

Appendix to Working Paper #2
Description of Potential Solutions

A Regional Housing Affordability Strategy for the Capital Region

March 2003



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Potential Solutions

This paper presents brief descriptions and assessments of some potential solutions to the housing needs in the Capital Region. It is by no means a full listing of possible solutions, but represents some of the more feasible options, including many that have emerged from focus groups and the discussions in Workshop #2. A considerable range of potential solutions to the housing affordability situation in the Region have been raised in consultations (workshops, focus groups, advisory committee) on the Strategy. All potential practical solutions suggested have been considered. Those with most impact and feasibility in the current public policy environment are included. Others are not timely in the present policy climate and further information on these will be available through FAQs on the CRD Web site.

It must be emphasised there is no one solution that will solve housing needs, but combinations of solutions offer some response to needs. The combinations are discussed in Working Paper #2.

For reference, short, medium, and long term implementation time frame is defined as:

- short term = within a year
- medium term = 1-3 years
- long term = 3-5 years

1.0 Local Government

1.1 Development cost charges and housing affordability

1.1.1 Reducing or waiving development cost charges to improve housing affordability

Description

The municipalities could help to encourage the development of more affordable housing by waiving, or giving grants to offset, development cost charges for non-profit and affordable market housing projects.

Municipalities levy development cost charges in order to recover the infrastructure costs associated with new development. They are intended to facilitate development by providing a method to finance capital projects necessary to service a growing centre, such as sewers, water, drainage, roads and parks. Development cost charges attempt to collect the cost of new community services from those who will be directly benefiting from them on a “user pay basis” instead of relying on the general community tax base. The costs are borne by the consumer as owner or renter, not the developer, and as such increase the cost of housing.

Development cost charges in the CRD vary from zero in Esquimalt and Oak Bay to as high as \$23,366 per unit in some parts of Saanich. Across the region, development cost charges are typically in the range of \$3,000 to \$4,000 per unit.

Municipality	Development cost charges
Esquimalt	Nil
Oak Bay	Nil
Saanich	\$1,726 - \$23,366
Victoria	\$365
Central Saanich	\$4,629
North Saanich	\$2,754
Sidney	\$3,723
Colwood	\$5,777
Highlands	Nil
Langford	\$5,840
Metchosin	\$1,848
Sooke	\$1,848
View Royal	\$11,329

- Survey of CRD municipalities 2002

Pros

- The social and economic health of any community is affected by the availability of housing that is affordable. New more-affordable housing is as important as other community services such as parks and recreation facilities. It follows that the incremental servicing costs associated with the construction of new more-affordable housing should be borne by the whole community.

Cons

- Revenue lost by waiving development cost charges for new more-affordable housing would have to be made up through other means, such as increased property taxes for the general population.

Financial implications

The typical development cost charge of about \$3,000 can add, as much as, \$25.00 per month to the economic rent required for a new apartment unit. The elimination of development cost charges for more-affordable housing projects would only bridge about 5 to 10% of the gap that exists between market and economic rents. Such a change in policy could however be very helpful if it used in combination with other possible initiatives.

In some jurisdictions, DCCs and other development fees are considered to be set by by-laws that cannot be waived. Some municipalities have addressed this by providing grants to off set the cost of development charges.

If municipalities waived the development cost charges for the construction of 200 new more-affordable housing units each year, the annual costs in terms of lost revenue would be in the range of \$600,000 to \$800,000.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- By the late 1990's, eight B.C. municipalities reported having waived development cost charges and fees in order to facilitate the construction of new more-affordable housing projects. Another six communities indicated that they were also considering the approach.
- The City of Ottawa's February 2002 Affordable Housing Strategy proposed, among other initiatives, that development charges be waived for affordable housing.
- A specific local example is the District of Mission that waives its Community Amenity Fee for developments with affordable or special needs units.

Measures of Success/Performance Indicators

- Number of projects receiving waiver.
- Cost reductions.

Implementation Time Frame

Short term, less than a year for administrative guidelines to be developed and implemented.

1.1.2 Using development cost charges to encourage density and improve housing affordability

Description

Development charges may also have an effect on urban form through variations in the schedule of charges that can influence residential densities location and mix. A recent national study found that municipalities tend to focus on the role of DCCs in generating revenue to help cover their capital infrastructure needs, and have little interest in the implications of DCCs for land use or planning outcomes.¹ Varying charges within a municipality can encourage development in select locations, on smaller lots, as well as certain house types and sizes; in turn, this can help to improve housing affordability.

If DCCs are:

- sensitive to lot size then there will not be subsidization of large lots by small lots;
- structured to reflect the different infrastructure costs associated with different house types, then housing that is less expensive to service (e.g. duplexes, townhomes and apartments) will not be subsidizing housing that is more expensive to service;
- able to vary by house size, i.e. are not calculated on a flat-rate basis, then smaller units will not be subsidizing larger units; and
- area specific charges instead of municipal-wide charges then cross-subsidization of development can be avoided.

Pros

- Variations in development cost charges to support local housing policy and land use planning goals could assist in lowering housing costs and encourage more-affordable housing production, as well as support the directions of the RGS.

Cons

- This approach makes the preparation and application of DCC Bylaws more complex administratively.

Financial implications

The financial implications are complex and varied and cannot be calculated at this point.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

¹ CMHC, "The Effects of Development Charges on Urban Form", CMHC (Peck & Associates and Urban Aspects Consulting Group), 2000.

Solution Adopted

- Surrey uses the development cost charge system and adjusts those charges to pursue community planning goals, e.g. Surrey adopted a discounted charge for its City Centre area that is designated under the OCP for higher density and focused growth.

Measures of Success/Performance Indicators

- Number of local governments modifying their DCC Bylaws and linking to housing policy and planning goals.
- Number of more-affordable housing units/projects produced.

Implementation Time Frame

Medium term.

1.2 Development and building permits

Description

By waiving or reducing development and building permit fees for non-profit developments, more-affordable market housing projects and secondary suites, the municipalities in the region could help to encourage the development of more-affordable housing.

The cost of development permits range from \$100 to \$2,500 depending on the municipality. Building permit fees for a modest single-detached unit in most areas vary from \$1,684 up to \$2,940. On average, development permits and building permits add about \$2,500 to the cost housing unit.

Municipality	Development permits	Building permits
Esquimalt	\$100	\$1,850
Oak Bay	\$200	\$1,735
Saanich	\$475	\$1,831
Victoria	\$200	\$1,867
Central Saanich	\$250	\$1,965
North Saanich	\$300	\$1,937
Sidney	\$350	\$1,844
Colwood	\$375	\$1,684
Highlands	\$250	\$2,940
Langford	\$2,500	\$1,708
Metchosin	\$250	\$1,694
Sooke	\$500	\$1,862
View Royal	\$1,900	\$1,764

*Survey of CRD municipalities 2002

Pros

- The reduction or elimination of development and building permit costs for designated more-affordable housing projects would lower the costs of such housing and encourage its development in the region.

Cons

- By themselves, the elimination of development and building permit fees would not ensure that the supply of more-affordable housing is increased. The costs associated with the administration and processing of more-affordable housing projects would have to be absorbed by the municipality from either its general property tax base or increased fees in other areas.

Financial implications

If the cost of development permits and building permits were to be absorbed by the municipality for more-affordable new rental accommodation, the required economic rent of such a unit could be reduced by almost \$17.00 per month.

Target Client Groups

Market homeowner	X
Market renter	X

Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- The City of Campbell River reduces its zoning application fees for secondary suites.
- The City of Kamloops reduces fees for affordable / special needs housing projects.
- The Town of Whistler waives its works and service charge for the renovation value associated with the construction of new secondary suites in existing buildings.

Measures of Success/Performance Indicators

- Number of projects receiving waiver.
- Cost reductions.

Implementation Time Frame

Short term; less than a year for administrative guidelines to be developed and implemented.

1.3 Streamlined municipal approval process

Description

A common complaint among local developers is that it takes too long to get a project approved in most municipalities. Processing times for development permits range from 36 days on average in Langford to 176 days in Saanich. Rezoning applications take about four to six months in Victoria but more than eight months in Saanich.

A municipality can facilitate the timely production of housing by streamlining the municipal development approval process, for example by: reviewing rezoning and development permit applications simultaneously; or by giving priority (fast-tracking) to applications for more-affordable housing units by placing such applications at the top of the pile; or by providing better information about the local approval process to reduce uncertainty and improve understanding.

Pros

- By accelerating the approval of one project over another, municipalities can reward developers who include more-affordable housing or special needs units in their developments. Delays in the approval process impact a developer's land holding costs, as well as consultant fees. These added costs in turn affect the total costs of the development and the level of rent required to make it financially viable.

Cons

- Accelerating the approval of one project over another provides a financial subsidy to certain developers and housing recipients. There may be objections to this in a community.

Financial Implications

If the time required for rezoning applications could be reduced from eight to four months, the interest costs of holding undeveloped land for a typical apartment project could be reduced by \$500 to \$1,000 and could reduce the required economic rent by as much as \$5.00 to \$7.00 per month.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Planning for Housing 2000 indicates that 19 communities in BC have successfully used 'fast-tracking' of the development approvals process to gain an increased number of more-affordable housing units. (p. 10)

- Matsqui took advantage of CMHC's ACT program to review its entire approvals process, including rezoning, amendments to its OCP, and development permits.
- Kamloops has had a policy to facilitate the development of affordable and social housing projects targeted to seniors, low income families, the disabled, Aboriginals, students and other identifiable groups since 1992. The City fast-tracks applications ("puts them to the front of the line") and monitors their progress closely. Normally the development process requires 12 to 14 weeks, this can be reduced to a 6 week period.
- Langford has been able to reduce the time it takes to process development permits by delegating its approval authority to the Planning Department providing that the proposal conforms with the municipality's community plan and zoning requirements.
- City of North Vancouver has produced background information and guidelines with respect to Sites Suitable for Seniors, a Seniors Housing Checklist, and Guidelines for Integrating Housing Units for those with Special Needs.
- Victoria has developed a number of guides for developers and homeowners: Development Application Forms – extensive background information provided to applicants about permits (DP, DP with relaxations, DVP, Heritage Alteration); Rezoning Procedures, Information and Application – extensive background information provided to applicants about process, requirements, fees, etc.; and a step-by-step guide to assist homeowners interested in adding a suite to their home.

Measures of Success/Performance Indicators

- Processing time
- Cost savings to housing projects

Implementation Time Frame

Short term

1.4 Harmonizing Local Government Development Regulations and Costs

Description

Local governments have control over a wide range of regulatory tools that can have a significant impact on housing affordability. Typically local governments adopt a set of conditions and attached fee schedule for dealing with development applications. Normally, the reason for doing this is to recover some or all of the community costs associated with development, including the local government processing costs.

Within any single jurisdiction there is an extensive array of fees and charges. Examples of the purposes for which development related fees and charges are levied by local governments include: development cost charges, zoning amendments, OCP amendments, zoning amendments, development permits, development variance permits, temporary commercial/industrial permits, land use contract variance/ amendment, minor amendments, Board of Variance, subdivision, building permits, connection fees, surety deposits, off-site work fees, park acquisition, school acquisition, and licensing.

The situation is complicated in an area such as the Capital Region where there are multiple jurisdictions. The complexity arises from the number of different regulations and charges combined with the number of additional associated or related fees and charges, across 14 different jurisdictions and all varying by individual jurisdiction. There is little or no consistency in regulations and fees charged or in the way in which costs are calculated either in region or even in parts of the region.

Pros

- Will reduce the time and money housing developers and providers, particularly those working in more than one municipality, spend working their way through complex and varying sets of regulations and charges.
- Will improve the ability of housing developers and providers to work in more than one municipality.

Cons

- Requires a willingness to work together and review regulations and charges on an inter-municipal basis, rather than solely on a municipal basis.
- Requires a willingness to reduce/ increase charges in some areas where they currently levy fees.

Financial Implications

- Staff time will be required to develop new schedules.
- Local governments may be required to reduce/ increase charges in some areas where they currently levy fees.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X

Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Capital Region – Intermunicipal Business Licences were introduced in January, 2000 to alleviate the necessity of purchasing several business licences to operate business throughout the region. Specified contractors and service providers can purchase just one business licence from the municipality in which their business is located, that will permit them to operate within all 11 participating municipalities for a standard fee of \$100.00. Intermunicipal Licences are a way of helping to reduce the cost of doing business in a multiple jurisdictions.
- Capital Region – Discussions are currently underway to harmonize development application forms in the core municipalities in the region.

Measures of Success/Performance Indicators

- Number of jurisdictions cooperating in a more standardized or harmonized set of development regulations and charges.
- Increased activity in more jurisdictions by a greater number of housing developers and providers.

