



# City of Richmond

## Report to Committee

**To:** Planning Committee **Date:** April 21, 2017  
**From:** Cathryn Volkering Carlile **File:** 08-4057-01/2017-Vol  
01  
**Re:** Affordable Housing Strategy Update – Draft Policy Review and  
Recommendations

### Staff Recommendation

That the recommended 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.

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

Att. 4

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"/>	
<b>REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE</b>	<b>INITIALS:</b> <div style="text-align: center; font-size: 2em;">CS</div>	<b>APPROVED BY CAO</b> 

## Staff Report

### Origin

The purpose of this report is to provide a progress report on the Affordable Housing Strategy update process and present the draft policy options and recommendations that are currently being considered for the new updated Strategy. The purpose of this report is also to request the recommended approach and policy actions to be approved for the purposes of consultation, and to report back to Planning Committee with the refined final recommendations. The report will outline the update progress to date, existing approach and successes and challenges with the current policies, as well as provide an analysis and recommend options for the overall policy approach and provide a series of recommended 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*

### Background

#### Affordable Housing Strategy Update: Progress to Date

The City's current Affordable Housing Strategy (AHS) 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.

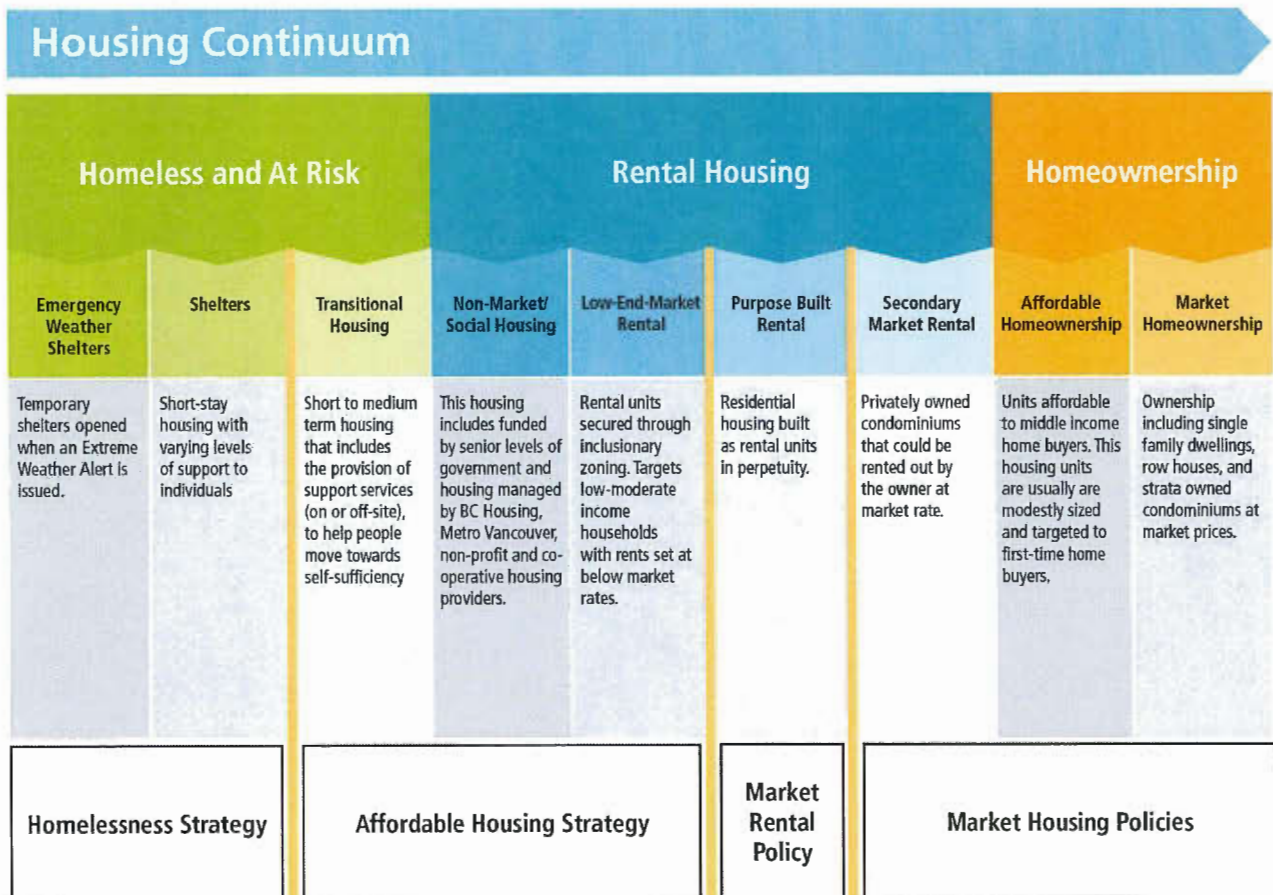
Figure 1 – Affordable Housing Strategy Update Process- Key Phases



*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 highlighted portion of the housing continuum in the figure below. Additional policy initiatives, such as the concurrent Market Rental Policy and the Homelessness Strategy update, scheduled to begin later in 2017, will complement the updated AHS and help address other components of the continuum.

Figure 2 – Housing Continuum



An updated AHS 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 AHS will help clearly define the City’s role, guide decision making and focus priorities and resources over the next 10 years. The updated AHS 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 Approach and Affordable Housing Priorities

The 2007 AHS 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 \$34,000 or less and \$57,500 or less; and
3. Entry level homeownership – targeted to households with incomes of less than \$60,000.

The City has also responded through 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, there is a balanced approach between securing cash contributions to support the creation of non-market rental units and securing low-end market rental “built” units in developments. This approach is unique, and Richmond is the only municipality in Metro Vancouver that consistently applies affordable housing policy requirements to developments across the city. Building on the successes of the current AHS, staff have been directed to examine opportunities with respect to the following:

- Increasing the built unit percentage requirement (e.g. 5% of the total floor area secured as low-end market rental) in developments;
- Decreasing the unit threshold (more than 80 units) in developments for providing low-end market rental; and
- Requiring low-end market rental units in townhouse developments.

Current Policies: Successes & Challenges

The following section provides a brief description of the current AHS priorities and policies, highlighting key successes and challenges.

Policy	Overview	Successes	Challenges
<b>Non-market Subsidized Rental Housing</b>	The City currently secures cash-in-lieu contributions to the Affordable Housing Reserve Fund (AHRF) at the time of rezoning for single family, townhouse and apartment developments less than 80 units. The reserve fund helps the City respond to partnership initiatives with senior government, private and non-profit sector, which can be leveraged to create a	<ul style="list-style-type: none"> <li>• Since 2007, over \$35 million in developer cash contributions and value transfers have been secured for affordable housing.</li> <li>• AHRF has supported innovative partnerships (e.g. City contribution of \$24.1 million to support Kiwanis Towers (296 units) and \$19.1 million</li> </ul>	<ul style="list-style-type: none"> <li>• Currently not enough funds in the AHRF to support the future acquisition of land/sites and potential partnerships to create more affordable housing.</li> <li>• AHRF does not accumulate at a rate to support several projects with significant land</li> </ul>

Policy	Overview	Successes	Challenges
	<p>higher number of affordable housing units than what would typically be secured through development. Partnerships and use of the reserve fund also facilitate the provision of non-market units (e.g. rents are secured well below LEMR and market rents, and may include additional wraparound supports).</p>	<p>for Storeys (129 units)).</p> <ul style="list-style-type: none"> <li>• Units are managed by organizations with the mandate to provide affordable housing, and are targeted towards households in need</li> <li>• Ability for City and partners to tailor projects to ensure that housing is appropriate for different household types.</li> <li>• Non-market projects are not subject to fluctuations in market housing conditions which can provide greater certainty around when a project may be completed and occupied.</li> </ul>	<p>costs</p> <ul style="list-style-type: none"> <li>• Current cash contribution rates are not equivalent to built unit contribution.</li> <li>• May have to wait for partnerships and funding opportunities to use resources.</li> <li>• Projects can place significant demands on the Affordable Housing Reserve Fund and staff resources.</li> </ul>
<p><b>Low-End Market Rental Housing</b></p>	<p>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 secured in perpetuity with a Housing Agreement registered on title.</p>	<ul style="list-style-type: none"> <li>• Since 2007, there have been 423 LEMR units secured through development; to date, 120 units have been built and tenanted.</li> <li>• Integrated units lead to the creation of mixed-income developments</li> <li>• LEMR units provide rental options for individuals/households that may not qualify for non-market housing (if targeted client group) and may not be able to afford market rental housing.</li> </ul>	<ul style="list-style-type: none"> <li>• Management challenges associated with securing a small number of LEMR units.</li> <li>• LEMR units are not entirely rented to the intended/target households.</li> <li>• Market housing fluctuations can provide uncertainty over when a development including LEMR units may be completed and occupied.</li> <li>• Required minimum unit sizes may not be consistent with current market trends, adding additional costs towards construction.</li> <li>• Emphasis on securing built units may result in fewer cash-in-lieu contributions to the reserve fund.</li> <li>• Stakeholder feedback indicates that the maximum rents are not enough to cover renovations or upgrades that may be needed.</li> </ul>

