continue to play a role within its authority in partnership with senior levels of government, the private and non-profit housing sectors.

### PRIVATE SECTOR

The private sector includes landowners, developers and builders, investors and landlords and is responsible for the development, construction and



management of a range of housing forms and tenures including ownership and rental housing. The sector works closely with local governments to provide a range of housing choices aimed at addressing short and longer term local housing needs and demand.

### **NON-PROFIT SECTOR**

The non-profit housing sector provides safe, secure and affordable rental housing to households with low to moderate incomes. The sector is comprised mainly of community based organizations that are able to secure senior levels of funding and leverage existing assets to provide a greater number of affordable housing units and lower rents, often secured with municipal and private partnership. Non-profit housing providers provide a range of programming (e.g. employment readiness, childcare, legal services, and community building) to support individuals and households that may experience barriers to housing. Non-profit's mandates and expertise with tenant selection and occupancy management ensure that appropriate priority groups are connected to their affordable housing portfolio.

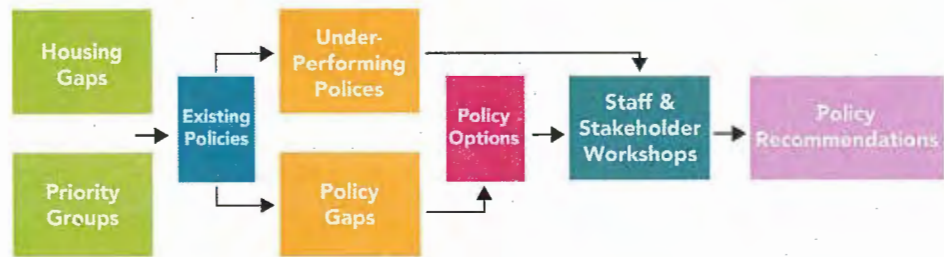


# II. HOUSING POLICY EVALUATION FRAMEWORK

## APPROACH

A key objective of the policy review is to examine existing and potential municipal policies and tools in order to assess their effectiveness in meeting the needs of the priority groups and housing gaps that were identified in Phase 1 of the Affordable Housing Strategy update. This section of the report highlights successes and key implementation challenges associated with Richmond’s existing affordable housing priorities and policy tools.

Figure 3: Research Framework Flowchart



## PRIORITY GROUPS IN NEED OF AFFORDABLE HOUSING

Based on the review of key demographic and housing data, combined with feedback from community consultation (May 2016), the following groups in need and housing gaps were identified:

- Families (including lone-parent families, families with children and multi-generational families);

- Low and moderate income earners including seniors, families, singles, couples, students, and persons with disabilities;
- Persons with disabilities finding suitable, accessible and affordable housing; and
- Vulnerable populations (households in fixed incomes, persons experiencing homelessness, women and children experiencing family violence, individuals with mental health/addiction issues and Aboriginal population).

## **AFFORDABLE HOUSING GAPS IN RICHMOND**

Despite the diverse mix of housing types currently available in Richmond, movement along the City’s housing continuum is constrained, in part due to high land values and low rental vacancy rates. Key housing gaps in Richmond include:

- Family friendly housing including market and non-market rental and homeownership;
- Accessible, adaptable and visitable housing;
- Purpose built rental housing;
- Low barrier rental housing (including programming supports);
- Low end market rental housing for singles, couples, families, seniors and persons with disabilities;
- Non-market housing for singles, couples, families, seniors and persons with disabilities, persons with mental health issues and substance users; and
- Lack of emergency shelter for women and children.

## **EXISTING AFFORDABLE HOUSING PRIORITIES AND POLICY TOOLS: SUCCESSES AND KEY IMPLEMENTATION CHALLENGES**

Richmond has played an active role within its authority over many years in helping to address local affordability challenges. The 2007 Affordable Housing Strategy established three key priorities – subsidized rental housing, low-end market rental housing and entry level homeownership which have provided focus to the City’s response over the past 10 years. In addition, the City has assisted through a variety of mechanisms and approaches, including an Affordable Housing Reserve Fund, long term leasing of municipal land for non-market rental housing, land use and regulatory policies that encourage secondary suites, private rental housing and basic universal housing.



## SUBSIDIZED RENTAL HOUSING

In Richmond's Affordable Housing Strategy, subsidized housing is targeted towards households with incomes of \$34,000 or less. The City does not provide any ongoing operating or rent subsidies. Under this priority, the City:

- Typically accepts cash-in-lieu for subsidized housing from single-family rezoning, townhouse developments and apartment developments less than 80 units;
- Uses cash-in-lieu contributions primarily for subsidized housing; and
- Encourages subsidized housing (secured with maximum rents to households under specified income thresholds) for groups including but not limited to individuals experiencing/at-risk of homelessness, individuals with mental health or addiction issues, lone parents with limited income, seniors on fixed income, persons with disabilities, and low income families.

In Richmond, examples of subsidized housing include:

- Affordable rental units that are funded by senior government and managed by non-profit organizations or by senior government (e.g. BC Housing and the Metro Vancouver Housing Corporation). In many instances, a rent-geared-to-income model is used, where a household pays 30% of their income and the remainder of the rent is subsidized by senior government. This type of housing is often referred to as "social housing."
- Affordable Housing Special Development Circumstance projects (e.g. Kiwanis, Storeys and Cressey Cadence) where the rents and incomes are secured at a "subsidized" level, but no government subsidies are provided. In these projects, the units are located in one building and have dedicated programming/amenity space to serve a particular client group.
- Affordable rental units secured in private developments where the rents and incomes are secured at a "subsidized" rent level, but no government subsidies are provided. These units are targeted towards low-income artists and feature a live/work space.

### SUCCESES:

- The development of innovative partnerships between senior governments, the private and non-profit housing sectors and the City.
- Provides secure and affordable housing for specific priority groups with access to supportive services (e.g. employment training).
- Highlights of successful projects:
  - Kiwanis Towers: The City contributed \$24.1 million towards the Kiwanis Tower's redevelopment. The redevelopment provides long-term benefits for Richmond low-income seniors by providing additional 296 affordable rental units (122 replacement units and 174 additional units) that support aging-in-place and is located within walking distance to amenities, transit and health services.
  - Storeys: The City contributed \$19.1 million and lease of City-owned land to the Storeys development. Five (5) non-profit organizations own and manage the 196 affordable rental units



and additional programming space for Richmond’s vulnerable residents, including those who are or are at-risk of homelessness.

- ▶ Cadence: Through the 2007 Affordable Housing Strategy, the City secured 15 units of affordable rental housing at shelter rates for lone-parent families. These units will be owned and managed by a non-profit housing provider and parents will have access to affordable child-care at the adjacent City-owned child care centre.

#### **CHALLENGES:**

- The term “subsidized rental” may be confusing to the public and other stakeholders, as units are not necessarily subsidized by senior government.
- The City acknowledges that the shelter rate set by the Province remains at \$375/month for an individual. It is challenging for individuals on income assistance to find rent at these rates.
- The City’s role is not clearly defined with securing subsidized rental units.
- The Affordable Housing Special Development Circumstance has led to successful projects (477 units). This policy however, is not integrated into the broader Affordable Housing Strategy policy.

#### **LOW-END MARKET RENTAL (LEMR)**

In Richmond, the City’s inclusionary housing policy offers a density bonus at time of rezoning for multi-family and mixed use developments containing more than 80 residential units in exchange for building at least 5% of total residential floor area as low-end-market-rental (LEMR) units. These units are secured in perpetuity with a Housing Agreement registered on title. For apartments less than 80 units and townhouse developments, the City accepts cash contributions in-lieu of built units, which are used to support larger scale affordable housing projects involving partnerships (e.g. Kiwanis Towers).

#### **SUCSESSES**

- Since adoption of the inclusionary housing and density bonus approach in 2007, 423 LEMR units have been secured (as of June 2017). Of these units, 131 units have been built and are tenanted to date.
- These units are integrated into market developments and therefore lead to the creation of mixed-income communities.

#### **CHALLENGES:**

- Occupancy management: The LEMR program was originally intended to be targeted to low and moderate income households. Ongoing monitoring of these units and consultation with non-profit organizations suggests that the LEMR units are not being occupied by the intended target population and that the spirit of the program is not being met. This policy review provides an opportunity to ensure that the conditions and obligations (e.g. tenant selection, maximum rents, additional charges including parking) that are outlined in legal agreements are fully met by the property managers and owners. During consultation, both the public and non-profit organizations also expressed the need for better communication and



awareness of available LEMR units, as there is currently no centralized waitlist for qualified households.

- **Location of Units within a Development:** Previously, the City's practice has been to secure LEMR units dispersed throughout a larger market development. Some developers have expressed that they do not have the expertise to provide adequate property management services to the targeted tenants of the LEMR program (e.g. low income households and households with other barriers). Some non-profit organizations have expressed the desire to manage and potentially own LEMR units that are clustered in order to improve operational efficiencies (e.g. ongoing maintenance of units), while other non-profit organizations indicated that it is not within their mandate to manage LEMR units and prefer more deeply subsidized units. Under the current practice, non-profits would not have control over the operating costs associated with the larger building, which is one of the various reasons that non-profit organizations to date have not purchased any LEMR units.
- **Income Thresholds and Maximum Rents:** This policy review provides an opportunity to review and refine income thresholds and maximum rents of LEMR units to ensure consistency between developments that include LEMR units and rents remain affordable to priority groups in need.
- **Unit Size:** Developers have expressed concern that the current minimum square footage requirement of the LEMR units, originally established in 2007, is now greater than what is currently produced in the market.

### ENTRY-LEVEL HOMEOWNERSHIP

Entry-level homeownership is a term that often refers to modest housing units that are affordable for first-time homebuyers. In many jurisdictions, these programs are usually referred to as "affordable homeownership" and often help to create housing stock that is affordable in perpetuity through resale restrictions. Richmond identified entry-level homeownership as Priority #3 in the 2007 Affordable Housing Strategy. To respond to this priority, the City has encouraged:

- The construction of smaller units to make homeownership more affordable; and
- Developers, on their own initiative, to build entry level homeownership units for households with an annual income of less than \$60,000.

### SUCCESES:

The City of Richmond provided \$134,538 of financial support towards offsetting the development cost charges for a Habitat for Humanity Project, which included six units of affordable homeownership for low-income families.

Other than this initiative, this priority has had limited success in securing entry level homeownership units. Since 2007, the City in partnership with the private sector has secured only 19 units for entry level homeownership. In this circumstance, the developer built smaller, more modest units to increase affordability. These units were not subject to a housing agreement and did not have restrictions on the resale price, and therefore were not necessarily sold to





households below the identified income thresholds. As such, these units did not secure homeownership affordability for future owners.

The priority of the 2007 Affordable Housing Strategy was to focus on securing LEMR and subsidized rental units. To date, the City has not had the resources to explore the merits of a comprehensive affordable homeownership program.

**CHALLENGES:**

- No mechanism to secure affordability for future owners;
- Currently, no established program to secure affordable homeownership units in developments; and
- Income thresholds have not been updated and are therefore not relevant to current market conditions.

**SPECIAL DEVELOPMENT CIRCUMSTANCES AND VALUE TRANSFERS**

The City's typical approach is to disperse affordable housing throughout a development or multiple sites. However, the City's Affordable Housing Special Circumstance policy allows the clustering of affordable housing units if a viable business case and social programming approach is identified to address the needs of target populations. The Affordable Housing Special Development Circumstance has previously been paired with the value transfer mechanism, where certain developments convert their built unit contribution to a cash-in-lieu contribution to be used towards a "donor site" for a standalone affordable housing project. The value transfer mechanism presents an opportunity for the City to provide capital contributions towards affordable housing projects and ensure that rent levels are targeted towards low-income or vulnerable households.

Affordable Housing Special Development Circumstance proposals are reviewed by the City on a project-specific basis, and require rents to be secured below LEMR rents.

**SUCCESES:**

- The policy contributed to the successful development of affordable housing projects in Richmond, including the Kiwanis, Storeys and Cressey Cadence projects.
- Other municipalities refer to Richmond's value transfer approach as a model to replicate.

**CHALLENGES:**

- Many non-profit housing providers prefer to manage clustered units on one site for operational efficiency. The current Affordable Housing Special Development Circumstance does not provide clarity for this flexibility.
- Value transfers require available land contributions in order to make affordable housing projects viable.

**AFFORDABLE HOUSING RESERVE FUND**

The City secures cash-in-lieu contributions from rezoning applications with density bonuses for the the Affordable Housing Reserve Fund. The fund assists



the City in partnering with senior levels of government and non-profit housing societies to deliver affordable housing. The Affordable Housing Reserve Fund is comprised of two divisions:

- 70% of the fund is dedicated to capital costs used towards site acquisition for affordable housing projects. The Affordable Housing Reserve Fund can also be used to provide municipal fiscal relief to affordable housing developments (including development cost charges, capital costs to service land, development application and permit fees) and fund other costs typically associated with construction of affordable housing projects (such as design costs).
- 30% of the fund is dedicated to operating costs to support City-initiated research, information sharing, administration, consulting, legal fees associated with housing agreements, policy work including economic analysis, and other operating expenses the City incurs to implement various components of the Affordable Housing Strategy.

#### **SUCSESSES:**

- Since 2007, the City has collected over \$40 million in developer cash contributions (including cash-in-lieu and value transfers contributions towards affordable housing).
- Since 2007, the City has utilized the Affordable Housing Reserve Fund to support subsidized housing projects, such as Kiwanis Towers, Storeys Project, and the Habitat for Humanity project.

#### **CHALLENGES:**

- The Affordable Housing Reserve Fund does not accumulate developer contributions at a rate necessary to support several projects with land costs within the multi-million dollar range.
- Prioritization of potential housing projects has not been established.

#### **SECONDARY SUITES**

The City's Zoning Bylaw permits secondary suites in single detached dwellings. The City requires all new single-detached lots being rezoned or subdivided to either include secondary suites on 50% of new lots or provide a cash-in-lieu contribution to the Affordable Housing Reserve Fund.

The City also permits coach houses (detached secondary dwelling) on single-detached lots subject to lot size and other regulatory requirements.

#### **SUCSESSES:**

- May provide mortgage helpers to homeowners to make their monthly mortgages more affordable.
- Provides additional rental housing supply through the secondary rental market (223 secondary suites and coach houses as of June 2017).
- Incorporates new rental units within the existing urban fabric of Richmond.

#### **CHALLENGES:**

- No means to ensure that units are being rented at affordable rates.



- Monitoring and maintaining data on illegal secondary suites may be difficult as it is complaint driven.
- Accommodating parking onsite or on-street and responding to public inquiries related to suite parking and tenants.
- Limited uptake on coach house development through single-family rezonings.

### MARKET RENTAL HOUSING

To ensure no net loss of rental housing, current City policy encourages a one-to-one replacement when existing rental housing in multi-unit developments are converted to strata-title or where existing sites are rezoned for new development projects. The City strives to secure replacement units as low-end market rental through housing agreements.

#### SUCCESES:

- The City strives to support redevelopment where appropriate while maintaining existing rental housing units and encouraging the development of new rental housing.

#### CHALLENGES:

- Not all purpose-built rental projects can be retained over time as they age and are in need of repair.
- Some existing rental projects are located on under-utilized land that could achieve higher and better use including accommodating more affordable housing units.
- Replacement units tend to be smaller and more expensive for renters than older existing purpose-built rental housing units.

### BASIC UNIVERSAL HOUSING

The City currently provides a Floor Area Ratio (FAR) exemption for residential units that incorporate “Basic Universal Housing Features” to create more accessible housing options in Richmond. Municipal staff have been successful in securing universal design features in most built affordable housing projects.

#### SUCCESES:

- Provides clear expectations and standards to developers and builders on creating accessible housing.
- Aligns with the requirement of the BC Building Code.
- Provides more accessible units for individuals with physical disabilities.

#### CHALLENGES:

- These features focus on mobility accessibility and does not include standards for other types of accessible housing needs, including individuals with mental health barriers and people with developmental disabilities (e.g. autism) and people with acquired brain injury.



## USE OF CITY OWNED LAND FOR AFFORDABLE HOUSING

Richmond has a long history of leasing City-owned property to non-profit housing providers and in these cases, the City has provided land at below market rates (usually at a nominal cost) to help facilitate affordable housing projects in partnership with non-profit housing providers. Currently, the City does not have the available land to support all innovative housing projects being proposed by non-profit providers and other partnerships.

### SUCCESES:

- The City currently leases eight City-owned properties to non-profit housing providers, which provide 438 units of affordable housing.
- The use of City-owned land positions the City to capitalize on partnership opportunities with senior levels of government and non-profit housing providers to create more units with lower rents than what would be possible without partnerships (e.g. Kiwanis Towers).

### CHALLENGES:

- Currently, there are no additionally City-owned sites specifically identified for affordable housing purposes. It would be beneficial to have identified and available sites, which better positions the City to capitalize on partnership opportunities with senior governments and non-profit housing providers. Building on the success of the use of City-owned land to date, this review provides an opportunity to guide the acquisition of potential sites for affordable housing in the context of other City priorities.



# III. POLICY DIRECTIONS AND OPTIONS

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## EVALUATING POTENTIAL POLICIES + PRACTICES

Research and analysis has been undertaken to identify policy recommendations to be considered for the Affordable Housing Strategy Update. Specifically, policies and practices have been selected and evaluated on their potential to meet the needs of priority groups identified as challenged to afford housing in Richmond.

This section includes recommended directions for current policies being used by the City of Richmond as part of the Affordable Housing Strategy. Proposed revisions to these policies are intended to increase effectiveness. Also included in this section are potential new policies that the City of Richmond can consider for its updated Affordable Housing Strategy. The new policy options include an overview, applicability to the Richmond context, role of the City and other key stakeholders, and implementation.

### EASE OF IMPLEMENTATION SCALE

Each recommended policy and practice include an ease of implementation scale. The scale represents the ability to implement the select policy or practice, ranging from complex to relatively simple, as illustrated below.

*Figure 4: Ease of Implementation Scale*



The ease of implementation scale is meant to provide a holistic qualitative measure that accounts for factors such as the cost of implementation, municipal resources required, legal authority, community acceptance, timeframe required for implementation, and the need for partnerships with external stakeholders.

Policies and practices marked towards the simple side of the scale are ones that are considered to be a common practice supported by legislation (e.g., Local Government Act), are known or familiar to housing sector stakeholders including developers and non-profit housing providers, and are appropriate to the Richmond context including alignment with other municipal initiatives and potential fit within already established development patterns or future development plans.

Policies and practices marked towards the complex side of the scale require significant resources that may be beyond municipal capacity and are considered not to be standard practice, or considered innovative and not yet widely applied in Metro Vancouver. Complex policies and practices may be less familiar or not a common practice used by the housing sector, such as developers and non-profit housing providers, and would require refinement with stakeholder consultation. Policies and practices may be considered challenging to implement if the municipality is unfamiliar or has a limited role and would depend on other agencies or stakeholders to lead the implementation. Policies and practices may also be considered challenging if they do not completely align with other municipal initiatives or regional housing objectives.

## **POLICY + PRACTICE RECOMMENDATIONS**

Several policy and practice recommendations are proposed in this report for the City's consideration. These policies were identified based on feedback received through the consultation process, in response to challenges and opportunities within the current framework, to align with regional Affordable Housing Strategy objectives, and to respond to key priority groups and housing gaps identified in the housing affordability profile.

New directions for current Affordable Housing Strategy policies include:

1. Affordable Housing ('built') - Low End Market Rental Unit Contribution;
2. Affordable Housing ('cash-in lieu') Contribution;
3. Affordable Housing Reserve Fund;
4. Special Development Circumstances and Value Transfers;
5. Secondary Suites;
6. Market Rental Housing; and
7. Basic Universal Housing.



New policies and practices have been selected and evaluated on their potential to meet the needs of identified priority groups which may experience challenges or barriers to finding affordable housing. Each policy has been evaluated from a Richmond community context. Each policy recommendation responds to a target housing gap and target priority group. These recommendations include:

8. Co-Location of Non-Market Housing + Community Assets;
9. Public-Private Partnerships;
10. Non-Profit Housing Development;
11. Family-Friendly Housing Policy;
12. Use of City Land for Affordable Housing;
13. Municipal Financing Tools;
14. Affordable Homeownership Program;
15. Municipal Housing Authority;
16. Transit-Oriented Affordable Housing Development Guidelines;
17. Compact Living Rental Units (Micro-Units);
18. Encouraging Accessible Housing for Person with Disabilities;
19. Community Land Trust; and
20. Rent Bank Program.



## CURRENT POLICIES

### LEVEL OF PRIORITY:

- › Short Term (1-3 years)

### 1. AFFORDABLE HOUSING (“BUILT”) LOW-END MARKET RENTAL UNIT (LEMR) CONTRIBUTION

Since the adoption of the Affordable Housing Strategy in 2007, the City has secured 423 LEMR units (131 units built to date) through development, targeted to low and moderate income households earning between \$34,000 and \$57,500 per year. The City utilizes an “inclusionary housing” approach, where a density bonus is granted in exchange for “built” LEMR units which are secured through a Housing Agreement registered on title. As part of the City’s Arterial Road Policy (adopted in 2016), there are also provisions to provide additional density for “built” LEMR units in townhouse developments.

The policy review presents an opportunity to analyze research and stakeholder feedback, and explore various options to further refine the LEMR policy with respect to:

- Testing the economic viability of increasing the “built” unit contribution above the current 5% and associated development threshold of 80 units;
- The merits of clustering versus dispersal of units;
- LEMR unit size requirements;
- Management of units to ensure units are targeted to intended priority groups; and
- Ensuring that rents remain affordable relative to household incomes.

A comprehensive economic analysis was undertaken on various aspects of the LEMR Policy. Feedback from stakeholder consultations, public engagement and findings from the statutory declaration process (owners of units declaring information about the tenants living in the units) have also been taken into consideration.

#### ECONOMIC ANALYSIS OF “BUILT” CONTRIBUTION

Currently, developers are required to contribute 5% of the total residential floor area for developments over 80 units as LEMR units in exchange for a density bonus. Developers of projects with less than 80 units are currently required to make a cash-in-lieu contribution. To evaluate the density bonusing and “built” unit percentage requirements, the economic analysis tested the financial viability of increasing the “built” requirement to 7.5%, 10%, and 15% and the viability of decreasing the threshold from 80 to 60 or 30 units. The economic analysis reviewed 15 sites across Richmond in various neighbourhoods, and tested various development and density scenarios.

Key findings of the analysis:

- The current high land values in Richmond, possible market uncertainty in the near to midterm, and recent increases in development cost charges and levies at the municipal and regional level (e.g. Metro Vancouver and





TransLink) suggest that increases to the built LEMR requirement to 15% would adversely affect development in Richmond.