Implementation time frame

Medium to long term – on-going

1.5 Pre-zoning for housing affordability (Inclusionary Zoning)

Description

Some Canadian municipalities have used their regulatory authority to either encourage or require developers to designate land for more-affordable housing as part of the development permit and comprehensive rezoning process for major private development sites. In return for designating land for more-affordable housing, the developer generally receives either density bonuses or other concessions, such as fee waivers, fast-tracked approvals and reduced development standards. The rationale behind these initiatives has been to ensure that major new residential developments include a mix of housing and that land is available for future more-affordable housing projects.

Pros

- Pre-zoning of specific sites for future more-affordable housing could help to ensure that an appropriate mix of housing is provided in the community over time by increasing the supply of more-affordable land. The concept would be even more effective if developers were required to either build more-affordable housing as part of their development plans or set aside equivalent funds for this purpose.

Cons:

- Inclusionary zoning is usually applied to larger development sites and may not be practical for smaller infill development.
- The added costs of such arrangements without municipal off sets, such as density bonusing, could result in any additional costs to the developer having to be absorbed by the market housing being developed.
- Voluntary inclusionary zoning by itself will not necessarily ensure that more-affordable housing is actually built. It only promotes an increased supply of land for potential development. Mandatory inclusionary zoning, on the other hand, would be more effective but may be beyond the legislative authority of the municipality to implement.
- The inclusive zoning approach is usually dependant on a buoyant local housing market and to some extent the availability of government-sponsored social housing programs. Given the fact that the provincially-sponsored social housing program is currently focused on the construction of Assisted Living / Independent Living accommodation for senior citizens, the effectiveness of inclusionary zoning initiatives may be more limited in the immediate future unless a non-profit housing society can negotiate opportunities.

Financial implications

From the perspective of the municipality, inclusionary zoning is a relatively inexpensive way to ensure that a supply of land for more-affordable housing purposes is in place.

The potential benefit in terms of increased housing affordability is however, limited to ensuring that land for more-affordable housing is available. Inclusionary zoning will not necessarily reduce the ultimate cost of housing unless it can be used to leverage other support from other sources that can make the construction of more-affordable housing financially viable, such as federal and provincial housing subsidies if they were available.

Target Client Groups

Market homeowner	X
Market renter	X

Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

In the case of the Royal Bay development in Colwood for example, the developer has agreed to transfer land for up to 50 non-market units to a non-profit sponsor designated by the City at a price consistent with the maximum unit price established by BCHMC. BCHMC's maximum unit price land component however has traditionally been set at prevailing market values.² This means that the cost of the land would essentially be at market and that a limited benefit would be conveyed to a future non-profit sponsor.

Toronto, Vancouver, Burnaby and Colwood are examples of where inclusionary zoning has been used to either encourage or require developers to set aside some portion of their market housing developments (generally 10 to 25 per cent) for more-affordable housing so new units could be financed under government funded non-profit housing programs³.

Measures of Success/Performance Indicators

Number of units generated at low-end of market

Implementation Time Frame

Medium to long term; depending on the strength of the housing market, the benefits of inclusionary zoning might not be seen for several years.

² Colwood's Royal Bay Comprehensive Development agreement also requires the developer to contribute \$500 per dwelling to an affordable housing reserve fund established by the municipality.

³ Municipal Regulatory Initiatives: Providing For Affordable Housing, CMHC Research Report, 1998. (Note: Currently in early 2003 no funding is available for family housing.)

1.6 Subdivision and Construction – Alternative Development Standards

Description

It has been suggested that municipalities could contribute to the development of more-affordable housing by promoting initiatives such as higher densities (smaller lots), maximum lots sizes, narrower roads, reduced sidewalk requirements, storm water systems that rely more on surface drainage, and the use of common utility connections.

Municipalities need to evaluate municipal standards to determine the impact they have on servicing costs and opportunities for improving housing affordability in terms of *new developments*. Research on financial analysis of the benefits of efficient/effective planning and engineering standards resulted in the following conclusions:

- Greatest savings is in the reduction in lot size;
- Innovative standards can result in savings of between 9 to 12% of the per metre servicing costs; and,
- The primary benefit of a reduction in road right-of-way width from 20.0m. to 16.0m. is a reduction in land usage.⁴

One approach is to establish a Regional Working Committee on Alternative Development Standards, provide Best Practices and to identify guideline questions so that regional local governments may evaluate their standards.

Pros

- Higher density development reduces the cost of land and servicing on a per unit basis. These cost savings could be reflected in lower housing costs. More efficient subdivision standards could also reduce the municipality's ongoing maintenance costs and result in lower property taxes over time.
- The use of increased densities in core areas is compatible with the CRD's Regional Growth Strategy.
- Opportunity to design innovatively.
- Opportunity to simultaneously develop smaller units (at lower cost) proportional to smaller lots

Cons

- Although the concept of higher densities might be generally accepted as a logical step towards improving housing affordability, it is not necessarily accepted at the local neighbourhood level. A negative attitude on the part of local neighbourhoods could deter the implementation of higher densities and more efficient servicing standards.
- Requires a change of attitudes on the part of the public and officials.

Financial Implications

A CMHC report shows a savings of 38% and 46% respectively for innovative suburban design and innovative urban design over standard suburban design guidelines.

A cost benefit analysis undertaken for the Burke Mountain lands in Coquitlam indicates that neo-traditional planning (high density, more compact “nodal” development) instead of conventional land use planning could lower municipal DCC’s by as much as 45% and reduce annual operating costs by up to 18%.⁵

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Neo-traditional developments
- Small lot subdivisions, e.g. Langford
- A number of local governments in the CRD have reduced standards, particularly parking requirements in seniors housing.
- Colwood - Royal Bay

Measures of Success/Performance Indicators

- Establishment of Regional Working Committee on Alternative Development Standards
- Best Practices
- Guideline Questions for Evaluating Municipal Standards
- Increase use of Alternative Development Standards and increased density in developments

Implementation Time Frame

Short to Medium term; less than a year for administrative guidelines to be developed and implemented.

⁴ CMHC, “Achieving Infrastructure cost Efficiency/Effectiveness Through Alternative Planning Approaches”, Report prepared for Workshop on Infrastructure and Housing Challenges and Opportunities, London, Ontario, 1992.

⁵ Northeast Coquitlam Development Strategy, KPMG, 1998 and District of Maple Ridge for the Silver Valley Area.

1.7 Legalize and financially encourage secondary suites

Description

A secondary suite is a second self-contained unit, typically in a single family home. These rental units include basement apartments, apartments in houses, accessory apartments, in-law suites and “illegal” suites. They are an important segment of the more-affordable housing stock in the region. Innovative ways of including suites in apartments and townhouses is occurring, e.g. Simon Fraser land development (Michael Geller – Burnaby Mountain Corporation)

Zoning bylaws can be created to include suites as a permitted use in any or all single-family, two-family and multi-family zones. The most common conditions required by local government are:

- provision of additional on-site parking
- maximum and minimum suite sizes
- lot size requirements
- one suite per single-family dwelling
- adequate utilities
- number and type of entryways
- although found in many by-laws, the following conditions have been the subject of a number of legal challenges and/or their status is unclear in the Local Government Act:
 - licensing or registration
 - family relationship between occupants in the suite and the principal dwelling unit (it is common for local governments to request notarized affidavits or covenants before permitting an In-law suite)
 - owner occupied

The majority of municipalities and regional districts enforce the bylaw once a complaint has been received and owners are then required to do one or some combination of the following:

- comply with the provisions and conditions of the bylaw
- remove the suite immediately
- remove the suite within a phase-out time period
- apply for the necessary re-zoning

Local governments have responsibility for administration of the standards in the BC Building Code.

With respect to secondary suites local governments respond in a variety of ways:

- require the owner to bring the suite up to code (remedial action)
- accept building code equivalence or an alternative to the prescribed standard
- use the Local Government Act to register a notice on the land title
- require the owner to meet health and safety provisions of the code
- impose fines and penalties
- enforce standards of maintenance
- ensure adherence to health and safety regulations

Pros

Benefits cited for permitting secondary suites

- more efficient use of existing municipal services
- intensification of land use, reducing impact on green space and farm land
- increased revenue (through taxes) for municipalities
- increased supply of more affordable housing for both tenants and owners through the private market

- increased support, security and supplemental income to enable the elderly to continue to live independently in their own homes
- better monitoring and control of the quality of suites
- better protection of tenants with respect to discrimination and mistreatment
- providing tenants with housing in well-serviced neighbourhoods near parks, schools, and shopping and the use of a yard and garden
- demographic revitalization of existing neighbourhoods to allow better use/retention of certain resources, e.g. schools
- provides mortgage assistance to owner

Cons

Major obstacles or barriers cited for not permitting secondary suites

- Insufficient infrastructure capacity - water, sewage disposal, schools
- Quality of the neighbourhood
- Parking congestion, especially in older residential areas
- Community opposition
- Cost of upgrading to BC Building Code standards
- Lack of municipal staff to enforce bylaws
- Municipal liability
- Declaration of additional income for Federal and Provincial tax purposes
- Some local experts believe there is little additional capacity for suites in the Region
- Structural difficulties meeting code requirements

Financial Implications

Administration costs for approving applications and bylaw administration

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Eight municipalities permit suites and six do not. Safe, legal suites provide a more affordable housing option, but where single family zoning restricts their use, homeowners rent illegal, and in some cases unsafe and unhealthy, suites. Work by local organizations includes:

- Over the last decade: the Capital Region Housing Corporation has given attention secondary suites as an option to improve housing affordability, including discussion papers and a workshop.
- In 1997: Tenants' Action Group of Greater Victoria produced a report "Secondary Suites: Facts and Choices" that looked at issues in the Core municipalities and outlined municipal options.
- In 1998: the Sidney Advisory Committee on the Disabled completed a demonstration project and public information program on adaptable secondary suites, and proceeded to prepare "Guidelines for Adaptable Housing", a handbook on adaptable secondary suites.

Measures of Success/Performance Indicators

Increase in the number of regional local governments:

- legalising secondary suites
- implementing secondary suite bylaws

Increase in number of rental units⁶

Implementation Time Frame

Short (1 yr.) to Medium term (2- 3 years)

⁶ Secondary suites are difficult to monitor, even Census data does not represent an accurate count.

1.8 Housing Form

1.8.1 House Design Description

In response to housing affordability issues, a variety of house designs can offer a range of incremental adaptation to either the interior and/or exterior, as well as provide opportunities for small-scale infill.

Historically, people in need of housing have found ways to solve their needs either with government support (e.g. self help housing, shell housing, etc.), or without government support where the regulatory environment was not an impediment. Today, building codes and zoning bylaws have reduced the freedom of individuals to design and build their homes in favour of the greater community good and safety. In the last decade, a number of prototypes of flexible housing designs that meet code requirements have been researched. A sampling includes:

- CMHC's FlexHousing concept (a BC example can be found at http://www.city.richmond.bc.ca/webnews/city/0820_housing.htm);
- The Grow Home™, and the Next Home (both developed at McGill University) – the focus is on interior adaptation;
- Pro-Home (Planning Alliance, Toronto)⁷ – staged expansion of the home emphasising a more affordable housing development process based on either incremental (progressive) housing or shell housing; contractor or owner (sweat equity) built; and,
- Sprout Home (Sevag Pogharian Design).

They offer solutions to financial and spatial/design problems by allowing residents to adapt to life's changes as they move through the lifecycle. Typically the prototypes are small starter homes ranging from 700 to 1,100 square feet designed to accommodate expansion, these can also serve as small scale infill projects. Including the option of secondary suites as revenue generators, they can combine ownership and rental opportunities. Research and projects constructed indicate selling costs are in the range of \$80,000 to \$167,000 for locations such as Edmonton, London (Ontario), and Montreal.⁸ Depending on the land value used Pro-Home purchase price range for the starter homes (800 to 2000 sq. ft.) in Toronto is \$105,000 to \$122,000.⁹

This solution is cross-referenced with the Housing Affordability Challenge solution (see Raising Awareness) – help create awareness.

Pros

- Increases access to ownership and rental housing without government subsidy
- Reduces costs further through use of sweat equity option.
- Applied as a demonstration project it may generate awareness and change attitudes positively.

⁷ Planning Alliance, "Pro-Home: A Progressive Planned Approach to Affordable Home Ownership", CMHC External Research Program, 2000

⁸ CMHC, FlexHousing™, CMHC, 1999

⁹ Planning Alliance, "Pro-Home: A Progressive Planned Approach to Affordable Home Ownership", CMHC External Research Program, 2000, p. 49

Cons

- Unconventional nature of the development – small lots, incremental housing may be a barrier to neighbourhood acceptance and planning approval.
- On-going construction where sweat equity is involved may be seen as a negative by neighbours.

Financial Implications

No direct financial implications for the municipality, but reduced housing costs for clients depending on form of housing selected (see above).

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Flexible housing examples implemented in Edmonton through Affordable Housing Demonstration Project, e.g. Ron Wickman, Finalta Designs Inc who also won a CMHC FlexHousing Award.