Policy	Overview	Successes	Challenges
<b>Entry-Level Homeownership</b>	Targeted to households with annual incomes of less than \$60,000 (2007) and focused on encouraging the construction of smaller, owned units.	<ul style="list-style-type: none"> <li>• City contribution of financial support to cover development cost charges for a recent Habitat for Humanity project targeted to lower to moderate income families.</li> </ul>	<ul style="list-style-type: none"> <li>• No mechanism to secure affordability for future owners.</li> <li>• An affordable homeownership program may have significant legal and/or administrative challenges.</li> </ul>
<b>Affordable Housing Special Development Circumstance (AHSDC) and Value Transfer</b>	The AHSDC 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. The AHSDC has previously been paired with the value transfer mechanism, where certain developments convert their built unit contribution to a cash contribution to be used towards a “donor site” (a standalone affordable housing project).	<ul style="list-style-type: none"> <li>• Rents are secured at non-market levels, which helps to address the needs of low-income and vulnerable households.</li> <li>• Funds generated contribute to successful developments such as Kiwanis Towers and the Storeys development.</li> <li>• Non-market units were secured in the Cressey Cadence project (15 units for lone-parent families).</li> <li>• Richmond’s policy is recognized by other jurisdictions as a potential model to replicate.</li> </ul>	<ul style="list-style-type: none"> <li>• AHSDC policy is not currently integrated into the overall AHS</li> <li>• Non-profit housing providers typically prefer to manage clustered units for operational efficiency. The current AHSDC does not provide for this flexibility.</li> <li>• Value transfers require available land in order to make projects viable.</li> <li>• Standalone projects are increasingly mixed in income and rent levels to offset the lack of available operating funding.</li> </ul>
<b>Secondary Suites</b>	<p>The City requires all new single detached lots being rezoned to include:</p> <ul style="list-style-type: none"> <li>• Secondary suites on 100% new lots created;</li> <li>• Suites on 50% of new lots and a cash contribution on the remaining 50%; or</li> <li>• A cash contribution on 100% of new lots created to the Affordable Housing Reserve Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides potential mortgage helper to many homeowners.</li> <li>• Provides additional rental housing supply (204 secondary suites and coach houses as of December 31, 2016).</li> <li>• New rental units integrated into existing fabric of neighbourhoods.</li> </ul>	<ul style="list-style-type: none"> <li>• No direct benefit to the affordable housing supply – contributes to the overall rental supply.</li> <li>• No mechanism to ensure units are affordable.</li> <li>• No mechanism to ensure suites are rented out.</li> <li>• Monitoring illegal suites is difficult, as the process is complaint-driven.</li> </ul>
<b>Market (Purpose-Built) Rental Housing</b>	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.	<ul style="list-style-type: none"> <li>• Kiwanis project resulted in greater than 1:1 replacement (122 units to 296 units, resulting in 174 additional units).</li> </ul>	<ul style="list-style-type: none"> <li>• Not all purpose built rental projects can be retained over time as they age.</li> <li>• Under-utilized land could achieve higher and better use including affordable housing.</li> </ul>

Policy	Overview	Successes	Challenges
			<ul style="list-style-type: none"> <li>• Replacement units tend to be smaller and often more expensive than original units.</li> <li>• Richmond currently has a very low vacancy rate of 1% which may trigger higher rents for market rental housing.</li> </ul>
<b>Basic Universal Housing</b>	The City currently provides a floor area exemption for developments that incorporate basic universal housing features in the units. Single storey units that are accessible are often an effective way to accommodate accessible housing.	<ul style="list-style-type: none"> <li>• Provides clear expectations and standards to developers and builders.</li> <li>• The current basic universal housing policy is successful at securing units with these features.</li> <li>• Currently aligns with BC Building Code.</li> </ul>	<ul style="list-style-type: none"> <li>• Current regulations only focus on physical accessibility.</li> <li>• Changes to the BC Building Code may pose challenges for incorporating basic universal housing features.</li> </ul>

AHS Inventory

The chart below displays the various types of units and cash contributions that have been secured since the adoption of the AHS in 2007, with updated information as of March 31, 2017.

Contribution Type	Secured as of March 31, 2017
Subsidized/Non-Market	477
Low-end Market Rental	423 (~120 built and occupied)
Market Rental	411
Entry-Level (Affordable) Homeownership	19
Secondary Suite/ Coach House	223
<b>Total Affordable Housing Units Secured</b>	<b>1,553</b>
Cash-in-lieu Contributions	\$7,913,160
Affordable Housing Value Transfers	\$27,172,084
<b>Total Cash Contributions Secured</b>	<b>\$35,085,244</b>

Emerging Priorities for the Updated AHS

On November 14, 2016, Council endorsed the Housing Affordability Profile that identified the priority groups in need and key housing gaps. The groups in need and gaps are based on a review and analysis of demographics and housing data, combined with feedback from extensive stakeholder consultation. The consultation sessions revealed the following key priority groups in need and who may also face additional barriers to finding affordable, appropriate housing:

- 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 consultation sessions identified significant housing gaps that households may experience while searching for affordable and appropriate housing in the community. These 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.

## **Analysis**

### Policy Review Objectives

The goal of the Policy Review is to develop updated policy recommendations that will form the foundation of the updated AHS. The specific objectives include:

- Examine existing AHS 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 Summary Options Chart (Attachment 1) and Policy Options 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.

### Economic Analysis

An economic analysis was undertaken by an independent third-party land economist to test various scenarios and examining the feasibility of the above directions, with additional feedback provided by a second independent third-party land economist. The analysis was based on a review of land values, market trends and demand in Richmond and development pro-forma analysis of 15 sites across the city using various development and density assumptions/scenarios. The consultants also examined increasing the current cash-in-lieu contribution rates for single family, townhouses and multi-family developments requiring rezoning.



## 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;
- 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; and
- 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 value of affordable housing produced. Increasing the cash-in-lieu contribution rates to close the gap with the “built” unit contribution rate would create a more equitable approach.

In addition to the economic analysis, feedback from the first phase of the AHS 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). 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 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; and
  - Ongoing monitoring by the City and ensuring compliance may present challenges with limited staffing resources; 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).

### Updated Affordable Housing Strategy Approach

The following section outlines the overall approach that will form the basis of the City’s updated Affordable Housing Strategy. There are three approaches put forward for consideration:

1. Continue to secure a combination of non-market and low-end market rental housing as a priority (**recommended**).
2. Secure non-market (subsidized) rental housing and cash-in-lieu contributions as a priority (**not recommended**).
3. Secure a low-end market rental (LEMR) housing as a priority (**not recommended**).

Each option is explained in more detail in the following charts.

<b>Approach #1: Continue to Secure a Combination of Non-Market and Low-End Market Rental Housing as a Priority (Recommended)</b>	
<b>Overview</b>	This option provides the opportunity to secure both non-market and low-end market rental housing in the community. This option seeks to ensure there is a balance of housing options available for a variety of households, while also being prudent in maintaining consistent cash flow into the Affordable Housing Reserve Fund. This option recognizes the strategic importance of having a healthy reserve balance to increase City inventory in the event that the pace of development slows down.
<b>Target/Priority Groups in Need</b>	Vulnerable populations and low-to-moderate income households.
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Increase both the “built” unit inventory and ensure that the Affordable Housing Reserve fund has sufficient resources received through cash-in-lieu contributions (e.g. \$1.5 million generated annually).</li> <li>• Strategically position the City to seek senior government funding and partnership opportunities, while building the reserve to increase the City’s inventory.</li> </ul>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Equates to a higher number of affordable housing units being developed due to other funding sources that can be secured through partnerships.</li> <li>• Non-market housing units through partnerships are typically constructed and occupied at a faster pace, when compared to low-end market rental units constructed in mixed developments.</li> <li>• Increase non-profit housing provider capacity in Richmond by providing more opportunities for non-profit ownership and management of units.</li> <li>• Wrap-around supports are available and provided to priority groups in need which can encourage movement along the housing continuum for vulnerable residents.</li> <li>• Can facilitate innovative rent structures to provide a mix of rent levels and supports in one building/development leading to mixed communities.</li> <li>• Provides rental options for individuals/households that may not qualify for non-market housing (if targeted appropriately for intended client group) and may not be able to afford full market rental housing.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• May be difficult to balance the need for cash-in-lieu contributions and built LEMR contributions.</li> <li>• The City will need to strengthen regulatory measures to ensure that built LEMR units are occupied by target/intended households and comply with the terms of the Housing Agreement/Covenant.</li> </ul>
<b>Approach #2: Secure Non-Market (Subsidized) Rental Housing and Cash-in-Lieu Contributions as a Priority (Not Recommended)</b>	
<b>Overview</b>	This option places emphasis on securing cash contributions to use towards affordable housing projects, focusing on partnerships with senior levels of government, non-profit housing providers and potentially the private sector to deliver non-market housing options.
<b>Target/Priority Groups in Need</b>	Vulnerable populations
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Emphasis on cash-in-lieu contributions for affordable housing (including maximizing cash contributions for single family and townhouse developments).</li> <li>• Utilize the Affordable Housing Reserve Fund to purchase land and support</li> </ul>

	partnerships for affordable housing projects.
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Equates to a higher number of affordable housing units being developed due to other funding sources secured through partnerships.</li> <li>• Non-market housing units are typically constructed and occupied at a faster pace, when compared to low-end market rental units constructed in mixed developments.</li> <li>• Wrap-around supports are available and provided to priority groups in need which can encourage movement along the housing continuum for vulnerable residents.</li> <li>• Can facilitate innovative rent structures to provide a mix of rent levels and supports in one building/development leading to mixed communities.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Timing with partnership opportunities and requests may not align with adequate resources in the reserve fund, as there may not be enough funds available at a given time to purchase land or contribute towards projects.</li> <li>• Affordable housing projects involving partnerships may place significant demands on the reserve fund and staff resources.</li> </ul>
<b>Approach #3: Secure Low-End Market Rental (LEMR) Housing as a Priority (Not Recommended)</b>	
<b>Overview</b>	This option places emphasis on securing built LEMR units through development and securing built units in smaller apartment (e.g. below 80 units) and townhouse developments.
<b>Target/Priority Groups in Need</b>	Low-to-moderate income households
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Increase inventory of built LEMR units</li> <li>• Lower the threshold for multi-family developments to provide LEMR units</li> <li>• Increase the built unit percentage</li> <li>• Secure LEMR units in townhouse developments</li> </ul>
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Provide rental options for individuals/households that may not qualify for non-market housing (if targeted appropriately for intended client group) and may not be able to afford full market rental housing.</li> <li>• Increase non-profit housing provider capacity in Richmond with more opportunities for non-profit ownership and management of units.</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Townhouse developments are the most significant revenue source for the Affordable Housing Reserve Fund; requiring built units instead of cash would not generate enough contributions to meet the Affordable Housing Reserve Fund's \$1.5M annual target to use towards affordable housing projects and initiatives.</li> <li>• May exacerbate existing challenges with management and occupancy practices.</li> <li>• Securing a small number of units (e.g. less than 10) may present challenges with management (e.g. too small scale for non-profit housing providers to manage).</li> <li>• Policies increasing the number of secured LEMR units would place significant demands on staff resources to create and administer housing agreements, monitoring and ensuring compliance, and responding to occupancy management challenges.</li> <li>• Secured units may not be delivered as quickly as non-market/non-profit housing developments, as pace of construction is determined by the developer/builder.</li> <li>• Limited opportunities to facilitate wraparound supports for priority groups in need.</li> </ul>

Staff recommend Approach 1 (a combination of non-market and low-end market rental housing) as the foundational approach for the updated AHS. 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. This option would also result in significant contributions to the City’s Affordable Housing Reserve Fund which in turn can be used to support strategic initiatives that increase the local supply of affordable housing (e.g. land acquisition, partnerships). The next two sections detail specific proposed policy changes and proposed new policy options to support the recommended approach.