- Securing a built requirement above 10% of residential floor area may limit the City's ability to secure other amenity contributions, suggesting that there should be a balanced approach in acquiring amenities through development.
- A phased approach is recommended to allow the market to adjust to the new contribution rates. The City should consider monitoring the LEMR program regularly in relation to changing market conditions.
- Decreasing the development threshold below 80 units (to 70 or 60 units) would result in small numbers of LEMR units in each development (e.g. 1-3 per units per development). This requirement may place onerous expectations on smaller projects that may not have sufficient staffing resources to effectively manage these units. Second, it may exacerbate known management and occupancy challenges with the current LEMR units. However, decreasing the threshold to 60 units will not affect the capital costs of development.
- Currently, LEMR units are being secured in townhouse developments along arterial roads in exchange for additional density, through the Arterial Road Redevelopment Policy. At this time, it is not recommended for the City to secure LEMR units in townhouse developments not located along arterial roads as these developments are the largest source of affordable housing cash-in lieu contributions for the Affordable Housing Reserve Fund, which contributes to non-market housing development in Richmond. Without cash-in-lieu contributions from townhouse developments, the City may experience difficulty meeting its \$1.5 million annual Affordable Housing Reserve Fund contribution target.

#### **ANALYSIS OF CLUSTERING AND DISPERSAL OF UNITS**

While there have been recent projects that have resulted in clustered units, the City's typical practice to date has been to disperse LEMR units throughout market developments rather than cluster in one building or floor. The rationale for this approach was to help foster mixed-income communities and to prevent the potential stigmatization of low to moderate income households within a development.

Through the consultation process, some non-profit housing providers expressed the desire to manage a larger number of clustered LEMR units (e.g. greater than 10 units) than what has typically been secured in market developments in Richmond. Non-profit housing providers also expressed the desire to own the units but are concerned that owning a small number of dispersed units (e.g. less than 10 units) within a larger development may limit their control over ongoing maintenance and operating costs. The dispersal of LEMR units may also create operational inefficiencies and could therefore be a barrier for non-profits to provide wrap around services to priority groups in need.

An example of a successful integration of clustered affordable housing units within a larger market development is the recent Cadence project. In this



Table 2: Benefits and Challenges of Clustering and Dispersing LEMR

	Benefits	Challenges
Clustering LEMR Units	<ul style="list-style-type: none"> <li>• Opportunity for enhanced design to meet the specific needs of the priority groups in need</li> <li>• Creates mixed-income communities (within the same neighbourhood)</li> <li>• Improved operational efficiencies for non-profit housing providers</li> <li>• Encourages non-profits, that may have the expertise to select qualified tenants, to manage the units</li> <li>• May increase non-profit capacity by providing opportunities to purchase and manage units</li> </ul>	<ul style="list-style-type: none"> <li>• Potential concentration may lead to stigmatization</li> </ul>
Dispersing LEMR Units	<ul style="list-style-type: none"> <li>• Creates mixed-income communities within buildings</li> <li>• May reduce the potential for stigmatization</li> </ul>	<ul style="list-style-type: none"> <li>• Operational inefficiencies</li> <li>• Administrative and management challenges</li> <li>• Disincentives for non-profit housing providers to manage</li> <li>• May result in disincentives for non-profit housing ownership and management of units</li> </ul>

specific instance, the developer was permitted to cluster the LEMR contribution into one stand-alone building within the larger development in exchange for securing the rents at a non-market (subsidized) rate (e.g. \$850/month for all unit types), on the condition that a non-profit operator would be jointly selected by the City and the developer. The units are specifically targeted for lone-parent family households. The City facilitated a Request for Proposal process to select a qualified non-profit housing provider to manage the affordable housing building and provide additional programming to support the priority group in need (e.g. single women with children). Going forward, the City could consider this model as a preferred practice.

The City may also consider facilitating more opportunities to provide affordable housing off-site through the value transfer mechanism to develop larger-scale affordable housing projects for specific priority groups in need (e.g. Kiwanis Towers for low-income seniors). This mechanism allows developers to convert their project's built unit requirement into a dollar amount (calculated based on construction costs), and transfer it to a specific site to support a larger-scale affordable housing project.

#### ANALYSIS OF MINIMUM UNIT SIZE REQUIREMENTS

The 2007 Affordable Housing Strategy established minimum size requirements for LEMR units based on the unit type (e.g. number of bedrooms) to ensure livability and functionality. Concerns have been raised through the consultation process with the development community that the current minimum size



Table 3: Comparison of Affordable Housing Size Requirement and Size of Smallest Unit in Recent Market Housing Projects

Unit Type	Richmond LEMR Minimum Size	BC Housing Target for Affordable Housing	Vancouver Secured Market Rental Maximum Unit Size	Range of Smallest Unit Size by Type in Sample of 8 New Market Multi-Unit Residential Buildings in Richmond		
				Smallest	Median	Largest
Bachelor/ Studio	37 m <sup>2</sup> (400 ft <sup>2</sup> )	33 m <sup>2</sup> (350 ft <sup>2</sup> )	42 m <sup>2</sup> (450ft <sup>2</sup> )	N/A	N/A	N/A
1 Bedroom	50 m <sup>2</sup> (535 ft <sup>2</sup> )	54 m <sup>2</sup> (585ft <sup>2</sup> )	56 m <sup>2</sup> (600 ft <sup>2</sup> )	47 m <sup>2</sup> (503 ft <sup>2</sup> )	51 m <sup>2</sup> (553 ft <sup>2</sup> )	61 m <sup>2</sup> (659 ft <sup>2</sup> )
2 Bedroom	80 m <sup>2</sup> (860 ft <sup>2</sup> )	74 m <sup>2</sup> (795 ft <sup>2</sup> )	77 m <sup>2</sup> (830 ft <sup>2</sup> )	59 m <sup>2</sup> (636 ft <sup>2</sup> )	69 m <sup>2</sup> (741 ft <sup>2</sup> )	84 m <sup>2</sup> (901 ft <sup>2</sup> )
3 Bedroom	91 m <sup>2</sup> (980 ft <sup>2</sup> )	93 m <sup>2</sup> (1,000 ft <sup>2</sup> )	97 m <sup>2</sup> (1,044 ft <sup>2</sup> )	91 m <sup>2</sup> (980 ft <sup>2</sup> )	100m <sup>2</sup> (1,076 ft <sup>2</sup> )	110 m <sup>2</sup> (1,183 ft <sup>2</sup> )

requirements may be too large compared to those being delivered in the market locally and in Metro Vancouver. This may increase the cost of construction for developers as it is difficult to incorporate the larger-sized LEMR units into a development.

Table 3 compares LEMR unit sizes provided through the City’s Affordable Housing Strategy with units provided through BC Housing’s affordable housing programs, the City of Vancouver’s Secured Market Rental Housing Policy and eight recently constructed market multi-family residential buildings in central Richmond.

The comparison highlights that:

- Richmond’s minimum LEMR unit size requirements are larger than BC Housing targets for bachelor/studio and 2-bedroom units while BC Housing targets are larger than the minimum size requirements for 1-bedroom and 3- bedroom units;
- Richmond’s minimum size of LEMR 2-bedroom units is larger than the maximum size of 2-bedroom units in Vancouver’s Secured Market Rental Program. (Note: In order for rental housing projects in Vancouver to qualify for a Development Cost Levy waiver, the average size of units in the project must be below a maximum size by unit type); and
- Market units in Richmond are often smaller than the City’s LEMR minimum required size. This is most pronounced with the Richmond LEMR minimum size requirement for 2 bedroom units, for which the minimum size requirement was larger than both the BC Housing target and the Vancouver Secured Market Rental Program maximum size, and was larger than many of the smallest market 2 bedroom units.



## OCCUPANCY MANAGEMENT

While the City has been successful in securing LEMR units since 2007, concerns have been raised suggesting that in many cases, these units may not be targeted to or occupied by the intended households (e.g. annual household incomes between \$34,000 and \$57,500)

Currently, there is no standardized methodology with respect to ongoing property management including tenant screening. This can lead to inconsistencies in how tenants are selected and a lack of assurance that the intended tenant groups are renting the units. It is difficult for the City to track and enforce instances of non-compliance, as the process is largely complaint-driven.

Under the current policy approach, the primary responsibility for tenant selection and ongoing property management of the LEMR units falls onto the private developer or their designated property management firm which may not possess the experience in administering affordable housing. There is no one entity that owns or manages the affordable housing units. As such, there is no centralized waitlist or application process for eligible households which can lead to confusion from interested tenants regarding availability of the units and application procedures. In cases where there are a small number of units (e.g. 3-4 units) secured in a development, there are often challenges in securing appropriate property management services for the intended tenant households.

## ANALYSIS OF INCOME THRESHOLDS AND MAXIMUM RENTS

The City establishes income and maximum rent thresholds for LEMR units to ensure that they remain affordable relative to household income. Income thresholds also provide guidelines for evaluating affordable housing development opportunities and can assist in prioritizing housing for priority groups in need based on income ranges.

The City's current (2007) income thresholds are outlined in Table 4.

*Table 4: Current Income Thresholds (2007)*

Unit Type	Total Household Annual Income
Bachelor/Studio	\$34,000 or less
1 Bedroom	\$38,000 or less
2 Bedroom	\$46,000 or less
3 Bedroom	\$57,000 or less



The City's current approach presents some challenges:

- Consideration of utilizing BC Housing's Housing Income Limits, however, Richmond falls under the "Vancouver" category of the Housing Income Limits, so the amounts may not accurately reflect local context;
- Allowable, annual rent increases (e.g. under the Residential Tenancy Act's allowable increase) may push the rents to exceed Canadian Mortgage and Housing Corporation's (CMHC) market rental average for Richmond; and
- Local service providers have expressed that the LEMR rents are above what clients can afford.

Several options were considered for revising the methodology of calculating income and rent thresholds:

- CMHC's market rental data;
- Housing Income Limits; and
- Canada Revenue Agency's Tax Filer data.

The first two approaches are simple and reflect existing market rents. The Tax Filer approach may be more accurate, but is more complex. Data may not be readily available and has a delayed update (e.g. every 2 years).

#### **RECOMMENDED DIRECTIONS:**

- **Contribution Rates and Thresholds:**
  - ▶ Consider a phased increase to 10% of the total residential floor area to be built as LEMR units.
  - ▶ Decrease the current threshold for multi-unit residential to 60 units for the built requirement.
  - ▶ Continue to accept cash-in-lieu for townhouse developments.
  - ▶ Continue to require a mix of cash-in-lieu and built secondary suites for single family rezoning.
  - ▶ Continue to evaluate density bonusing and inclusionary housing rates to account for changing market conditions.
- **Clustering versus Dispersal:**
  - ▶ Allow for flexibility to cluster or disperse units throughout developments to incentivize non-profit management and possible ownership of the units, depending on project viability and non-profit capacity.
- **LEMUR Minimum Unit Size Targets:**
  - ▶ For all projects, consider requiring the recommended minimum unit size targets in Table 5 and ensure that LEMR units are not smaller than the average size of a comparable market unit in the development.



Table 5: LEMR Minimum Unit Size Targets

Unit Type	Existing LEMR Minimum Size Requirements	Recommended LEMR Minimum Size Targets
Bachelor/Studio	37 m <sup>2</sup> (400 ft <sup>2</sup> )	37 m <sup>2</sup> (400 ft <sup>2</sup> )
1 Bedroom	50 m <sup>2</sup> (535 ft <sup>2</sup> )	50 m <sup>2</sup> (535 ft <sup>2</sup> )
2 Bedroom	80 m <sup>2</sup> (860 ft <sup>2</sup> )	69 m <sup>2</sup> (741 ft <sup>2</sup> )
3 Bedroom	91 m <sup>2</sup> (980 ft <sup>2</sup> )	91 m <sup>2</sup> (980 ft <sup>2</sup> )

- **Occupancy Management:**

- ▶ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development.
- ▶ Develop an information guide for non-profit housing providers about opportunities for partnering with developers for the management and potential ownership of LEMR units secured through developments.
- ▶ In the event that a developer wishes to retain ownership, facilitate potential partnerships with qualified non-profits (e.g. BC Housing, Metro Vancouver Housing Corporation) to help select qualified tenants from the identified priority groups in need for the LEMR units.
- ▶ Consider creating information bulletins for property managers currently managing built LEMR units, to inform them of the intent and responsibilities of the program.

- **Income Thresholds and Maximum Permitted Rents:**

- ▶ For LEMR units secured through development, consider calculating income thresholds based on 10% below BC Housing’s Housing Income Limits.
- ▶ For LEMR units secured through development, consider calculating maximum permitted rents based on 10% below CMHC’s Average Market Rents for Richmond.
- ▶ On an annual basis, the LEMR household income thresholds and maximum monthly rents may be increased by the Consumer Price Index.
- ▶ On a bi-annual basis, re-evaluate the LEMR policy including the income thresholds and maximum monthly rents and, if warranted, bring forward changes for Council consideration.



*Table 6: Low-End Market Rental (LEMR) Unit Maximum Household Income*

Unit Type	Maximum Total Household Income for Eligible Applicants
Bachelor/Studio	\$34,650 or less
1 Bedroom	\$38,250 or less
2 Bedroom	\$46,800 or less
3 Bedroom	\$58,050 or less

*Table 7: Low-End Market Rental (LEMR) Unit Maximum Monthly Rent*

Unit Type	Maximum Monthly
Bachelor/Studio	\$759
1 Bedroom	\$923
2 Bedroom	\$1,166
3 Bedroom	\$1,436

- ▶ For non-market rental housing projects supported by the City, consider calculating rent thresholds based on 25% below BC Housing’s Housing Income Limits.
- ▶ For non-market rental housing projects supported by the City, consider calculating maximum monthly rents based on 25% below the CMHC annual Average Market Rents for Richmond.
- ▶ Consider flexibility to allow for a range of rent structures in cases of non-profit driven projects with the intention to provide 100% affordable rental.
- ▶ On an annual basis, non-market household income thresholds and maximum monthly rents may be increased by the Consumer Price Index.
- ▶ On a bi-annual basis, re-evaluate the income thresholds and maximum monthly rents of non-market housing units and, if warranted, bring forward changes for Council consideration.

*Table 8: Non-Market Rental Unit Maximum Household Income*

Unit Type	Maximum Total Household Income for Eligible Applicants
Bachelor/Studio	\$28,875 or less
1 Bedroom	\$31,875 or less
2 Bedroom	\$39,000 or less
3 Bedroom	\$48,375 or less



Table 9: Non-Market Rental Unit Maximum Monthly Rent

Unit Type	Maximum Monthly Rent
Bachelor/Studio	\$632
1 Bedroom	\$769
2 Bedroom	\$972
3 Bedroom	\$1,197

**LEVEL OF PRIORITY:**

- ▶ Short Term (1-3 years)

**2. AFFORDABLE HOUSING ('CASH-IN-LIEU') CONTRIBUTION**

Developer contributions to the Affordable Housing Reserve Fund are currently accepted in multi-family developments less than 80 units, all townhouse developments and single family rezonings in exchange for a density bonus. Contributions have been used to support innovative affordable housing projects and have helped the City capitalize on partnerships and funding opportunities with senior government and the non-profit sectors (e.g. Storeys and Kiwanis Towers). The Affordable Housing Reserve Fund provides capital funding (70% of contributions secured) for site acquisition and municipal fee off-sets. The remaining 30% of contributions secured are used to implement the various components of the Affordable Housing Strategy (e.g. policy development and research). Table 10 highlights current cash-in-lieu contribution rates adopted by Council on September 14, 2015.

Table 10: Richmond Cash-In-Lieu Contribution Rates

Housing Type	Current Rates (\$ per buildable sq. ft.)
Single Family	\$2
Townhouse	\$4
Multi-Family Apartment	\$6

As of December 31, 2016, the total cash contributions secured through the Affordable Housing Strategy since 2007 amount to \$7,913,160. This figure does not include contributions secured through the affordable housing value transfer mechanism, which were collected to use towards specific projects (e.g. Storeys and Kiwanis Towers).

The economic analysis also examined existing cash-in-lieu contribution rates with respect to maintaining or increasing the rates based on current market conditions. The analysis found that the City's current 5% total residential floor area contribution rate is higher than the equivalent of cash-in-lieu contribution





rates in terms of overall value of affordable housing produced. To create a more equitable approach, the contribution rate increases in Table 11 are recommended to match the current 5% residential floor area "built" LEMR contribution.

*Table 11: Recommended Cash-In-Lieu Contribution Rates*

Housing Type	Recommended Rates (\$ per buildable sq. ft.)
Single Family	\$4
Townhouse	\$8.50
Multi-Family Apartment	\$14 (concrete construction) \$10 (wood frame construction)

The recommended increase in cash-in-lieu rates will help sustain a healthy balance in the Affordable Housing Reserve Fund in the coming years which is key to the City's ability to continue its support for the innovative projects, which are providing affordable housing for some of Richmond's priority groups in need. Ensuring sufficient funds are collected (\$1.5 million annual target) will help the City take advantage of strategic land acquisition opportunities as they arise and will place Richmond in an advantageous position to initiate and respond to partnership opportunities with senior levels of government, non-profit organizations and private developers.

**RECOMMENDED DIRECTIONS:**

- ▶ Continue to accept cash contributions for all townhouse developments and multi-unit developments below the 60-unit threshold.
- ▶ Increase the cash-in-lieu contributions to be equivalent to the current 5% of residential floor area 'built' LEMR contribution.
- ▶ Review and examine the percentage built contribution and assess with changing market conditions bi-annually.
- ▶ For townhouse developments, explore the feasibility of including a market rental percentage requirement in addition to an affordable housing cash-in-lieu contribution.

**LEVEL OF PRIORITY:**

- ▶ Short Term (1-3 years)

**3. SPECIAL DEVELOPMENT CIRCUMSTANCES AND VALUE TRANSFERS**

The economic analysis also explored the feasibility of allowing clustering (e.g. in a stand-alone building or section of a building) of LEMR units versus dispersal of LEMR units throughout a development. Although the City has historically favoured dispersal of units, there could be economic and programming reasons for clustering units. Most importantly, clustering units would facilitate non-profit ownership and management of affordable housing



and low-end market rental units. The clustering of affordable housing units could take a number of different forms, including:

- Clustering units in a large development into a single building in the development rather than having units dispersed throughout all buildings;
- Clustering units from a number of developments in a relatively close geographic area into a single donor building/site in close proximity to the other projects; or
- Clustering units from a development or a number of developments into a single donor building/site that is appropriate for affordable housing.

The economic analysis indicates that for the first two options, the only economic benefit that would be anticipated is if the donor building was constructed of wood rather than concrete.

The cost of construction varies substantially inside and outside the City Centre. If the third option were permitted and the required LEMR units were moved outside of City Centre, where the cost of land is significantly less, there could be additional savings on the cost of these LEMR units, possibly leading to the development of additional LEMR units.

#### **RECOMMENDED DIRECTIONS**

- ▶ Integrate the Special Development Circumstances and Value Transfers into the Affordable Housing Strategy, rather than a stand alone policy.
- ▶ Update select sections of the policy to reflect the recommended changes to the Affordable Housing Strategy Update, such as priority groups, housing gaps, income thresholds, and specific references to existing and recommended policy and practice options.
- ▶ Provide additional clarity on how the City defines demonstrated “social innovation” (e.g. standalone affordable rental buildings, additional supportive programming, projects involving partnerships). Alternatively, the City could consider revising language to give preference to projects that co-locate with community facilities.
- ▶ Consider revising the selection of non-profit housing providers to own, manage, and operate the units to include an option for units to be leased.
- ▶ Clarify evaluation criteria to ease the application process for non-profit housing providers and developers, such as eliminating the requirements to provide case studies if projects are innovative with limited or no examples to reference.
- ▶ Develop a shortlist of non-profit housing providers through a Request for Qualifications process to ease the housing partner selection process.
- ▶ Allow flexibility for large scale developments (or combination of developments) to cluster LEMR units in one, stand-alone building if a partnership with a non-profit housing provider is established.



- ▶ Encourage innovation (e.g. rental structure that allows a variety of subsidized rents) in clustered projects.
- ▶ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development.

#### LEVEL OF PRIORITY:

- ▶ Short Term (1-3 years)

#### 4. AFFORDABLE HOUSING RESERVE FUND

The Affordable Housing Reserve Fund is an important tool that has been used strategically in partnership with the non-profit sector to secure units in innovative affordable housing projects such as Kiwanis Towers, Storeys and a recent Habitat for Humanity affordable homeownership project. While it has been instrumental in the success of these projects, the Affordable Housing Reserve Fund does not currently have funds to be able to support all future projects that can address the City's priority groups in need and identified housing gaps. With sufficient funds, the Affordable Housing Reserve Fund can be used strategically as leverage to secure larger contributions from senior levels of government and other partners to contribute to affordable housing development in Richmond.

#### RECOMMENDED DIRECTIONS

- ▶ Ensure sufficient cash contributions are collected (target of \$1.5 million generated annually) to support affordable housing projects and to position the City to leverage funding opportunities through partnerships with senior government, private and non-profit sectors.
- ▶ For capital funding contributions, the City should ensure funding is dedicated to projects that are geared towards target priority groups and target housing gaps.
- ▶ For capital funding contributions, continue to support projects that have other sources of funding such as grants and loans provided by senior levels of government. However, at the discretion of Council, consider supporting projects that may not have other sources of funding but ones that are still viable. This approach intends to unintentionally avoid excluding potential projects.
- ▶ Consider reviewing staff resources dedicated to managing and implementing the Affordable Housing Strategy and, if warranted, consider the City's base operating budget for additional professional and support staff instead of sourcing from the Reserve Fund.
- ▶ Explore the use of the Affordable Housing Reserve Fund to support innovative housing projects.
- ▶ Continue to use the Affordable Housing Reserve Fund for capital contributions towards innovative non-market housing projects that involve partnerships with senior government and provide programming to meet the needs of the identified priority groups in need.



#### LEVEL OF PRIORITY:

- ▶ Ongoing

### 5. SECONDARY SUITES

Permitting secondary suites in single-detached dwellings helps to provide new rental supply within the existing urban fabric of Richmond. Recent development data suggests that the market will likely continue to deliver secondary suites regardless of the City's requirement for "built" suites on 50% of new lots and an additional cash in lieu contribution on the remaining lots.

Therefore, in the future the City could consider amending the existing policy and only require cash in lieu contributions in single family rezoning instead of "built" secondary suites. These contributions would help build up the Affordable Housing Reserve Fund so that it can be used to support additional affordable housing projects.

#### RECOMMENDED DIRECTIONS

- ▶ For single-family rezonings, continue to review development applications and secure one of the following: (a) secondary suites on 100% of new lots developed, (b) secondary suites on 50% of new lots developed and a cash contribution on the remaining 50% of new lots created, or (c) a cash contribution on 100% of the new lots developed.
- ▶ Continue to add flexibility permitting accessory dwelling units on single detached lots (e.g. secondary suite within primary dwelling and coach house at the rear of the property). Consider preparing illustrations to visually communicate flexible configurations.