Measures of Success/Performance Indicators

Extent of interest within the housing industry and construction of projects.

Implementation Time Frame

Medium.

1.8.2 Mobile Homes in Rural Areas**Description**

Representatives of the manufactured housing industry advise that there is a very limited supply of vacant mobile rental park sites available in the region and that rental pad leases can cost between \$275 and \$450 per month. Industry representatives also indicate that a new “modest” single-wide mobile home (928 square feet) typically costs between \$55,000 and \$60,000 by the time it is delivered and set up on a turn-key basis. A modest 1050 square foot double-wide unit costs between \$65,000 to \$70,000.

These prices suggest that the costs of a CSA Standard Z-240 unit can range from about \$60 to \$67 per square foot and are slightly lower than the costs of modest town house units that range from \$63 to \$72 per square foot.

At \$350.00 per month, the monthly lease of a serviced mobile housing pad equates to a land cost of about \$51,850 per unit, which is roughly comparable to the cost of land for a typical rental townhouse unit.

Pros

- Manufactured housing units on either a rental pad or on a freehold lot can represent a cost effect alternative to homeownership in the form of either a traditional single-detached or townhouse unit in many areas.

Cons

- The current shortage of mobile home pads in the region limits the effectiveness of this form of housing.
- At the present time new manufactured housing units for Vancouver Island are being produced in the Okanagan Valley and Alberta. This means that transportation costs place some constraints on the cost effectiveness of this form of housing in the region.

Financial implications

With the availability of 95% loan financing, it means that a family could access home ownership by purchasing a new 1050 square foot double-wide manufactured housing unit with a qualifying income as low as \$34,000. The carrying costs, including principal, interest, taxes, pad lease and heating would be approximately \$915.00 per month or about \$135.00 less than would be required to rent a typical three-bedroom townhouse unit in Victoria.

All of this suggests that one potential solution for addressing the need for more-affordable housing is to encourage the development of additional mobile home parks in parts of the CRD.

Target Client Group

Market homeowner	X
Market renter	X
Core Need single	
Core Need single parent	
Core Need family	
Core Need senior	
Special need	

Solution Adopted

There are several mobile home parks located within the region.

Measures of Success/Performance Indicators

Number of units constructed.

Implementation Time Frame

Short term.

1.9 Preservation of Existing Rental Stock and Conversion to Rental Stock¹⁰

Description

There are a number of sub-sets of potential solutions directed at preserving existing rental stock and encouraging conversion. These include:

- Monitoring of existing rental stock – A number of municipalities in the region monitor in some form. In the City of Victoria, where two-thirds of the population lives in rented accommodation, monitoring is done on the basis of Census and CMHC data, and through bylaw enforcement (building inspectors respond to complaints made pursuant to Victoria's Building Standards and Maintenance Bylaw). Sidney also monitors business licences, in addition to CMHC data.

Preservation

- The BC Local Government Act allows local governments to enact a Standards of Maintenance Bylaw to enforce basic levels of maintenance for rental accommodation. Standards of Maintenance Bylaws are viewed as critical for the protection of the single room occupancy stock by some local governments, while others regard them as requiring too many scarce staff resources to warrant adoption. Victoria has had a Standards and Maintenance Bylaw since the 1970's.
- Conversion of Rental Buildings into Condominiums - Many BC local governments have condo conversion policies on their books, although they have been used only rarely in recent years in most places. Vancouver's Strata Title and Cooperative Conversion Guidelines provides for Council consideration of a request to convert as long as two-thirds of the tenants approve and other related conditions are met, not including a vacancy rate test.
- Demolition Control - It is very difficult for local governments to control demolitions. The City of North Vancouver established a moratorium on the demolition of rental units from November, 1989 to July, 1990, a time of extreme pressure in the housing market and invoked emergency powers under Section 290 of the Municipal Act in order to do so. Any such initiative should only be considered by local governments if legal advice has first been obtained. The City of Vancouver charges \$1,000 per unit for a demolition permit in order to try and discourage demolitions. The City also has a Rate of Change policy¹¹, which would apply, for example, when an existing rental building is slated for demolition and replacement. Under the policy, positive consideration is given "to developments which attempt to provide accommodation for present residents of the neighbourhood, result in a net increase in units, and provide some moderate or low cost housing". In addition, affected tenants must be consulted and fairly dealt with.

¹⁰ Two recent reports describing tools used to preserve existing rental stock are valuable resources for local governments. These are: "Municipal Initiatives – Stemming the Loss of Rental Stock", CHRA, 2002, and "Rental Housing Planning Guide", BC Ministry of Community, Aboriginal and Women's Services, 2002. Urban Aspects Consulting Group was involved in the preparation of both reports.

¹¹ Rate of change policy involves measurement of number of demolitions; net number of new units; number of affordable units lost; and the rate of turnover of occupants of units. (Source: Land Use and Development Policies and Guidelines, City of Vancouver Planning Department, December 1989.)

Conversion

- Strategic Use of RRAP (Residential Rehabilitation Assistance Program, CMHC program) where it **preserves** existing more-affordable rental housing or expanding the supply of more-affordable rental units through **conversion of non-residential buildings**. The Capital Region Housing Corporation acts as CMHC's RRAP delivery agent in the region. Under RRAP, rental properties requiring major repair are eligible for forgivable loans of up to \$18,000 per unit, or \$12,000 per rooming house bed, as long as the useful life of the building is extended for at least 15 years.
- **Tenant Landlord Cooperation** Program (Winnipeg) raises building standards through renovation or better management. By posting signs on buildings it recognizes rental housing that meets program requirements. Works well in areas with higher proportion of rental stock. (Partnership funding through various levels of government).
- **Conversion** (of non-residential properties into rental) and **Repair** of Existing Rental Stock: A variety of programs across Canada have responded to this policy option. The key elements include an interest free loan from provincial or local governments (generally a 10 year period), which may be required to be paid back, or be for a portion of the financing required for conversion or renovation. The programs are directed at converting vacant commercial space above stores into apartments or to renovate existing apartments in commercial buildings to bring them in compliance with the Property Standards Bylaw and fire code. They have been funded at the municipal level (Hamilton currently operates a program) or at the provincial level (Ontario 1985). Victoria's Tax Incentive Program for heritage buildings is a variation of this option. One solution is to consider establishing a program offering a loan to be paid back by clients.

Pros

- Policies and programs preserve older rental stock, especially important as a source of low cost rental units that offer safe and healthy accommodation.

Cons

- Requires resources (staff and financing) and commitment from the respective local government.
- A number of the programs are dependent on partnerships and senior government funding.

Financial Implications

These vary depending on the initiative, but fundamentally there has to be an allocation of resources at the local or regional government level to administer and support initiatives, seek senior government funding, etc.

Target Client Groups

Market homeowner	
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X

Special need	X
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Solution Adopted

- As noted above under the various programs described.

Measures of Success/Performance Indicators

- Increase in number of low cost rental units that comply with standards.

Implementation Time Frame
Medium

1.10 Housing Policies and Strategies

Description

Many municipalities and regional districts have developed housing statements that include definitions, policies, procedures, and specific methods for addressing housing concerns. The major vehicles used include Official Community Plans and Regional Context Statements, housing strategies and specific housing policies. The latter are often incorporated into the OCP. Adoption of the RGS policies and implementation strategies, will strengthen the links between Regional and municipal documents. Municipalities throughout the Capital Regional District region are currently in the process of developing their regional context statements.

Section 866 of the *Local Government Act* requires municipalities to include a regional context statement that is acceptable to the board of the regional district where a regional growth strategy is adopted. A regional context statement and the Official Community Plan must be consistent. The statement must specifically identify:

- the relationship between the OCP and matters included in the RGS, such as: social, economic and environmental objectives, population and employment projections, housing, transportation, regional district services, parks and natural areas, and economic development; and,
- if applicable, how the OCP is to be made consistent with the regional growth strategy over time.

The Regional Housing Affordability Strategy will be part of the Regional Growth Strategy and, as such and if adopted, municipalities will be required to state how they will deal with housing affordability in their regional context statement. *The Regional Housing Affordability Strategy recognizes that there are **urban and rural municipalities** in this region, consequently the intent of the strategy is to provide a range of options that may provide combinations of solutions to meet individual needs of municipalities. For example, potential solutions for rural-based municipalities might include secondary suites/accessory dwellings, manufactured homes and small-scale infill.*

Pros

- Identifies a commitment by the community to address housing issues in the community.
- Provides focus for dealing with housing issues in the community.

Cons

- Requires commitment on the part of Council, local government staff, and the community.

Financial Implications

Resources (time, money, expertise) will be required to develop policies, strategies. Depending on the degree of detail and comprehensiveness, the cost will vary.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X

Core Need senior	X
Special need	X

Solution Adopted

Planning for Housing 2000 (BC Ministry of Community, Aboriginal and Women's Services)¹² identified 75 local governments that have included housing policies in community planning documents, 71 of which are in official community plans (OCP); 4 local governments that have housing policies in other plans; and 48 that currently have housing strategies (some of which are comprehensive and attempt to address all the housing issues facing a community, others that address a particular aspect of housing such as rental housing or homelessness). Some specific examples of local governments that have developed policies include: Kamloops, North Vancouver (District and City), Saanich, Campbell River, Mission, Coquitlam, New Westminster, and Castlegar. Typical policies focus on:

- ensuring a mix of housing types within each neighbourhood to accommodate a broad range of housing needs and lifestyles through comprehensive development zones;
- encouraging infill over peripheral development;
- encouraging higher densities and intensification (including the use of density bonusing);
- expediting tracking applications for special needs and more affordable housing projects;
- supporting variances and zoning changes to permit unique forms of housing;
- using housing agreements for unique projects (garden and secondary suites);
- considering grants-in-lieu of DCC payments;
- waiving building charges and municipal fees;
- relaxing servicing requirements for special needs and social housing projects upon application;
- making housing affordability a high priority when considering land use options for surplus municipal lands or exchanging municipal sites for other sites to promote more affordable housing development;
- partnering into unique housing projects;
- designing and implementing an information system for monitoring the availability of land for housing;
- endeavoring to retain rental housing stock with policies and practices to eliminate conversions and control demolitions;
- supporting the creation of small single-family lots for infill purposes, compatible with the established neighbourhood and in new areas where they are planned as part of a comprehensive development;
- supporting modified ownership options and,
- encouraging community partnerships, including the not-for profit and private sponsor groups to provide housing.

Measures of Success/Performance Indicators

¹² http://www.mcaaws.gov.bc.ca/housing/PLANHOUSE/2000_index.htm

- Adoption of OCP policies and Regional Context Statements.
- Development of strategies, housing needs assessments, and definitions.

Implementation Time Frame

Short to longer term; this will vary by community. For example, when reviewing an OCP, a local government might seize the opportunity to look more closely at issues of housing affordability. OCP reviews take place periodically.

1.11 Partnering with the Community

Description

Many municipalities establish advisory committees, task forces, workshops and forums to consider how to meet the need for housing affordability. Some municipalities partner with existing community-based social planning or non-profit groups to look at housing issues. Community workshops and forums can also be used to increase people's understanding about issues and help to resolve community conflict. Work on the Community Charter suggests there will be greater emphasis placed on local government partnership activity.

Pros

- Achieving community buy-in through community involvement.
- Finding practical solutions that are tailored to the community.

Cons

- May require commitment of staff/ council resources.
- May take time.

Financial Implications

May require commitment of financial resources, although, and depending on the community and the volunteer resources the community can bring; costs might be less than having to hire staff/consultants.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- The most frequent method chosen by municipalities to deal with housing matters has been to strike a housing committee or a "council-appointed committee" as the facilitating body for housing activities at the community level. Others have chosen to lend support to community-based organizations to forward special interest group concerns regarding affordable, diverse and suitable housing. As of 2000, there were 29 committees operating in municipalities in BC. These committees deal with a broad range of housing topics. The work of these committees has included seeking public input, studying specific housing problems and making recommendations to Council.
- In addition to task forces and committees, 41 municipalities have used community workshops or public forums as a means of sharing information with, and receiving feedback from, residents regarding community concerns about housing. Seventeen municipalities have used other forums, besides committees and workshops, to address housing issues.