**Recommended Policy Actions**

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. It is important to note that implementation of the updated and new policies will require significant City resources, including sufficient cash reserves and staff resources.

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

Non-market rental housing was identified as a significant need in the community. Cash-in-lieu contributions from developments are a critical piece in supporting and facilitating the creation of non-market rental housing. The economic analysis examined existing cash contribution rates with respect to maintaining or increasing them 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. Staff recommend that the cash-in-lieu rate be increase to close the gap and create greater equality between projects that provide the “built” contribution and those that provide a cash-in-lieu contribution.

**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>
<b>Single Family</b>	\$2/sq.ft.	\$4/sq.ft.
<b>Townhouse</b>	\$4/sq.ft.	\$8.50/sq.ft.
<b>Multi-Family Apartments</b>	\$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 less than 60 units and all townhouse developments to be used towards facilitating the creation of more non-market housing units.
3. Set an annual revenue 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.
4. Revise the income and rent thresholds for non-market rental units to ensure that the rents and income thresholds are below average market rental rents. For non-market rental units secured through development, calculate rent thresholds based on 25% below the CMHC annual average market rents and income thresholds based on 25% below the Housing Income Limits (HILs).

<b>Non-Market Rental Unit Thresholds</b>				
<b>Unit Type</b>	<b>Current Total Annual Household Income</b>	<b>Proposed Total Annual Household Income</b>	<b>Current Maximum Monthly Rent</b>	<b>Proposed Maximum Monthly Rent</b>
<b>Studio</b>	\$34,000 or less	\$28,875 or less	\$850	\$632
<b>1-Bdrm</b>	\$34,000 or less	\$31,875 or less	\$850	\$769
<b>2-Bdrm</b>	\$34,000 or less	\$39,000 or less	\$850	\$972
<b>3+ Bdrm</b>	\$34,000 or less	\$48,375 or less	\$850	\$1,197

5. Continue to seek strategic opportunities to acquire land and partner with senior levels of government and non-profit organizations.
6. Consider waiving (full or partial) DCCs for non-market units if purchased/owned by a non-profit housing provider – section 563 of the Local Government Act allows Council, though a bylaw, to waive or reduce DCCs for the purposes of affordable housing. It is important to note that the costs of these projects may be passed onto other taxpayers by way of a potential tax increase.

*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 secured in perpetuity with a Housing Agreement registered on title. The City establishes income and maximum rental thresholds for non-market and LEMR units utilizing the bachelor/studio level in BC Housing’s Housing Income Limits (HILS). However, the current approach presents some challenges. For example, the HILs are tied to the average market rents determined by CMHC and may not reflect non-market or low-end of market need. As well, the monthly allowable rent and annual allowable increases may push rents over average market rents determined by CMHC.

**Recommended Actions:**

1. Explore revising the built unit percentage of total residential floor area in apartment developments:
  - Maintain at the current 5% requirement
  - Increase the requirement to 10% (recommended at this time)
  - Increase the requirement to 15%
2. Decrease the built unit threshold requirements:
  - Maintain at the current 80 unit threshold
  - Decrease to a 70 unit threshold
  - Decrease to a 60 unit threshold (recommended at this time)
3. Revise the income and rent thresholds for low-end market rental units to ensure that the rents and income thresholds stay consistently below average market rental rents. 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).

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

4. Revise the minimum unit size requirements for 2BR units from 860 ft<sup>2</sup> to 741ft<sup>2</sup>.

Unit Type	Current LEMR Minimum Size	Recommended LEMR Minimum Size
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> )

5. Strongly encourage and play an active role in facilitating partnerships between the development community sector and non-profit housing sector, so that units are owned and managed by non-profit organizations;
  - Consider waiving (full or partial) DCCs for LEMR units if purchased by a non-profit housing provider – section 563 of the Local Government Act allows Council, though a bylaw, to waive or reduce DCCs for the purposes of affordable housing. It is important to note that the costs associated with these projects may be passed onto other taxpayers by way of a potential tax increase.
  - Develop a list of pre-qualified non-profit housing providers.
6. Continue to seek 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.
7. 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 reimburse developers/builders for LEMR units which are secured and provided under the Affordable Housing Strategy requirements.
8. Set a target of securing 80-100 LEMR units annually.

*Policy #3: Entry Level Homeownership*

In the current 2007 AHS, this priority was targeted to households with annual 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 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 (AHSDC) and Value Transfer*

The Affordable Housing Special Development Circumstance (AHSDC) 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 AHSDC 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.

Recommended Actions:

1. Incorporate the policy into the updated AHS 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.

Recommended Action:

1. Continue with the existing 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 developing 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.

Recommended Actions:

1. Ensure the proposed Market Rental Policy led by Planning and Development 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 requirement in addition to affordable housing cash contribution (the market rental floor area would be exempted from affordable housing contribution). This could achieve the need for more built units, while maintaining the cash flow necessary for maximizing the Affordable Housing Reserve Fund. This will be considered during the development of a separate Market Rental Policy, as per the recent referral from Council on April 10, 2017 to look at market rental and/or secondary suites in multi-family/townhouse rezoning applications.

*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.

Recommended Action:

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

Proposed 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 options are commonly used and supported by legislation. 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*

Municipal financing tools, such as development cost charge reductions/waivers of eligible developments by bylaw and property tax exemptions, can be used to stimulate the creation of affordable housing. As the tax burden from some of these policies may be shifted to the taxpayers, property tax exemptions are not recommended at this time. However, the waiver or reduction of development cost charges can incentivize non-profit ownership and management of non-market and LEMR units. The tax burden impact of the waiver or reduction will be examined should Council proceed with this recommendation.

Recommended Action:

1. Consider waiving development costs charges and municipal permit fees for new eligible affordable housing developments that are operated by non-profit housing providers and where affordability is secured in perpetuity. As part of this action, securing ownership may be considered to ensure units are owned and managed by a non-profit provider.

*Policy #2: Family-Friendly Housing Policy*

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.



## Recommended Actions:

1. Consider developing necessary policy and regulatory changes to require a minimum percentage of family friendly units (2BR+) in all multi-family developments and setting family-friendly LEMR targets.
2. Create design guidelines for family friendly housing, specifying design features and amenities that are appropriate for children and youth (e.g outdoor and play space, storage)

*Policy #3: Public-Private Partnerships*

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.

## Recommended Actions:

1. Continue to pursue partnerships with senior government, private developers and non-profit housing organizations in order to capitalize on opportunities as they arise (eg. funding and development opportunities)
2. Consider creating a list of pre-qualified non-profit housing providers in advance of affordable housing development opportunities

*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.

## Recommended Actions:

1. Develop and adopt criteria for reviewing and prioritizing City supported non-profit housing projects;
2. Integrate the Affordable Housing Special Development Circumstance criteria into this policy; and
3. Expand opportunities to facilitate more non-profit housing projects by continuing to build relationships with qualified non-profit housing providers throughout Metro Vancouver.

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

This policy promotes the integration of affordable housing with new and redeveloped community facilities, where appropriate.

## Recommended Actions:

1. Create an inventory of existing community assets (e.g. faith-based organizations, non-profit owned-land, civic facilities); and
2. Formulate a policy that encourages co-location of affordable housing with community assets where appropriate (e.g. civic facilities, institutional land). Should Council wish to proceed with this action, specific guidelines will come forward after consultation regarding density, unit types and unit mix.

*Policy #6: Use of City-Owned Land for Affordable Housing*

This option seeks to use vacant or under-utilized land as well as acquire new land for affordable housing projects in order to leverage partnership opportunities with senior government and non-profit housing providers.

**Recommended Actions:**

1. Review on an annual basis, land acquisition needs for affordable housing in consultation with Real Estate Services to reflect and align with the City's Strategic Real Estate Investment Plan.
2. Continue to use cash in lieu contributions for land acquisition for affordable housing projects.

*Policy #7: Rent Bank Program*

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 to prevent homelessness.

**Recommended Actions:**

1. Work with non-profit organizations to further enhance and support local rent bank initiatives that may offer no-interest loans for rent and utilities to low-income households that experience short term financial hardships that may lead to homelessness; and
2. Consider utilizing funds from the Affordable Housing Reserve Fund to use towards developing a pilot rent bank program to be administered by a non-profit organization. Should Council proceed with this recommended action, a full feasibility analysis and legal review of a rent bank program will be provided with the final recommendations.

*Policy #8: Community Land Trust (CLT)*

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.