#### LEVEL OF PRIORITY:

- ▶ Short Term (1-3 years)

### 6. MARKET RENTAL HOUSING

Market rental housing is an important component of Richmond's housing mix. Low vacancy rates, high average rents and the limited supply of rental housing make it difficult for many renters to find accommodation in the city and therefore maintaining and encouraging new rental stock is vital to the ongoing liveability of the community. The City is currently developing a Market Rental Policy. In coordination with the Affordable Housing Strategy, the Market Rental Policy will help to ensure that a range of housing options are available for Richmond residents.

#### RECOMMENDED DIRECTIONS

- ▶ Align with Metro Vancouver's Updated Regional Affordable Housing Strategy by providing clear expectations and policies for increasing and retaining the purpose-built market rental housing supply.
- ▶ Consider offering incentives such as reduced parking requirements and increased density for infill development or underdeveloped sites as appropriate, to preserve existing rental stock and to encourage new purpose-built market rental housing.
- ▶ Consider best practices from other jurisdictions when developing a tenant relocation policy and tenant relocation plan template to support developers and non-profit providers with rental redevelopment projects.



## LEVEL OF PRIORITY:

- ▶ Ongoing

## 7. BASIC UNIVERSAL HOUSING

Incentives for developers to incorporate “Basic Universal Housing Requirements” lead to increased housing options that help to ensure persons with disabilities are able to find appropriate and accessible accommodations to suit their needs.

### RECOMMENDED DIRECTIONS

- ▶ Consider enhancing these standards with a broader lens of accessibility (e.g. housing standards for persons with mental health barriers, persons with developmental disabilities [e.g. autism], and persons with acquired brain injury requiring accessibility features).
- ▶ Continue to secure affordable housing units with Basic Universal Housing design features.
- ▶ Continue to encourage market developments to be built with Basic Universal Housing features.
- ▶ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development to ensure that some LEMR units are designed with adaptable features to support the priority groups in need (e.g. seniors and persons with disabilities).



## RECOMMENDED NEW POLICIES + PRACTICES

### LEVEL OF PRIORITY:

- ▶ Long Term (5-10 years)

### EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

- ▶ Build and maintain relationships
- ▶ Partner

### OTHER ROLES:

- ▶ **BC Housing** - partner
- ▶ **Developers** - partner
- ▶ **Non-profit housing providers** - partner
- ▶ **Non-profit social services organizations** - partner



*Co-location of municipal fire hall and affordable housing in Vancouver*

## 8. CO-LOCATION OF NON-MARKET HOUSING + COMMUNITY ASSETS

### Target Priority Group in Need

Low and moderate income earners, including families, seniors, singles, couples, students, persons with disabilities, and vulnerable populations.

### Target Housing Gap

Non-market rental, low-end market rental, and purpose-built rental for low and moderate income households. Shelters and transitional housing could be targeted, where appropriate.

### CONTEXT

A key challenge to developing affordable housing in Richmond is the high cost and limited availability of land.

At the same time, there are numerous sites across the City occupied by community assets such as places of worship, community centres, and non-profit social service agencies. Many of these organizations do not have a housing mandate, however many own or lease and occupy potentially under-utilized land. Some of their buildings and structures are also aging and may be prime for redevelopment or repurposing. There may be opportunity to leverage these community assets with redevelopment potential including co-locating with affordable housing projects.

### OVERVIEW OF REDEVELOPMENT OF EXISTING NON-MARKET HOUSING + COMMUNITY ASSETS

The development of co-location projects that combine affordable housing with community amenity facilities is increasingly common. The benefits of co-locating, rather than building stand-alone purpose-built facilities, include:

- Shared capital and operating costs;
- Achieves maximum public benefits in the delivery of community assets;
- Efficient use of land and servicing; and
- Creates complete communities.

Co-locating affordable housing with community facilities is often the result of opportunistic situations, facilitated by partnerships.

### APPROACH AND ACTIONS

#### Analysis to Richmond Context

The City of Richmond could identify public and community facilities that are under-utilized and/or aging and prime for redevelopment with the potential to accommodate additional density and affordable housing, subject to the



The City of Vancouver increased their capital cost for upgrading the aging Fire Hall No. 5 to incorporate the construction of affordable housing units for low-income women and children. Partnerships with the YWCA covered pre-construction costs including consultant fees and project management. The YWCA is also co-locating affordable family housing with a new library branch in East Vancouver that is currently under construction.

necessary planning processes. This policy acknowledges that park land is not under-utilized, but provides an important community benefit as green space. The City could also engage with private facility-operators and land holders to explore opportunities for partnership and co-location development.

#### **Recommended Approach and Actions**

1. Formulate a policy that encourages the co-location of affordable housing with community assets.
2. Consider updating regulatory requirements to permit co-location of affordable housing and community facility uses.
3. Evaluate currently proposed community projects, that are early in the planning stage, and determine if the site(s) could support the inclusion of affordable housing.
4. Create an inventory of existing community facilities. Identify facilities that have potential for redevelopment or repurposing.
5. Facilitate discussions with faith-based groups, non-profit organizations and community associations, to explore opportunities for partnership and co-location development opportunities.
6. Consider the space and programming needs of non-profit supportive services within the context of co-location opportunities to accommodate the priority groups in need.

#### **Implementation Roles**

##### **Municipality:**

- Formulate policy on co-location of affordable housing with community assets.
- Undertake inventory of existing community asset facilities, including current and future spaces and programming needs.
- Communicate information to senior levels of government, non-profit housing providers, non-profit social service organizations, and developers on the co-location policy.

##### **Development Community:**

- Partner, where appropriate, with the City, non-profit housing societies, and non-profit social service organizations on delivering affordable housing units and community facilities through co-location opportunities.

##### **Non-profit Housing Providers:**

- Partner, where appropriate, with the City, non-profit social service organizations and developers on delivering affordable housing units and community amenities through co-location opportunities.
- Operate units secured through co-location projects.

##### **Non-profit Social Service Organizations:**

- Partner, where appropriate, with the City, non-profit housing providers, and developers on delivering affordable housing units and community amenities through co-location opportunities.

The Central Presbyterian Church in Vancouver partnered with a developer to demolish an aging church and construct a 22-storey mixed-use tower. The first three storeys are programmed for church use and commercial space. The rest of the tower will include a mix of market and seniors-oriented non-market housing units.



**LEVEL OF PRIORITY:**

- ▶ Medium Term/Ongoing (3-5 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Facilitator
- ▶ Establish criteria
- ▶ Communications

**OTHER ROLES:**

- ▶ **BC Housing** - partner and provide funding and finance options
- ▶ **Developers** - partner and deliver units
- ▶ **Non-profit housing providers** - Secure and operate dedicated units
- ▶ **Non-profit social services organizations** - partner and contribute land

**9. PUBLIC-PRIVATE PARTNERSHIPS**

**Target Priority Group in Need**

Low and moderate income earners, including families, seniors, singles, couples, students, persons with disabilities, and vulnerable populations.

**Target Housing Gap**

Non-market rental, low end market rental, purpose-built rental, and affordable homeownership for low and moderate income households. Shelters and transitional housing could be targeted, where appropriate.

**CONTEXT**

Building and operating affordable housing in communities is not undertaken in isolation by one organization or group, but rather requires contributions from many stakeholders in order to be successful. Most affordable housing developments have some combination of government, private sector, and non-profit partnerships. Continuing this type of partnership will help allow the City to capitalize on opportunities with senior levels of government and non-profit housing providers for affordable housing projects.

**OVERVIEW OF PUBLIC-PRIVATE PARTNERSHIPS**

Public-private partnerships are a deliberate and formalized approach to cross-sector collaboration.

- **Partnerships with Senior Levels of Government:** There is new momentum at both the provincial and federal levels with capital and operating investment opportunities for affordable housing.
  - BC Housing uses a public-private partnership model to create new non-market housing. Developments are designed and built by the private sector and owned and managed by private, non-profit or co-op housing providers. Upon project completion, BC Housing may provide opportunity for operating funding to make units affordable.
  - The Federal Government, through CMHC, can make one-time capital contributions to provide support for the feasibility or initial project costs. Municipal governments can provide land, capital, or in-kind support (e.g. waiving municipal fees). There has been indications from the Federal Government that more funding may become available; however, the most significant cost subsidies will come from Provincial Government sources.
- **Private Sector Partnerships:** Developers have the ability to build affordable housing units, but typically require an experienced operator to manage secured affordable housing units. Municipalities can facilitate partnerships between developers and non-profit housing societies to match secured affordable housing units with a suitable administrator.
- **Non-Profit and Service Providers Partnerships:** Non-profit and service providers have the potential to partner and support affordable housing







*Kiwanis Towers, Richmond*

projects such as contributing under-utilized land and/or through redeveloping or repurposing aging community facilities.

Successful partnerships require joint investment of resources, shared liability, shared benefit, and shared responsibility.

## **APPROACH AND ACTIONS**

### **Analysis to Richmond Context**

The City has been a leader in facilitating affordable housing partnerships, and has shown by example how partnerships can successfully address priority groups and housing gaps. Kiwanis Towers, for example, is a project where the City partnered with a non-profit housing society, private developer and senior level of government (BC Housing) to help redevelop an existing site with non-market rental housing for low-income seniors.

Building on the experience that the City already has in facilitating and implementing partnerships, this policy option aims to help prepare the City for relationships required to initiate projects well in advance of evident opportunities.

### **Recommended Approach and Actions**

1. Consider creating a list of pre-qualified non-profit housing operators well in advance of affordable housing development opportunities.
2. Continue to maintain regular communication with current organizations in the private, public and non-profit sectors to ensure that relationships are established so that potential development opportunities can be advanced quickly when presented.
3. Consider reaching out to qualified non-profit housing providers who may have expertise in serving the identified priority groups in need.
4. Explore and facilitate partnerships with government, quasi-government, non-profit, and private organizations.
5. Support non-profit housing providers pursuing funding opportunities offered by senior levels of government by contributing information in support of proposal submissions; officially establish partnerships and consider committing contributions to potential projects.

### **Implementation Roles**

Municipality:

- Foster regular and ongoing relationship building with cross sector organizations.
- Partner, where appropriate and as opportunities arise, with public, private, and non-profit social service sector organizations to support and contribute to affordable housing projects.
- Facilitate partnerships between developers and non-profit housing societies to potentially secure units generated through other housing policies (including low-end market rental units).



Development Community:

- Partner, where appropriate and as opportunities arise, with public and non-profit social service organizations to support and contribute to affordable housing projects.

Non-profit Housing Providers:

- Partner, where appropriate and as opportunities arise, with public, private, and non-profit social service sector organizations to support and contribute to affordable housing projects (including the possible purchase and management of low-end market rental units).

Non-profit Social Service Organizations:

- Partner, where appropriate and as opportunities arise, with public, private, and other non-profit social service sector organizations to support and contribute to affordable housing projects.



**LEVEL OF PRIORITY:**

- ▶ Medium Term/Ongoing (3-5 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Formulate policy
- ▶ Enable regulation
- ▶ Prepare inventory
- ▶ Communicate information
- ▶ Facilitate partnerships

**OTHER ROLES:**

- ▶ **Developers** - Partner and deliver units
- ▶ **Non-Profit Housing Providers** - Secure and operate dedicated units
- ▶ **Non-Profit Social Service Organizations** - Partner and contribute land

**10. NON-PROFIT HOUSING DEVELOPMENT**

**Target Priority Group in Need**

Low and moderate income households, including families, seniors, singles, couples, students, persons with disabilities and vulnerable populations.

**Target Housing Gap**

Non-profit rental housing development, including non-market rental, low-end market rental and purpose-built rental for low and moderate income households. Shelters and transitional housing could be incorporated, where appropriate.

**CONTEXT**

Non-profit housing providers play an essential role in creating access to affordable housing for priority groups in Richmond. They are the key sector that manages affordable housing units for low and moderate income earners in Richmond, including managing tenant selection and intake, operations management, and project maintenance. They also advocate on behalf of their sector and vulnerable populations, liaise with municipalities and senior levels of government, and participate in broader strategic initiatives and conversations at the community and regional level.

There are opportunities to support non-profit housing development in Richmond and therefore continue to build non-profit capacity in the city. Many non-profit housing societies in Richmond currently provide housing for specific client groups, and provide appropriate supports as needed. However, non-profit housing providers currently operating in Richmond are faced with increasing demands while resources and funding remain competitive. By supporting opportunities for non-profit housing development, there may be opportunities to leverage larger portfolios to access funding and financing.

In addition to the ability to meet increasing housing needs, an expanded non-profit housing sector could lead to partnership opportunities and increased capacity to respond to funding opportunities.

**OVERVIEW OF NON-PROFIT HOUSING DEVELOPMENT**

The City strives to create a supportive environment for non-profit housing providers to thrive. Progressive policy, financial contributions, research and advocacy, and relationship building are all valuable attributes required for the non-profit housing sector to be successful in communities to provide much-needed quality affordable housing.

It is recommended that the City establish a clear set of criteria to determine which housing projects should be prioritized.

In addition, non-profit housing projects are increasingly exploring ways to incorporate non-housing uses within their housing projects to generate



revenue to offset the costs of subsidizing non-market and low-end market rental units. Typically leased, these spaces can include commercial and retail uses, community facilities such as libraries and childcare, and social enterprises. There is an opportunity for the City to create an even more supportive environment by exploring innovative and flexible policy and regulatory requirements that support mixed-use non-profit housing projects.

## APPROACH AND ACTIONS

### Analysis to Richmond Context

The City could establish a set of criteria for staff and Council to review and prioritize municipal contributions to support potential non-profit led affordable housing projects. This criteria can be directly related to the identified priority groups and housing gaps in Richmond.

To complement the criteria, the City could consider proactively building relationships with other well-established non-profit housing providers to help address the gaps in service delivery for priority groups and housing. Specific strategies could include issuing Request for Proposals to select pre-qualified non-profit housing providers for City-supported initiatives.

### Recommended Approach and Actions

1. Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects, as per Table 6.
2. Support revenue generating activities in non-profit housing development projects.
3. Expand opportunities to develop more non-profit housing projects by continuing to build relationships with qualified non-profit housing providers throughout Metro Vancouver. Align selection towards non-profit housing providers that could bring necessary skills, experience, resources, and capacity to address Richmond's priority groups and housing gaps.
4. Consider updating regulatory requirements to permit social enterprise and other uses with non-profit housing projects. This includes updating the Zoning Bylaw to identify appropriate zones for permitted use, updated language under definitions, and standards under general regulations.
5. Informed by the adopted criteria, consider supporting non-profit housing providers with their proposal preparation and submissions to funders and senior levels of government.
6. Leverage the annual BC Non-Profit Housing Association (BCHPHA) Conference and other similar opportunities, to showcase Richmond's affordable housing development projects to date.
7. Allow for flexibility for innovative rent structures that support a mix of affordable rental rates.



Table 12: Proposed Criteria for City-supported Non-Profit Housing Development

### Criteria for City-Supported Non-Profit Housing Development Projects

**1. Meets one or more of Richmond's priority groups:** low to moderate income families, singles, couples, students, persons with disabilities, and vulnerable populations such as persons experiencing homelessness.

**2. Addresses one or more of Richmond's housing gaps:**

- Family friendly housing including market and non-market rental and homeownership;
- Accessible, adaptable and visitable housing;
- Purpose built rental housing;
- Low barrier rental housing (including programming supports);
- Low end market rental housing for singles, couples, families, seniors and persons with disabilities;
- Non-market housing for singles, couples, families, seniors and persons with disabilities, persons with mental health issues and substance users; and
- Lack of emergency shelter for women and children.

**3. Demonstrates project viability:** financial sustainability; livability; and flexibility to potentially adapt with changing and emerging housing needs in Richmond.

**4. Secured:** designated affordable units (non-market and low-end of market rental units) are secured through housing agreements.

**5. Affordable:** are affordable for the priority groups (LEMR=less 10% of CMHC rents; Non-Market Rents = less 25% CMHC rents); or meets Housing Income Limits in BC Housing projects.

### Implementation Roles

Municipality:

- Adopt criteria to assess City-supported non-profit housing development projects.
- Communicate criteria internally to various City departments and Council, and externally to non-profit housing providers, funding agencies and senior levels of government.
- Undertake review and amendments to regulations, where applicable, to support flexibility in design to allow revenue generating uses in non-profit housing projects such as social enterprise.
- Continue to build relationships with qualified non-profit housing providers throughout Metro Vancouver.
- Prepare and participate in the annual BC Non-Profit Housing Association conference to showcase affordable housing development projects in Richmond.

Development Community:

- Partner, where appropriate, with non-profit housing providers to develop and secure affordable housing units.



Non-Profit Housing Providers:

- Prepare business cases to demonstrate project criteria and viability to the City and other potential project partners such as developers, funders and senior levels of government. This includes preparing proposals to submit to funding opportunities when available.
- Partner, where appropriate, with the City and developers to secure affordable housing units.
- Operate units secured through partnerships.
- Continually communicate with the City on needs and opportunities for support.



**LEVEL OF PRIORITY:**

- ▶ Medium Term/Ongoing (3-5 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Formulate policy
- ▶ Communicate information
- ▶ Review development applications with “family-friendly lens”
- ▶ Facilitate partnerships
- ▶ Monitor data

**OTHER ROLES:**

- ▶ **Developers** - Deliver units
- ▶ **Non-profit housing providers** - secure and operate dedicated affordable units



**11. FAMILY-FRIENDLY HOUSING POLICY**

**Target Priority Group in Need**

Families, including lone-parent families, families with children, and multi-generational families, of all income ranges.

**Target Housing Gap**

Family-sized affordable housing across the entire housing continuum, including homeownership, market rental, particularly ground-oriented multi-unit residential housing.

**CONTEXT**

High housing prices for single-detached dwellings have created limited affordable and suitable housing options for families, especially low-income and moderate-income families. More families are living in multi-unit residential housing, and concerns related to livability have been raised with families living in units with an insufficient number of bedrooms to accommodate all members of a household. Multi-unit dwellings may lack onsite amenities that are appropriate for children and youth, such as yard space, play-space, storage, and proximity to family-oriented services (e.g. schools, community centres, parks, shopping and transit).

Ground-oriented multi-unit dwellings (e.g. townhomes) are often identified as family friendly. Non-ground-oriented options may be less desirable due to the lack of play and outdoor space, but are another option for families if the unit is large enough. While the City already encourages family-friendly units, there is an overall lack of larger (e.g. 2 and 3+ bedroom) apartments in Richmond that are affordable for families to rent and to own.

**OVERVIEW OF FAMILY FRIENDLY HOUSING POLICY**

Increasingly, municipalities are exploring policies to require housing developments to include more family-friendly units in their projects. Such a policy may help low-to-moderate income family households by increasing the supply of units large enough to accommodate families. One approach to address this challenge is to require new multi-unit residential development projects to include a certain percentage of units with 2 and 3 or more bedrooms. This requirement can be specific to rental units, ownership units, or both. Design guidelines can also be enhanced to incorporate family-friendly features into housing projects, such as providing adequate storage and outdoor space.



## APPROACH AND ACTIONS

### Analysis to Richmond Context

To understand the implications of a family-friendly housing policy, a high-level analysis was conducted on five multi-unit sites in the city to determine the return on investment and feasibility of incorporating 2 and 3 bedroom units. These estimates were conducted using market derived inputs and assumptions that were created through recent financial studies conducted on the City's behalf.

The analysis also reviewed examples of family-friendly housing policies from comparable jurisdictions where a minimum percentage of 2- and 3-bedroom units were required.

### Proposed Richmond Approach

The analysis indicates that family friendly-housing policies will not have significant impact on developer revenue; however, it is recommended that the City take a conservative approach to these policies given the unique development constraints in the municipality.

As such, the City should consider the following minimum requirements for family-friendly units:

*Table 13: Minimum Requirements for Family-Friendly Units*

Multi-Unit Low-End Market Rental Projects
Minimum 15% two bedroom units
Minimum 5% three bedroom units

### Recommended Approach and Actions

1. Require a minimum of 15% two-bedroom and 5% three-bedroom for all LEMR units secured in developments to accommodate priority groups in need (e.g. families).
2. Monitor the success of the policy and consider applying the same percentage requirements of family-friendly units in all market developments
3. Consider creating communications materials to inform developers, non-profit housing providers, and the public about the family-friendly housing policy. Inform organizations that have a role in delivering and securing the family-friendly housing units to support implementation.
4. Create design guidelines for family-friendly housing, specifying design features and amenities that are appropriate for children and youth, such as yard space, play-space, and storage. These guidelines could also include unit design with space and liveability considerations.





## Implementation Roles

### Municipality:

- Formulate policy that requires new multi-unit housing projects to include a minimum percentage of units that contain the specified percentage of LEMR units to be dedicated as family-friendly housing.
- Communicate information to developers, non-profit housing providers, the public and other groups about the family-friendly housing policy requirements.
- Review multi-unit housing project development applications that have LEMR units with a “family-friendly lens”, ensuring the applications meet the requirements. This includes working closely with the development community to problem-solve design and requirement challenges and provide design flexibility, where appropriate, to meet the policy (and regulatory) requirement.
- Monitor data on absorption and occupancy and monitor the impact of the policy.
- Continue to ensure that a mix of unit types, including larger family friendly units, are secured as LEMR.

### Development Community:

- In multi-unit housing projects with LEMR units, deliver the specified percentage of units dedicated as family-friendly housing.
- Work with the City to achieve project and unit design that meets livability criteria for families.
- Partner, where appropriate, with non-profit housing societies to secure some or all LEMR units generated through the family-friendly housing policy to be secured as affordable for low-income families.

### Non-Profit Housing Societies:

- Work with the City to identify opportunities for partnership with developers to secure affordable family-friendly LEMR units for low-income families.
- Partner, where appropriate, with developers to secure LEMR units in multi-unit housing projects, secured through housing agreements.
- Operate the units secured through housing agreements, including managing tenant selection and intake process.



### LEVEL OF PRIORITY:

- ▶ Long-Term/Ongoing (5-10 years)

### EASE OF IMPLEMENTATION:



#### MUNICIPAL ROLE:

- ▶ Strategic acquisition of land
- ▶ Repurposing existing City-owned land

#### OTHER ROLES:

- ▶ **Developers** - provide funds and partner with City and non-profit housing providers on new affordable housing developments
- ▶ **Non-profit Housing Providers** - partner with City

## 12. CITY LAND FOR AFFORDABLE HOUSING

### Target Priority Group in Need

Low and moderate income earners, including families, seniors, singles, couples, students, persons with disabilities, and vulnerable populations.