- City of North Vancouver has used advisory committees and task forces extensively to develop its housing affordability policy. An Affordable Housing Task Force assisted in the development of an Affordable Housing Action Plan. In 1997, the City adopted a Bylaw to establish funding for the Housing Initiatives Grant Program to support one-time, non-capital related, limited duration task forces and studies undertaken by community organizations and non-profits.
- Parksville established a Housing Advisory Committee in 1995 to develop housing policy guidelines. A community workshop for 40 participants looked at options, including the visual impact of densification. A Mobility Accessible Group has been looking at the issue of adaptable housing.
- Kelowna, acting on a recommendation contained in its Rental Housing Strategy, formed a Rental Housing Implementation Committee focusing on how the city's zoning bylaws could be changed to promote more rental housing. The committee is comprised of a council member, the city social planner and representatives of CMHC, the private development community and the local chamber of commerce.
- Campbell River uses Neighbourhood Advisory Teams (NATs) comprised of residents, representatives of the Advisory Planning Commission and municipal council. NATs are sometimes also organized to assist in the preparation of local area plans for existing residential neighbourhoods or to provide a non- adversarial review of neighbourhood development applications.
- Nanaimo set up an all-party workshop in response to community reaction to housing proposals in their Draft North Nanaimo Concept Plan. A 4 hour evening session was held, representatives of all interests were invited and an outside neutral facilitator was used. The group was able to start working toward consensus on many issues and begin working on a revised set of policies.
- Maple Ridge prepared an Affordable Housing Strategy that recommended consulting with neighbourhood residents to hear concerns and help people understand the need for housing affordability. Neighbourhood forums combined with all-day/two day open houses held in local shopping malls have been organized. The results were summarized in the municipal newsletter and distributed to all households in the community.
- Whistler provided opportunities for in-depth discussions about a wide range of community issues, including housing, asking 18 households to host public meetings in their living rooms. The meetings were facilitated and each group addressed the same set of community issues. The results were collated to be presented at a symposium.

Measures of Success/Performance Indicators

- Establishment of a process for dealing with housing issues in a community.
- Concrete implementation of housing initiatives.
- Greater community acceptance of housing initiatives.

Implementation Time Frame

Short term – ongoing.

1.12 Establishment of a Resource Network to Develop Resources at the Local Government Level

(Note this is cross referenced in Section 5.0 as part of raising awareness, but the emphasis is on providing support to Local Governments)

Description

Establishing a network is the first step in building capacity, developing collaboration and facilitating sharing of information and access to a support network. It is especially important as part of developing resources at the local government level in the region.

If the Housing Resource Centre is established a network may be one of its responsibilities, but in its absence the initiative could be spearheaded through municipal representatives on HAP or through IMPAC.

Objectives of the Resource Network might include:

- Advice and assistance in the researching, policy planning and decision-making regarding local government housing actions.
- Develop and promote best practices information.
- Help educate the public and increase awareness of housing issues (this is currently a role HAP is playing)
- Collaborate with similar stakeholder organizations/networks provincially and nationally

Pros

- Initiates sharing of information and a focus for collaboration among local governments regionally.
- Provides support to municipalities with scarce resources.

Cons

- Requires ongoing commitment.
- Requires financial and staff resources to implement.

Financial Implications

- Staff and financial resources need to be committed on an ongoing basis

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Shelter networks exist, for example for agencies working with the homeless there is BC ShelterNet.

Measures of Success/Performance Indicators

- Number of participating municipalities.
- Examples of results directly attributable to the support network.

Implementation Time Frame

Short term

1.13 Regional Housing Facilitator and Housing Resource Centre

(Note: The two potential solutions are combined here, as it is felt they should be interdependent to work efficiently)

Description

Regional Housing Facilitator: Given the limited resources available to most of the municipalities in the region, an office providing expertise and support to local governments, industry and the community at large is seen as crucial. The Facilitator is viewed as a senior responsibility and position that brings substantial housing expertise to facilitate the development of projects through brokering partnerships in support of community based initiatives. It is *action oriented*, not solely a policy research role (a function assigned to a former position in the CRHC). Some of the key attributes of this position are seen to include experience in:

- developing and brokering low end of market housing projects;
- housing finance;
- establishing and working with housing networks;
- community economic development and capacity building;
- leveraging resources; and
- facilitation and communication.

This is a leadership position. It calls for proven skills and an individual who can command respect within the community.

“Need more than a facilitator, need an individual/organization with deep real estate/development experience married to a commitment to building affordable housing, e.g. Bill Turner and TLC.” (Participant in Workshop #2)

Regional Housing Resource Centre: This would focus on the provision of resources to support local governments and the implementation of the Regional Housing Affordability Strategy, for example including dissemination of Best Practices information and establishment of a housing network structure regionally. The Centre would help to develop regionally:

- Resource Capacity
- Organizational Capacity
- Program Capacity
- Networking Capacity
- Political/Advocacy Capacity

From a governance perspective, organizational positioning of the position and office is critical. There has to be accountability and the position/centre must have credibility. If funding is through the CRD and / or member municipalities, the accountability should be to the CRD. This is reinforced if the position should assume responsibility for implementing the Regional Housing Affordability Strategy. Local governments would have to sign on to the function, i.e. agree to the financing of a shared resource. Very few municipalities can provide resources for housing, and this approach would acknowledge it as a region-wide responsibility. An alternative arrangement is to put the position at arms length from the CRD, in association with HAP. The option could be similar

to that under SHIP (see HAP) but would require considerable governance research and preparation. This arrangement raises the issue of funding, and it may receive less recognition from local governments in the region, as it would be more removed.

Within the CRD, the function could be added, or alternatively it could be placed with the CRHC. The latter has implications for the optics of treating all non-profit housing providers equally in the Region, as it would be seen to favour the CRHC; it would also make the position accountable to the CRHC Board and management.

Thorough analysis of where the position is located needs to be done, if this solution is pursued.

Pros

- Focuses responsibility and resources for improving housing affordability regionally.
- Is a constructive step in implementing the Regional Housing Affordability Strategy, given scarce resources.

Cons

- None

Financial Implications

Given the expectations and qualifications required for this senior position appropriate compensation is required, along with support for a Housing Resource Centre. A preliminary estimate of the budget for a Facilitator and Centre is \$200,000 to \$250,000.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

In the last decade in response to the difficulties of providing housing in the absence of senior government funding municipalities have introduced the position of Housing Facilitator, e.g. the City of Toronto and Saskatoon. The individuals in those positions have front line expertise in delivering housing in the new public policy environment and perform key roles in both cities.

An example of a housing resource centre is the City of Vancouver’s Housing Centre this was established in the 1980s and comprises a Manager, staff and budget. It has responsibility for policy research and delivery of housing units and as such has a broader set of responsibilities similar to that of the CRHC.

Measures of Success/Performance Indicators

- Increase in number of initiatives directed at improving housing affordability.
- Establishment of resource initiatives to support local governments

Implementation Time Frame

Short term

1.14 Information and Monitoring

Description

Relevant information collected on a regional level (e.g. growth trends; demographics; income, tenure, age and quality of the existing stock; starts; vacancy rates; prices and rental rates) is useful in successfully justifying, initiating, implementing and monitoring policy and program decisions. This can involve the collection, maintenance and dissemination of information for use by public, private, and community organizations to facilitate the production or use of more affordable housing.

*Planning for Housing 2000*¹³ reports that 51 local governments have completed residential capacity studies, 47 have land inventories and 36 have housing monitoring programs. Inventories and monitoring programs allow local governments to gather important information about the housing stock in their community. That information can be matched to housing need information and is very useful in the development of housing policies.

It is necessary to determine progress in achieving goals at the local level and collectively at the Regional level, and for evaluating strategies.

Pros

- Establishes the database for undertaking policy and strategic initiatives.
- Provides information on an ongoing basis for monitoring the effectiveness of policy and strategic initiatives.

Cons

- Requires ongoing commitment.
- Requires financial and staff resources to implement.

Financial Implications

- Staff and financial resources need to be committed on an ongoing basis.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- District of North Vancouver produces a semi-annual report on the status of housing. The report looks at vacancy rates, average rents and government programs and makes recommendations about where the District should focus its attention with respect to housing.

¹³ http://www.mcaaws.gov.bc.ca/housing/PLANHOUSE/2000_index.htm

- Whistler has undertaken a number of housing related studies e.g. Whistler Housing: Affordable Housing Needs Assessment; Whistler Housing: Backgrounder #1 - Housing Supply; and Whistler Housing: Backgrounder #2 - Housing Demand.
- Kamloops produced a report in 1996 entitled Kamloops Trends which provides a wide range of information about the city - the economy, education, residents and services. It is intended that the material will continue to be updated.
- Capital Regional District developed an Urban Capacity Inventory in the early 1990s as an integral part of the Regional Development and Transportation Strategies. The information has been updated for the Regional Growth Strategy.
- Victoria Homelessness Initiative Program funded the development of a Housing Registry for the region. The project is currently underway.

Measures of Success/Performance Indicators

- Development of a program to monitor stock and land availability.

Implementation Time Frame

Short term – ongoing.

1.15 Making decisions using the housing affordability lens

Description

The purpose of this solution is to develop understanding of and strategies to deal with housing affordability. Public officials (elected and non-elected) are challenged to develop housing affordability questions and indicators as a checklist for use when making decisions and evaluating actions. Typical questions could include:

- Will the decision or does the action make the situation worse for those who have housing affordability issues?
- Will the decision or does the action make the situation better for those who have housing affordability issues?

To answer these questions, some municipalities have developed indicators (e.g. Edmonton) or evaluation guidelines (e.g. Central Saanich) to monitor housing affordability on an on-going basis, identify municipal initiatives that fit with Council policy, and to assess development proposals.

Pros

- Clarifies values that guide decisions.
- Provides for concrete measurement, regular monitoring, and an indication of where actions need to be adjusted to reach goals.

Cons

- Requires a commitment of Council and staff time and resources.

Financial Implications

Reports to Council would have to include an evaluation of the situation, and response to the questions. In addition, some monitoring would be required. Municipal resources would have to be assigned to these tasks.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

The City of Edmonton has used the approach to develop a Quality of Life (QOL) Lens to evaluate its policies and programs. In September 2000, Council adopted a 'Vision for Social Well-Being and Quality of Life'. A Progress Report on the Vision was published in January 2002, providing a general overview of progress to date. The Progress Report describes over 90 municipal programs and provides an evaluation of whether they met the specific Council mandate or goals for QOL.

Locally, the Capital Urban Poverty Project (2000) recommended the use of a “poverty lens” to assist in poverty reduction.

Measures of Success/Performance Indicators

- An increase in housing affordability.
- The inclusion of those who have housing affordability issues in decision-making.

Implementation Time Frame

Medium to long term.

2.0 Land costs and availability

2.1 Use municipal land for housing affordability purposes

Description

Municipalities could review their land holdings and make suitable sites available to improve housing affordability at a nominal cost on either a freehold or long-term lease basis. Based on unedited data from the B.C. Assessment Authority, the municipalities within the region hold almost 2,300 acres of vacant (as defined by BCAA, but not necessarily usable) land.

The municipalities could also sell off their land holdings for uses/purposes other than residential, and direct the proceeds toward the provision of more-affordable housing. Although a review of the development potential of these sites has not been undertaken, it suggests that there is at least some opportunity for the municipalities to make land available for the development of new more affordable housing within the region .

Table-1: Vacant Municipal Land

Municipal vacant land holdings	Acres
District Municipality of Central Saanich	157.8
District of North Saanich	8.7
Municipality of Highlands	45.7
District of Langford	79.6
District of Metchosin	142.7
District Municipality of North Saanich	58.8
Municipality of Oak Bay	139.3
District Municipality of Saanich	1339.4
Town of Sidney	47.9
District Municipality of Sooke	15.7
City of Victoria	210.1
Town of View Royal	34.0
Total	2279.7

* Source; BCAA data as of mid 2002

Table-2: Serviced Residential Land Costs

Municipality	Single-detached (Small lot or acreage)	Townhouse	Low Rise apartment
Victoria	\$90,000- \$150,000	\$30,000- \$80,000	\$20,000-\$60,000
Saanich	\$100,000-\$160,000	\$45,000-\$85,000	\$12,000-\$17,500
Oak Bay	\$150,000-\$190,000	\$40,000-\$100,000	\$40,000-\$100,000
Esquimalt	\$80,000-\$120,000	\$21,500	N/A
Langford	\$85,000-\$110,00	\$22,500-\$28,000	N/A
Colwood	\$80,000-\$160,000	N/A	N/A
Metchosin	\$125,000-\$165,000	N/A	N/A
Highlands	\$100,000	N/A	N/A
View Royal	\$50,000-\$130,000	N/A	N/A
Sooke	\$62,000-\$80,000	\$23,100	N/A
Sidney	\$105,000-\$115,000	\$40,000-\$50,000	\$27,400-\$30,000
North Saanich	\$150,000	N/A	N/A
Central Saanich	\$110,000-\$120,00	\$40,000-\$50,000	N/A

Source: BCAA, 2002¹⁴

¹⁴ Cost of land in the CRD represents approximately 50% of total single-family housing costs (see Working Paper summary p. 12).

Pros

- After the actual “hard costs” of construction, land costs represent the most expensive component of a typical multi-family residential development. By either donating land or by providing it at a below market cost, Municipalities could have a dramatic impact on the economic viability of new more affordable housing projects.
- If developed for housing vacant public lands would generate tax revenue.
- Proceeds from land sales could be devoted to either direct provision of more-affordable housing or to financing programs that indirectly assist in the provision of more-affordable housing, e.g. monitoring, land inventory, process improvements.