**Recommended Action:**

1. Explore existing CLT models and examine the feasibility of a local non-profit community based land trust that could potentially secure and preserve land for future development of affordable housing. Land could be "banked" and held in trust and later leased on a long-term basis to non-profit organizations for housing projects.

*Policy #9: Encouraging Accessible Housing*

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.

**Recommended Action:**

1. Continue to collaborate and foster relationships with community-based organizations, including Vancouver Coastal Health Authority, to encourage accessible features in units and integrate other design features that meet local accessible housing needs.

*Policy #10: Compact Living Rental Units*

This policy allows the development of smaller rental units (approximately 250-300 square feet on average) where appropriate for individual households.

Recommended Action:

1. Consider conducting a comprehensive planning analysis that examines the feasibility of micro or compact living units ranging between 225 and 350 sq ft per unit. This policy would fall outside the immediate scope of the Affordable Housing Strategy, and would be require discussions with Planning and Development.

*Policy #11: Transit-Oriented Affordable Housing Development*

This policy seeks to locate affordable housing near the Frequent Transit Network and frequent transit routes.

Recommended Action:

1. Continue to encourage diverse forms of affordable housing along the Frequent Transit Network in the city.

Policy Options Not Recommended

*Policy #1: Affordable Homeownership Program*

Given available municipal resources and the affordable housing priorities that have been identified through the AHS 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.

*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. 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.

Consultation

The focus of the planned consultation sessions will be to discuss technical aspects and feasibility of the proposed policies and actions. The sessions will be in a focus group format, with emphasis on specific topics related to the industry/sector. Attachment 3 identifies the key stakeholders that will be invited and the corresponding discussion topics.

There will be opportunities for broader public consultation, as well as further stakeholder input, once the draft updated Affordable Housing Strategy is prepared and presented for Council consideration.

### Next Steps

Subject to Council direction, staff will engage directly with key stakeholders in June to discuss and receive feedback on the draft policy options and actions. Following consultation, staff will review and refine the range of policy options and present a final set of recommendations for Council consideration in Q3 2017.

Subject to Council approval, the final policy recommendations will be incorporated into the draft Affordable Housing Strategy that will be presented for Council consideration in the fourth quarter of 2017.

### **Financial Impact**

There is no financial impact at this time.

### **Conclusion**

A thorough analysis of existing policies and new policy options has been undertaken to generate recommendations that will respond to the priority groups in need and housing gaps identified in the first phase of the Affordable Housing Strategy update process. 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 will ensure 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.



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- Att.1: Summary – Policy Options and Preliminary Recommendations
- Att.2: Draft Policy Options Report - April 2017
- Att.3: Stakeholder Consultation Plan
- Att.4: Affordable Housing Initiatives in Metro Vancouver – Comparison Chart

## SUMMARY – POLICY OPTIONS AND PRELIMINARY RECOMMENDATIONS

	Priority	Policy/Practice	Description	Summary of Preliminary Recommendation
1. Current	Short-term	Affordable Housing ('built') – Low-end Market Rental (LEMR) unit contribution	Requires 5% of the residential floor area of multi-residential developers 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>• 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) DCCs 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>
2. Current	Short-term	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 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>• 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</li> </ul>

	Priority	Policy/Practice	Description	Summary of Preliminary Recommendation
				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.
3. Current	Short-term	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 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>
4. Current	Short-term	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 AHS as a priority for securing affordable housing units</li> <li>• Develop a list of prequalified non-profit housing providers for management and development of affordable housing units</li> </ul>
5. Current	Short-term	Secondary Suites	The City requires all new single detached lots being rezoned to include a) secondary suites on 100% new lots created; b) suites on 50% of new lots and a cash contribution on the remaining 50%; or c) a cash contribution on 100% of new lots created to the Housing Reserve Fund.	<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>
6. Current	Short-term	Rental Housing	Seeks to maintain	<ul style="list-style-type: none"> <li>• Continue to require a 1:1</li> </ul>

	Priority	Policy/Practice	Description	Summary of Preliminary Recommendation
			the existing stock of rental housing through 1:1 replacement	<ul style="list-style-type: none"> <li>replacement of existing rental housing</li> <li>Consider providing incentives for the development of additional units of market rental housing and a tenant relocation and protection plan through the Market Rental Policy</li> </ul>
7. Current	Short-term	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> </ul>
8. Potential	Short-term	Municipal Financial 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>Do not consider property tax exemptions at this time</li> </ul>
9. Potential	Short-term	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>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>
10. Potential	Medium-term/ Ongoing	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>Proactively identify 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>
11. Potential	Medium-term/ Ongoing	Non-profit Housing Development	Build non-profit capacity by 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> </ul>
12. Potential	Long-term/ Ongoing	Co-Location of Non-Market &	Integrates affordable housing	<ul style="list-style-type: none"> <li>Explore opportunities to co-locate affordable housing with</li> </ul>

	Priority	Policy/Practice	Description	Summary of Preliminary Recommendation
		Community Assets	with new and redeveloped community facilities, where appropriate	community assets (existing or new)
13. Potential	Long-term/ Ongoing	Use of City 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 the land acquisition needs for affordable housing projects annually during the review of the City's Strategic Real Estate Investment Plan</li> <li>Continue to use cash-in-lieu contributions in the Affordable Housing Reserve Fund for land acquisition for affordable housing projects</li> </ul>
14. Potential	Long-term	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>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>
15. Potential	Long-term	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>
16. Potential	Long-term/ Ongoing	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 patients that require accessibility features</li> </ul>
17. Potential	Long-term (jurisdiction under Planning)	Micro-Unit Rental Housing	Allows the development of smaller rental units appropriate for individuals	<ul style="list-style-type: none"> <li>Consider working with Planning to conduct a feasibility study on micro-unit housing</li> </ul>
18. Potential	Long-term (jurisdiction under	Transit-Oriented Affordable Housing	Seeks to locate affordable housing near the Frequent	<ul style="list-style-type: none"> <li>Continue to encourage diverse forms of housing along the Frequent Transit Network</li> </ul>



	Priority	Policy/Practice	Description	Summary of Preliminary Recommendation
	Planning)	Development Guidelines	Transit Network	
19. 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>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>
20. 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>This option is not recommended at this time, as there would be significant demands on municipal resources and jurisdiction.</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:

For non-market rental units secured through development or as part of an affordable housing project, calculate rent thresholds based on 25% below the CMHC annual average market rents and income thresholds based on 25% below the Housing Income Limits (HILs):

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

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):

<b>Low-end Market Rental (LEMR) Unit Thresholds</b>		
<b>Unit Type</b>	<b>Total Annual Household Income</b>	<b>Maximum Monthly Rent</b>
<b>Studio</b>	\$34,650 or less	\$759
<b>1-Bdrm</b>	\$38,250 or less	\$923
<b>2-Bdrm</b>	\$46,800 or less	\$1,166
<b>3+ Bdrm</b>	\$58,050 or less	\$1,436

3. Recommended Minimum Unit Sizes:

<b>Unit Type</b>	<b>Recommended LEMR Minimum Size Targets</b>
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> )



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# CITY OF RICHMOND

## Draft Policy Options Report

### Affordable Housing Strategy Update

May 2017

# EXECUTIVE SUMMARY

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## SUMMARY OF PROPOSED DIRECTIONS

This Policy Options Report has been prepared for the City of Richmond to provide a framework for updating the City's Affordable Housing Strategy. This report contains an examination of existing and potential new policies with respect to addressing identified housing gaps.

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).

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 policy options 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 increase 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.

	Policy / Practice	Description	Summary of Preliminary Recommendation
Current	Affordable Housing ('built') - Low End Market Rental (LEMR) unit contribution	Requires 5% of the residential floor area of multi-residential developers 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 cautious and phased approach to increase the floor area contribution rate to a maximum of 10%</li> <li>• Decrease threshold to 60-70 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</li> <li>• Consider waiving (full or partial) DCCs 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>
Current	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 value of the 'built' contribution</li> <li>• Continue to accept cash contributions for townhome developments and multi-residential developments less than 60-70 units</li> <li>• For townhouse developments, exploring 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> <li>• Continue to accept cash contributions for single family rezonings</li> </ul>



	Policy / Practice	Description	Summary of Preliminary Recommendation
Current	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 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 opportunists for affordable housing</li> </ul>
Current	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 AHS as a priority for securing affordable housing units</li> <li>• Develop a list of prequalified non-profit housing providers for management and development of affordable housing units</li> </ul>
Current	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	<ul style="list-style-type: none"> <li>• Consider accepting cash-in-lieu instead of secondary suites for all single family rezoning applications</li> </ul>
Current	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 a 1:1 replacement of existing rental housing</li> <li>• Consider providing incentives for the development of additional units of market rental housing</li> <li>• Consider developing a tenant relocation and protection plan</li> </ul>
Current	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> </ul>
Potential	Co-Location of Non-Market & 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)</li> </ul>



	Policy / Practice	Description	Summary of Preliminary Recommendation
Potential	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>Proactively identify 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>
Potential	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> </ul>
Potential	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>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>
Potential	Policy for the 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 the land acquisition needs for affordable housing projects annually during the review of the City's Strategic Real Estate Investment Plan</li> <li>Continue to use cash-in-lieu contributions for land acquisition for affordable housing projects</li> </ul>
Potential	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 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>



	Policy / Practice	Description	Summary of Preliminary Recommendation
Potential	Affordable Homeownership Program	Provides support to allow first-time homebuyers to enter into the housing market	<ul style="list-style-type: none"> <li>Consider conducting a comprehensive cost benefit analysis of an affordable homeownership program in Richmond</li> </ul>
Potential	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>Consider conducting a feasibility study of a municipal housing authority in Richmond</li> </ul>
Potential	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> </ul>
Potential	Micro-Unit Rental Housing	Allows the development of smaller rental units appropriate for individuals	<ul style="list-style-type: none"> <li>Consider conducting a feasibility study on micro-unit housing</li> </ul>
Potential	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 patients that require accessibility features</li> </ul>
Potential	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	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>Work with non-profits to further enhance and support local rent bank initiatives</li> <li>Consider utilizing funds from the Affordable Housing Reserve Fund to develop a pilot rent bank program to be administered by a non-profit organization</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 (AHS) 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 consultation and research and outlines policy options, for consideration, to guide the future planning of affordable housing in Richmond.