### Target Housing Gap

Purpose-built rental, low end market rental, non-market rental, supportive and transitional housing and shelter accommodation.

### CONTEXT

One of the most difficult challenges in increasing the supply of affordable housing is acquiring well located sites to develop. In strong housing markets, competition with market developers makes land acquisition expensive, and limiting especially when combined with challenges that non-profit housing providers experience when piecing together multiple sources to support financing for affordable housing developments.

The City has a long history of leasing land at nominal rates to support the provision of affordable housing by non-profit housing providers. The City's Real Estate Services regularly updates Richmond's Strategic Land Acquisition Plan. This provides an opportunity to include Affordable Housing as one of the priorities for acquisition.

Continuing to provide City-owned land for affordable housing can reduce the cost to develop an affordable housing project and therefore provide a greater number of units. Using City land for affordable housing purposes is also particularly effective for ensuring that affordable housing is placed in locations best suited to meet the needs of priority groups.

### OVERVIEW OF USE OF CITY LAND FOR AFFORDABLE HOUSING POLICY

The use of City-owned land for affordable housing could help non-profit housing providers overcome challenges related to high land values. Such a policy could identify sites that are currently owned by the City that are not currently in use or under-utilized.

The City's Strategic Real Estate Investment Plan's purpose is to acquire land for a variety of civic initiatives. During annual reviews, City staff should take into account land needs for future affordable housing projects. Land that the City uses for other municipal services, such as fire halls and community centres, could also be evaluated for redevelopment involving the co-location of affordable housing on these properties.



## APPROACH AND ACTIONS

### Analysis to Richmond Context

City staff could consider creating a set of criteria that would guide and prioritize land acquisition appropriate to potentially support affordable housing projects, as per the proposed criteria in Table 14. Any criteria should be closely linked with the identified priority groups in need and the housing target that will be part of the updated Affordable Housing Strategy.

*Table 14: Proposed Criteria for Land Acquisition*

#### Criteria to Guide and Prioritize Land Acquisition for Affordable Housing

- 1. Location:** Sites should be in proximity to services and amenities used by the intended priority groups, ideally within walking distance. Sites should also be located in close proximity to public transportation.
- 2. Site Characteristics:** Sites should be relatively easy to redevelop and have a low risk of potential environmental remediation requirements or complicated soil conditions.
- 3. Proximity to other potential redevelopment sites:** Consider smaller sites that can be combined to one larger site to increase development potential through economies of scale and reducing overall construction costs.
- 4. Cost of land and project feasibility:** Should be demonstrated, even if the site is intended to be held for later development.

A dedicated source of funding for land acquisition for affordable housing would need to be established. One funding option for Richmond would be to use the existing Affordable Housing Reserve Fund to fund municipal land acquisition. However, this could further deplete the Affordable Housing Reserve Fund of resources for other projects quickly as the Affordable Housing Reserve Fund does not accumulate at the rate or volume needed to support multiple land acquisitions.

### Recommended Approach and Actions

1. Review the need for affordable housing land acquisition as part of the annual Strategic Real Estate Investment Plan.
2. Explore the feasibility of using existing City-owned land for affordable housing development, by either disposing of the land or co-locating affordable housing with other municipal services.
3. Strategically acquire land for affordable housing as it becomes available and satisfies acquisition criteria.
4. Partner with non-profit housing providers to develop affordable housing, which can then be managed and operated by non-profit housing societies under long term lease agreements with the City.
5. Explore and establish dedicated sources of funding to support land acquisition for affordable housing projects.



6. Consider using City-owned land to support affordable housing projects, where appropriate, and acquire land that meets criteria for future affordable housing development.

### **Implementation Roles**

#### **Municipality:**

- Review the affordable housing land needs annually.
- Acquire land appropriate for affordable housing development projects.
- Explore feasibility of existing City-owned land for affordable housing development projects.
- Communicate information on the use of City-owned land for affordable housing to non-profit housing providers and other potential project partners.

#### **Development Community:**

- Provide funding to the Affordable Housing Reserve Fund from cash-in-lieu density bonus contributions.
- Partner with the City and non-profit housing providers, as appropriate, to develop affordable housing projects.

#### **Non-profit Housing Providers:**

- Partner with the City to develop affordable housing projects using land provided by the City.
- Manage and operate affordable housing delivered through the policy under a long-term lease agreement with the City.



**LEVEL OF PRIORITY:**

- ▶ Medium-Term (5-10 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Formulate policy
- ▶ Enable financial tools
- ▶ Communicate information

**OTHER ROLES:**

- ▶ **Non-Profit Housing Providers** - Use financial incentives to develop affordable housing
- ▶ **Property Owners** - Use financial incentives to improve existing rental units

**13. MUNICIPAL FINANCING TOOLS**

**Target Priority Group in Need**

Low and moderate income households, including families, seniors, singles, couples, students, persons with disabilities and vulnerable populations.

**Target Housing Gap**

Non-profit rental housing development, including non-market rental, low-end market rental and purpose-built rental for low and moderate income households.

**CONTEXT**

Municipal authority provides unique abilities to stimulate the creation of affordable housing. While land use planning and regulation is a critical and effective tool for promoting affordable housing, such as with Richmond’s density bonusing/inclusionary housing policy and developer requirements for cash-in-lieu contributions, municipalities also have a range of other financial tools that may be used to offer indirect financial incentives. These can be used to improve the financial feasibility of affordable housing development.

Many Metro Vancouver municipalities use financial incentives, including property tax exemptions and waived or reduced development cost charges. In addition to encouraging the construction of new affordable housing units, financial incentives may be used to repair and upgrade existing affordable housing to ensure minimum maintenance standards and safety measures are met in rental buildings.

**OVERVIEW OF MUNICIPAL FINANCING TOOLS**

Within their authority, municipalities can use a number of financing tools that may facilitate the creation of affordable housing to collect taxes and fees. Specific tools include:

- **Waiving/reducing fees and charges:** Development cost charges and building permit fees may be waived or reduced, for projects owned by non-profit organizations. Municipalities may also delay the collection of development cost charges, reducing carrying costs for non-profit housing providers and improving the economics of housing projects. Waiving development cost charges require municipalities to recover the cost from other sources (e.g. from the Affordable Housing Reserve Fund).
- **Property tax exemptions:** Municipalities may offer property tax exemptions for projects that provide affordable housing. Some municipalities waive these costs outright, while other municipalities choose to allocate funds from affordable housing reserve funds to offset these fees.

Section 226 of the Community Charter allows Council to enter into agreements with property owners to exempt their property from municipal property value taxes for up to 10 years. While this power is usually used for programs such as



a downtown revitalization, where properties can apply for tax exemption in exchange for commercial improvements, there is an opportunity to explore the option of implementing a tax exemption program specific to affordable housing projects.

When a property owner of an affordable housing building wants to make improvements, the municipality can provide a tax exemption up to a certain period to offset the costs of improvements, thereby preventing the improvement costs from affecting tenants.

#### **Analysis to Richmond Context**

The ability to use these financial tools will depend on a Richmond's financial resources and local economic conditions. Although these approaches may result in a short-term loss in revenue, they may produce significant long-term social and economic benefits through encouraging the supply of affordable housing. Richmond should consider the costs and benefits of these approaches.

#### **Recommended Richmond Approach and Actions**

1. Review the municipal authority and financial impact on a potential increase to the City's taxes of waiving and reducing development cost charges and explore the terms and conditions upon which the exemptions can be granted.
2. Consider waiving the development cost charges and municipal permit funds for new affordable housing developments that are owned/operated by a non-profit societies and where affordability is secured in perpetuity.
3. Consider waiving the development cost charges for low-end market rental units secured in private developments, when purchased by a non-profit organization.
4. Consider waiving the development cost charges and municipal permit funds and reimburse from general revenue instead of as a grant from the Affordable Housing Reserve Fund.
5. Undertake a review and best practice analysis of property tax exemptions for non-profit housing managed by a non-profit housing provider.
6. Consider exempting property taxes for new affordable housing projects owned and operated by a non-market housing provider and where affordability is secured in perpetuity with a housing agreement.

#### **Implementation Roles**

Municipality:

- Review the municipal authority and financial impact of waiving and reducing development cost charges and municipal permit fees and tax exemptions for non-profit housing providers.



Non-Profit Housing Providers:

- Use waived or reduced development cost charges, municipal permit fees, and property tax exemptions to support the financial viability of developing new affordable housing.



## LEVEL OF PRIORITY:

- ▶ Not Recommended

## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

- ▶ Facilitate partnerships
- ▶ Establish income thresholds and eligibility requirements
- ▶ Data collection
- ▶ Communicate information
- ▶ Monitor data

### OTHER ROLES:

- ▶ **Non-profit organization:** Agency and administrator
- ▶ **Financial Institutions:** Offer flexible mortgage arrangements and downpayment assistance programs.

## 14. AFFORDABLE HOMEOWNERSHIP PROGRAM

### Target Priority Group in Need

Moderate income families including couples with children and single parent households, with the potential to expand to non-family households including couples and singles.

### Target Housing Gap

Affordable homeownership for moderate income families, with the potential to expand to suitable to non-family couples and singles, focusing on multi-unit residential housing.

### CONTEXT

Homeownership remains an important goal for many families and households, and plays a critical role in the housing continuum for a healthy community. However, there is a growing gap between rapidly increasing property values not matched by incomes, limited land supply, and competition for units in many urban areas, including Richmond, that make this goal increasingly difficult to attain. Saving for a down payment is one of the largest hurdles for first-time, moderate-income households, who may otherwise afford the ongoing homeownership costs (e.g. mortgage, property taxes, utilities, and applicable strata fees). Affordable homeownership programs are therefore being undertaken by some municipalities to ease the financial pressures of purchasing a home and transitioning these moderate-income households from renting to homeownership.

An affordable homeownership program is one way that municipalities may influence the supply of affordable homeownership units. Land-use and policy planning can also help to encourage a greater supply through increased density allowance and other regulatory measures such as parking reductions.

### OVERVIEW OF AFFORDABLE HOMEOWNERSHIP PROGRAMS

Affordable homeownership programs may be delivered in a number of ways to address unique local circumstances. Programs can be provided directly through initiatives that reduce the cost of purchasing a home through various financing and assistance tools, or indirectly through municipal policy and regulations that encourage diverse housing forms. Generally, affordable homeownership programs share a number of common elements:

1. **Administrative Capacity:** In municipal cases, sufficient administrative capacity (e.g. a subsidiary housing authority, third party, or dedicated staff) is necessary to help manage and oversee local programs.
2. **Restrictions on resale:** Restrictions on resale help to ensure that units will remain affordable for future owners. This can be accomplished by:





- a) A price restriction model, which ties the future resale price of a unit to a common denominator (for example, the rate of inflation, core inflation, or fixed amount) that is agreed upon prior to the primary sale of the housing unit; or,
  - b) A shared equity model, which enables purchasers with the ability to acquire units at below market costs and also benefit in future market growth in relation to their initial equity contribution. In some models, municipalities access a portion of the unit's equity on resale and reinvest this amount into the affordable housing program's portfolio.
3. **Owner occupancy:** Owner occupancy ensures that the unit does not become solely an income generating property, and instead an affordable unit maintained as a principal residence.
  4. **Income or asset restrictions on participation:** This ensures that an appropriate priority group is targeted for homeownership support. These restrictions are typically as inclusive as possible given that homeownership is difficult to obtain for low and moderate income households.
  5. **Financial Support:** In most programs reviewed, financial support in the form of down payment assistance is provided as an interest free or low-interest loan registered as a second mortgage on the property. Usually these loans are repayable after a set period of time, after the first mortgage is paid off, or if the property is sold.

## APPROACH AND ACTIONS

### Analysis to Richmond Context

It is important for municipalities to undertake a comprehensive cost-benefit and risk analysis to understand the feasibility of undertaking an affordable homeownership program. This feasibility study should look at different ways in which an affordable homeownership program could be structured and eligibility criteria, including income thresholds for program participation.

Findings from a feasibility study would provide more details about the expected costs, benefits, and associated risks of the program, allowing the City to compare potential outcomes of an affordable homeownership program relative to outcomes from a similar investment that address other housing priorities and needs. This assessment would help the City evaluate where limited resources investments should be invested to address priority groups and identified housing gaps.

### Recommended Richmond Approach and Actions

1. **Not recommended.** At this time, a homeownership program would place significant demands on City resources and jurisdiction. It is recommended that the focus of the Affordable Housing Strategy is on rental and non-market housing.



## LEVEL OF PRIORITY:

- ▶ Not Recommended

## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

- ▶ Strategic acquisition of land
- ▶ Repurposing existing City-owned land

### OTHER ROLES:

- ▶ **Developers** - provide funds and partner with City and non-profit housing societies on new affordable housing developments
- ▶ **Non-profit Housing Providers** - partner with City

## 15. MUNICIPAL HOUSING AUTHORITY

### Target Priority Group in Need

Low and moderate income households, including families, singles, couples, students, persons with disabilities and vulnerable populations.

### Target Housing Gap

Purpose-built subsidized (non-market) and low-end market rental housing units for low to moderate income households. Affordable homeownership units can be considered where appropriate.

### CONTEXT

Units secured through the 2007 Affordable Housing Strategy are currently managed by the owner (e.g. private developer or property manager). While the City has achieved success with the creation of affordable housing units, however, ensuring units are targeted to priority groups and are managed according to the housing agreements, continues to be a challenge.

A Municipal Housing Authority may allow the City to have a more direct role in ensuring that affordable housing units are being accessed by priority groups and addressing housing gaps identified in Richmond's Affordable Housing Strategy. At a basic level, a Municipal Housing Authority could operate rental units secured through housing agreements, including managing tenant selection and intake process, perhaps in partnership with a non-profit housing provider. A housing authority could also be directly involved in the development and production of new affordable housing.

### OVERVIEW OF MUNICIPAL HOUSING AUTHORITIES

Housing authorities are typically governmental bodies that govern some aspect of housing, providing access to affordable housing to eligible households. While some housing authorities are directly involved within the development, production, and administration of affordable housing units, other housing authorities have a more limited role in facilitating the development of affordable housing, often working with non-profit housing providers to build or manage the units. A housing authority is one option that some municipalities have used to ensure that the ongoing management of affordable housing units secured through policy and programs are effective.

At the municipal level, housing authorities commonly have the following elements:

- **Legal incorporation:** Legal establishment of the agency allows the agency to own housing stock and allows the agency to negotiate and enter into agreements.
- **Public representation:** A Board of Directors, which usually includes City councillors, provides accountability to the public and a senior-level voice in housing authority deliberations.



- **Public funding:** Funding from government sources allow housing authorities to reduce housing costs and remove competitive market pricing pressures through subsidies. The experience of jurisdictions with successful housing authorities suggest that significant levels of senior government funding is required to support capital and operating expenses.
- **Community or asset plan:** The housing authority's goals, strategies, and activities are documented to promote transparency.
- **Tenant involvement:** Feedback on housing unit management gives the tenants a say in how the corporation and its units are operated.

Municipal Housing Authorities are city-controlled, legally separate entities created to assist in the development of affordable housing. Because housing authorities are City-controlled, they can more effectively direct resources and projects to closely align with affordable housing goals and objectives. A Housing Authority can identify where the greatest impact can be made and if managed correctly, can deliver housing efficiently and affordably through standardized processes and economies of scale.

Municipal housing authorities can also present a number of challenges to municipalities as they often require ongoing government financial assistance that is sufficient to support the authority's ongoing operations (e.g. land acquisition, asset management, necessary administrative resources).

## APPROACH AND ACTIONS

### Analysis to Richmond Context

While a municipal housing authority may be seen to address some of Richmond's affordability challenges, establishing a local Housing Authority needs to be examined in the context of the City's other corporate real estate and asset management priorities. A narrowly scoped Municipal Housing Authority focused on administering and managing LEMR units, facilitating relationships and providing technical assistance to developers and non-profit housing providers may be one option that could be supported through existing revenue from the Affordable Housing Reserve Fund. However, a more ambitious scope of activities, such as the purchasing of land and existing affordable housing and administering units, would require significant resources. A more comprehensive analysis that fully explores the feasibility, including costs, benefits and associated risks of establishing a Richmond housing authority would be a critical first step.

### Recommended Richmond Approach and Actions

1. Not recommended. There would be significant demands on City resources and jurisdiction at this time.
2. Consider engaging BC Housing or Metro Vancouver Housing Corporation to administer units secured through the Affordable Housing Strategy.



## LEVEL OF PRIORITY:

- ▶ Long Term (5-10 years)

## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

- ▶ Formulate policies
- ▶ Communicate information
- ▶ Participate in regional transportation discussions
- ▶ Where applicable, acquire land along frequent transit networks (through a land acquisition policy)

### OTHER ROLES:

- ▶ **Developers** - deliver units
- ▶ **Non-profit housing providers** - partner; secure and operate dedicated affordable units
- ▶ **Non-profit social service organizations** - partner and co-locate
- ▶ **Translink** - deliver transit services

## 16. TRANSIT-ORIENTED AFFORDABLE HOUSING DEVELOPMENT GUIDELINES

### Target Priority Group in Need

Low and moderate income households, including singles, couples, families and seniors.

### Target Housing Gap

Non-market rental, low-end market rental, purpose-built market rental housing for low and moderate income households. Affordable homeownership units may also be considered where appropriate.

### CONTEXT

Housing and transportation costs are closely linked and represent the two highest costs for most working households. The combined expenses of housing and transportation create particular affordability challenges for low-to-moderate income households in Richmond, and often affect the ability to afford other basic necessities such as food, childcare, and recreation.

Research indicates that households living in transit-oriented areas have relatively lower transportation costs compared to households that live far from transit service. Building housing near or along the Frequent Transit Network can help households rely less on automobiles and reduce their overall transportation costs. This can help make communities more livable and easier to move around by improving connection to employment, educational institutions, community centres, commercial spaces, and other community amenities.

Municipalities are increasingly recognizing the need to plan strategically for affordable housing along Frequent Transit Networks and to support affordable housing developments in transit-oriented areas through partnerships, land acquisitions, municipal contributions and incentives, and other strategic mechanisms, including voluntary contributions from developers (e.g. in lieu of parking).

### OVERVIEW OF TRANSIT-ORIENTED AFFORDABLE HOUSING DEVELOPMENT GUIDELINES

Metro Vancouver's recently updated Regional Affordable Housing Strategy includes a direct focus on increasing the supply of non-market, low-end market and purpose-built market rental housing in transit-oriented areas and specifically within close proximity to Frequent Transit Networks. The Regional Affordable Housing Strategy outlines expectations for municipalities to implement regional planning goals and strategies, including the linkage between affordable housing and transportation.





Metro Vancouver’s Frequent Transit Network is a network of corridors where transit service runs at least every 15 minutes in both directions throughout the day and into the evening, every day of the week. People traveling along Frequent Transit Network corridors can expect convenient, reliable, easy-to-use services that are frequent enough that they do not need to refer to a schedule. For municipalities and the development community, the Frequent Transit Network provides a strong organizing framework around which to focus growth and development.

Encouraging affordable housing along or near Frequent Transit Networks and transit-oriented areas can be approached by providing:

- **Parking Reduction:** Reduction or elimination of parking for affordable housing units in transit-oriented areas in exchange for rental units. The cost of parking is a considerable construction expense.
- **Density Bonus:** Increased density in exchange for rental units.
- **Land Acquisition:** Acquiring land near or along Frequent Transit Networks to contribute to affordable housing projects.
- **Partnerships:** Create partnerships between developers, non-profit housing providers, the City, and Translink on transit-oriented development projects.

Generally, a transit-oriented affordable housing development policy could provide specific incentives to increase the supply of affordable housing in transit-oriented areas, specifically along or near Frequent Transit Networks. Partnerships between public and private sectors could help facilitate this process.

#### APPROACH AND ACTIONS

##### Analysis to Richmond Context

The City currently has a strong network of transit services, including rapid transit (Canada Line), with direct connection to Vancouver and networks that branch into Delta, New Westminster, Burnaby, Surrey, and White Rock. The City has already leveraged some areas by encouraging and successfully building transit-oriented hubs with mixed-use towers and podiums, particularly along No. 3 Road.

There is an opportunity for the City to build on successful transit-oriented development by prioritizing affordable housing development along the Canada Line in future projects, particularly non-market, low-end market rental, purpose-built market rental housing and potentially affordable homeownership units.

In addition, there is existing rental housing stock near Frequent Transit Networks, some of which are aging and under-utilized. There is an opportunity to redevelop some of these sites to replace and add to the rental stock with a transit-oriented lens, with units secured through housing agreements (to be addressed by the City's forthcoming Market Rental Policy).

##### Recommended Richmond Approach and Actions

1. Prioritize, where applicable, the development of non-market, low-end market rental, purpose-built market rental and affordable homeownership units near or along Frequent Transit Networks.
2. Align with Metro Vancouver’s Regional Affordable Housing Strategy’s goal to increase the rental housing supply along Frequent Transit Networks. The Metro Vancouver’s Regional Affordable Housing Strategy specifies “close proximity” as within 400 metres of non-rapid



Frequent Transit Networks (bus) and within 800 metres of rapid transit (Canada Line).

3. Encourage diverse housing forms in proximity to Frequent Transit Networks including medium density ground-oriented housing in close proximity to station areas, and leverage sites that are under-utilized that could include affordable housing.
4. Prioritize density bonus value transfers to transit-oriented areas.
5. Establish transit-oriented inclusionary housing targets for purpose-built rental and housing that is affordable to very low and low-income households within close proximity of transit.
6. In keeping with Metro Vancouver's Regional Affordable Housing Strategy, provide incentives for new purpose-built rental housing located in transit-oriented locations to enable these developments to achieve financial viability. These incentives can include parking reductions or elimination, and density bonus value transfers.
7. Consider acquiring land located in close proximity to Frequent Transit Networks to contribute towards affordable housing projects (see use of City land for affordable housing).
8. Consider working with Metro Vancouver to identify opportunities for new capital funding options to increase the supply of affordable housing in transit-oriented areas.
9. Collaborate with the City's Transportation Department to revisit parking requirements for LEMR units located along the Frequent Transit Network.

### **Implementation Roles**

#### **Municipality:**

- Communicate and liaise with Metro Vancouver and Translink on development opportunities along Frequent Transit Networks in Richmond.
- Investigate land acquisition opportunities near or along Frequent Transit Networks.
- Communicate information to developers and non-profit housing societies on transit-oriented affordable housing development opportunities.

#### **Development Community:**

- Work with the City of Richmond to implement the transit-oriented development objectives.
- Partner, where appropriate, with non-profit housing societies on transit-oriented development opportunities.
- Deliver affordable housing units through partnership projects.

#### **Non-Profit Housing Providers:**

- Partner, where appropriate, with developers and the City on transit-oriented development opportunities.