Cons

- The actual availability of municipal land in appropriate locations, and site configurations, is probably quite limited. The use of public land for improving housing affordability would represent an indirect expenditure of public funds, which could be used for other municipal priorities.

Financial Implications

If parcels of municipal land were to be donated or leased to non-profit organizations for the development of affordable house rental apartments, the capital costs of such projects could be reduced by about \$20,000 to \$45,000 per unit depending on the location, housing form and the market value of the land. The impact on the economic rent required to support a new affordable apartment unit could be reduced by at least \$92.00 to \$182.00 per month.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Several municipalities within the CRD have already made land available for the development of more affordable housing on a limited basis. Mike Gidora Place (Victoria) and Habitat for Humanity (Victoria and Sidney) are some local examples.
- Municipalities, such as Dawson Creek, Fort St. John, Peachland, Pouce Coupe and Sparwood have all provided direct grants of land for more affordable housing projects. Other municipalities, such as Prince George, Terrace, Vancouver, Kamloops and Kelowna have leased land at below market value in order to support housing affordability.

Measures of Success/Performance Indicators

- The number of more affordable housing units produced.

Implementation Time Frame

Short term; less than a year for the identification of potential sites and the development of appropriate administrative guidelines.

2.2 Redevelopment of other public land

Description

Ideally, crown owned federal and provincial lands, as well as surplus school board properties could be either sold or leased at a nominal cost for more affordable housing purposes.

On the surface it appears as if there is a significant supply of publicly owned land in the region. The federal and provincial governments, as an example, hold about 5,900 acres of vacant land in the region according to unedited data obtained from the BC Assessment Authority¹⁵. The B.C. Building Corporation and the B.C. Hydro and Power Authority hold another 1,650 acres.

The reality on the ground, however, is somewhat different. A representative from the federal government's Canada Lands Corporation has indicated that they currently do not hold any land within the region. They also confirmed that if they had any land, their mandate is to dispose of it at market values.

The Province of B.C. used to have an "Affordable Housing First" Lands policy that allowed the sponsors of social housing projects to access surplus lands at below market values. Local examples of this policy include CRHC's Harbour Lane project at the corner of Kingston and Pendray Streets in James Bay, and the St. Andrews Victoria Housing project on West Saanich Road in Victoria. The former is on approximately 1 acre of property previously owned by BCBC and transferred to CRHC at a 50% discounted cost basis in 2000.

If it were possible to secure access to publicly owned lands, such as those held by DND at the Canadian Forces Base Esquimalt, it would add significantly to the potential supply of residential land in the region. If some of the land could be acquired below market values, it would greatly facilitate the development of new more affordable housing in the area.

Pros

- Again, land represents one of the most expensive components of most residential developments. By either donating land or by providing it at a below market cost, the federal and provincial governments could have a dramatic impact on the economic viability of new more-affordable housing projects.

Cons

- Access to federal and provincial land at below market cost appears to require a fundamental change in policy at this time.

Financial implications

If parcels federal and provincial land were to be either donated or leased to non-profit organizations for the development of affordable rental apartments, the capital costs of such projects could be reduced by \$20,000 to \$45,000 per unit depending on the location, housing form and the market

¹⁵ One of the recommendations of Canada's Urban Strategy, November 2002, is to establish a central inventory of federally owned lands and buildings, their current use and future use that could have potential for strategic urban redevelopment.

value of the land. The impact on the economic rent required to support a new affordable apartment unit could be reduced by \$92.00 to 182.00 per month.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Under the provincial “Affordable Housing First” Lands Policy, the St. Andrew Victoria Housing Society was able to secure a parcel of surplus land for its 20-unit senior citizen housing project on West Saanich Road. The site was transferred from the Ministry of Highways to BCHMC and then leased on favourable terms to the society.
- Examples exist where, in the past, School Districts have provided land for uses such as the Oak Bay Recreation Centre and non-profit housing projects such as the Baptist Housing project on Elgin Street.
- Sale or leasing of land for housing is a common practice across Canada.

Measures of Success/Performance Indicators

- The number of more-affordable housing units produced.

Implementation Time Frame

Short to medium term; a concerted effort by the municipalities and the Province to identify surplus sites that could potentially be used for to improve housing affordability could be undertaken and completed within a year.

3.0 Intensification

3.1 Increased density in downtown areas

Description

Opportunities exist in the Downtown and most regional centres for intensified residential development as described in the Regional Growth Strategy. These possibilities could include more-affordable housing, which could be encouraged by increasing the allowable density, bonusing, density transfers or fully utilizing the existing density.

Pros

- Intensification in these designated areas is consistent with the Regional Growth Strategy and supports the Transportation and Economic Development Strategies. It would optimize the use of existing municipal services and infrastructure while reducing transportation costs for those employed in the centres. Increased densities would also lower the per unit cost of land for new and more-affordable residential developments.

Cons

- Existing residents often do not want to see the lower density nature of their neighbourhoods changed.

Financial Implications

The market value of high-rise apartment land in the high density Harris Green area (300 vs. 30-40 units / acre for low-rise) is in the range of \$7,000 to \$10,000 on a per unit basis. This is about one-half of the cost of low-rise, wood-frame apartment land in the region. The lower land costs per unit however can be offset by the higher construction costs associated with high-rise development. Higher densities and effective redevelopment can reduce public costs.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Harris Green in Victoria is an example of increased density using new zoning that is flexible and easy to work with. This was the result of a strong partnership of the development industry and local property owners with the City of Victoria, where the City showed leadership with constructive policies and investment in infrastructure. The result is the potential for a diversity of housing types, including low-income and special requirement housing. Increased density facilitates more-affordable housing and conserves land. The area's simplified zoning bylaw enhances the potential for improving housing affordability and allows existing non-profit agencies who own land in the area, more flexibility in their future planning and the ability to include low-end market housing

components in their plans.¹⁶ However, while some development has proceeded and is encouraging, it has not been fully supported by market conditions. Nevertheless, consideration might be given to applying the Harris Green experience to other locations in the Region, for example locations in Saanich.

- The Edge is a mixed income housing project containing 150 live/work suites in Vancouver which is providing affordable rental housing in return for a rezoning. Occupied in April 1999, 30 units are affordable rental housing and 120 are strata-title market units. Fifteen units are rented to low-income tenants at the BC Benefits shelter allowance, and an additional 15 rented at the low end of market rates. There are no capital grants or operating subsidies from any level of government in this project. To achieve rezoning of industrial land to allow live/work units, the developers entered into a housing agreement with the City of Vancouver, providing 22 rental units to the City at no cost. The City purchased an additional eight (rental) units for \$782,900. The cost of the additional eight units is covered through a 25-year mortgage that will be recovered through the rents paid on all 30 units. Once the mortgage is paid, rental income will add to the City's Affordable Housing Fund, to be used for other projects. This is a mechanism to provide publicly owned housing in perpetuity with no public subsidy.

Measures of Success/Performance Indicators

- The number of units and economic cost (own/rent) of units.

Implementation Time Frame

Medium to long term.

¹⁶ City of Victoria, "Harris Green - a neighbourhood of choice," 1997, p.28

3.2 Increased density through small scale infill

Description

Small scale infill in the form of detached units, duplexes, patio homes and small row housing development is encouraged by the RGS in existing neighbourhoods (outside the centres) in the urbanized Region. It can provide a solution to housing affordability, especially where the housing type is predominantly single family detached and land costs are high.

Pros

- Development that is compatible with the neighbourhood can be acceptable and increase the supply of more affordable housing.
- Better use of infrastructure.

Cons

- Existing residents often do not want to see the lower density nature of their neighbourhoods changed.

Financial Implications

Minimal cost to the municipality, and can produce more affordable infill housing.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Central Saanich has just completed a set of Evaluation Guidelines and a Checklist geared to encouraging small scale infill, including legalized secondary suites to secure rental stock, to provide more affordable housing for young families, independent seniors and renters.

Measures of Success/Performance Indicators

The number of units and economic cost (own/rent) of units.

Implementation Time Frame

Medium.

3.3 Redeveloping existing non-profit housing projects

Description

A large part of the existing social housing stock in the CRD was developed more than twenty-five years ago and many of these projects have built up considerable equity through the repayment of their original financing and the appreciation of land values. These projects typically involve a much lower density than would be expected today and, in some cases, they are coming to the end of their useful economic life. At least part of this stock could represent an opportunity for the redevelopment of additional more affordable housing at increased densities using the existing land as equity.

Pros

- By using the equity in existing, lower density non-profit housing projects to develop new more affordable housing, community organizations can increase the supply of more affordable housing without having to access government subsidies to bridge the gap between market and economic rents.
- Would have a limited impact on existing municipal services and infrastructure.

Cons

- May involve the temporarily displacing the existing residents during the re-development process, although with good planning and retention of a portion of the existing units while redeveloping new units it may be possible to avoid displacement.

Financial implications

By “recycling” existing social housing sites, non-profit housing groups could increase the stock of more affordable housing while reducing the cost of a new project by \$20,000 to \$30,000. The resulting economic or breakeven rents could be decreased by at least \$135 to \$200 per month.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- An example of this approach is a 50-unit seniors citizen project on Cook Street where the Kiwanis Village of Victoria Society redeveloped part of its original site in 2001.
- Twilight Homes – Dawson Heights, Saanich (Cedar hill/Cedar Hill X Rds)

Measures of Success/Performance Indicators

An increase in the number of more affordable housing units on existing sites owned by non-profit societies.

Implementation Time Frame

Medium to long term. It could easily take more than two to three years for a community group to do the planning for the redevelopment of an existing non-profit housing project – this is not something the CRD/local governments have direct control over.

3.4 Redevelopment of underutilized industrial and commercial sites

Description

Underutilized industrial and commercial sites in the region may provide opportunities for redevelopment, and be particularly suited to densification. However, the redevelopment of some sites for residential use may involve decontamination and associated costs that can negate a project's viability.

Pros

- The redevelopment of underutilized sites is consistent with the Regional Growth Strategy, which promotes the development of residential accommodation in the core areas.
- The creative use of density bonusing and the pre-zoning of sites for more-affordable housing could have a significant impact if they were to be combined with large-scale redevelopment initiatives.

Cons

- The available opportunities for the redevelopment of commercial and industrial sites may be limited.
- Reduction in the supply of scarce industrial lands.

Financial implications

Although individual circumstances vary, it is likely underutilized industrial and commercial sites will sell for market value unless special arrangements are negotiated. Without the combination of additional incentives to reduce costs, it is questionable use of these sites will add to the supply of more-affordable housing. For example, the Railyards on the Harbour project in Victoria involved the sale of land at market value by Canada Lands Corporation resulting in bachelor units selling for \$80,000 and that 1,500 square foot townhouses available at a price of up to \$290,000.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

The Railyards on the Harbour is a good example of the opportunities that exist for the redevelopment of underutilized industrial and commercial sites within the CRD. The 12-acre site was sold by the Canada Lands Corporation to a private developer in 2002. A development involving 351 apartments, 85 townhouses, and 46 live/work units is underway.

Measures of Success/Performance Indicators

- An increase in the number of more affordable housing units.

Implementation Time Frame

Medium term.

3.5 Mixed use development or residential over retail / commercial space

Description

Since retail and commercial space can usually demand higher rents than residential space on a square foot basis, in a mixed-use development, more affordable housing could have greater financial viability. By constructing residential units on the second and third storeys of a retail / commercial building, the relatively high land costs associated with urban core areas can be offset by the project's non-residential revenue.

The potential for this approach was demonstrated in the recent analysis of a proposed development in Saanich. The results suggest that a mixed residential and commercial development could be made to work with a land cost of \$15.50 per square foot while a townhouse project at a rather high density of 20 units per acre would only be viable if the land costs were reduced to \$11.50 per square foot. The difference in land costs between the two is 35%¹⁷. This means that a mixed-use form of development has a significantly better chance of supporting more-affordable housing than one that is purely residential in nature.

Market conditions have to support mixed use development. To date in the region there are examples in Sidney, Langford and in Oak Bay over the library. However, Central Saanich has mixed use zoning but has been unsuccessful in attracting development – market conditions are cited as the reason by the development community.

Pros

- Cost of the land is carried by the commercial development.
- Proximity to services for target groups.

Cons

- Noise
- Lack of ground orientation
- In some parts of the region, market conditions are not supportive of this more-affordable housing option.

Financial Implications

The analysis of mixed use development for the area in Saanich suggests that a mixed residential and commercial development could support a land cost of \$15.50 per square foot of land while a townhouse project at a rather high density of 20 units per acre could only support a land cost of \$11.50 per square foot. The supportable land cost for a mixed development was 35% higher than the value for the townhouse alternative¹⁸.

Target Client Groups

Market homeowner	X
Market renter	X

¹⁷ The Economics of "Building Block" Development, G.P. Rollo & Associates Ltd. Land Economics, May 2002.