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

## POLICY REVIEW GOALS AND OBJECTIVES

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

Specific objectives of the Policy Review include:

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



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

implementation challenges and successes of existing policies and tools, as well as proposed draft 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 AHS in 2007. The AHS defines the following three priority areas for addressing affordable housing challenges and outlines policies, directions, priorities, 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 AHS 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 (i.e., high land values, persistently low rental vacancy rates), and an evolving senior government funding situation may no longer be accurately reflected in AHS policy priorities. It is within this context that the City initiated an update to the AHS.

The AHS Update process is outlined in the figure below, beginning with creating a Housing Affordability Profile (informed by consultation and research), followed by policy review (this phase) towards informing drafting housing actions and the Updated Affordable Housing Strategy (phase 3).

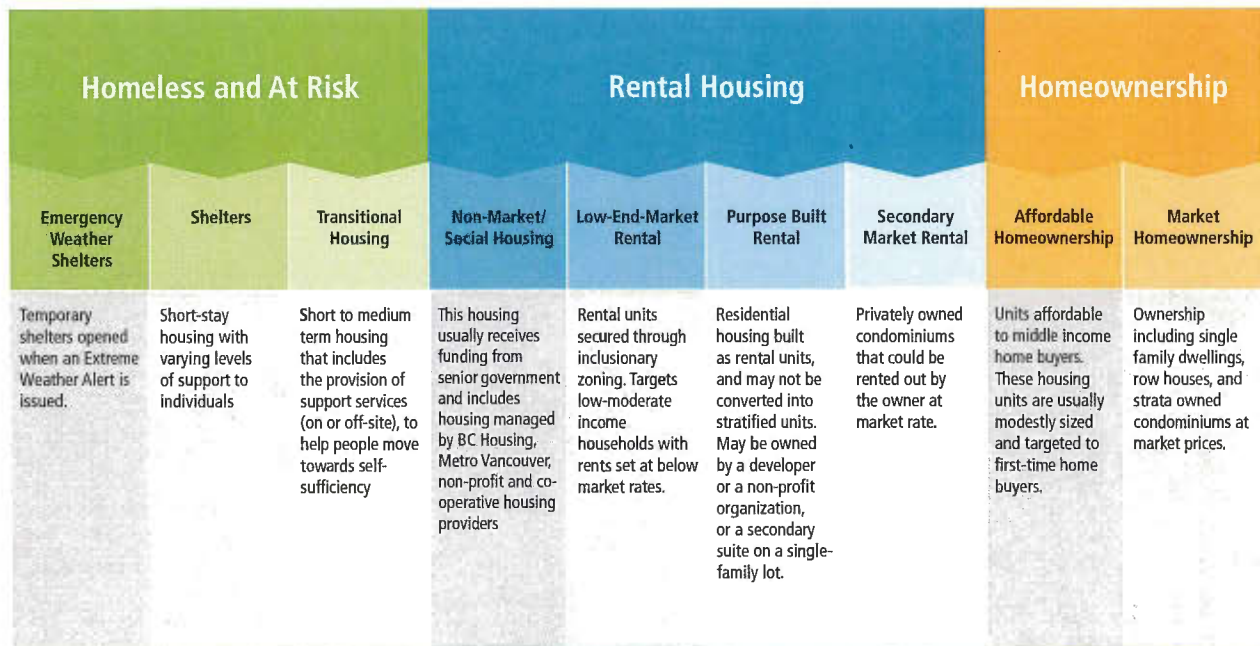
*Figure 1: Affordable Housing Strategy Update Process*



## THE HOUSING CONTINUUM

The housing continuum is a visual concept used to describe and categorize different types of housing. The housing continuum is a useful framework that identifies a healthy mix of housing choices in any community. The AHS 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.

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 create in partnership with the non-profit housing sector and municipalities, 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 will 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 that are typically secured with solely municipal and private partnership. Non-profit housing providers provide a range of programming (i.e. 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 receiving housing.



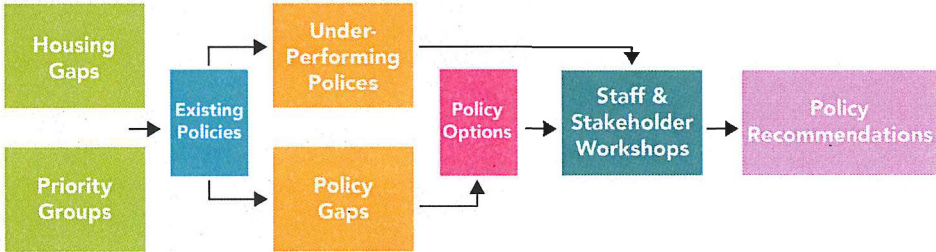


# II. HOUSING POLICY EVALUATION FRAMEWORK

## 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 AHS 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 recent community consultation (May 2016), the following groups in need and housing gaps have been 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 due, in part, 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 AHS 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 AHS, 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-g geared-to-income model is used, where a household only 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.

### SUCSESSES:

- 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 (i.e. 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. Six (6) non-profit organizations will 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 Atira Women's Resource Society 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 incomes 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 (AHSDC) has led to successful projects (477 units). This policy, however, is not integrated into the broader AHS 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 (i.e. Kiwanis Towers).

#### **SUCCESSSES**

- Since adoption of the inclusionary housing and density bonus approach in 2007, 388 LEMR units have been secured (as of February 2017). Of these units, 131 units have been built and are tenanted to date.
- These units are integrated into market developments and therefore led to the creation of mix-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 target population may not necessarily be served. This policy review provides an opportunity to ensure that the conditions and obligations (i.e. tenant selection, maximum rents, addition charges including parking) that are set out 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. Developers have expressed that they do not typically have the expertise to provide adequate property management services to the targeted tenants of the LEMR program (i.e. low income households and households with other barriers). Non-profit organizations have expressed the desire to manage and potentially own LEMR units that are clustered in order to improve operational efficiencies (i.e. ongoing maintenance of 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 the LEMR units to ensure consistency between developments that include LEMR units and to ensure 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, are 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 AHS. 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.

#### **SUCSESSES:**

The City of Richmond provided \$134,538 of financial support towards 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 AHS 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 home ownership units in developments; and,
- Income thresholds have not been updated and are therefore not relative 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 (AHSDC) policy allows the clustering of groups of affordable housing units if a sound business case and social programming approach is identified to address the needs of target populations.

AHSDC proposals are reviewed by the City on a project specific basis, and require rents to be secured below low-end market rental unit maximum permitted rents.

**SUCSESSES:**

- 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 AHSDC 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 (AHRF). The fund assists the City in partnering senior levels of government and non-profit

housing societies to deliver affordable housing. The AHRF is comprised of two divisions:

- 70% of the fund is dedicated to capital costs used towards site acquisition for affordable housing projects. The AHRF 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 AHS.

**SUCCESES:**

- Since 2007, the City has collected over \$40,000,000 in developer cash (including cash-in-lieu and value transfer) contributions towards affordable housing).
- Since 2007, the City has supported subsidized housing projects, such as the Kiwanis Towers, Storeys Project, and the Habitat for Humanity project.

**CHALLENGES:**

- The AHRF 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 AHRF.

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

**SUCCESES:**

- May provide mortgage helpers to homeowners to make their monthly mortgages affordable.
- Providing additional rental housing supply through the secondary rental market (204 secondary suites and coach houses as of December 31, 2016).
- Incorporates new rental units within the existing urban fabric of Richmond.

**CHALLENGES:**

- No way to ensure that units are being rented out at affordable rents.
- 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.



## 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.

### SUCSESSES:

- 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.
- In other jurisdictions, 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.” Municipal staff have been successful in securing universal design features in most built affordable housing units.

### SUCSESSES:

- 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.

## 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, however, the City does not have the available land to support all innovative housing projects being proposed by non-profit providers and other partnerships.





**SUCSESSES:**

- 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 (i.e. Kiwanis Towers).

**CHALLENGES:**

- Currently, there are no sites specifically identified affordable housing purposes. It is 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 Civic priorities.



# III. POLICY DIRECTIONS AND OPTIONS

## EVALUATING POTENTIAL POLICIES + PRACTICES

Research and analysis has been undertaken to identify potential policy options to be considered for the AHS 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 potential new directions for current policies being used by the City of Richmond as part of the AHS. 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 AHS. 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 proposed 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 commonly used practice supported by legislation (i.e., 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 to not 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 OPTIONS**

Several policy options and practices 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 AHS objectives, and to respond to key priority groups and housing gaps identified in the housing affordability profile.

New directions for current AHS 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. 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 and perspective. Each policy option responds to a target housing gap and target priority group. These options include:

8. Co-Location of Non-Market + Community Assets;
9. Public-Private Partnerships;
10. Non-Profit Housing Development;
11. Family-Friendly Housing Policy;



12. Policy for the 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. Micro-Unit Rental Housing;
18. Encouraging Accessible Housing for Person with Disabilities;
19. Community Land Trust; and,
20. Rent Bank Program.



## CURRENT POLICIES

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

Since the adoption of the AHS in 2007, the City has secured 388 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 vs. dispersal of units;
- LEMR unit size requirements;
- Management of units to ensure units are targeted to intended households; 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 70 or 60 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 (i.e. Metro Vancouver and TransLink) suggest that increases in the built LEMR requirement to 15%



would adversely affect development in Richmond. Instead, a modest increase could be considered.