- Manage and operate affordable housing units delivered through transit-oriented development projects either through long-term lease agreements or stratified ownership.



**LEVEL OF PRIORITY:**

- ▶ Long Term (5-10 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Establish expectations
- ▶ Communicate information
- ▶ Support pilot project

**OTHER ROLES:**

- ▶ **Developers** - deliver units

**17. COMPACT LIVING RENTAL UNITS (MICRO-UNITS)**

**Target Priority Group in Need**

Low and moderate income singles, students and vulnerable singles who are able to live independently including persons who formerly experienced homelessness.

**Target Housing Gap**

Purpose-built market rental housing and low-end of market rental housing for low and moderate income singles who are able to live independently.

**CONTEXT**

Renters in Richmond are experiencing increasing challenges to find available and suitable rental housing affordable to their incomes. Low vacancy rates, increasing rents, applicant competition and limited new supply have intensified these challenges. For low and moderate income single-person households, finding an affordable rental unit that meets their needs in Richmond can be difficult. For some households, a small affordable rental unit, such as a micro-unit, could meet their housing needs.

Micro-units are typically built in multi-unit residential projects and can range between 225 to 350 square feet per unit. The units can be rented or owned as apartments or condos. Micro-units rented at market rates can be a cost-saving alternative to typical studio or one-bedroom rental units. Research indicates that tenants usually live between one to two years in a micro-unit until they can afford to graduate to a larger unit. This cycle demonstrates that micro-units are a "stepping stone" for households to get into the housing market. Given their size limitation, micro-units may not be adequate for couples, families or seniors.

A multi-unit residential project comprised of micro-units may achieve higher unit density on a site without increasing the height of a project, which can be a practical development alternative for Richmond given development height restrictions. Micro-units are a housing option that can increase the housing supply to a specific niche target population but are limited in their suitability and affordability.

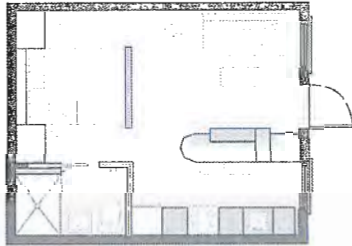
**OVERVIEW OF MICRO-UNIT HOUSING POLICY**

Municipalities across BC are increasingly exploring the concept of micro-unit housing as a cost-saving alternative for residents, for both market rental and condo homeownership options. Strong regulatory requirements have been utilized to implement micro-unit housing forms, such as specifying unit sizes and locations near transit and demographic demand from singles and students.

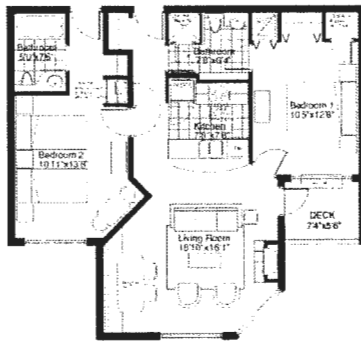




Micro-units in the City of Kelowna have a minimum 312 square foot unit size, and limited siting criteria including within urban areas, the University Village and within 400 metres of a bus stop.



*Sample micro-unit layout in Kelowna project (Worman, 2016)*



*Sample lock-off suite*

The limited square footage of micro-units can lead to tenants utilizing common and public spaces outside their respective unit to meet their livability needs. This includes onsite indoor and outdoor amenity space and public amenities. Municipalities have responded by encouraging micro-unit housing development to be located within close proximity to parks, recreation, transit, shopping and other amenities to off-set the space limitations of micro-units.

A micro-unit housing policy can also be complemented by design guidelines to improve livability of building and suite design, such as incorporating large/ corner windows and providing onsite storage facilities. Other design considerations include flexibility so that two or more micro-units can be converted into a studio or one-bedroom unit in the future if required, providing adaptability to changing demographics and housing need in the community.

### APPROACH AND ACTIONS

#### Analysis to Richmond Context

Micro-unit housing projects may be a specific housing form to meet the housing needs of low and moderate income singles in Richmond who are in need of rental housing.

Given their limited suitability to the target population of singles, including students, the City should consider cautiously introducing these units and monitor absorption and occupancy over time.

In collaboration with the City's Planning and Development Department, the City should conduct a feasibility study on compact living rental units. This study should explore land use and community planning opportunities and challenges, necessary policy and regulatory change including location criteria. One option could be to introduce micro-units as lock off suites to provide flexibility to consumers.

#### Recommended Richmond Approach and Actions

1. Consider developing a comprehensive planning study that examines the pros and cons of micro units, including a necessary policy and regulatory changes such as lock-off suites.

#### Implementation Roles

Municipality:

- Develop terms of reference and undertake a comprehensive planning study on micro rental units.



### LEVEL OF PRIORITY:

- ▶ Long Term/Ongoing (5-10 years)

### EASE OF IMPLEMENTATION:



#### MUNICIPAL ROLE:

- ▶ Facilitate partnerships
- ▶ Establish expectations
- ▶ Communicate information
- ▶ Support pilot project
- ▶ Evaluate livability

#### OTHER ROLES:

- ▶ **Non-profit housing providers** - partner; secure and operate dedicated affordable units

## 18. ENCOURAGING ACCESSIBLE HOUSING FOR PERSONS WITH DISABILITIES

### Target Priority Group in Need

Low and moderate income households with a disability, including seniors, couples and families that have one or more members of their household with a disability.

### Target Housing Gap

Supportive housing, non-market rental, low-end market rental, and affordable homeownership units for persons living with a disability.

### CONTEXT

Persons living with a disability were identified through consultation as experiencing significant challenges finding suitable, accessible, and affordable housing in Richmond across the entire housing continuum. Households that have a member of their family living with a disability have limited options that are affordable, accessible and large enough to accommodate family members.

The City currently has Basic Universal Housing standards to create more inclusive and accessible housing units for persons living with a disability. These standards have informed many housing development projects in Richmond and have positively contributed to the available housing stock. However, the majority of low-end market rental units secured with Basic Universal Housing are not rented to persons living with disabilities and there are concerns that these and other market units are not affordable to persons on disability income assistance.

### OVERVIEW OF ENCOURAGING ACCESSIBLE HOUSING

The City has the opportunity to build on an already inclusive mobility-focused accessible housing practices and to explore ways to increase accessible units within affordable housing projects.

### APPROACH AND ACTIONS

#### Analysis to Richmond Context

Building on existing relationships with the health authority and other non-profit organizations focused on accessibility, the City can encourage more accessible housing forms through partnerships in new affordable housing projects.

#### Recommended Richmond Approach and Actions

1. Continue to foster relationships with Richmond based organizations and identify opportunities to collaborate and to obtain input into



housing needs and design for short-term and long-term housing options for program participants.

2. Consider partnering with health authorities and other potential project partners where there are opportunities to incorporate units or other design features that meet accessible housing needs.
3. Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development to ensure that some LEMR units are designed with adaptable features to accommodate priority groups in need (e.g. persons with disabilities).

### **Implementation Roles**

#### **Municipality:**

- Facilitate relationship building, partnerships and communications with various organizations.

#### **Non-Profit Housing Providers:**

- Work with the City to identify opportunities for partnerships.
- Partner, where appropriate, with various agencies and the City to deliver affordable housing projects that include the accessible units.
- Operate units secured through accessible projects, including managing tenant selection and intake process.



**LEVEL OF PRIORITY:**

- ▶ Long Term (5-10 years)

**EASE OF IMPLEMENTATION:**



**MUNICIPAL ROLE:**

- ▶ Facilitate partnerships
- ▶ Contribute land

**OTHER ROLES:**

- ▶ **Non-profit organization ("The Community Land Trust"):**  
Agency and administrator
- ▶ **Non-profit housing providers:**  
Lease-holders and operators
- ▶ **BC Housing:** Project partner

Although the tenants, operators, funders and contracts for affordable housing buildings on Community Land Trusts change over time, the land is held in perpetuity for providing long term affordable housing in the community.

**19. COMMUNITY LAND TRUST**

**Target Priority Group in Need**

Low and moderate income earners, including families, seniors, singles, couples, students, persons with disabilities and vulnerable populations.

**Target Housing Gap**

Non-market rental, low end market rental, purpose-built rental, and affordable homeownership for low and moderate income households. Shelters and transitional housing could be targeted, where appropriate.

**CONTEXT**

A key challenge to making housing affordable in Richmond is the significant and increasingly high cost of land. For both developers and non-profit housing providers, the cost of land directly influences capital and operating costs, maximum rent levels, and the number and types of units that can be secured in affordable housing projects.

High land costs also limits the impact of municipal financial contributions to support potential affordable housing projects, as the Affordable Housing Reserve Fund does not accumulate at the rate and volume needed to support multiple projects.

**OVERVIEW OF COMMUNITY LAND TRUST**

While land costs are fixed at market rates, there may be an opportunity to secure land through a Land Trust model that, over time, acquires and preserves land in perpetuity for affordable housing.

A Community Land Trust is a community-based model to secure land for the future development and preservation of affordable housing. Typically, a Community Land Trust is a non-profit agency that is created with the mandate to acquire and "bank land" to be leased over the long term to non-profit housing societies for operating affordable housing projects. A Community Land Trust can receive public or private land donations or government subsidies to purchase land in which affordable housing can be built. The banked land is held in trust by the community for the purpose of building and creating access to affordable housing and is not available for other development. The Community Land Trust provides exclusive use of their land to ground-lease holders, who own the structures via ground leases. The Community Land Trust retains a long-term option to repurchase the structures/improvements on the land.

This model helps to reduce the risk and prevents the loss of the affordable housing stock as it removes land from the market and holds it for affordable housing.



The Vancouver Community Land Trust (VCLT) established in 2014 is the first community land trust in Metro Vancouver. The Land Trust is currently developing 358 units of housing on three sites in the City of Vancouver in partnership with the City of Vancouver, BC Housing, Vancity Credit Union, and several non-profit and co-operative housing providers, with occupancy expected in late 2017 to early 2018.



Incorporated in 1984, the Champlain Housing Trust (formerly the Burlington Community Land Trust) in Vermont has 2,200 rental leases and 565 affordable homeownership units in their portfolio. (Photo above: apartment in CHT’s portfolio).

## APPROACH

### Analysis to Richmond Context

Land made available through a land trust could be used to target all priority groups and housing gaps, from singles to families and from affordable rental housing to affordable homeownership. The City may wish to explore various Community Land Trust models and consider their potential applicability to Richmond.

Overall, a local land trust has the potential to preserve and expand access to affordable housing in communities experiencing significant increases in land costs. A land trust initiative may be challenging, however with early investment and establishing a framework, a Land Trust model could eventually lead to a long-range reward in affordable housing stock in Richmond.

### Recommended Richmond Approach and Actions

1. Explore the feasibility of establishing a community-based Community Land Trust and its potential application in Richmond by taking into account the following considerations:
  - Governance, legal and administration structure.
  - Initial and long-term funding and operating structure, including potential tax exemptions and revenue generating uses.
  - Priority groups and project eligibility.

### Implementation Roles

#### Municipality:

- Prepare a terms of reference for preparing a comprehensive feasibility analysis of a community-based Community Land Trust

#### Non-Profit Housing Societies:

- Work with the City to identify opportunities for partnership with a potential community-based Community Land Trust to deliver and manage affordable housing projects.



### LEVEL OF PRIORITY:

- ▶ Long Term (5-10 years)

### EASE OF IMPLEMENTATION:



#### MUNICIPAL ROLE:

- ▶ Establish expectations
- ▶ Select administrator
- ▶ Engage potential funders

#### OTHER ROLES:

- ▶ **Non-profit social service organization** — Administer rent bank program
- ▶ **Funding Partners** - Contribute funding

## 20. RENT BANK PROGRAM

### Target Priority Group in Need

Low income earners, including families, seniors, students, persons with disabilities and vulnerable populations including persons at-risk of homelessness.

### Target Housing Gap

Low-end market rental and purpose-built market rental housing.

#### CONTEXT

A rent bank is a financial assistance program that can make funds available to households who are at-risk of eviction due to inability to make rent. Funds can be used towards housing related costs such as rent and utility bills. Rent banks are typically operated by a non-profit society with financial contributions made by their respective municipality.

Temporary financial setbacks among vulnerable low-income households often result in households entering homelessness. A rent bank can help keep these households at-risk of homelessness remained housed.

#### OVERVIEW OF RENT BANK PROGRAM

Most rent bank programs operate by providing no-interest loans, with the intention of having loans repaid by clients. However, a contingency is typically built into the program operations in case the loans are not paid back. In essence, these funds can function either as a loan or a grant, with funds serving as a loan if a client is able to repay or a grant if a client is unable to repay. This approach offers less risk to clients in need.

Accessing rent banks is especially important for low-income households who may not have access to credit during a short-term emergency crisis.

Typically, non-profit society staff will supervise the intake and approval of loans. They may also provide assistance with personal budgeting and financial literacy. Staff will follow-up on loan repayment and, in some cases, provide housing search assistance if current housing will remain unaffordable in the long-run. Rent bank staff may also negotiate with landlords, liaise with other relevant agencies, and provide information and referrals.

The role of the municipality is typically a financial contributor.

#### APPROACH AND ACTIONS

##### Analysis to Richmond Context

A rent bank program currently exists in Richmond for low-income seniors through Chimo Community Services. Other priority groups in need in Richmond may also benefit from a similar program.



### **Recommended Richmond Approach and Actions**

1. Undertake a review and best practice analysis of opportunities to support local rent bank initiatives

### **Implementation Roles**

#### **Municipality:**

- Undertake a review and best practice analysis of opportunities to work with non-profit organizations to support local rent bank initiatives.

#### **Non-Profit and Social Service Organization:**

- Operate local rent bank including administration of loans, personal budgeting and financial literacy support.



# V. CONCLUSION

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This report, as part of Phase 2 of the City of Richmond's Affordable Housing Strategy Update, is a comprehensive policy review informed by research and consultation and outlines policy recommendations to guide the future planning of affordable housing in Richmond.

## IMPLEMENTATION CAPACITY

The review process looked at policies holistically, taking funding, existing City resources and municipal mandate and jurisdiction into consideration. The recommended policies will ensure that there is a balanced approach in the creation of more affordable housing in partnership with senior levels of government, non-profit housing providers, the development sector and service providers. It is recommended that the City evaluate and identify potential gaps in municipal resources including staffing in order to implement the recommended policies.

## NEXT STEPS

The policy recommendations have been reviewed by staff and shared with select stakeholder to obtain feedback on potential opportunities and challenges for implementation. City staff will evaluate municipal resources necessary to implement the recommended policies and will present an implementation plan along with a draft Affordable Housing Strategy document (Phase 4).







Suite 585, 1111 West Hastings Street, Vancouver BC V6E 2J3 | 604.687.2281

5th Floor, 844 Courtney Street, Victoria BC V8W 1C4 | 250.383.0304

[www.cityspaces.ca](http://www.cityspaces.ca)

**PLN - 135**

## City of Richmond – Affordable Housing Strategy Update Policy Recommendations: Stakeholder Feedback Summary

As part of the overall policy review, the City of Richmond engaged City Spaces Consulting Ltd. to engage with stakeholders to obtain feedback on the proposed affordable housing policy options brought forward to the May 23, 2017 Council Meeting. This report summarizes the feedback received during the consultation and how final policy recommendations were revised based on this feedback.

### Stakeholder Engagement Sessions

Throughout June, 2017, staff and City Spaces Consulting Ltd. hosted the following workshops and meetings with stakeholders to gain feedback:

Stakeholder Group	Participants	Topic Areas	Format
Non-profit housing and service providers and community groups	<ul style="list-style-type: none"> <li>• Coast Mental Health</li> <li>• Tikva Housing</li> <li>• SUCCESS</li> <li>• Chimo Community Services</li> <li>• Atira Women's Resource Society</li> <li>• Richmond Society for Community Living</li> <li>• BC Non-Profit Housing Association</li> <li>• Richmond Centre for Disability</li> <li>• Richmond Addictions Services Society</li> <li>• Richmond Poverty Response Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental housing, including management, and programming</li> <li>• Co-location of non-market housing and community assets</li> <li>• Non-profit housing development</li> <li>• Municipal financing tools</li> <li>• Encouraging accessible housing</li> <li>• Rent Bank Program</li> </ul>	Focus group
Development Community (larger-scale)	<ul style="list-style-type: none"> <li>• Urban Development Institute members</li> <li>• Co-op Housing Federation of BC</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental housing</li> <li>• Cash-in-lieu contributions</li> <li>• Public-private partnerships</li> <li>• Family-friendly Housing Policy</li> <li>• Transit-oriented affordable housing development</li> <li>• Encouraging accessible housing</li> </ul>	Focus group
Development Community (smaller-scale)	<ul style="list-style-type: none"> <li>• Richmond Home Builders Group</li> <li>• Greater Vancouver Home Builders' Association</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental housing</li> <li>• Cash-in-lieu contributions</li> </ul>	Focus group
Government and	<ul style="list-style-type: none"> <li>• CMHC</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end</li> </ul>	Meetings and

Stakeholder Group	Participants	Topic Areas	Format
quasi-government organizations	<ul style="list-style-type: none"> <li>• BC Housing</li> <li>• Metro Vancouver</li> <li>• Vancouver Coastal Health</li> <li>• Kwantlen Polytechnic University</li> </ul>	market rental housing <ul style="list-style-type: none"> <li>• Public-private partnerships</li> <li>• Co-location of non-market housing and community assets</li> <li>• Non-profit housing development</li> </ul>	through email

Not all stakeholders that were invited to provide feedback were available to participate. When the draft Affordable Housing Strategy is finalized, there will be further opportunities for consultation.

### **Key Themes from the Stakeholder Consultation Sessions**

Theme	Summary of Comments
Non-Profit Housing/Service Providers and Community Groups	
<i>General</i>	In general, non-profit groups and housing providers showed interest in the City's approach to creating LEMR units and willingness to promote partnerships. However, the non-profit providers suggested that the rental rates of the LEMR units are often higher than their client groups can afford (e.g. lower-income households, individuals/households on income assistance).
<i>Municipal support for non-profits</i>	Non-profit organizations felt that the City could support non-profits by identifying: <ul style="list-style-type: none"> <li>• Developing a list of pre-qualified organizations to partner with the private sector when a development project has the potential to create more than 10 LEMR units, and creating categories within pre-qualified lists in order to allow diverse non-profits/housing providers to access new units;</li> <li>• Engaging non-profits earlier in the development process (e.g. pre-application/rezoning) to facilitate partnerships with the private sector, and have input into the design of the units, which could better serve clients' needs, such as individuals living with a disability or low-income family households;</li> <li>• The non-profit partner could decide whether they require clustered LEMR units for management efficiencies, or if they prefer LEMR units to be dispersed throughout a development;</li> <li>• Non-profits could bring their strengths in structuring Housing Agreements to be more flexible to clients' needs, such as differing income levels and allowing higher rents to more deeply subsidize lower rents to ensure project viability, as well as securing access to amenities.</li> </ul>

Theme	Summary of Comments
Development Community (Urban Development Institute (UDI) & larger-scale developers)	
<i>General</i>	It was expressed during the workshop that the proposed changes to the low-end market rental policy would significantly burden developers and negatively impact project viability. Further, developers perceive that the costs of providing affordable housing are primarily borne by developers and the burden is not equally shared by the taxpayers.
<i>Increasing the requirements for Low-end Market Rental (LEMR) Units</i>	As a whole, it was stated that increases to the affordable housing unit percentage contribution would make acquiring construction financing and ongoing operating revenue difficult to achieve. The developers stated that reducing the threshold to require affordable housing units in projects with as few as 60 units may not have the scale or scope to provide LEMR units, as securing 1 or 2 units in a development would be challenging to manage or operate. With regards to an increase of floor area dedicated to LEMR units from 5% to 10% or greater, developers stated that costs would be greater for those who are not eligible for those units. More specifically, the remaining 90% (or less) of floor area that would not be required as LEMR units must account for the resulting loss of profit ((e.g. the additional costs may be passed onto the homebuyers). UDI and the larger scale developers stated that the increase in affordable housing requirements should be looked at holistically as other costs are increasing, such as development cost charge (DCC) rates, requiring Electric Vehicle (EV) charging stations, and the introduction of the Step Code energy efficiency requirements.
<i>Management of Low-end Market Rental (LEMR) units</i>	The participants stated that the management of small numbers (e.g. 2-3) LEMR units is very challenging as developers may not have management capacity internally and hiring a reputable property manager would be difficult because of the reduced scale (e.g. too few units to attract property management). Developers stated it is also difficult to partner with a non-profit or housing provider to manage less than 20 units and when they are not clustered together.
<i>Use of Incentive</i>	The development industry highlighted the need for more incentives provided by the City, however it was noted that the commonly recommended incentive of a density bonus is limited in Richmond due to height restrictions and floodplain constraints (which impact parking). Other requirements such as commercial street frontages in the City Centre and their associated density bonuses also conflict with further density bonus incentives. The use of parking relaxations as an incentive was stated as limited to the City Centre area and along Frequent Transit Networks, but otherwise has little utility. The developers also noted that waiving or reducing development cost charges for LEMR units to save on overall project costs could be an incentive.

Theme	Summary of Comments
Development Community (Richmond Homebuilders Group, Greater Vancouver Home Builders' Association, smaller-scale developers)	
<i>General</i>	Participants primarily expressed the importance of consistency in the development process when increasing requirements for affordable housing in the future. Participants also expressed that the development sector is currently facing various pressures, such as long wait times for permit approval and the increase of other fees & charges.
<i>Increasing cash-in-lieu payments:</i>	<p>Participants suggested that staff look at costs associated with development holistically such as consideration of Richmond development cost charge increases, Metro Vancouver sewerage development cost charges, a new TransLink levy, and the introduction of Step Code energy efficiency requirements. This should be considered in conjunction with any changes to the Affordable Housing Strategy.</p> <ul style="list-style-type: none"> <li>• Participants asked staff to undertake another economic analysis once the TransLink/Step Code costs are known.</li> <li>• Concerns were expressed regarding the proposed sudden jump in cash-in-lieu contributions from \$2-4 per square foot for single-family housing and from \$4-8.50 for townhouse development when previous increases in the rates were more gradual.</li> </ul>
<i>Increasing Low-end Market Rental (LEMR) Requirements:</i>	Participants stated that they did not have much experience in developing and managing LEMR units because they typically build less than 60-unit housing projects, however it was noted that reductions or waivers in development cost charges for developments that provide LEMR units should be considered.