¹⁸ The Economics of "Building Block" Development, G.P. Rollo & Associates Ltd. Land Economics, May 2002.

Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

- Victoria - housing above retail/commercial/institutional in Cook Street Village (including a housing project over a senior citizen centre) and in parts of Downtown.
- Campbell River's OCP states mixed-use will be encouraged by considering property tax forgiveness on conversions, increased taxation of vacant land, reductions in parking and development cost charges.
- Comox - Comox Plaza was developed on the former site of a gas station. The site was re-developed with main floor commercial, parking underneath and housing above. A similar project is Rosewall in Courtenay. The OCP contains a number of policies for mixed use in the Marine Plaza area of downtown.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Medium and ongoing

3.6 Residential Development Co-located with shopping malls

Description

The concept of building residential accommodation above an existing shopping mall would theoretically have the same financial advantages to the mall owner / developer as a low-rise mixed-use development. It is assumed that the cost of the land would already be carried by the operation of the shopping mall. The mall owner could develop new residential accommodation in the parking area surrounding a shopping mall and to replace the lost parking with a multi-storey parking garage.

Pros

- Cost of the land is carried by the existing commercial development.
- There are a number of shopping centres in the Capital Region where this type of development might be possible.
- Proximity to services for target groups.
- Ready market in place for commercial uses

Cons

- It is unclear however whether or not the land cost savings would be off-set by the cost of such things as upgrading the on-site services, meeting residential construction standards and re-engineering the existing structure.
- Noise
- Lack of ground orientation.

Financial Implications

The challenge with this scenario would be building a new parking garage for less than what it would cost to acquire an undeveloped residential site, since a parking garage can cost \$20,000 per stall to construct.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

This kind of redevelopment has been undertaken in numerous locations, including Richmond Square Centre and Oak Ridge Centre in Vancouver.

- Guildford Mall, Surrey – the Urban Development Institute used the Guildford Mall in Surrey as a hypothetical case study to illustrate how this area could be redeveloped into a more complete urban centre using complete community principles. (1993)
- Mashpee, Massachusetts – The owners of Mashpee Commons decided to utilize the mall's retail market as the core for the development a new community. Basic services (library, church, school) were added to the retail centre and a denser mix of housing was clustered around the edge.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Medium and ongoing.

3.7 Reducing or waiving property taxes for more-affordable housing units

Description

The municipalities in the region could encourage the development of new more-affordable housing by waiving the property taxes for more affordable housing projects. The purpose of reducing / waiving property taxes would be to get the units built (i.e. to bridge the gap between economic and market). The option of limiting the reduction in taxes to only some of the units, could probably result in the project not being built in the first place.

Property taxes for a modest new three-bedroom town house in most areas of the region would be in the range of \$850 to \$950 per year, depending on the property's assessed value. This is roughly equal to one month's rent for the some unit. (Note that property tax assessments for rental properties are based on market income values and are usually lower than homeownership assessed values.)

Pros

- The elimination of property taxes for new more-affordable housing would encourage the construction of new rental accommodation (apartments and townhouses) by reducing the gap between the rents required to sustain new rental accommodation and current market rents.

Cons

- The tax revenue to the municipality through a reduction in property taxes would have to be made up by increasing the mil rate for other properties in the community.
- In order to be able to effective in stimulating any new construction, the reduction in property taxes for affordable rental properties would have to be maintained on a continuing and long-term basis. If the reduced level of property taxes were not kept in place, the owner/investor could face a cost or operating loss that would eliminate a landlord's return, and even risk a default on financing. Without assurances that the property tax subsidy would remain in effect until market rents were able to sustain his investment, a developer of rental units would hesitate to undertake the venture.

Financial implications

By eliminating the property taxes for more-affordable housing, the municipality could reduce the gap between the rent required to support the construction of new modest rental accommodation and reduce the current market rents by about \$50.00 per month for an apartment unit and about \$72.50 per month for a three-bed townhouse unit. If the property taxes were waived for the construction of 200 new more-affordable housing units each year, the accumulated cost in lost revenue would amount to about \$700,000 by the end of the fifth year, and would continue to grow.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

The Multifamily Property Tax Exemption Program in Seattle encourages housing development in neighbourhoods that are not attracting private, market-rate housing by giving private builders a 10-year exemption from property taxes. In return for the exemption, a percentage of units must be affordable to low-income households.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation time frame

Short term. Municipal property taxes could be waived for specific projects almost immediately with the approval of local councils.

3.8 Preserving affordability through housing agreements and covenants

Description

The municipal development approval process gives local governments the opportunity to use housing agreements to ensure that direct financial subsidies, land donations and other benefits, such as, density bonusing that are provided for more affordable housing purposes are used and maintained over time as intended by either non-profit housing or market housing developers. More than thirty local governments in B.C. have used housing agreements.

In the United States, where the use of mandatory inclusionary zoning for private market developments is much more common, controls on long-term affordability and use is often enforced through a covenant registered in the deed. These covenants ensure that units sold or rented at below-market prices as a result of indirect subsidies from the municipality, remain affordable.¹⁹

Pros

- Housing agreements and covenants provide a legally enforceable way for local governments to require the development and ongoing supply of affordable rental and special needs housing. These agreements can address issues such as the form of tenure, the groups that will have access to the units and the level of rent.

Cons

- Unless other arrangements, such as government sponsored housing program operating agreements are in place, municipal housing agreements require some form of ongoing administrative monitoring by the municipality.

Financial implications

Not directly applicable.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Housing agreements have been used for a range of purposes in many B.C. communities, e.g. Richmond and White Rock. Commonly they require developers to include and maintain rental housing in predominantly-ownership housing developments. Housing agreements have also been used in communities such as Kamloops, Port Coquitlam and Surrey to ensure that special needs housing is used by its intended target group, particularly seniors and people with disabilities.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

¹⁹ Municipal Regulatory Initiatives: Providing for Affordable Housing, CMHC Research Report, 1999.

Implementation Time Frame

Medium to long term. Housing agreements are usually part of the inclusionary zoning process for more affordable housing.

4.0 Raising Housing Funds

4.1 Land trusts

Description

Land could be accumulated and maintained in the long term for more-affordable housing through a land trust.

A land trust can acquire land through purchase or donation and holds it in perpetuity in order to remove it from the speculative market and to preserve its use for specific purposes in the future, such as housing affordability. There are several examples in BC, but almost all are environmental land trusts used to preserve natural habitat.

As a charitable organization, a land trust can accept financial donations or gifts of property, and provide charitable tax receipts to its donors.

Pros

- A land trust would be able to hold and preserve land without being affected by increasing market values, thus significantly lowering its cost for more-affordable housing development in the future.

Cons

- In order for a land trust to be effective, it has to start off with either a sizeable amount of donated property or significant financial resources. Otherwise, it has to acquire its sites at current market values with borrowed funds, and it has no revenue base with which to make the required payments.

Financial implications

If land for a modest new town housing project could be secured on beneficial terms from a land trust today, the total capital costs of the project could be reduced by as much as \$30,000 to \$50,000. The impact of such a reduction in costs would lower the required economic rent of the units by \$200.00 to \$440.00 per month.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

The Co-operative Housing Foundation of B.C. Community Land Trust (CLT) is the only housing land trust we have been able to identify. It acquired the freehold interest in the land for six co-operative housing sites the province and then leased back the projects to the individual non-profit co-operatives.

The intent was to ensure that the existing co-operative housing projects continue to provide more affordable housing beyond the expiry of their operating agreements with CMHC. A local example is the James Bay Housing Co-operative in Victoria.

CHF's Community Land Trust has been unable to attract new donations of either land or funds since the acquisition of its original six projects.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Long term.

4.2 Establishing a housing trust fund / reserve fund / levy program

Description

Housing trust funds, housing reserve funds and housing levy programs are essentially different names for the same thing. In the United States, they are usually administered by either state or local governments. In Canada, local municipalities have established those that are in place.

Housing trust funds almost always obtain their funding either directly or indirectly from government sources, and do so in a variety of different ways, such as property taxes (general revenues or special levies), development charges, interest from real estate escrow accounts and the sale of public lands. They do not receive significant amounts of funding from philanthropic donors.

It would be preferable that any fund set up as a result of this Strategy be at the regional level, to reduce administrative complexity and increase funding opportunities.

Housing trust funds can facilitate the construction of new more-affordable housing in a variety of ways including:

- Donating land for development
- Leasing land at below market cost
- Making capital contributions for construction
- Providing grants for project development
- Providing gap financing, before conventional financing is secured
- Lending funds to providers developing more affordable housing

Pros

- The establishment of a regional housing trust fund would allow the CRD and its municipalities to selectively support the development of much-needed more-affordable housing. Such a fund would allow the loan or donation of funds for capital to the sponsors of more-affordable housing projects that conformed to the Regional Growth Strategy and meet the highest-priority needs of the community.
- Establishment of a housing trust fund would leverage other funding.

Cons

- In the absence of financial support from the two senior levels of government, the municipalities in the region would shoulder the costs of setting up and operating the housing trust fund.

Financial implications

The fund could be set up to either provide complete, direct funding, or funds could be used in a variety of ways to partially fund any single project. If the regional housing trust fund were to fully fund the construction costs, 75 new affordable apartment and townhouse units could be constructed each year with an annual capital investment would be in the range of \$2 to \$2.5 million. If a property tax levy was used to generate funding it would require a levy of about \$20.00 per household. If the funds were used to leverage other sources, or receiving agencies had other equity to contribute to the project, many more units might be developed. For example, philanthropic funding levered would result in the following. For every \$1,000 per unit of funds

donated, the gap between the economic and market rent of a typical new apartment unit can be reduced by about \$4.80- to \$11.50 per month depending on the housing form.

Target Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Housing trust funds have been a feature of the American housing market for more than 30 years but they have increased in importance and number since the mid-1980's when federal construction programs were halted. In 1996, 110 housing trust funds provided about \$300 million to assist in the financing, construction and operation of affordable housing in the United States²⁰.

The Seattle Housing Levy Program is one of the largest housing trust funds in the United States. A dedicated annual property tax charge of about \$8.5 M.(U.S.) is collected in a city of under 600,000 in order to support the levy program's activities. The program lends funds, along with other funds from the state and federal governments, to builders of affordable housing. Levy funds are used to lever private bank loans and grants into affordable housing within the city on a 5:1 ratio.

In British Columbia, housing trust funds are relatively new addition to the housing scene. Current examples include the Affordable Housing Statutory Reserve Fund in Richmond, the Employees Housing Service Charge in Whistler, the Housing Reserve in Kamloops and the Affordable Housing Reserve Bylaw in the City of North Vancouver. Vancouver's Affordable Housing Fund is supported by the city's capital budget, as well as development cost charges levied by the city on new developments. Whistler's Employee Housing Service Charge Fund uses development fees on new commercial, industrial and tourist developments to fund its activities.

The Edmonton Housing Trust Fund (ETHF) provides funding primarily for the construction of new buildings for emergency, transitional, and long-term supportive housing. Some funding is also provided for the redevelopment of existing buildings.²¹ The Trust Fund is a partnership between the three levels of government as well as the private and non-profit sectors. The federal government through the Homeless Initiative committed \$17.1 million over three years. The Province of Alberta contributed \$3 million over three years, while the City of Edmonton contributed

²⁰ Housing Trust Funds: Their Nature, Applicability and Potential in Canada, Research Report, CMHC, 2000.

²¹ CHRA, "Municipal Initiatives – Stemming the Loss of Rental Stock", CMHC/CHRA, 2002

\$3 million over three years. In addition, the EHTF is dependent on contributions from the philanthropic and corporate sectors, and the general public in order to fund all of its projects.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Short to medium term; it would take a year or more to establish and then fund a municipal housing trust.

4.3 Philanthropic support

Description

The community-based organizations that are involved in developing and operating more-affordable housing projects do not necessarily have to depend entirely on their own resources and borrowed funds to finance their projects. They can also access financial support from the general community, private organizations and philanthropic foundations.

Philanthropic organizations like the Vancouver Foundation, the VanCity Community Foundation and the Real Estate Foundation of British Columbia can be sources of capital funding for more-affordable housing purposes. VanCity Enterprises has helped many groups to undertake projects that meet the credit union's social and business objectives. VanCity Enterprises can work with community organizations as a developer, lender and advisor. It can also be an equity partner that can share in the initial costs of a project's development and planning. The VanCity Community Foundation can also provide assistance in the form of grants and loans to non-profit groups who are developing affordable housing. Some of these projects include the Prostitution, Employment, Education and Resource Society (P.E.E.R.S.) and the Victoria Cool Aid Society in Victoria.

In 2001, the Real Estate Foundation of British Columbia provided 86 grants to various groups across the province totalling more than \$2.8 million. The VanCity Community Foundation provided loans and grants totalling \$415,963 in loans and grants to a variety of affordable housing, employment development and other non-profit enterprises during the same period.