- Decreasing the development threshold below 80 units (to 70 and 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. Decreasing the threshold to 70 or 60 units will not however affect the capital costs of development.

**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, most 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 been typically 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.

*Table 1: 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>



An example of a successful integration of clustered affordable housing units within a larger market development is the recent Cadence project. In this 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) level (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 (i.e. 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 AHS established minimum size requirements for LEMR units based on the unit type (i.e. 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 requirements may be too large compared to those being delivered in the market locally and in Metro Vancouver, making it difficult to incorporate affordable housing units into their projects.

Table 2: 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> )



The table above compares LEMR unit sizes provided through the City's AHS 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 can be significantly 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 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 income and maximum rent thresholds are determined by BC Housing's Housing Income Limits.

*Table 3: Income and Maximum rent thresholds are determined by BC Housing's Housing Income Limits*

Unit Type	Minimum Size	Minimum Monthly Rent	Total Household Annual Income
Bachelor/Studio	37 m <sup>2</sup> (400 ft <sup>2</sup> )	\$850	\$34,000 or less
1 Bedroom	50 m <sup>2</sup> (535 ft <sup>2</sup> )	\$950	\$38,000 or less
2 Bedroom	80 m <sup>2</sup> (860 ft <sup>2</sup> )	\$1,162	\$46,000 or less
3 Bedroom	91 m <sup>2</sup> (980 ft <sup>2</sup> )	\$1,437	\$57,000 or less

The City's current approach however has presented some challenges:

- The Housing Income Limits are not updated annually, so there may not be a consistent benchmark to increase or decrease thresholds;
- 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 CMHC's 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;
- Greater Vancouver Real Estate Board's benchmark prices; and
- Canada Revenue Agency's Tax Filer data.

The first three approaches are more simple and reflect existing market rents and prices. The Tax Filer approach may be more accurate, but is more complex. Data may not be readily available and is only updated every Census (e.g. every four years).



**PROPOSED DIRECTIONS**

- **Contribution Rates and Thresholds:**
  - ▶ Consider, if any, a very cautious and phased increase to a maximum of 10% of the total residential floor area to be built as LEMR units;
  - ▶ Consider decreasing the current threshold (multi-residential units greater than 80 units) for the built requirement;
  - ▶ Continue to accept cash-in-lieu for townhouse developments;
  - ▶ Consider accepting cash-in-lieu instead of secondary suites for all single family rezonings; and,
  - ▶ Continue to evaluate density bonusing and inclusionary housing rates to account for changing market conditions.
- **Clustering vs. dispersal:**
  - ▶ Allow for flexibility to cluster units throughout developments to incentivize non-profit management and possible ownership of the units.
- **Occupancy Management:**
  - ▶ Facilitate non-profit management and potential ownership of LEMR and other affordable housing units secured in market developments; and
  - ▶ Consider creating information bulletins for property managers currently managing built LEMR units, to inform them of the intent and responsibilities of the program.
- **LEMR Minimum Unit Size Requirements:**
  - ▶ For all projects, consider requiring the following recommended minimum unit size targets:

Unit Type	Recommended LEMR Minimum Size Targets	Existing LEMR Minimum Size Requirements
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	69 m <sup>2</sup> (741 ft <sup>2</sup> )	80 m <sup>2</sup> (860 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> )

- **Income Thresholds and Maximum Permitted Rents:**
  - ▶ For low-end market rental units secured through development, consider calculating rent thresholds based on 10% below the



CMHC annual average market rents and income thresholds based on 10% below the Housing Income Limits (HILs):

Low-End Market Rental (LEMR) Unit Thresholds		
Unit Type	Total Annual Household Income	Maximum Monthly Rent
Bachelor/Studio	\$34,650 or less	\$759
1 Bedroom	\$38,250 or less	\$923
2 Bedroom	\$46,800 or less	\$1,166
3 Bedroom	\$58,050 or less	\$1,436

- ▶ For non-market rental units secured through development or as part of an affordable housing project, consider calculating rent thresholds based on 25% below the CMHC annual average market rents and income thresholds based on 25% below the Housing Income Limits (HILs):

Non-Market Rental Unit Thresholds		
Unit Type	Total Annual Household Income	Maximum Monthly Rent
Bachelor/Studio	\$28,875 or less	\$632
1 Bedroom	\$31,875 or less	\$769
2 Bedroom	\$39,000 or less	\$972
3 Bedroom	\$48,375 or less	\$1,197

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

Cash in Lieu (CIL) contributions to the Affordable Housing Reserve Fund (AHRF) 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 the Kiwanis Towers). The AHRF 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).



The following table highlights current CIL contribution rates adopted by Council on September 14, 2015:

*Table 4: Richmond Cash-In-Lieu Contribution Rates*

Housing Type	Current Rates (\$ per build able 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 the Kiwanis Towers).

The economic analysis also examined existing CIL 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 following contribution rate increases are recommended to match the “built” unit contribution rate:

*Table 5: Recommended Cash-In-Lieu Contribution Rates*

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

The proposed increase in CIL rates will help sustain a healthy balance in the AHRF 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 (e.g. \$1.5 million annually) will help the City take advantage of strategic land acquisition opportunities as they arise and will put Richmond in an excellent position to initiate and respond to partnership opportunities with senior levels of government, non-profit organizations and private developers.



### PROPOSED DIRECTIONS

- ▶ Increase the CIL contributions to be equivalent to the built unit contribution and continue to monitor housing market conditions and local land values, and revisit CIL contribution requirements as conditions change.

### 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 not geographically proximate to the other projects but is in a site appropriate for affordable housing.

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 land is nearly half the price of City Centre land, there could be additional savings on the cost of these LEMR units, possibly leading to the development of additional LEMR units.

### PROPOSED DIRECTIONS

- ▶ Integrate the Special Development Circumstances and Value Transfers into the AHS, rather than a stand alone policy.
- ▶ Update select sections of the policy to reflect the proposed changes to the AHS Update, such as priority groups, housing gaps, income thresholds, and specific references to existing and proposed policy and practice options.
- ▶ Provide additional clarity on how the City defines demonstrated “social innovation” (i.e. 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 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 shortlist of non-profit housing providers through a Request for Qualifications process to ease the housing partner selection process.

#### **4. AFFORDABLE HOUSING RESERVE FUND**

The Affordable Housing Reserve Fund (AHRF) 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 AHRF does not currently have enough funds to be able to support future projects that can address the City's priority groups in need and identified housing gaps. With sufficient funds, the AHRF 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.

#### **PROPOSED DIRECTIONS**

- ▶ Ensure sufficient cash contributions are collected to support affordable housing projects and to position the City to leverage funding opportunities through partnerships with senior government and private and non-profit sectors.
- ▶ Retain the current funding division between City-initiated operating costs.
- ▶ For capital funding contributions, the City may want to 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 avoid unintentionally excluding potential projects.
- ▶ Consider reviewing staff resources dedicated to managing and implementing the AHS and, if warranted, consider utilizing city-wide staffing budget for additional professional and support staff instead of sourcing from the Reserve Fund.



## 5. SECONDARY SUITES

Permitting secondary suites in single-detached dwellings helps to provide new rental supply within the existing 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.

Given these trends, 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 AHRF so that it can be used to support additional affordable housing projects.

### PROPOSED DIRECTIONS

- ▶ Consider policy and regulatory amendments that remove the requirement for single family rezonings to provide a secondary suite on 50% of new lots created, requiring instead a cash-in-lieu contribution.
- ▶ Continue to add flexibility permitting accessory dwelling units on single detached lots (i.e. secondary suite within primary dwelling and coach house at the rear of the property). Consider preparing illustrations to visually communicate flexible configurations.

## 6. 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 many residents. The City is currently developing a Market Rental Policy and in coordination with the Affordable Housing Strategy, will help to ensure that a range of housing options are available for Richmond residents.

### PROPOSED DIRECTIONS

- ▶ Align with Metro Vancouver's Updated Regional Affordable Housing Strategy (RAHS) by providing clear expectations and policies for increasing and retaining the purpose-built market rental housing supply (see proposed policy and practice option Co-Location of Non-Market + Community Assets).
- ▶ 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 developer and non-profit provider with rental redevelopment projects.



## 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 accommodations to suit their needs.

### PROPOSED DIRECTIONS

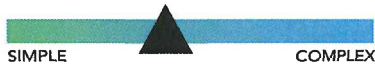
- ▶ Consider enhancing these standards with a broader lens of accessibility (i.e. housing standards for persons with mental barriers requiring accessibility features).
- ▶ Continue to secure affordable housing units with Basic Universal Housing design features.





## POTENTIAL NEW POLICIES + PRACTICE

### EASE OF IMPLEMENTATION:



#### MUNICIPAL ROLE:

- ▶ Build and maintain relationships
- ▶ Partner

#### OTHER ROLES:

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



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

### 8. CO-LOCATION OF NON-MARKET + 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, but many own or lease and occupy potentially under-utilized land. Some of their buildings and structures are aging, and may be prime for redevelopment or repurposing. There may be opportunity to leverage these community assets with redevelopment potential including for co-locating with affordable housing projects.

#### OVERVIEW OF REDEVELOPMENT OF EXISTING NON-MARKET + 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 usually 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 underutilized, but provides an important community benefit as green space. The City could also engage with private facilities operators and land holders to explore opportunities for partnership and co-location development.

#### **Proposed 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 groups, non-profit organizations and community associations, to explore opportunities for partnership and co-location development opportunities.

#### **Implementation Roles**

##### **Municipality:**

- Formulate policy on co-location of affordable housing with community assets.
- Undertake inventory of existing community asset facilities.
- 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 asset amenities through co-location opportunities.
- Operate units secured through co-location projects.

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

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



## 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 societies** - 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 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 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 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, for example, 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 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, shared authority, and shared responsibility.