## **Stakeholder Recommendations and Staff Responses**

### **Non-Profit Housing/Service Providers and Community Groups**

<b>Stakeholder Recommendation</b>	<b>Staff Response</b>
<p>Property tax reductions/exemptions and development cost charge reductions/waivers are very helpful to reduce costs for LEMR units managed by non-profits, and these savings can be passed onto clients.</p>	<ul style="list-style-type: none"> <li>• There is a recommendation to consider providing a development cost charge waiver on LEMR units when operated/owned by a non-profit housing provider, or for non-market units that are non-profit driven with the intention to provide 100% rental housing subject to a review of implications to the City's tax increase and development of an implementation framework.</li> <li>• Another recommended action is to undertake a review and best practice analysis of property tax exemptions for non-market housing owned and managed by non-profit housing providers</li> </ul>
<p>Involve non-profit housing providers earlier in the development process for the potential management and ownership of LEMR units</p>	<ul style="list-style-type: none"> <li>• One of the recommendations as part of the LEMR policy is to involve non-profits early in the development process, as well as developing a shortlist of pre-qualified non-profit housing operators to share information regarding LEMR ownership and management opportunities</li> </ul>
<p>Non-profit organizations support a draft Market Rental Policy to create more rental housing supply</p>	<ul style="list-style-type: none"> <li>• City staff are working on a draft Market Rental Policy, which will go out for consultation. Non-profit organizations will be consulted.</li> </ul>
<p>Create a policy framework to apply to faith-based and/or non-profit organizations who wish to redevelop their lands for social purpose goals</p>	<ul style="list-style-type: none"> <li>• There are two long-term policies that apply to this initiative: non-profit housing development and co-location of non-market housing and community assets. Staff will work closely with community stakeholders to develop policy frameworks.</li> </ul>
<p>Understanding social infrastructure needs to support housing objectives</p>	<ul style="list-style-type: none"> <li>• Staff will take this feedback into consideration in the development of the medium and long-term policy actions.</li> </ul>
<p>Recognize socially conscious developers who have done work to support different segments of society (e.g. individuals living with a disability, seniors, low-income families)</p>	<ul style="list-style-type: none"> <li>• Staff will take this feedback into consideration.</li> </ul>

### Development Community (UDI & larger-scale developers)

Stakeholder Recommendation	Staff Response
Create more flexibility in clustering or dispersing LEMR units in order to attract non-profit housing provider to own and/or manage	<ul style="list-style-type: none"> <li>There is a recommendation to allow for the flexibility of clustering of LEMR units, or dispersing throughout the development.</li> </ul>
Do not further reduce the built threshold for LEMR units to 30 or 40 units	<ul style="list-style-type: none"> <li>Staff undertook additional economic analysis to assess the economic feasibility of decreasing the threshold and the recommendation to decrease the threshold to 60 units due to management and operation challenges associated with smaller numbers of units.</li> </ul>
Allow developers more flexibility in providing cash payments rather than built units to support purpose-built affordable housing projects as designated by the city	<ul style="list-style-type: none"> <li>This provision is identified in the Affordable Housing Special Development Circumstance policy, but any purpose-built affordable housing project and designated cash contributions are at the discretion of Council.</li> </ul>
Ability for the developers to pool LEMR requirements with other developers to utilize on a specific site (e.g. taking the requirements from a number of different projects and pooling together on one site to reach a certain threshold to attract an operator/housing provider)	<ul style="list-style-type: none"> <li>Staff will take this feedback into consideration and assess the merits when re-evaluating the policy in two years' time.</li> </ul>
Create a phased approach where increased Affordable Housing Strategy requirements are applied only to transit-oriented areas which can take greater advantage of municipal incentives	<ul style="list-style-type: none"> <li>The current recommendation is to increase the built requirement to 10% will be applied across the city, as there is a desire to see affordable housing units across Richmond.</li> <li>There is a recommended action to revisit parking requirements for LEMR units along the Frequent Transit Network in the future</li> </ul>
Create relaxations on building form such as larger floor plates for towers, and reduction of distance between towers	<ul style="list-style-type: none"> <li>Staff will take this feedback into consideration.</li> </ul>
Increased flexibility around the minimum unit size requirements	<ul style="list-style-type: none"> <li>There is a recommendation to change unit size "requirements" to "targets" in order to create more flexibility in unit/floor plans, while ensuring that the units are comparable to market units in the same building/development.</li> </ul>
Remove or reduce requirements for commercial street frontages in the City Centre in order to fully utilize density bonuses for affordable housing	<ul style="list-style-type: none"> <li>Staff will take this feedback into consideration.</li> </ul>
The City should be willing to offer City-owned sites to create purpose-built affordable housing projects such as the Kiwanis Towers or Storeys	<ul style="list-style-type: none"> <li>There is a recommendation to take into account the affordable housing land acquisition needs during annual reviews of the City's Strategic Real</li> </ul>

Stakeholder Recommendation	Staff Response
development	Estate Investment Plan, and the continued use of City-owned land for affordable housing.
The City should provide development cost charge waivers for all built affordable housing units	<ul style="list-style-type: none"> <li>There is a recommendation to consider providing a development cost charge waiver on LEMR units when operated/owned by a non-profit housing provider subject to a review of implications to the City's tax increase and development of an implementation framework.</li> </ul>

**Development Community (Richmond Home Builders Group, Greater Vancouver Home Builders' Association & smaller-scale developers)**

Stakeholder Recommendation	Staff Response
A phasing period for cash-in-lieu contribution rate increases is preferred, rather than an immediate increase	<ul style="list-style-type: none"> <li>The recommended increases to the cash-in-lieu contribution rates equate to the current 5% built LEMR contribution without a phased increase, which creates a greater equality between the value of the built unit contribution and the cash-in-lieu contribution. As the built unit contribution is recommended to increase, staff continue to recommend an immediate increase to the cash-in-lieu contributions.</li> </ul>
Developments that are currently being processed by the City should be exempt from increased cash-in-lieu rate increases	<ul style="list-style-type: none"> <li>There is a recommendation that in-stream applications should be grandfathered under existing Affordable Housing Strategy requirements, provided that the application is presented to Council within one (1) year of the effective date of the revised LEMR policy and cash-in-lieu contribution rates.</li> </ul>
Developments with LEMR or market rental units should be prioritized by the City and gaining approval should be fast tracked	<ul style="list-style-type: none"> <li>Staff currently prioritize applications with LEMR contributions, and will consider this feedback when developing the draft Market Rental Policy</li> </ul>
If townhouses require LEMR units, then there should be flexibility to permit clustered units on a portion of the site	<ul style="list-style-type: none"> <li>The current recommendation to continue to secure cash-in lieu contributions for townhouse developments (unless secured through the Arterial Road Policy) to meet the City's annual \$1.5M contribution target for the Affordable Housing Reserve Fund</li> </ul>
The City should consider adding more diverse housing forms in established neighbourhoods rather than only single-detached housing	<ul style="list-style-type: none"> <li>Staff will take this feedback into consideration.</li> </ul>





Page 1 of	Adopted by Council: Amended by Council:	Policy XXXX
File Ref:	<b>Low End Market Rental Housing Built Unit Contribution Policy</b>	

**I. Purpose:**

To help ensure that there is an appropriate mix of safe, secure and affordable housing options in Richmond to meet the needs of a diverse community, including households of all incomes, abilities and family compositions.

**II. City Wide Policy**

It is the policy of Council that:

1. The City of Richmond acknowledges that access to safe, secure and affordable housing is essential for building strong and healthy communities.
2. Increasing the supply of affordable rental housing will help address the housing needs of Richmond's priority groups including:
  - a. Families including lone parent families;
  - b. Low and moderate income earners such as seniors, families, singles, couples and students;
  - c. Persons with disabilities;
  - d. Seniors; and
  - e. Vulnerable populations (e.g. households on fixed incomes, persons experiencing homelessness, women and children experiencing family violence, persons with mental health and addictions issues, and Aboriginal populations).
3. To ensure the construction of low-end market rental units, a density bonus is offered at time of rezoning for multi-family and mixed use developments containing more than 60 residential units in exchange for at least 10% of total residential floor area to be constructed as low-end market rental units. The units will be secured in perpetuity through a Housing Agreement between the developer and the City, which will be registered on the title of the subject property.
4. The City encourages and will facilitate non-profit management and potential ownership of low-end market rental units secured in market developments. Developers are encouraged to partner with a non-profit housing provider to manage the low-end market rental units prior to or at the beginning of rezoning to ensure that the design and any programming/amenity space meet the needs of one of Richmond's priority groups in need.
5. The type and location of proposed low-end market rental units will be determined in consultation with the City's Affordable Housing staff.



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File Ref:	<b>Low End Market Rental Housing Built Unit Contribution Policy</b>	

6. Total annual household income thresholds for low-end market rental units will be calculated based on 10% below BC Housing’s Housing Income Limits. The total annual household income thresholds will be reviewed on a bi-annual basis.
7. Maximum monthly rents for low-end market rental units will be calculated based on 10% below the Canada Mortgage and Housing Corporation’s annual average market rents. Maximum monthly rents may be increased by the Consumer Price Index (CPI) annually. The maximum monthly rents will be reviewed on a bi-annual basis.
8. Minimum unit sizes targets for low-end market rental units are established as follows:

Unit Type	LEMR Minimum Unit Size Target
Bachelor/Studio	37m <sup>2</sup> (400 ft <sup>2</sup> )
1 Bedroom	51m <sup>2</sup> (535 ft <sup>2</sup> )
2 Bedroom	69m <sup>2</sup> (741ft <sup>2</sup> )
3+ Bedroom	91m <sup>2</sup> (980 ft <sup>2</sup> )

The minimum unit sizes will not be smaller than the average size of comparable market units in the same development. Permitted sizes of the LEMR units will be confirmed by Affordable Housing staff.

9. The City will allow for flexibility for clustering of LEMR units throughout developments if the developer secures a non-profit housing provider to own and/or manage the units.
10. Where appropriate, the City will explore ways that funding for affordable housing from senior levels of government will be directed towards lowering rents of low-end market rental units or the creation of additional low-end market rental units above the 10% requirement.
11. Council shall take the following actions over the long term:
  - a. Review the low-end market rental policy biannually, including the built contribution as a percentage (%) of residential floor area, minimum unit size targets, total household income thresholds and maximum monthly rents.



Page 1 of	Adopted by Council: Amended by Council:	Policy XXXX
File Ref:	<b>Affordable Housing Cash-in Lieu Contribution Rates</b>	

### I. Purpose:

To help ensure that there is an appropriate mix of safe, secure and affordable housing options in Richmond to meet the needs of a diverse community, including households of all incomes, abilities and family compositions.

### II. City Wide Policy

It is the policy of Council that:

1. The City of Richmond acknowledges that access to safe, secure and affordable housing is essential for building strong and healthy communities.
2. Increasing the supply of affordable rental housing will help address the housing needs of Richmond's priority groups including:
  - a. Families including lone parent families;
  - b. Low and moderate income earners such as seniors, families, singles, couples and students;
  - c. Persons with disabilities;
  - d. Seniors; and
  - e. Vulnerable populations (e.g. households on fixed incomes, persons experiencing homelessness, women and children experiencing family violence, persons with mental health and addictions issues, and Aboriginal populations).
2. The Affordable Housing Reserve Fund continue to be sustained and used first and foremost to support the development of non-market rental housing and potential partnerships with senior governments, the private and non-profit sectors to address the priority groups in need.
3. In exchange for a density bonus, cash-in lieu contributions to the Affordable Housing Reserve Fund are accepted for rezoning applications involving all townhouse developments and apartment and mixed-use developments with less than 60 units.
4. All new single-detached lots being rezoned will include (a) secondary suites on 100% of new lots created, (b) suites on 50% of new lots and cash-in lieu contribution on the remaining 50% of lots or (c) a cash-in lieu contribution on 100% of new lots created in cases where the lots that cannot accommodate the provision of built secondary suites.



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File Ref:	<b>Affordable Housing Cash-in Lieu Contribution Rates</b>	

5. Cash-in lieu contributions to the Affordable Housing Reserve Fund are established as per the following table reflecting rates:

Housing Type	Cash in Lieu Contribution Rates
Single Family	\$4 / ft <sup>2</sup>
Townhouse	\$8.50/ ft <sup>2</sup>
Multi-Family Apartments	\$14/ ft <sup>2</sup> (concrete construction) \$10/ ft <sup>2</sup> (wood frame construction)

**SITE ECONOMICS LTD.**  
701 West Georgia Street - Suite 1500  
P.O. BOX 1012, Vancouver  
BC V7Y 1C6  
604-250-2992  
rwozny@siteeconomics.com  
www.siteeconomics.com

June 30, 2017

Community Social Development Department  
City of Richmond  
6911 No. 3 Road, Richmond, BC, V6Y 2C1

**Attn: Joyce Rautenberg - Affordable Housing Coordinator**  
**Monica Bennington - Affordable Housing Planner**

**Re: Affordable Housing Analysis – Summary Memo**

#### **Overview of the methodology**

We assessed the issue of adding affordable housing from the perspective of new development and the change in land value associated with increasing density. The analysis was industry standard and mirrors the co-consultants work (GP Rollo) except that we adjusted the land value down in order to reflect the increased cost of the LEMR requirement. As expected, land values are currently so high and development is so profitable there is potential for increasing the required Low-end Market Rental (LEMR) units. Our method was a standard land residual model however we adjusted the land value to pay for all extractions and amenities required by the city. Therefore, affordable housing contributions should be considered in relation to other community amenity contributions, as all contributions depend on the land value created by new development.

#### **Overview of increase in built LEMR contribution (10%)**

Based on the strong real estate market, LEMR contributions can be increased to 10%. Our land value residual analysis uses all market costs and revenues and some inputs from the GP Rollo model with a flexible land value. In our model, land value equates to “market value minus city extractions,” and thus demonstrates the financial resources created by the higher value of the rezoning, that could accommodate a 10% LEMR. The new LEMR contribution requirement should be phased in one (1) year to allow the market to adjust. Once the requirement is increased to 10%, there is the potential to increase the LEMR further to a maximum of 15%. The higher LEMR requirement is particularly suitable for larger scale projects, which receive a large financial benefit from rezoning. Again, the real estate market needs time to adjust and these changes have to be introduced in phases, over several years. There could be a significant market slowdown in development if a 15% contribution rate was introduced immediately. Despite this, it is important that the City keep increasing the built LEMR requirement until the extraction equals what the market is willing to pay.

**Overview of not reducing the built threshold below 60 units**

Most project, particular townhouse developments, have less than 60 units. If LEMR units were required of these smaller-scale projects, the number of units secured would be too small to operate effectively. Due to size inefficiencies, it is strongly recommended to continue to accept cash contributions instead of built LEMR contributions in townhouse developments and any multi-residential developments less than 60 units. The cash contributions from townhouse developments remain a consistent source of revenue to the Affordable Housing Reserve Fund.

Thank you,  
Sincerely,



Richard Wozny, Principal  
Site Economics Ltd.



June 30, 2017

Joyce Rautenberg  
 Affordable Housing Coordinator  
 City of Richmond – Community Social Development Department  
 6911 No. 3 Road  
 Richmond, BC V6Y 2C1

**Re: City of Richmond Economic Analysis of LEMR Policy: Increasing Built Units & Forecasting**

G. P. Rollo & Associates (GPRA) has been retained by the City of Richmond to provide consulting services regarding an economic analysis of the density bonusing, inclusionary zoning, and associated developer contribution rates in the City of Richmond. The purpose of the analysis is to test the implications of increases in requirements from developers for built Low End Market Rental (LEMUR) units or for Cash-in lieu (CIL) payments and development viability.

**Economic Analysis**

GPRA utilizes proforma analysis to determine the supported land value for potential developments and then compares that to market value in order to determine if the change in zoning carries with it an increase in value. The following outlines steps undertaken in creating the analysis.

Market Review

GPRA began by conducting a review of the current market for residential in the City of Richmond, looking at current trends, completed sales on new projects, and resales on newer developments in order to get a sense of pricing and demand in the City. GPRA has the following observations:

- 2016 saw the highest prices the City has ever achieved for all housing types. The City continued to grow in spite of downward trends in many other areas of Metro Vancouver.
- In turn, land values rose to the highest values as well across all zoned properties throughout most of the City.
  - Land values outside of Hamilton ranged between \$7 million to \$10 million an acre for single family zoned land (\$5.7 million to \$6.5 million per acre in

- Hamilton), with Steveston and the west side of the City seeing values skewed to the higher end of this range than the rest of the City.
- Industrial property in the City Centre is valued between \$9.5 and \$10 million per acre.
  - Commercial zoned property in the City Centre is valued anywhere between \$11 million and \$16 million per acre, with commercial properties around Bridgeport being somewhat lower at \$7 million to \$8.7 million per acre.
  - BC Assessment has increased property values for the City in general for the 2017 roll, some by as much as 40% or more compared to 2016 values.
  - There are signs that the market is slowing with reduced sales across all housing types in recent months in year over year trends. This may be due a confluence of circumstances, including the Province's recent 15% tax on foreign buyers, the Federal Government's tightening of lending rules, and the relative attractiveness of other markets in consideration of higher price points in the Lower Mainland than elsewhere.
  - This is all to say that this analysis is using high sales prices for residential buildings, which may not hold, and even higher land values (using assessed values), which are already showing signs of weakening in recent sales transactions.
  - The result is an analysis with a high degree of variability that could see significant swings up or down depending on a variety of factors.

### Financial Analysis

GPRA typically prepares analyses using a standard developer proforma wherein estimates of revenues and costs are inputs and the remaining variable is the desired output. In typical proformas this output is usually profit, following a revenues minus costs equals profit formula. For a residual land valuation, however, an assumption on developer's return needs to be included in order to leave the land value as the variable to solve for. For these analyses GPRA determines the residual value based on the developer achieving an acceptable profit of 15% on total project costs, calculated as a representative portion of overall project costs for the proposed development<sup>1</sup>.

The residual values are the maximum supported land value a developer could pay for the site (under the density and conditions tested) while achieving an acceptable return for their project. This means that a developer could pay the indicated value for the land, develop and sell the finished product and achieve a profit of 15% upon completion. If by chance the land were bought for less than the indicated value, this would result in an increased profit for the developer and conversely if bought for more than the value indicated there would be less profit for the developer.

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<sup>1</sup> 15% profit on project cost is used as an industry minimum standard developers need in order to consider a project viable and to secure financing through a lender.



GPRA often looks to BC Assessment data to get a sense of the value per acre for existing land uses in the analysis. For others GPRA creates a proforma analysis for the base density as well as for the higher density.

The residual land value determined from this analysis is then compared to the value of the site under the current zoning to establish an increase in value that arises from the change in density or use. This increase in value is the total potential monies that are available for public amenities or other public works not considered as part of the analysis. GPRA will make allowances for streetscape and public realm improvements that would typically be incurred through development in the analysis, although certain rezonings may require significantly more in the way of improvements costs than have been anticipated in our analyses.

GPRA determines strata revenues used in the analyses from a review of recent sales and offerings for sale of recently developed single family dwellings, townhouses, and apartments of wood frame construction within the City, with a focus on projects that were deemed comparable to the case studies. Costs were derived from sources deemed reliable, including information readily available from quantity surveyors on average hard construction costs in the area. Development or soft costs have been drawn from industry standards, and from the Municipal sources. All other assumptions are derived from a review of the market and from other sources deemed reliable by GPRA.

#### Results from Economic Analysis

GPRA's analysis in early 2017 suggested that if properties have to be acquired at the higher end of current estimate land values there would likely be little to no increase in value from rezoning, with even a potential loss in value in some cases. Properties that required the lower end of what we construed as market value could generate significant value to be shared with the City in the form of a Community Amenity Contribution (CAC).

In keeping with previous methodology employed by GPRA in analysis for the City we have looked at a 50% share of the increase in value and in order to make flat rates applicable City-wide we have tried to focus on the lower end of the increased values for each housing type (single family, townhouse, low rise and high rise apartments). Focusing on the lower end of values is intended to ensure that the CAC is not punitive to developers who might not acquire land at the lowest values indicated by our research and to allow for unforeseen costs or requirements of development not considered in our analysis. It would also allow room for the City to seek other CACs from development beyond the contribution to Affordable Housing.

Our conclusion was that given some uncertainty over the market value for land and the wide spread of values (from negative in some cases to very high values in others) GPRA did not

recommend significant increases to the Affordable Housing Rates at this time. This recommendation was also made in consideration of an anticipated increase in DCCs in 2017 which we included in our analysis. Rather, GPRA recommended a modest increase at present with a review to be conducted in 2018 after the market has settled.

### **Economic Impacts to a Developer from Increasing the Built LEMR Unit Requirement**

GPRA conducted sensitivity analysis on the proforma analysis to demonstrate the impacts of requiring a greater percentage of the Gross Buildable Area (GBA) to be built LEMR. In all analyses wherein the built unit percentage required was increased from 5% to 10% the developer saw a significant drop in profit below 15% on the project. Developers generally require something close to the standard 15% profit on project cost to obtain financing. They are expected to demonstrate that their project has a cushion against changing economic conditions; otherwise the banks will view the projects as too risky to extend them financing.

However, there remains the potential to increase the built unit percentage by using a graduated approach to increasing the percentage. In this scenario developers and land vendors would be introduced to the increase and have time to adjust purchase price for land if all parties are amenable. Typically, one would allow all in-stream applications at the time of adoption to use the existing percentage and perhaps even extend a grace period for a few months beyond this date. After this point the City could look at easing the transition further by allowing all new applications after a certain point to use a rate between the current rate and the new rate adopted for a set period of time prior to the final rate being implemented.

If the City does move toward the 10% requirement GPRA has looked at the conditions required to make this work:

- Low Rise @ 1.7 FAR supports value of \$7.1 million per acre, basically the bottom end of land value in the City today
- High Rise @ 2.0 FAR supports a value of just roughly \$6.4 million per acre, less than the value of land in City Centre
- High Rise @ 3.0 FAR supports a value of just under \$10 million per acre, less than the value of land in core of City Centre

It must be noted that while there may be the potential to increase the rates to the 15% built requirement desired by the City it is entirely possible that this could not be accepted by the development community and land vendors and that development applications could slow considerably for a period of time rather than resulting in a rapid decrease in market value for land.

## Built Unit Thresholds

GPRA has also looked at the impact from reducing the unit threshold requiring built LEMR from 80+ units to 60+ and 30+ units. Similar to the analysis described above, any sort of increase in the ratio of LEMR units to market strata will hypothetically have a negative impact on the economic performance of the project.

Furthermore, a reduction in the unit threshold would require an increase in the percentage of the GBA required as LEMR in order to meet the 4 units of LEMR deemed as the minimum to be manageable by a housing provider<sup>2</sup> (a 70 unit threshold would require at least 6% of GBA to have 4 units and a 60 unit threshold would require at least 7% of GBA). This would in turn erode developer profits even further.