Other financial institutions, such as the Coast Capital Savings Credit Union in Victoria provide similar services and support.

Pros

- Community based non-profit organizations can access some of the funds they need to bridge the financial gap between a viable and an unviable affordable housing project by accessing donations from the community as well as established philanthropic foundations.

Cons

- Raising funds through donations, grants and preferred financial arrangements can be time consuming and challenging. The competition for funding is high and the amounts required to make new rental accommodation viable across the province would exceed the capacity of the foundations.
- Current low interest rates mean that some foundations have fewer funds to distribute.

Financial implications

For every \$1,000 per unit of funds donated, the gap between the economic and market rent of a typical new apartment unit can be reduced by about \$4.80- to \$11.50 per month depending on the housing form.

Target Client Groups

Market homeowner	
Market renter	
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

The St. Vincent de Paul Society of Vancouver Island raised more than one third of the \$6.1 million needed for its seven-storey project on Yates Street through a combination of its own funds and donations from the community.

The 45-unit Mike Gidora Place project in Victoria was made possible through a combination of grants and preferred financing totalling \$606,800.00.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Short to medium term.

4.4 Using Municipal / Charitable tax credits

Description

Organizations with a charitable tax status, including municipalities, can provide a charitable tax receipt to vendors when purchasing a property for the difference between the sale price (provided it is equal to or more than the un-depreciated capital costs) and the market value of the property. The vendor can use the tax receipt to either reduce any capital gains on the transaction and recapture any excess capital cost allowances that may have been deducted to prior to the sale or reduce the tax on other income. Donors of land or other equity can also receive tax receipts.

Because capital gains can be taxed at a rate of up to 50%, vendors with potentially severe tax burdens could find it attractive to trade off a below-market sale price in return for the savings represented by a significant tax credit²²

A professional tax consultant has indicated however that the use of charitable tax credits will not result in a benefit to the vendor that is equal to sale at market value. The use of this approach would probably only be appropriate to facilitate a private donation.

Pros

- The use of charitable tax credits could mean that municipalities and charitable organizations would be able to purchase a property with a cash outlay that is well below the property's market value. This approach could be especially advantageous in situations where an existing rental project is being donated or sold at a less than market value.

Cons

- The use of charitable tax credits would mean that very complex negotiations would have to take place between the vendor and the charitable organization purchasing the property. The nature of the transaction also means that it would only be applicable in a limited number of situations.

Financial implications

The potential financial impact of using tax credits to facilitate the purchase of residential properties by charitable organizations would depend entirely on the tax position of the vendor. It is conceivable however that this approach could allow a charitable non-profit organization to finance the purchase of an existing rent building using very little of its own resources.

Target Client Groups:

Market homeowner	
Market renter	
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

²² Use of Municipal / Charitable Tax Credits to Facilitate the Acquisition of Property for Affordable Housing, Homegrown Solutions, Prepared by CRHC, December 2001

Solution Adopted

Charitable tax credits have not been widely used for housing affordability purposes in the past. They have however been used by universities across the country and by the Society of Hope in Kelowna.

Measures of Success/Performance Indicators

- Number of units of housing planned/developed.

Implementation Time Frame

Medium term; further investigation has to be undertaken to more fully assess the potential of the charitable tax credit approach and to determine the circumstances under which its advantages can be maximized.

4.5 Borrowing from the BC Municipal Finance Authority

Description

The Municipal Finance Authority provides infrastructure loans to BC municipalities at a more favourable rate than they could obtain independently. A possible solution suggested is for regional municipalities to consider *advocating* for the extension of the infrastructure loans to include housing. It should be noted that municipalities can already obtain loans through CMHC mortgage insurance program.

Pros

- If available would provide an alternative source of loan funding.

Cons

- A brief discussion with the Municipal Finance Authority of B.C. indicated that they do not have the authority to provide residential mortgage financing and that such a program might negatively impact the Authority's AAA credit rating. It was confirmed however that individual municipalities could legally borrow funds through the MFA and re-lend the funds for residential purposes.
- The idea of a central municipal/regional authority raising capital for lending purposes is probably not cost effective. An organization like CMHC with its full federal guarantee is currently unable to under cut the present market interest rates by a significant amount, especially when taking into consideration the availability of NHA insurance and the economies of scale that allow for risk and administration costs. The yield on CMHC's bonds is lower than either M.F.A. or Government of B.C. bonds.

Financial Implications

If mortgage interest rate could be reduced by as little as 0.25% from 6.5% to 6.25%, the economic rent required for a typical new apartment unit could be reduced by about \$12.50 per month.

Target Client Groups

Market homeowner	
Market renter	
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Municipal Financing Authority loans are not available for housing purposes at this time. CMHC's NHA Insurance allows a guarantee that in normal fiscal environments can reduce market rates. CMHC also initiated its Canada Mortgage Bond (CMB) program in 2001 that is used to provide mortgage financing at competitive rates. At the end of 2002, about \$4.7 billion in CMB bonds had been issued.

Measures of Success/Performance Indicators

Number of units of housing planned/developed.

Implementation Time Frame

Long term, if possible.

4.6 Raising Funds through Bonds

Description

CMHC raises funds for housing/mortgage pools through Mortgage Backed Securities (MBS), CMHC Bonds (Mortgage Backed Bonds MBB) and NHA Insurance. CMHC's activities in this part of its portfolio are similar to those of Fannie Mae in the US. CMHC has \$4.7 billion out in bonds, which translates into loan funds. This is the most efficient system for raising housing funds, achieving a better rate than could be achieved through municipal bonds.

A variation on CMHC's current initiatives in this area is to **advocate for a special issue of the Mortgage Backed Bonds to be targeted to improving housing affordability**, in turn appealing to the social conscience of investors, similar to the environmentally responsible investment opportunities.

Implementation Time Frame

Long term – requires advocacy work

5.0 Awareness Raising and Changing Attitudes

To be implemented effectively, the Regional Housing Affordability Strategy will need to build political commitment and community support as part of building community capacity and structure. The impact of housing policies directed at improving affordability in municipalities with strong policies such as the City of North Vancouver and Saskatoon is a result of political commitment through support and funding.

5.1 Changing Values and Attitudes

5.1.1 Tenure and Housing Form

Description

Canadians have been conditioned to think that homeownership is the optimum status to be achieved and that ownership provides equity for retirement (nationally the majority (62%) of renters expect to own homes by the time they retire). Increases in house prices in the inflationary period of the 1970s and 1980s supported this notion. Given the significance of the investment for households they tend to be cautious and buy what they see as having proven re-sale value within the market. Consumers overwhelmingly prefer low-density, single family detached housing, and the housing industry responds to the marketplace. However, consumer expectations also relate to society and demographics. The housing market is driven by consumer needs and expectations, and the primary driving force has been the baby boomer generation and the homes they needed to raise families. While the needs of this generation are changing as children leave home and the boomers age, research indicates that there will be a wide variety of housing forms in demand (low through high density, downtown living versus rural retreats), and expectations regarding the quality of that housing will be high. Alternative tenure arrangements will be critical in facilitating the decision as to which choice people make – older generations are looking proactively at intergenerational living arrangements. In addition, work in sustainable development has increased expectation regarding the environmental and social quality of neighbourhoods and communities.

To change attitudes about the ‘best’ form of housing, promotional campaigns profiling the benefits of the change will be required. As part of this, innovative projects can demonstrate alternatives to the single family home that respond to changing lifestyles, and as such are a potential solution in changing consumer expectations. For example, the Burnaby Mountain Corporation is developing a small community on 200 acres of the Simon Fraser University Endowment Lands that incorporates many of the features of supportive intergenerational housing into its design. The Corporation is looking at a wide range of housing forms and tenures, including the creation of housekeeping units within townhouses, stacked townhouses and apartments, which would meet the requirements of students and others such as seniors seeking more appropriate housing in proximity to university amenities.

Pros

- Housing industry responses to the consumer search for a wider range of housing choices may result in innovations that start to alter consumer expectations.

Cons

- Changing attitudes and expectations is a slow process; it is acknowledged that this takes a generation.

Financial Implications

A wide range of costs is possible.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Innovative projects and reductions in unit sizes are occurring and the renter is prepared to trade off smaller units for quality finishings. Burnaby Mountain Corporation, Simon Fraser University endowment lands (see above).

In the late 1990s BC Housing produced a series of videos on social housing aimed at changing attitudes and educating the general public.

Measures of Success/Performance Indicators

Increased number of innovative projects directed at improving housing affordability through reduced size of units and other cost efficiencies.

Implementation Time Frame

Long term

5.1.2 Lower Income Households and those with Special Needs**Description**

Negative attitudes still exist toward those with incomes lower than the city or neighbourhood norm, and to those with special needs, including those at risk of being homeless. These are the results of fear of those who are 'different' for reasons that may be personal or relate to concerns over property security and/or loss of equity. Understanding of the housing and other issues faced by these groups can help in improving attitudes toward them, and may ease their relationship with the rest of the community. Sustainable communities are those that provide housing options to meet the needs of all residents.

There is an opportunity to work with community associations, advisory groups and organizations. HAP is already working to some extent with groups on these issues.

Pros

- Less discord and segregation of groups in the community.

- Less opposition to development proposals.

Cons

- Changing attitudes and expectations is a slow process; it is acknowledged that this takes a generation.

Financial Implications

A wide range of costs is possible.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

In the late 1990s BC Housing produced a series of videos on social housing aimed at changing attitudes and educating the general public.

In Vancouver, a halfway house for prisoners was successfully integrated into the existing community after a community consultation process led by the proponent agency.

Measures of Success/Performance Indicators

Increased acceptance by community and neighbourhood groups of special needs and lower income housing projects.

Implementation Time Frame

Long term.

5.1.3 Density and Unit Size

Description

Housing in Canada since the Second World War has been primarily directed at promoting the single family house on a freehold lot. In addition, the size of the house has increased from the modest homes built in the late 1940s and 1950s with unfinished basements and one bathroom to the considerably larger homes with finished basements and several bathrooms that are commonly built today, in some instances to protect investment where high land or lot costs are high.

Advocates for the environment, health and sustainability have influenced attitudes and development over recent years. Some of this is starting to impact on housing form and urban development. Smaller units mean lower consumption of resources, and lower costs. The preservation of parkland, ecological areas, trees, water bodies and the ensuing benefits to the community competes with urban development, emphasising the need to contain low density development and develop sustainable communities as the RGS recommends.

Changing attitudes toward density will involve:

- Education (possibly using environmental educational models) regarding the costs, benefits and options
- Promotional campaigns
- Negotiation – between developer, community (neighbourhood associations, advisory committees), environmental groups and elected officials
- Demonstration – the promotion of innovation through demonstration projects
- Working with Councils, Advisory Committees, community associations

Pros

- Increase receptivity towards more intense land use in urban areas as per the RGS.

Cons

- Slow process – attitudinal change can take a generation.
- Housing market tends to be responsive not proactive.

Financial Implications

Savings by reducing time spent on the public process, and decrease in housing costs once the innovation is deemed acceptable.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

On-going efforts by planners, particularly in the City of Victoria where there are examples of small units in lofts and live-work and work-live units, e.g. Mosaic Building, Mermaid Wharf. In addition, HAP is already doing some work with local Councils to raise these issues.

Measures of Success/Performance Indicators

Increased number of smaller units built and in higher density projects.

Implementation Time Frame

Long term.

5.2 Community Profiling Initiatives

The following include initiatives directed at promoting awareness and changing attitudes through recognition of achievements, including competition, regional awards and profiling of individual projects and individuals.

5.2.1 Housing Affordability Challenge – Regional Competition for Demonstration Projects

Description

A region-wide competition to produce a demonstration project(s) based on collaboration between the private sector, local governments and the community would find out:

- how flexible local governments can be;
- how innovative the private sector can be; and
- how supportive and accepting the community can be.

Ideally this program should be organized through the Housing Resource Centre in cooperation with HAP.

Pros

- Engages local governments in creating 'on the ground' projects.
- Challenges innovation.
- Raises awareness within the community.
- Promotes collaboration and builds community capacity.

Cons

- Requires organizational resources.

Financial Implications

This program would require funding for staff time and promotional materials; estimated range of cost \$10,000 to \$20,000 depending on the number of demonstration projects.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Modelled on a competition held in Edmonton to improve housing in the downtown.

Measures of Success/Performance Indicators

Number of demonstration projects developed.

Implementation Time Frame

Medium.

5.2.2 Regional Awards to Recognize Project Achievements

Description

Similar to CHBA's Care Awards and the UDI Georgie Awards, these would be awarded annually in October during Housing Affordability Week. It represents an opportunity to recognize achievements, share information and educate the community.

Pros

- Raises community awareness.
- Promotes collaboration and builds community capacity by sharing information on successful projects and best practices, as such it can be link into the resource network.