## **APPROACH AND ACTIONS**

### **Analysis to Richmond Context**

The City of Richmond has been a leader in facilitating affordable housing partnerships, and has shown by example of how partnerships can successfully address priority groups and housing gaps. The 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 of Richmond 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.

### **Proposed 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-market 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-market 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 and data, where appropriate, in support of proposal submissions; officially establish partnerships and consider committing contributions to potential projects.

### **Implementation Roles**

Municipality:

- Foster regular regular and ongoing relationship building and maintaining with cross sector organizations.
- Partner, where appropriate and as opportunities arise, with public, private, and non-profit social service sector organization 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 organization 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 organization to support and contribute to affordable housing projects.



## 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, participate in broader strategic initiatives and conversations at the community and regional level, and provide valuable insights into what works and the supports they need in order to be successful.

There are opportunities to expand the non-profit housing sector in Richmond and continue to build capacity. Many non-profit housing societies in Richmond currently provide housing for specific client groups, and provide appropriate supports as necessary. However, non-profit housing providers currently operating in Richmond are faced with increasing demands while resources and funding remain competitive. By expanding the non-profit housing sector in Richmond, there may be increased capacity to provide housing to more household types. With a more robust sector, 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 of Richmond 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 and providing much-needed quality affordable housing.

The City should establish a clear set of criteria to determine which projects should be prioritized.



In addition, non-profit housing projects are increasingly exploring ways to incorporate non-housing uses within their housing project 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 of Richmond 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 of Richmond can 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 for 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 RFPs to select pre-qualified non-profit housing providers for City-supported initiatives.

### **Proposed 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 that could 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 opportunities, to showcase Richmond's affordable housing development projects to date.



Table 6: 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, market rental, and non-market housing; accessible, adaptable, and visitable homeownership, market rental, and non-market housing; purpose-built rental housing; low-barrier rental housing; low-end market rental housing for singles, couples, students, families, seniors, and persons with disabilities; non-market housing for singles, couples, students, families, seniors, persons with disabilities, persons with mental health issues, and substance users; and, emergency shelter for women and children. Affordable homeownership projects may be considered at the discretion of Council.
- 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 (LEM<sub>R</sub>=less 10% of CMHC rents; Non-Market Rents = less 25% CMHC rents).

### Implementation Roles

#### Municipality:

- Adopt criteria to assess City-supported non-profit housing development projects.
- Communicate criteria internally to various municipal 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 BCNPHA 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 of Richmond 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 of Richmond on needs and opportunities for support.



## EASE OF IMPLEMENTATION:

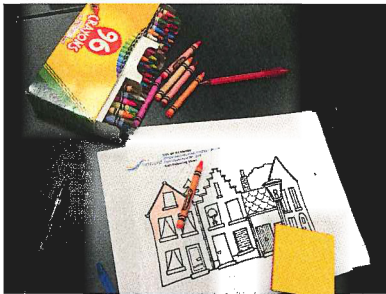


### MUNICIPAL ROLE:

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

### OTHER ROLES:

- ▶ **Developers** - Deliver units
- ▶ **Non-profit housing societies** - 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, playspace, storage, and proximity to family-oriented services such as schools, community centres, parks, shopping, and transit.

Ground-oriented multi-unit dwellings (i.e., 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 (i.e. 2 and 3+ bedroom) apartments in Richmond that are affordable for families for rent and ownership suitable for housing for families.

### 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 common 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:

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

### Proposed Approach and Actions

1. Consider developing the necessary policy and regulatory changes requiring a minimum percentage of 2- and 3-bedroom units in all new multi-unit developments, taking into consideration stakeholder feedback.
2. Consider creating communications materials to inform developers, non-profit housing societies, and the public about the family-friendly housing policy. Inform organizations that have a role in delivering and securing the family-friendly housing units will support implementation.
3. Create design guidelines for family-friendly housing, specifying design features and amenities that are appropriate for children and youth, such as yard space, playspace, 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 units to be dedicate as family-friendly housing.





- Communicate information to developers, non-profit housing societies, the public and other groups about the family-friendly housing policy requirements.
- Review multi-unit housing project development applications 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, 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 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 rental housing units for low-income families.
- Partner, where appropriate, with developers to secure units in multi-unit housing projects, secured through housing agreements.
- Operate the units secured through housing agreements, including managing tenant selection and intake process.



## 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

## 12. POLICY FOR THE USE OF 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 may wish to develop 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 7. Such a policy could be closely linked with housing targets that will be a part of the future Affordable Housing Strategy.

Table 7: 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 provide access to public transportation.
- 2. Site Characteristics:** Sites should be relatively easy to redevelop, and sites with potential environmental remediation or complicated soil conditions.
- 3. Proximity to other potential redevelopment sites:** Sites that are close to other potential redevelopment sites, such as older and under-utilized rental housing developments or under-utilized community assets, so that sites can potentially be redeveloped together. Developing larger sites can create economies of scale and reduce 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 AHRF to fund municipal land acquisition. However, this could further deplete the AHRF of resources for other projects quickly as the AHRF does not accumulate at the rate or volume needed to support several multi-million dollar land acquisitions.

### Proposed Approach and Actions

1. Review need for affordable housing land acquisition as part of the annual Strategic Real Estate Investment Plan.
2. Explore the feasibility of using existing City 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-leu 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.



## 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 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 stimulating 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

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

- **Waiving/reducing fees and charges:** Development cost charges (DCC) and building permit fees may be waived or reduced, for projects owned by non-profit organizations. Municipalities may also delay the collection of DCCs, reducing carrying costs for non-profit housing providers and improving the economics of housing projects. Waiving DCCs require municipalities to recover the cost from other sources.
- **Property tax exemptions:** Municipalities may also 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 promoting the supply of affordable housing. Richmond should consider the costs and benefits of these approaches.

#### **Proposed Richmond Approach and Actions**

1. Review municipal authority and financial impact of waiving and reducing DCCs and explore the terms and conditions upon which the exemptions can be granted.
2. Consider waiving the DCCs and municipal permit fees for developments that solely provide affordable housing, where affordability is secured in perpetuity through a housing agreement.
3. Consider waiving, in part, the DCCs for low-end market rental units secured in private developments, when operated by a non-profit organization.
4. Obtain legal opinion on entering into agreements with non-profit housing providers to exempt their property from municipal property taxes, for a limited duration of time, in exchange for new affordable housing.
5. 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 municipal authority and financial impact of waiving and reducing DCCs and municipal permit fees and tax exemptions for non-profit housing providers.

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

- Use waived or reduced DCCs, municipal permit fees, and property tax exemptions to finance the development of new affordable housing.



## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

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

### OTHER ROLES:

- ▶ **Non-profit organization (“The CLT”):** 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. There is, however, 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 usually the largest barrier for first-time, moderate-income households, who could otherwise afford the ongoing homeownership costs (i.e., 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 transition 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. However, affordable homeownership programs share a number of common elements:

1. **Administrative Capacity:** In municipal cases, sufficient administrative capacity (ie. 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 be 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 mandate.
3. **Owner occupancy:** Owner occupancy ensures that the unit does not become solely an income generating property, and instead an affordable unit to maintain 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 in Richmond.
  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 this loan is 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, as well as consider what households would be eligible for a program, thresholds for program participation, and other eligibility criteria.

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 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.

### Proposed Richmond Approach and Actions

1. Undertake a comprehensive feasibility study to examine the expected costs, benefits, and associated risks of an affordable housing program.



### **Implementation Roles**

#### Municipality:

- Conduct a feasibility study to provide a comprehensive, cost benefit analysis of establishing a local affordable homeownership program.
- Work with development community and non-profit housing providers to consider affordable homeownership models.



## 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, i.e. private developer or property manager. While the City has achieved some success with the creation of affordable housing units, 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 AHS. 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 may 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 with the development, production, and administration of affordable housing units, other housing authorities have a more limited role in facilitating the development of social and affordable housing, often working with non-profit housing providers to build or manage affordable housing units. A housing authority is one option that some municipalities have used to ensure that the ongoing management of 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 stocks 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 (e.g. USA) 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 and agencies are City-controlled, but legally separate, entities created to assist in implementation of the AHS. 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 impacts can be made, and act as a catalyst for innovative housing ideas and models. If sufficiently resourced, a municipal housing authority can deliver housing quickly, efficiently, and affordably through standardized processes, economies of scale, and clear decision making.

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, eg; land acquisition, asset management, necessary staff/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 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 potentially 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, would require significantly more 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.

### Proposed Richmond Approach and Actions

1. Consider the establishment of a municipal housing authority through a comprehensive feasibility study, which would explore various models and assess their costs and benefit, and confirming targeted priority groups and housing gaps.



### **Implementation Roles**

#### **Municipality:**

- Conduct a feasibility study to explore an affordable homeownership program.



## 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 societies** - 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 and moderate income households in Richmond, and often take precedent over other household costs and 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 (FTN) 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, and improve peoples' 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 FTNs and to support affordable housing developments in transit-oriented areas through partnerships, land acquisition, 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 (RAHS) 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 FTNs. The RAHS outlines expectations for municipalities to implement the regional goals and strategies as they relate to the plan and in close linkage to regional transportation planning.







Metro Vancouver’s Frequent Transit Network (FTN) 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 FTN 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 FTN provides a strong organizing framework around which to focus growth and development.

Encouraging affordable housing along or near FTNs 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 FTRs 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 FTRs. Partnerships between public and private sectors could help facilitate this process.

### APPROACH AND ACTIONS

#### Analysis to Richmond Context

The City of Richmond 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 Westminister, 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, especially 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 Canda 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 FTNs, 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 (this will be addressed by the City's forthcoming Market Rental Policy).

#### Proposed 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 FTNs.
2. Align with Metro Vancouver’s Regional Affordable Housing Strategy’s goal to increase the rental housing supply along FTNs. The Metro Vancouver’s RHS specifies “close proximity” as within 400 metres of non-rapid FTNs (bus) and within 800 metres of rapid transit (Canada Line).