However, in practice this is unlikely to do much other than eliminate any potential monies from apartment projects for the CIL and ensure that they are all providing built LEMR. The City generally receives very few applications for apartment building development less than 80 units, and nothing in recent memory below 70 units.

Conversely, the City does not generally receive townhouse applications for projects greater than 25 units, which would also keep this built form contributing CIL as it currently does. Any attempt to try to secure built LEMR units in such a small development would result in isolated pockets of 1-2 units in a development that may be difficult to manage for a non-profit. Furthermore, the City receives the majority of its cash contributions to the Affordable Housing Reserve Fund through townhouse development, and these monies allow the City to have flexibility in pursuing partnership opportunities in the City to develop large non-market housing projects.

Please review our findings and let us know if there are any points requiring clarification.

Yours truly,



Gerry Mulholland | Vice President  
G.P. Rollo & Associates Ltd., Land Economists  
T 604 275 4848 | M 778 772 8872 | F 1 866 366 3507  
E gerry@rolloassociates.com | W www.rolloassociates.com

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<sup>2</sup> It is GPRA's understanding that non-profit housing providers have a preference for a minimum of 5 units in a building in order to achieve management efficiencies and not drain what thin resources they have even further.



### **KSA Submission on Affordable Housing**

As a body representing 20,000 students at Kwantlen Polytechnic University KPU, the largest post-secondary campus in the City of Richmond, the Kwantlen Student Association (KSA) is glad to see the acknowledgement of students as a population that faces barriers in accessing housing. Students often occupy housing on the lower cost end of the rental spectrum, and the amount of low-spectrum housing is slowly shrinking. Students are especially susceptible to insecure and inadequate housing, facing poor conditions, size, and high costs. The focus that the City has taken on rental housing as opposed to home ownership is particularly reassuring, and other existing policies of the City of Richmond such as the rent bank, and support for family friendly affordable housing units, are also necessary to support students. We commend the City of Richmond on the work that they have done in proposing solutions to the housing crisis that addresses barriers faced by the most vulnerable populations.

Students face a variety of challenges in accessing affordable housing. One issue arises from the timing of the academic year and the need to plan for housing around four month semesters when many leases are negotiated for a year. Students may have to move before the term of a year-long lease is up, adding an additional barrier to securing affordable housing. Specifying whether affordable housing initiatives implemented by the city will accommodate the shorter term timelines faced by students would help address this issue. Short term or temporary housing must also be included in the affordable housing strategy.

One way to do this is by supporting the development of housing explicitly targeted at students. As laid out in the "City of Richmond Draft Policy Options Report: Affordable Housing Strategy Update" this could be done through partnerships with both non-profit organizations, including student societies and post-secondary institutions, and the private sector. Supporting the development of both on and off-campus student housing near the KPU Richmond campus would result in affordable housing that targets a group identified by the report as vulnerable and facing barriers to access. This housing would be near rapid transit (the Canada line) and could be a cluster under the Affordable Housing Special Circumstance Policy. The development of on or off-campus student housing could create stable housing for up to 10% of KPU Richmond's students. These students would be removed from the more traditional rental market, opening up space for other lower-income renters.

While on-campus housing is not currently possible under the provincial government's restriction on post-secondary borrowing, the City of Richmond could support our initiative to lobby the provincial government to lessen restrictions on public entity debt. With this restriction removed post-secondary institutions can borrow to build on-campus housing, which in the long run is fully serviced by students, towards building student housing, as laid out in the Alliance of BC Student's (ABCS) White Paper on Housing attached to this submission.

The ABCS is an organization formed as a joint initiative by several student associations across the province including the KSA. The ABCS works to represent students at a provincial level, by lobbying the government for initiatives such as needs based student grants, lower student loan interest rates, and student housing.



12666 72nd Avenue  
Surrey, BC V3W 2M8

Reception: 604.599.2126  
Fax: 604.599.2429  
Website: www.kusa.ca

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The ABCS has proposed that the provincial government, in addition to relaxing debt restrictions, invest \$180 million per year for 10 years for a total \$1.8 billion for student housing. This will produce 21,300 units of student housing, 4,200 being in the lower mainland.

While on-campus housing is currently prevented by restrictions on post-secondary borrowing, off-campus student housing could be pursued in collaboration with the private sector immediately. There is undoubtedly demand for student housing in Richmond; KPU has already looked into potential opportunities for student housing. Richmond is also home to the Richmond campus of Trinity Western University as well as ten other private colleges resulting in a large population of students across the city. Working with the private sector to ensure that there is adequate housing for students would meet several goals laid out in the report, including creating targeted housing initiatives for particular populations, potentially looking at micro-units, and concentrating developments near rapid transit lines.

In line with the goal of increasing the amount of housing available to students, the KSA is also in support of increasing the development of Low-End Market Rental (LEMR) housing being built across Richmond. Rental growth in the Lower Mainland is seen as primarily existing within the City of Vancouver. Areas such as Richmond, Surrey, Langley and Delta, have only seen roughly one quarter of the Lower Mainland's completed rental projects within the past five years. This equates to approximately 900 units per year in a region adding roughly 13,300 persons each and every year. The proposal to lower the unit threshold from 80 to 60 will help to create affordable rental housing, however lowering the threshold to 40 units would be even more effective at achieving this goal. Requiring that 5% of the units in a 40 unit development be affordable LEMR units would only result in two of these units being built, and would not place an undue burden on developers. This would also allow for more affordable housing in various types of developments, opening up different areas of the city to affordable housing.

Taking these steps to work towards short-term and temporary affordable housing solutions, on-campus housing by working with the Provincial government to remove barriers, off-campus student housing through working with the private sector, and a lower unit threshold for new developments, the City of Richmond will help alleviate the current rental crisis not just for students, but for all Richmond residents.



— WHERE'S THE —  
**HOUSING?**  
*student housing houses everyone*

**ONE THIN STRIP OF RED TAPE IS THE ONLY THING  
STOPPING UNIVERSITIES FROM BEING ABLE TO  
SOLVE THE STUDENT HOUSING CRISIS**



# FOREWORD

For students, the benefits of on-campus housing are obvious. We understand the value of being close to our studies, in the heart of academic life. We see that residence students form the backbone of campus clubs and campus life. We know the financial benefit, and housing security, that on-campus housing provides, away from the worries of rising rents and questionable housing quality. We know all of that, and that is why the Alliance of British Columbia Students have long advocated for more on-campus housing.

What we now realize are the benefits to everyone that on-campus housing can provide. We know that as students, we often occupy the low end of the rental spectrum; what we might not realize is who we may be squeezing out of the market altogether.

Getting students on campus and out of the rental market helps everyone, including the single parent struggling to find housing, the minimum wage worker who can't find rental they can afford, and those who are currently in housing, but spending more than 50% of their income on rent.

Our proposal could go a long way to helping BC's rental market come back to a normal level, and at very little cost to the government. It's time to help students, improve the quality of education, and help alleviate the housing crisis that is hurting everyone.



**Alex McGowan**  
Chair

ALLIANCE OF BRITISH COLUMBIA STUDENTS

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## ACKNOWLEDGEMENTS

LEAD RESEARCHER:

**Patrick Meehan**

LAYOUT AND DESIGN:

**Megan Finnerty**

CHAIR:

**Alex McGowan**

DIRECTOR OF CAMPAIGNS:

**Kimberly Rutledge**

DIRECTOR OF FINANCE AND ADMINISTRATION:

**Marissa LeSire**

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**Harsimran Malhi**, Langara Students' Union



## EXECUTIVE SUMMARY

All of the major metropolitan areas in British Columbia are facing housing crises. Vacancy rates have stayed well below what could be considered a healthy rate for several years and renters are constantly struggling. Over the past ten years, very few new residence spaces have opened in British Columbia, while the number of full time students grew and international students nearly doubled. The result has been ever growing wait lists at the Universities with residence, while the Special Purpose Teaching Universities, so named when they were elevated to University status in 2008, mostly continue to have no, or very little, residence space.

With no new residence housing, the increasing numbers of students are left to struggle in an increasingly difficult rental market. Municipalities are grappling with the difficulties of encouraging the development of new rental units, just to keep up with demand let alone improve the situation.

When Universities take on debt to build student housing, that debt is fully serviced by the students that live in the residence. The risk on that debt is essentially nil, as student demand for on campus housing is considerable. BC Universities have fallen far behind their Alberta counterparts in on campus residence spaces.

The only thing holding back the post-secondary institutions in British Columbia from building out extensive on campus housing development is a provincial restriction on public entity debt. Without that restriction, post-secondary institutions would be building housing and pulling post-secondary students out of the rental market and onto campus, opening up those rental spaces to the rest of the population.

Based on research compiled by the Alliance of British Columbia Students in this document, it is reasonable to believe that should the government relax the restriction on debt for university residences, the business case exists for that to unlock over 20,000 new residence spaces in British Columbia. Within those 20,000 would be 13,500 new residence units in Metro Vancouver alone.

Due to the crisis level that the housing market has reached, in order to accelerate the development of on-campus housing, the provincial government could fund the initial costs of development, covering 10% of the costs of new housing.

FOR \$18 MILLION A YEAR, OVER TEN YEARS,  
THE BC GOVERNMENT COULD UNLOCK  
**\$1.8 BILLION IN HOUSING**

**21,300 NEW RESIDENCE SPACES IN BC**

**13,500 IN THE LOWER MAINLAND**

**4,200 IN GREATER VICTORIA**

**2,500 IN KELOWNA**

**450 IN THE FRASER VALLEY**

### RECOMMENDATIONS:

The Alliance of BC Students is recommending that the provincial government enable post-secondary institutions to take on debt to build student housing.

The ABCS further recommends that the BC Government fund 10% of the costs of student housing in order to accelerate the process to help alleviate the housing market crunch.





# BRITISH COLUMBIA'S HOUSING PROBLEM

What could once be described as a 'Metro Vancouver problem' is now a major issue in most of the Province's metropolitan areas. Figure 1 shows that over the past four years, vacancy rates have plummeted in BC's cities. Compounded with that, prices have been rising steadily. Many factors contribute to the rental shortfall, including a failure to incentivize the building of supply over a prolonged period, and recent moves have begun to improve the rental stock, but the trends are not promising a return to a healthy vacancy rate.

With historic lows in vacancy rates and growing demand for existing rental, it is unlikely that the growth in rental in the region will be able to keep up with demand, let alone return to a healthy vacancy rate of 2-3%, generally agreed to be the rate of a healthy market.<sup>1</sup>

Additionally, growth in rental stock is uneven across metropolitan areas. In Metro Vancouver, nearly half of all rental growth is clustered in the City of Vancouver, primarily benefiting the rental market for students of Langara, VCC and UBC. Meanwhile students at Kwantlen, in Richmond, Surrey, White Rock, Delta, Langley Township and Langley City are seeing only a quarter of the purpose built rental completions over the past five years, amounting to an average of 900 new rental units per year for a region that is adding over 13,000 people per year.<sup>2</sup>

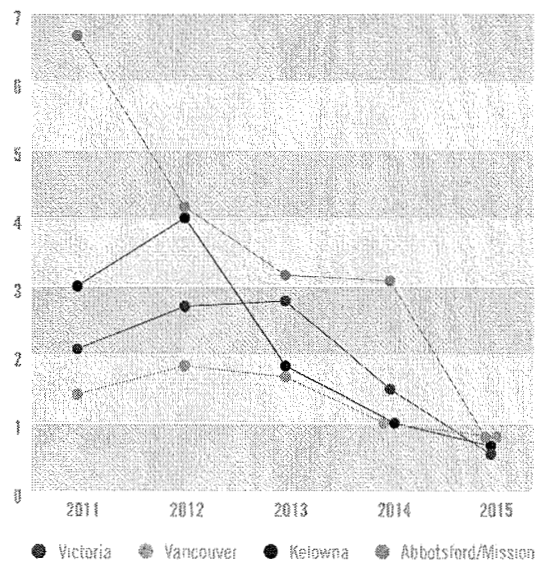
What rental stock does exist is seeing rapid reductions in the stock of affordable rental. In 2007, there were 33,831 apartments in Metro Vancouver renting for less than \$750 per month; as of 2011, the most recent year where data is available, that supply had dwindled to 21,143. Of the stock of renter-occupied households, 72% were built prior to 1991, leaving the region with a high percentage of housing for renters that is in varying degrees of end of life.<sup>3</sup>

In Metro Vancouver, over 30% of renters are inadequately housed<sup>4</sup> due to the condition of the unit, size or cost. In terms of costs, 34,065 rental households are classified as in core housing need and spending at least half of their household income on rent. Whether these are students or not is immaterial if students are part of what is creating a scarcity of rental units on the market, allowing prices to accelerate. Of these 34,065 households considered to be at economic risk of homelessness, one third are single parent families, likely competing against students for scarce rental space; removing students from that market will decrease the risk of homelessness among those in core housing need.

For university students, the housing situation is bleak. The number of rental units most students can afford is dwindling rapidly, resulting in a scramble for an insufficient amount of housing. Those students not fortunate enough to find lower cost housing experience stretched budgets, substantially lower quality housing and longer distance commutes. For many students, living with parents is simply not an option, and they must contend with a housing market that is starkly difficult for them.

## VACANCY RATES (%)

FIGURE 1



<sup>1</sup> Metro Vancouver. "Housing Data Book." March 2016. pg. 46

<sup>2</sup> Metro Vancouver. pg. 32

<sup>3</sup> Metro Vancouver. pg. 90

<sup>4</sup> Metro Vancouver. pg. 53



## PSI'S WITH RESIDENCE HOUSING

There are eight post-secondary institutions with residence housing in British Columbia, noted in figure 2. These range from 2% of the full time equivalent (FTE) students enrolled being housed on campus at BCIT, to UBC, where fully 28% of their FTE's are living on campus, in University managed student housing.

UBC and SFU have completed extensive reports on housing demand, each outlining an expected demand well above what they currently house. SFU has struggled to finance residence housing expansion, having already identified locations and building sizes.<sup>5</sup> UBC, with its much larger endowment and significantly greater financial levers, have been able to continuously finance housing expansion and now has set a target of 45% of its full time students living on campus.

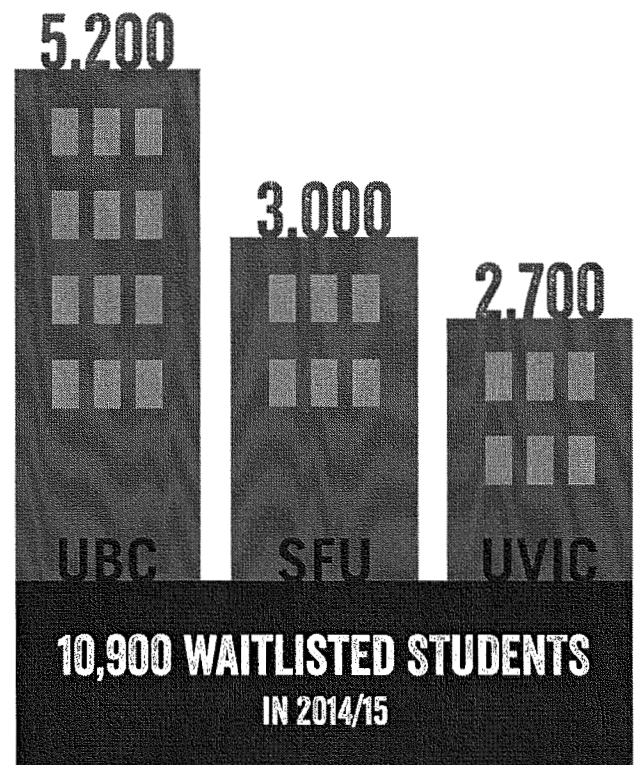
Outside of UBC, post-secondary housing units have been stagnant for the past decade. After housing expansion at TRU and UFV in the mid 2000's, very little housing has been added, while in that same time, the FTE counts have been rising steadily. Much like with the lack of new rental resulting in difficulties for students finding housing, a lack of new residences while enrolment rises has resulted in substantially longer waitlists for housing each year.

Even those Universities with significant housing face major housing shortages. For the 2014/15 academic year, nearly 11,000 students were on residence waitlists between UBC, SFU and UVic. These waitlists demonstrate clear unmet demand for housing in British Columbia.

### PSIs WITH RESIDENT HOUSING

FIGURE 2

PSI	RESIDENCE SPACE	2007/08 FTE	2013/14 FTE
British Columbia Institute of Technology	333	11,439	13,335
Simon Fraser University	1,764	20,505	22,701
University of British Columbia - Vancouver	12,400	40,905	44,610
University of the Fraser Valley	204	5,738	6,755
University of Victoria	2,481	15,572	16,649
Thompson Rivers University	570	6,461	8,474
Okanagan College	142	4,288	5,070
UBC Okanagan	1,951	3,492	6,579



<sup>5</sup> SFU. "Residence and Housing Master Plan." 2015. pg. 75

# GROWING ROLE OF REGIONAL TEACHING UNIVERSITIES AND BENEFITS OF ON-CAMPUS HOUSING

In 2008, the provincial government elevated the University College system to University status, defined as Special Purpose Teaching Universities. This brought British Columbia from three universities to eight, as Vancouver Island University, Kwantlen Polytechnic University, University of the Fraser Valley, Emily Carr University and Capilano University were all elevated, bringing about an expansion in role, number of students and length of study period as each institution expanded its number of four-year degree programs.

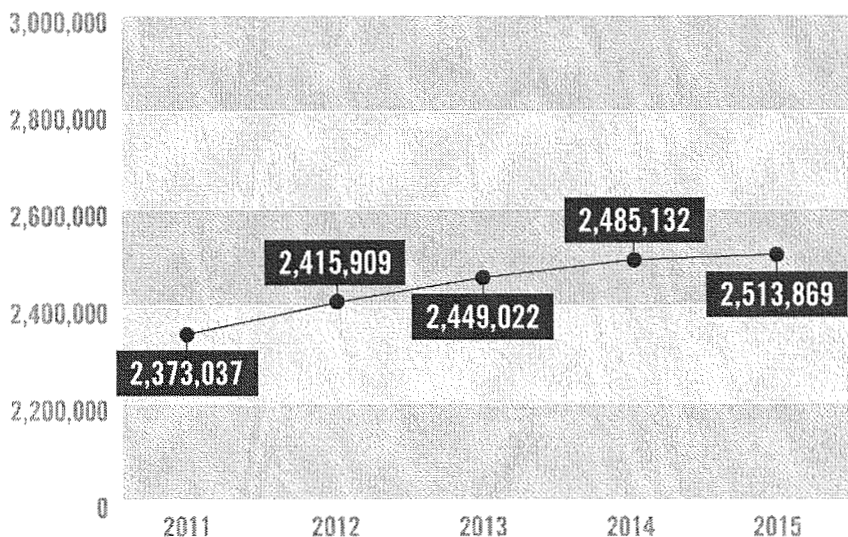
With an expanded role, number of students and term of study, the regional teaching universities are now lacking elements of campus culture that are brought about by on-campus housing.

On-campus housing provides a greater benefit to the University atmosphere than simply a more affordable place to live, close to campus. By concentrating students on campus for longer hours, campus community naturally develops. From that community, clubs and events emerge that contribute to the learning environment, including Model United Nations, debate clubs and intra-mural sports.

The question for the provincial government must be, what is the intent of the regional teaching universities? If it is to ensure that communities have access to university quality education, as is the stated intent, then why do these universities not have the on campus benefits and affordability benefits that on-campus residence entails?

**POPULATION ESTIMATES – GREATER VANCOUVER (2011 – 2015)**

FIGURE 3



YEAR	POPULATION CHANGES
2011-2012	+1.8%
2012-2013	+1.4%
2013-2014	+1.5%
2014-2015	+1.2%

# THE PROBLEM

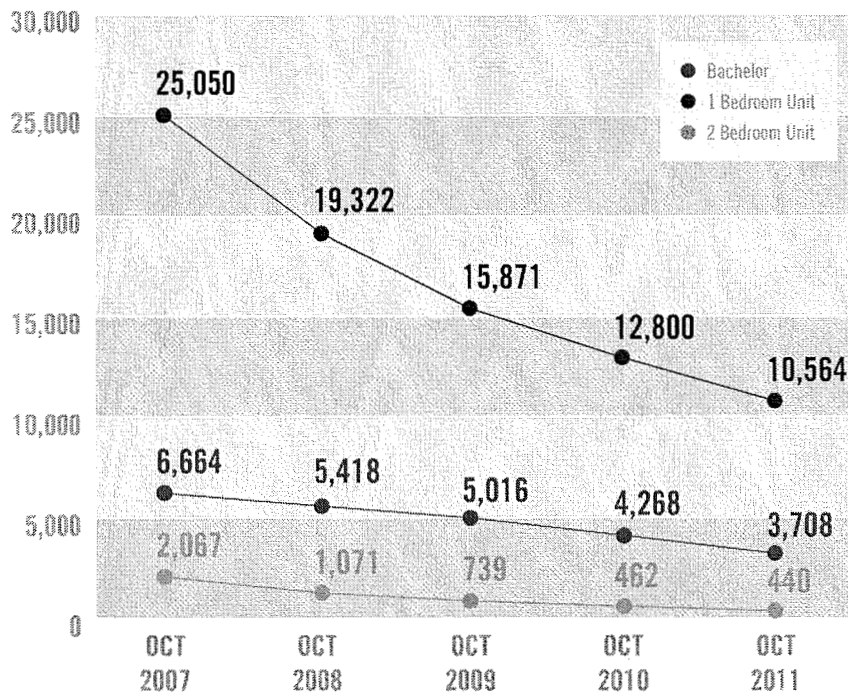
Current British Columbia rules surrounding debt on the part of bodies that contribute to the Provincial debt load form a severely limiting factor for the development of on campus housing. Given the inability to take on the initial debt that comes with capital expansion, Post-Secondary institutions have been unable to develop their land into on-campus housing, despite the clear benefits that housing provides. Only the University of British Columbia has been able to leverage the size of their endowment, as well as development funds from leasing lands on campus to continue building student housing. The result is that approximately one third of students at UBC, at either the Okanagan or Vancouver campuses, are housed on campus, while only one in ten at SFU and one in six at UVic.

Debt from student housing is inherently self-supporting. Post-Secondary Institutions are able to set residency fees at a level that can service the debt, pay for upkeep and maintenance as well as operating costs; while still offering rates that are well below market level.

The provincial government has, in the past, defended the restrictions as a means to ensure the province's high credit rating is maintained. While a laudable goal, the province also has two different classifications for its debt, taxpayer supported and self-supported debt. Self-supported debt is debt that is taken on by crown corporations; this debt is supported from revenue generated within those crown corporations. Given that residence fees account for debt servicing, it is unlikely that that debt will negatively affect the government's credit rating, as it would be classified as self-supported debt and not count as part of the basket of government debt that must be paid for through general revenue.