3. Encourage diverse housing forms in proximity to FTNs 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 RAHS, 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, density bonus value transfers.
7. Consider acquiring land located in close proximity to FTNs 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.

### **Implementation Roles**

#### **Municipality:**

- Communicate and liaise with Metro Vancouver and Translink on development opportunities along FTNs in Richmond.
- Investigate land acquisition opportunities near or along FTNs.
- 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.



## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

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

### OTHER ROLES:

- ▶ **Developers** - deliver units

## 17. MICRO-UNIT RENTAL HOUSING

### 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.

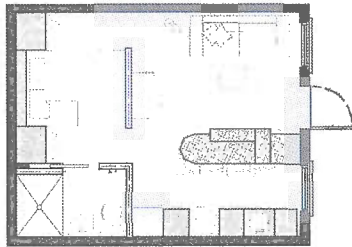
A multi-unit residential project comprised of micro-units may achieve higher unit density on a site without increasing height of a project, which can be a practical development alternative for Richmond given development height restrictions. Micro-units are a housing option that can increase the housing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

### OVERVIEW OF MICRO-UNIT HOUSING POLICY

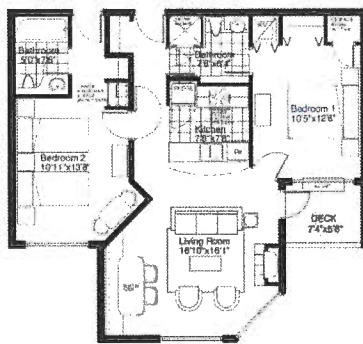
Municipalities across BC are increasingly exploring the concept of micro-unit housing as a cost-saving alternative for residents, for both market rental and condo homeownership options. Strong regulatory requirements have been utilized to implement micro-unit housing forms, such as specifying unit sizes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

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 purpose-built 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 could 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 of Richmond could consider slowly introducing these units and monitor absorption and occupancy over time.

As a starting point, the City may wish to complete a comprehensive land use planning analysis that examines the pros and cons of micro unit housing within a Richmond context. This analysis should explore land use and community planning opportunities and challenges, necessary policy and regulatory change including location criteria.

### Proposed Richmond Approach and Actions

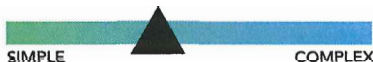
1. Consider developing a comprehensive planning study that examines the pros and cons of micro units, including necessary policy and regulatory changes.

### Implementation Roles

Municipality:

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

## 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 the 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 everyone.

The City of Richmond currently has Basic Universal Housing (BUH) 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 BUH 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 assistance.

### OVERVIEW OF ENCOURAGING ACCESSIBLE HOUSING

The City of Richmond 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.

#### Proposed Richmond Approach and Actions

1. Continue to foster relationships with Richmond based organizations, such as the Richmond Centre for Disability, Pacific Autism Family Centre (PAFC), Society for Community Living, and the Rick Hansen Foundation, 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.

### **Implementation Roles**

#### **Municipality:**

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

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

- Work with the City of Richmond 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.



## EASE OF IMPLEMENTATION:



### MUNICIPAL ROLE:

- ▶ Facilitate partnerships
- ▶ Contribute land

### OTHER ROLES:

- ▶ **Non-profit organization (“The CLT”):** Agency and administrator
- ▶ **Non-profit housing providers:** Lease-holders and operators
- ▶ **BC Housing:** Project partner

CLT’s anticipate that buildings, tenants, operators, funders and contracts change over time, but the land is held in perpetuity for the sole purpose of providing long-term affordable housing in a 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

As previously noted, 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 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 (CLT) is a community-based model to secure land for the future development and preservation of affordable housing. Typically, a CLT 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 CLT 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 CLT provides exclusive use of their land to ground-lease holders, who own the structures via ground leases. The CLT 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



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 of Richmond may wish to explore various CLT 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.

### Proposed Richmond Approach and Actions

1. Explore the feasibility of establishing a community-based CLT 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 CLT.

#### Non-Profit Housing Societies:

- Work with the City of Richmond to identify opportunities for partnership with a potential community-based CLT to deliver and manage affordable housing projects.





## 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 vulnerable groups in Richmond may also benefit from a similar program.



### **Proposed Richmond Approach and Actions**

1. The City may wish to explore options to work with non-profit organizations to further enhance and support local rent bank initiatives.

### **Implementation Roles**

#### **Municipality:**

- Consider working 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 consultation and research and outlines policy options, for consideration, to guide the future planning of affordable housing in Richmond.

## **IMPLEMENTATION CAPACITY**

The current authority, capacity, and municipal resources are limited and the City will not necessarily be able to implement all of the proposed policy directions outlined in this report. All policy directions require ongoing administration and monitoring, while others involve feasibility studies, business plans, and special studies or projects. It is recommended that the City evaluate and identify gaps in municipal resources, primarily staffing, in order to implement the proposed policy directions.

## **NEXT STEPS**

The proposed policy options will be reviewed by staff, and shared with select stakeholders to obtain feedback on potential challenges and opportunities for implementation. Input will be considered prior to presenting proposed recommendations to Council. Based on direction, the finalized policy options report will create a framework for updating the City’s Affordable Housing Strategy document.





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## Policy Review and Options Stakeholder Engagement

### Consultation Objectives

The objectives of the consultation sessions are to:

- Provide information to stakeholders on priority groups, identified housing gaps and proposed strategic directions
- Seek input and discuss feasibility of proposed policy options and recommendations, including feasibility
- Refine recommended policy options for Council consideration

The consultation sessions will be scheduled for early June 2017, with final policy recommendations incorporating stakeholder feedback presented for Council consideration in July 2017.

### Target Audience/Participants

The target participants of the consultation sessions will be with stakeholders involved with the development, management and programming of affordable housing in Richmond. Due to the technical nature of the policies, the consultation sessions will follow a focus group format focused on specific topic areas with the key stakeholders.

<b>Stakeholder Group</b>	<b>Participants</b>	<b>Topic Areas</b>
Non-profit housing providers	<ul style="list-style-type: none"> <li>• Turning Point Recovery Society</li> <li>• Catalyst Community Development Society</li> <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>• Pathways Clubhouse</li> <li>• YWCA</li> <li>• Co-op Housing Federation of BC</li> <li>• BC Non-Profit Housing Association and any other interested housing providers</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>
Private/development sector	<ul style="list-style-type: none"> <li>• Urban Development Institute</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental</li> </ul>

	<ul style="list-style-type: none"> <li>• Richmond Home Builders Group</li> <li>• Greater Vancouver Home Builders' Association</li> </ul>	<p>housing</p> <ul style="list-style-type: none"> <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>
Government and quasi-government organizations	<ul style="list-style-type: none"> <li>• CMHC</li> <li>• BC Housing</li> <li>• Metro Vancouver</li> <li>• Vancouver Coastal Health</li> <li>• Richmond School Board</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental housing</li> <li>• Public-private partnerships</li> <li>• Co-location of non-market housing and community assets</li> <li>• Non-profit housing development</li> </ul>
Non-profit service providers and community groups	<ul style="list-style-type: none"> <li>• Salvation Army</li> <li>• Richmond Centre for Disability</li> <li>• Richmond Food Bank</li> <li>• Richmond Addictions Services Society</li> <li>• Richmond Poverty Response Committee</li> <li>• any other interested organizations (invited through the Richmond Community Services Advisory Committee, Richmond Intercultural Advisory Committee and Richmond Seniors Advisory Committee)</li> </ul>	<ul style="list-style-type: none"> <li>• Non-market and low-end market rental housing</li> <li>• Co-location of non-market housing and community assets</li> <li>• Encouraging accessible housing</li> <li>• Rent Bank Program</li> </ul>

Municipal Housing Initiatives in Metro Vancouver – Comparison Charts

The following charts are a comparison of housing initiatives used in select municipalities throughout Metro Vancouver by category including, fiscal measures, planning and policies, zoning and regulatory measures, and market rental housing retention and development.

Municipal Measure	Select Metro Vancouver Municipalities										
<b>Fiscal Measures</b>	Burnaby	Coquitlam	Delta	Maple Ridge	New Westminster	North Vancouver	Port Moody	Richmond	Surrey	Vancouver	West Vancouver
Lease of City-owned sites to non-profits for Affordable Housing	X	X		X	X	X	X	X	X	X	X
Donation of City land for affordable housing development		X		X	X	X			X	X	
Property tax exemption for supportive affordable housing				X	X	X				X	
Waive/reduce DCCs for affordable housing	X	X		Exploring		X		Through AH Grants	X	X	Exploring
Waive fees for affordable housing (i.e. Building permit fees)	X	X		Exploring	X	X		Through AH Grants	X	X	Exploring
Land trust for affordable housing				Exploring		Exploring				X	
Affordable Housing Reserve Fund	X	X		Exploring	X	X	X	X	X	X	Exploring
Cash-in-lieu accepted for density bonus	X	X		X	X	X		X		X	Exploring





Municipal Measure	Select Metro Vancouver Municipalities										
	Burnaby	Coquitlam	Delta	Maple Ridge	New Westminster	North Vancouver	Port Moody	Richmond	Surrey	Vancouver	West Vancouver
<b>Rental Housing Replacement &amp; Development Incentives</b>											
Replacement Policy				X		Case-by-case		X		X	Exploring
Demolition Policy				X	X	X		X		X	
Condo/Strata conversion Policies	X	X	X	X	X	X		X	X	X	X
Standards of Maintenance by-law		Exploring	X	X	X	X		X	X	X	
Density Bonus for new market rental development		X		X	X	X				X	Exploring
Parking requirements relaxed	Case-by-case	X		Exploring	X	X				X	
Fees waived/reduced for new market rental development		X		Exploring	X	X				X	Exploring