## APARTMENT UNITS, BY TYPE, RENTING FOR UNDER \$750/MONTH IN METRO VANCOUVER (2007 – 2011)

FIGURE 4



YEAR	TOTAL UNITS AVAILABLE
Oct 2007	33,831
Oct 2008	25,836
Oct 2009	21,628
Oct 2010	17,538
Oct 2011	14,733

# RESULTS OF ALLOWING EXPANSION TO ON CAMPUS HOUSING

Should the Province relax its debt rules for post-secondary on-campus housing to enable financial arrangements to build considerable on-campus housing, it is likely that a majority of post-secondary institutions in the province would begin developing additional housing options for students. Over time, it is likely that UVic and SFU would achieve comparable rates of residency as UBC, while the regional teaching universities would achieve comparable levels as their comparable institutions in other provinces, resulting in approximately 10% of their student base housed on-campus. Obviously, estimations of housing demand are difficult to make, particularly with a broad brush, but Metro Vancouver has historically had substantially lower vacancy rates than most other Canadian metropolitan areas, and so demand for housing in those institutions can be expected to be higher than in other cities.

With that in mind, if Post-Secondary Institutions moved to a point where 35% of research based university students and 10% of college and teaching university students were housed on campus, that would represent an increase of nearly 21,000 students living on campus province wide. More granularly, that would house an additional 13,600 students in Metro Vancouver; in Greater Victoria, another 4,200; and in Kelowna, 2,500 students would gain access to below market housing during their period of study.

Even more granularly, Capilano University, with a single campus and substantial land available for development, could see 500 students living on campus. This population would contribute to the on campus culture; for the fine arts program, they would act as artists in residence. New and better food options would develop on campus as a resident population would support growth of on-campus vendors. The Students' Union space, currently a social atmosphere strictly during class time for students looking to play a game of pool or sit down, would be a hub of activity throughout the day and night, allowing students to better integrate on campus and create networks of friends and colleagues as they enter their professional careers.

The build out would presumably occur over a span of ten to twenty years, on a campus by campus basis, but this build out would support long term employment building residence spaces in the construction industry, making the industry more recession proof. Each year, nearly a thousand new housing spaces could come online in Metro Vancouver, nearly a 30% increase to the annual rate of rental completions.<sup>6</sup>

## QUICK FACT

IN 2013-2014, METRO VANCOUVER HAD 119,105 FTE STUDENTS – AN INCREASE OF ALMOST 15,000 STUDENTS SINCE 2007-2008

## NEW HOUSING POTENTIAL BY REGION

REGION	NEW HOUSING POTENTIAL
Metro Vancouver	13,673.75
Fraser Valley	471.5
Greater Victoria	4,292.55
Kamloops	277.4
Kelowna	2,565
North Island	587.3
<b>TOTAL</b>	<b>21,396</b>

<sup>7</sup> TransLink. "2014 Bus Service Performance Review," 2015. pg. 19



## RESIDENCE BUILD COST FOR UBC, 2008 TO PRESENT

Costs will always vary from project to project. For these purposes we have analyzed a number of recent residence housing developments in British Columbia. The average cost of 7 housing developments over the past 8 years in BC was \$82,787 per bed. While the UBC developments on the Vancouver campus were significantly more expensive than that in the Okanagan, the average number is still instructive as UBC's costs on the Vancouver campus are potentially inflated due to the in-fill nature of the buildings and increased difficulty associated with that construction.

In order to better facilitate this expansion, the Province should make available funds for the initial down payment of these developments. Assuming the Province agreed to fund ten percent of the cost of the residence expansions, the overall burden on the Universities would substantially diminish, as would the annual debt servicing, allowing for those savings to take the form of lower costs for students. Assuming an eventual build out of 21,300 residence spaces, at a cost of approximately \$85,000 per bed, the housing dollars that could be unlocked from this policy would be approximately \$1.8 billion. If the Provincial government is injecting 10% of the funds to help accelerate these projects, at a cost of approximately \$180 million, spread over 10 years, the Province could create \$1.8 billion in on campus housing.

### RESIDENCE COSTS

FIGURE 5

DEVELOPMENT	REGION	COMPLETION DATE/ OCCUPANCY	\$/BED
Marine Drive Student Residences - Phase 2	Metro Vancouver	May 2009	\$96,462.04
Totem In-Fill Student Residences	Metro Vancouver	September 2011	\$88,398.59
Student Housing Phase 2	Okanagan	August 2008	\$61,118.71
Student Housing Phase 3	Okanagan	September 2009	\$69,525.28
Student Housing Phase 3b	Okanagan	September 2010	\$65,885.71
Student Housing Phase 4	Okanagan	Under construction	\$70,646.23
Tall Wood Building Residence	Metro Vancouver	Under construction	\$127,475.25
<b>TOTAL</b>			<b>\$70,646.23</b>



## COMPARISON WITH OTHER PROVINCES

Student residences at Alberta universities far outweigh those at British Columbia universities. Figure 6 shows the difference in percent of students housed in Alberta universities to BC universities. The demand for on campus housing in BC likely far exceeds that of Alberta, where median rents are generally lower and the vacancy rate is far healthier. Even so, British Columbia falls far behind Alberta in on-campus residence spaces.

### STUDENT RESIDENCE – ALBERTA vs BRITISH COLUMBIA

FIGURE 6

ALBERTA INSTITUTIONS	METRO AREA	FTE	BEDS	% OF FTE'S HOUSED	MINIMUM POTENTIAL NEW STUDENT HOUSING
Mount Royal	Calgary	9,389	1,000	11%	
Macewan University	Edmonton	11,387	865	8%	
Southern Alberta Institute of Technology	Calgary	11,023	1,100	10%	
University of Calgary	Calgary	13,267	3,677	28%	
University of Alberta	Edmonton			25%*	
University of Lethbridge	Lethbridge	7,632	933	12%	
BRITISH COLUMBIA INSTITUTIONS	METRO AREA	FTE (2013/14)	BEDS	% OF FTE'S HOUSED	MINIMUM POTENTIAL NEW STUDENT HOUSING
British Columbia Institute of Technology	Metro Vancouver	13,335	333	2%	1,000.5
Capilano University	Metro Vancouver	5,209	0	0%	520.9
Douglas College	Metro Vancouver	9,097	0	0%	909.7
Emily Carr University of Art and Design	Metro Vancouver	1,500	0	0%	150
Kwantlen Polytechnic University	Metro Vancouver	9,309	0	0%	930.9
Langara College	Metro Vancouver	7,232	0	0%	723.2
Simon Fraser University	Metro Vancouver	22,701	1,764	8%	6,181.35
University of British Columbia - Vancouver	Metro Vancouver	44,610	12,400	28%	2,646
Vancouver Community College	Metro Vancouver	6,112	0	0%	611.2
<b>METRO VANCOUVER TOTAL</b>		<b>119,105</b>	<b>14,497</b>	<b>12%</b>	<b>13,673.75</b>
University of the Fraser Valley	Fraser Valley	6,755	204	3%	471.5
<b>FRASER VALLEY TOTAL</b>		<b>6,755</b>	<b>204</b>	<b>3%</b>	<b>471.5</b>
Camosun College	Greater Victoria	7,024	0	0%	702.4
University of Victoria	Greater Victoria	16,649	2,481	15%	3,346.15
Royal Roads University	Greater Victoria	2,440	0	0%	244
<b>GREATER VICTORIA TOTAL</b>		<b>26,113</b>	<b>2,481</b>	<b>15%</b>	<b>4,292.55</b>
Thompson Rivers University	Kamloops	8,474	570	7%	277.4
<b>KAMLOOPS TOTAL</b>		<b>8,474</b>	<b>570</b>	<b>7%</b>	<b>277.4</b>
Okanagan College	Kelowna	5,070	142	3%	365
UBC Okanagan	Kelowna	6,579	1,951	30%	2,200
<b>KELOWNA TOTAL</b>		<b>11,649</b>	<b>2,093</b>	<b>16.5%</b>	<b>2,565</b>
Vancouver Island University	North Island	5,873	0	0%	587.3
<b>NORTH ISLAND TOTAL</b>		<b>5,873</b>	<b>0</b>	<b>0%</b>	<b>587.3</b>

\*University of Alberta's target housing build out



## INTERNATIONALIZED EDUCATION

In addition to a roughly 15% increase in full time domestic enrollment in British Columbia's major metropolitan areas, there has been a considerable growth in international students in British Columbia. From the 2007/08 academic year to 2012/13, international enrolment more than doubled, rising from 16,723 to 34,657. That represents an additional 17,000 students that need to be housed in British Columbia. Of those students, more than two thirds reside in Metro Vancouver. With the trend towards increased international enrolment unlikely to stop, each year, more international students are arriving in British Columbia, requiring housing, placing further strain on already strained housing markets.

### INTERNATIONAL FTE

REGION	2011-12	2012-13	2013-14	2014-15
Metro Vancouver	21,897	23,670	26,418	29,832
Fraser Valley	895	1,060	905	1,055
Greater Victoria	2,585	3,102	3,989	1,990
Kamloops	2,640	2,710	2,740	2,835
Kelowna	1,631	1,533	1,813	2,057
North Island	1,625	1,840	1,885	2,130
<b>TOTAL</b>	<b>31,273</b>	<b>33,915</b>	<b>37,750</b>	<b>39,899</b>



### QUICK FACT

BETWEEN 2007-2008, AND 2012-2013, INTERNATIONAL ENROLMENT MORE THAN DOUBLED.





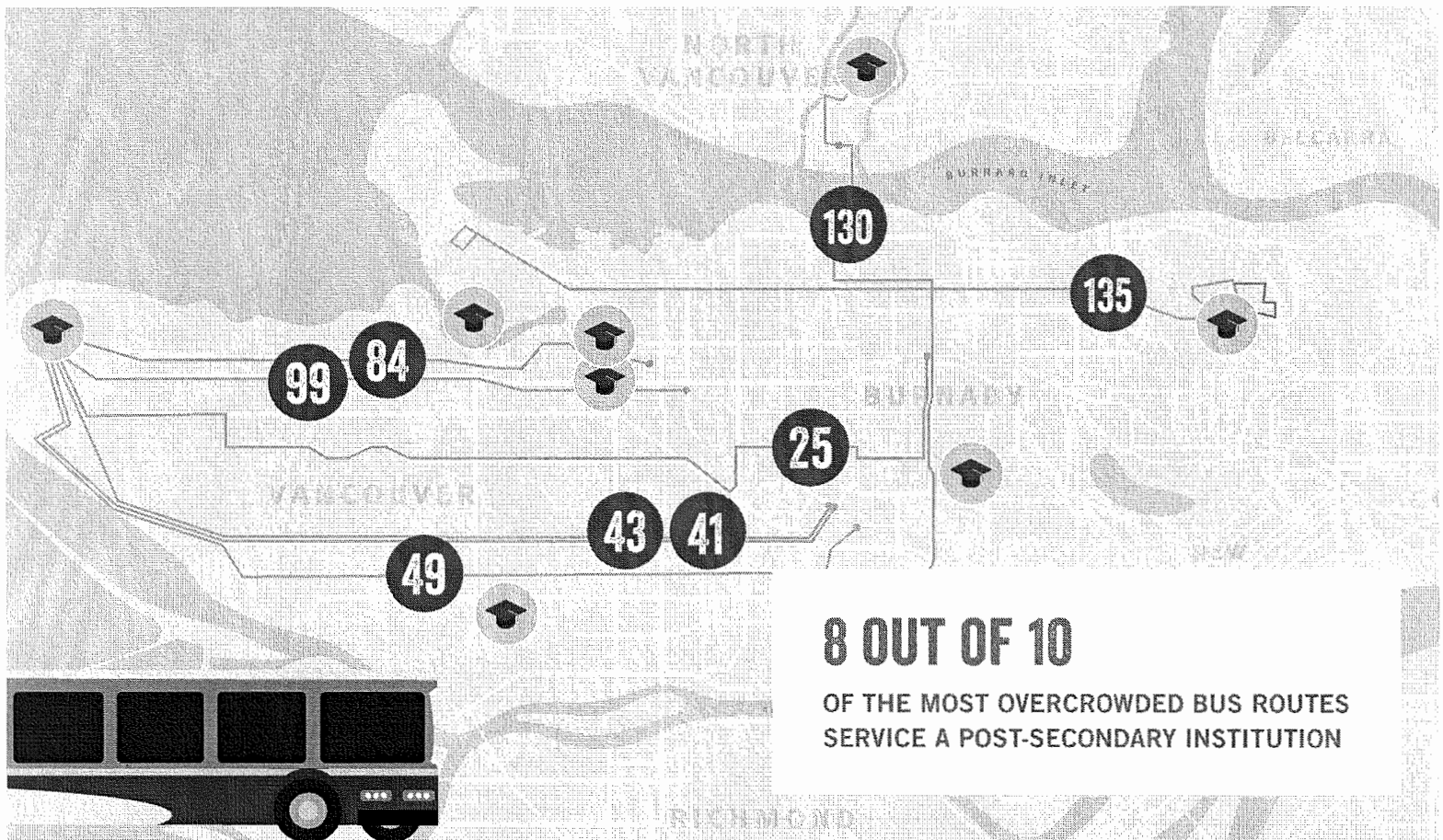
# SUSTAINABLE CAMPUS DEVELOPMENT

In addition to affordability, housing a significant portion of the student body of post-secondary institutions on campus assists the Province meet its sustainability goals and takes some strain off of traffic congestion and transit crowding.

In Metro Vancouver, 8 of the 10 most overcrowded bus routes service a post-secondary institution.<sup>7</sup> Some of those bus routes, like the 84, begin and end at a post-secondary institution. Moving students onto campus would lessen the overcrowding of those routes, allowing high demand transit service to relocate elsewhere in the system and better serve the region.

Not all students take transit; the satellite images of Post-secondary campuses highlight the amount of University land dedicated to parking. By moving students on campus, many will cease driving, helping achieve the province's climate emissions targets and reducing congestion on roads.

It should be a goal of government at all levels to enable people to live closer to where they work. Reducing commute times has social and environmental benefits that apply to post-secondary students as well, as they use the same roads and buses to get to campus that are congested with cars and restricting the flow of goods.



## EXAMPLES FOR POTENTIAL HOUSING LOCATIONS



LANGARA COLLEGE



BCIT



CAPILANO UNIVERSITY



KWANTLEN POLYTECHNIC UNIVERSITY – SURREY CAMPUS



KWANTLEN POLYTECHNIC UNIVERSITY – LANGLEY CAMPUS



## APPENDICES

Capital Regional District. "Capital Region Housing Data Book & Gap Analysis." 2015

McCianaghan & Associates. "UBC Student Housing Demand Study." UBC Campus & Community Planning. 2009

Metro Vancouver. "Housing Data Book." March 2016.

Redish, Angela. "2015 Annual Report on Enrolment." Planning and Institutional Research Office. 2015

SFU. "Residence and Housing Master Plan." 2015.

TransLink. "2014 Bus Service Performance Review," 2015.





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**URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION**  
 #200 – 602 West Hastings Street  
 Vancouver, British Columbia V6B 1P2 Canada  
 T. 604.669.9585 F. 604.689.8691  
[www.udi.bc.ca](http://www.udi.bc.ca)

Monica Bennington, Affordable Housing Planner  
 City of Richmond  
 6911 No. 3 Road  
 Richmond, BC V6Y 2C1

**Re: Affordable Housing Strategy Preliminary Policy Recommendations**

The Urban Development Institute (UDI) thanks City of Richmond staff for the consultation on the preliminary policy recommendations relating to the Affordable Housing Strategy (AHS). Several policy recommendations were discussed at the June 6<sup>th</sup>, 2017 Focus Group, which is documented in the staff notes attached.

Our members are supportive of the City's goals to address housing affordability challenges and they look forward to collaborating with the City on successful affordability solutions. As you move forward with the Affordable Housing Strategy we ask that you consider strategies that will allow for new subsidized housing while also addressing general market affordability. A few of the proposed strategies could have a detrimental impact on overall housing affordability in Richmond. Our main concerns are outlined below:

*Proposed Policy: Reduction of Low End Market Rental (LEMR) threshold requirement*

Current minimum: 80 units  
 Proposed minimum: 60 units

*UDI Concern:* The provision of LEMR units is too heavy a burden on small projects. It is difficult enough for 80+ units projects to meet the LEMR requirement due to economies of scale. As noted below, there will be management issues with the small number of units being produced. A likely negative outcome of a lower threshold would be that some would choose to build below the reduced threshold in order to make their pro-formas viable, resulting in fewer units on the market.

*UDI Recommendation:* We suggest a more flexible approach to LEMR where cash-in-lieu contributions that are approximately equivalent to the cost of providing LEMR units on site, can be pooled. This would result in a greater number of LEMR units built in projects that can accommodate them. Larger clusters of LEMR units can also be more easily managed by non-profits. If the minimum threshold is reduced to 60 units it should be paired with a cash-in-lieu option. This is similar to what staff outlined in the preliminary recommendations on PLN-27.

*Proposed Policy: Dedicate a minimum floor area of 10% to Low End Market Rental*

*UDI Concern:* Purchasers of market units would bear the cost of the LEMR units, an outcome that is counter to the AHS goal of making housing more affordable overall. There are already several policies in

place that contribute to high purchase prices for new housing. Some of these include electric vehicle charging infrastructure, district energy systems, the energy step code, community amenity contributions, and development cost charges. The aggregate effect of these policies results in increasing housing costs for new home buyers.

*UDI Recommendation:* The City should consider utilizing density incentives. Increase the floor plate for towers and reduce the distance between towers to allow more density where possible. This will help create more space to accommodate rental units as well as the market units that will support the subsidy. Other density increases are challenging in the City of Richmond due to height restrictions and soil conditions.

***Proposed Policy: Family Friendly housing policy - Minimum of 15% 2-bedroom units and minimum 5% 3-bedroom units.***

*UDI Concern:* Market demand and preferences change with time and vary by location. To impose a blanket policy could potentially result in a surplus of oversized and unaffordable units. Developers will deliver what the market demands. Family housing is currently being addressed across the housing spectrum in condos, townhomes, du/tri/quadplexes, and detached homes.

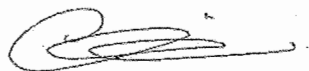
*UDI Recommendation:* Incentives for building family sized units should be considered as an alternative to a requirement. One possibility could be to have FAR and DCC exemptions on second and third bedrooms.

This letter has outlined the AHS recommendations which we would like you to reconsider. There are other recommendations in the package that we support, such as the decrease in minimum unit size for two-bedroom LEMR units. There were a few circumstances where the 2-bedroom LEMR units were larger than the 2-bedroom units being sold to buyers.

As a final note, as discussed, Richmond is already a leader in the region with the delivery of subsidized housing. We are concerned that additional requirements on the new housing market will slow down the supply of market housing which will have a detrimental impact on affordability given the growth pressures in Richmond.

Thank you for considering our concerns and we look forward to continuing to collaborate on affordable housing solutions.

Regards,



Anne McMullin  
President & CEO



## **City of Richmond Affordable Housing Strategy Update**

### **Report and Recommendations from the**

### **Richmond Poverty Response Committee (PRC)**

**SUBMITTED BY EMAIL APRIL 23, 2017**

This report and recommendations are in response to the request from the City of Richmond for input from stakeholders and Richmond residents around the City's Affordable Housing Strategy (AHS). The Richmond Poverty Response Committee (PRC) is one of the stakeholders with regard to the Affordable Housing Strategy.

The Richmond PRC is *“a coalition of Richmond residents and agencies working together to reduce poverty and the effects of poverty with research, projects and public education.”*

Research shows the link between poverty alleviation and access to safe, affordable, sustainable housing. Without access to decent housing, it is extremely difficult to pursue education, maintain employment, or raise a family. Safe, affordable housing allows individuals and families to work and thrive, which helps to ensure that they can break the bonds of poverty. (i)

People experiencing poverty are at more risk of living in inadequate housing than the general population. They are: First Nations, recent immigrants, persons with disabilities and chronic illnesses, lone-parent families and single seniors, families on social assistance, and the working poor. (ii) Ensuring people have access to affordable housing has been shown to be considerably cheaper and much more effective than continuing to pump money into emergency supports such as shelters. (iii)

In reviewing the City of Richmond's AHS is apparent the central view is every household should have the option of living in adequate, affordable and suitable housing. Adequate means no major repairs are needed. Affordable means less than 30% of gross household income. Suitable means enough living and sleeping room to live in dignity.

Stats Canada notes that 41% of one-person households in Canada spend more than 30% of income on shelter. (iv) The City's website notes that 47% of Richmond renters spend more than 30% of gross income on housing, the vacancy rate at 0.9% is far below a 'healthy' rental market rate of 3% and that almost 20% of all Metro households are in core housing need. (v)



Considering these statistics, much more needs to be done to ensure Richmond residents have access to affordable housing. The Richmond PRC has an interest in updating the AHS so more affordable housing is available that meets the needs of a significant portion of Richmond residents that currently spends more than 30% on housing.

Some hopeful news came in the form of the recent Federal Budget delivered on Mar 22, 2017 that gave details to the promised Affordable Housing and the National Housing Strategy. An important part of that commitment is the allocation of \$11.2 billion over the next 11 years toward a variety of initiatives designed to build, renew and repair Canada's stock of affordable housing and help ensure that Canadians have affordable housing that meets their needs. As part of the National Housing Strategy, this funding will include \$3.2 billion for provinces and territories to build new affordable housing units, renovation and repair of existing units, and provisions for rental subsidies. (vi)

**In light of the foregoing, the Richmond PRC recommends that the City of Richmond amend their Affordable Housing Strategy as follows:**

1. Increase the percentage of affordable housing units that developers must contribute from 5% to 20% of the total development,
2. Decrease the number of units in a development that will trigger the requirement to provide AH units from 80 to 60 units,
3. Define townhouses as 'units' in the AH criteria,
4. Make accommodations to cover 'rent gap' issues, such as a rent-to-income program so more people can access the City's affordable housing units,
5. Promote additional incentives to developers for the construction of purpose-build affordable rentals,
6. Include measurable targets, timelines, public monitoring and regular reporting in the implementation plan, and
7. Prepare projects now, in time to take advantage of opportunities for federal and provincial funding as they arise to augment other funds and build new, renew and repair Richmond's affordable housing stock.

References:

- i. A Made in Canada Housing Strategy, March 2017, Jeff Morrison, Canadian Housing and Renewal Association
- ii. The Dollars and Sense of Solving Poverty, Volume 130, Autumn 2011
- iii. Dignity for All/ Citizens for Public Justice, A National Anti-Poverty Plan for Canada, 2015
- iv. Statistics Canada National Household Survey, 2011
- v. <http://www.richmond.ca/plandev/socialplan/housing/overview.htm>
- vi. <https://cpi.ca/budget-2017>