Cons

- Requires organizational resources.

Financial Implications

Would require funding for staff time and promotional materials; estimated range of cost \$5,000 to \$10,000 depending on the number of awards.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

Modelled on present industry awards. In addition, the Community Social Planning Council's QOL Challenge recognizes community achievements in a similar way.

Measures of Success/Performance Indicators

Number of projects developed.

Implementation Time Frame

Medium

5.2.3 Community Profiling of Housing Affordability

Description

In cooperation with the media, a communications strategy to profile positive / success stories relating to improving housing affordability within the region could be prepared.

Pros

- Raises awareness within the wider community.
- Promotes collaboration and builds community capacity through increased awareness of the opportunities and providing details on the successes, as such it can be link into the resource network.

Cons

- Unable to control how media present information.

Financial Implications

Cost might include purchase of space or time. Work could be done through the Housing Resource Centre and with cooperation from HAP. The QOL Challenge is completing some profiling work; it may be that this will be adequate.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

An example is the BC Housing video series on social housing is one example of this work. There are many examples of profiling in other subject areas, including work through the Community Social Planning Council.

Measures of Success/Performance Indicators

Number of profiles prepared.

Implementation Time Frame

Short.

5.2.4. Leadership - Local Champions for Housing Affordability

Description

Local leaders would make credible spokespersons on improving housing affordability and would be able to influence public opinion, their peers, and respective sectors of the community. Elected officials may become champions; one workshop participant suggested *“every municipal council should select a member to be a liaison/champion for more affordable housing”*.

5.3 Neighbourhood Acceptance – Mediation Services and Dispute Resolution

Description

The establishment of mediation services involving citizen members offer a solution to mediating municipal zoning disputes and dealing with neighbourhood concerns. Citizens receive mediation training and serve as volunteers as required, as an alternative to hiring special expertise. There may also be a potential role for HAP on a user fee basis.

On a positive note, there is a growing movement in North America that focuses on having communities and neighbourhoods look at more-affordable housing development in a positive way by building neighbourhood/ community consensus around housing affordability issues and becoming advocates for dealing with issues and supporting developments.

Pros

- Involves neutral parties in resolution of issue.
- Offers constructive approach.

Cons

- Requires administration and funding.
- Requires willing participation of all parties involved; sometimes this is not forthcoming; the repeal of the SLAPP legislation might make groups unwilling to participate.
- Places a heavy burden on volunteers.

Financial Implications

Funding for training program for a selection of citizens – estimated cost \$10,000.

Target Client Groups

Not applicable.

Solution Adopted

Kamloops initiated the service using an A.C.T. grant in 1995 to implement the mediation concept and train citizens. This has been successful in Kamloops and remains in place.

The City of Calgary has invested in the education of its neighbourhood groups by preparing and giving a range of courses for them on various planning related topics.

Measures of Success/Performance Indicators

Application of the concept, training of citizens and number of applications and results.

Implementation Time Frame

Short term.

5.4 Role of HAP (Housing Affordability Partnership)

Description

While the role of HAP is still evolving, its present role, as described by the HAP Steering Committee is one of “facilitator, advocate, champion, and promoter of capacity building and sustainability”.

At a HAP Steering Committee in May, 2002, suggestions for enhancement of that role as part of implementation of the Regional Housing Affordability Strategy included the following:

- HAP’s ability (because of its neutrality) to ‘take the high road’ and be objective on issues, and to offer support to RHAS by explaining options/mechanisms/tools as necessary. It was agreed unanimously that HAP can, and has to, retain its independence.
- HAP members represent a variety of stakeholder interests and potentially could galvanize their respective stakeholder groups by meeting and working with them to generate interest/support.
- It was felt that in relation to the RHAS, HAP has a role as a community resource – although it is now apparent it requires a stable source of funding to continue.
- Educating elected officials about issues relating to housing affordability.

It must be emphasised that as a volunteer body, HAP’s future role is limited without additional, secure resources.

Pros

- Profiles and uses a recognized and respected community resource.

Cons

- Without additional resources there are limitations on developing HAP’s role beyond the above.
- HAP still has to reconcile how it handles its governance as an organization and decide whether it wants to be a legal entity. Currently the Community Social Planning Council acts as the Secretariat for HAP meaning that HAP is viewed as a committee of the Social Planning Council. It should be noted that this is a convenient arrangement and that HAP was not established through/by the Council. As Secretariat, the Social Planning Council administers any funds HAP receives.

Financial Implications

As a volunteer body, HAP’s role and even its continued existence is limited without additional , continuing resources. HAP requires an operating budget to function other than on a volunteer basis; this should be determined in consultation with HAP. A comparable organization in Saskatoon (see below under Solution Adopted) has an operating budget of approximately \$75,000/yr.

Target Client Groups

Not Applicable.

Solution Adopted

A group similar to HAP was established in the late 1990s in Saskatoon. The Saskatoon Housing Initiatives Partnership (SHIP) is a non-profit corporation (incorporated in 2000) governed by a volunteer Board of Directors. It has a part-time Executive Director. SHIP is a network of community economic development, housing industry, government and other organizations with an interest in affordable housing. It is a membership based organization and received start-up funding from Western Economic Diversification, as well as seed investment funding from Saskatchewan Economic Development and Saskatchewan Housing Corporation. The Saskatoon Credit Union has been a big supporter of SHIP, and has committed up to \$250,000 in matching funds for investments in housing. Its operating budget is approximately \$75,000 and over 90% comes from contribution agreement revenue. It should be noted that the Saskatoon housing market facilitates the production of affordable housing more than Victoria's market, because of lower land costs and the fact that the City of Saskatoon operates a land bank.

Measures of Success/Performance Indicators

HAP's continuing existence, and identification of its role within the community and the Housing Affordability Strategy and its implementation.

Implementation Time Frame

Short term.

5.5 Promotion of “Best Practices”

Description

Compiling Best Practices is an efficient way of sharing information and facilitating awareness of issues regionally. Categories of Best Practices that would be useful to share include regulatory mechanisms, financing, partnerships and tenure arrangements, and self-help approaches directed at improving housing affordability. The basis for a set of Regional Best Practices is contained in the database compiled in Phase 1 of the Regional Housing Affordability Strategy (See Working Paper 1 Summary and Working Paper 1).

At a professional level: this information could be provided to the region’s planners, developers, builders, building inspectors, elected officials and community associations.

At the community level: there is also an opportunity for community associations /organizations in the region to exchange experiences and knowledge, particularly where they have received funding for pilot/demonstration projects. Valuable work is being accomplished at the neighbourhood level and the local knowledge is part of community capacity building. Experiences would be readily transferable across different jurisdictions and community associations in the region.

Further detailing of Best Practices information on the following areas would facilitate awareness of issues regionally and should be shared with stakeholders.

Partnerships: The provision of new more affordable housing in an environment of declining federal and provincial support is becoming very difficult. This means that builders, municipal planners, private investors, non-profit housing groups, lenders and others will increasingly have to form innovative partnerships in order to meet the need. Some regional examples of partnerships to produce more-affordable housing that if detailed would constitute ‘Best Practices’ information are:

- Society for the Christian Care of the Elderly – involves redevelopment of an existing commercial building on Douglas Street in Victoria into a 99 bed congregate care facility for senior citizens.
- Pacifica Housing Development Society – a proposed “market housing” project in the City of Victoria involving 31 residential units for a mix of low-income tenants and the disabled. It will also include some commercial / office space.
- St. Vincent de Paul Society of Vancouver Island – a 43 unit project with 10,000 square feet of commercial space located in Victoria.
- Victoria Cool Aid Society – Mike Gidora Place project is a 45-unit serves low-income urban singles.
- Victoria Habitat For Humanity - builds modest single-detached houses in the area with partners like the City of Victoria, Sidney and Saanich providing land at below market costs; the general community also partners with cash and donated building material.

Financing arrangements: Some examples of the financing solutions that can assist non-profit housing providers, include:

- 100% financing (first mortgage in combination with other instruments)
- Lines of credit
- NHA Mortgage Insurance (lower interest rates)
- Canadian Centre for Public – Private Partnerships (more flexible lending criteria)
- Loans and grants from foundations
- Start-up funding from Homegrown Solutions, BCHMC and CMHC
- Supportive Living BC Program for senior and those with special needs
- Rent Supplement
- Residential Rehabilitation Assistance
- SAFER

Examples of Best Practices where these have been implemented in conjunction with partnership arrangements would be useful expertise to transfer.

Tenure arrangements: Some regional examples for “Best Practices” information in this area include:

- Life lease
- Abbeyfield housing
- Assisted Living
- Shared equity
- Equity co-ops
- Non-equity co-ops
- Leasehold land
- Cohousing (ownership tenure offering an alternate choice of living arrangements)

Other Areas for Compiling Best Practices Information:

- Local government experiences directed at improving housing affordability, for example through innovations in design and servicing, approval processes, and other policy or regulatory measures.
- Community associations outreach projects and work in improving housing affordability, e.g. work by Burnside Gorge Community Association
- Local government / industry projects funded under ACT (Affordability and Choice Today) and Homegrown Solutions and directed at improving housing affordability.

Pros

- Provides an educational tool based on local experience that likely can be applied to most municipalities in the region, given operating environment and local housing market characteristics.

Cons

- Costs of preparing, updating and distributing a regional set of Best Practices.

Financial Implications

Cost of compiling the materials, but electronic dissemination would be efficient.

Target Client Groups

Information would be directed at housing providers, but would cover all target groups.

Solution Adopted

There are a number of Best Practices guides available through organizations such as CMHC, BC Housing, Canadian Housing and Renewal Association, etc. However, the advantage of a local set of Best Practices is that with project and contact information available there is the start of a support network that can be used to transfer knowledge.

Measures of Success/Performance Indicators

- Production of a regional set of Best Practices information.

Implementation Time Frame

Medium term.

6.0 Employee housing

Description

In some Canadian and American cities, such as Whistler, Boston and San Francisco, major new commercial projects are required to pay a development levy or development fee that is used by the city to develop housing that is affordable to future employees. The rationale for the fee is that these projects attract new employees to the area and create the need for additional housing.

Local business organizations could be encouraged to adopt policies in support of employee housing. For example, Thrifty Foods has a homeowner grant (\$1,500) which is available to full time employees who are first-time home purchasers. They also offer discounts on home insurance and other home purchase expenses. Another option suggested at Workshop #2 is to have major employers locating in the Region, e.g. big box stores, pay an employee housing fund charge.

A fee paid by major new corporations moving to set up operations in the local area has implications for effective economic development regionally, helping to ensure there is housing that is more-affordable to future employees.

Pros

- Creates stable workforce and strengthens the community.
- An employee housing fund would allow the CRD and its municipalities to selectively support the development of much-needed more-affordable housing. It would allow the regional housing fund to either lend funds or donate capital to the sponsors of projects that conform to the Regional Growth Strategy and meet the needs of workers.

Cons

- In a highly-competitive market where major employers are seeking concessions from municipalities before deciding to invest in their communities, it seems unlikely that an employee housing fund would be viable.
- Victoria may not have sufficient large employers to generate an employee housing fund.

Financial Implications

Research required to assess range of costs depending on parameters.

Target Client Groups

Market homeowner	X
Market renter	X
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

In Whistler and Banff where extreme shortages of affordable housing exist for staff, the municipalities collect a development charge from commercial project developers and use the funds to provide staff housing. In Whistler it is called the Employee Housing Service Charge Fund.

Vancouver charges a similar development fee that covers various capital improvements, including low-rent housing.

Measures of Success/Performance Indicators

Number of programs in place.

Implementation Time Frame

Long term.

7.0 Homeless and Hard to House

Description

Homelessness is an increasing problem in communities throughout Canada, including the Capital Region. The problem is evident in both larger and smaller communities, in terms of the absolute number of homeless and those at risk of homelessness. Solutions require deep subsidies which for the most part are beyond the scope of this strategy to recommend

In *Planning for Housing 2000*, homelessness was identified as an issue in 22 jurisdictions in BC, including larger centres such as the City of Victoria and in smaller urbanized areas and suburban areas like Colwood and Sooke. The issue has usually been identified by council and/or community groups, however, local government staff, including planners and bylaw enforcement officers, have helped to identify homelessness in several communities. In this region, only the City of Victoria has a Community Action Plan for Homelessness, in part because the federal program that funded its preparation could only be applied for by one municipality.

Pros

The Community Action Plan for Homelessness:

- Achieves community buy-in through community involvement and collaboration.
- Provides focus for dealing with homelessness issues in the community and finding practical solutions that are specifically tailored to the community – matching client needs, assets and gaps.
- Identifies a commitment by the community to address homelessness issues.

Cons

The Community Action Plan for Homelessness:

- Requires a willingness and commitment to prepare and to implement.
- Requires resources.
- Applies only to the City of Victoria, whereas the incidence of homelessness and those at risk is found throughout the region.

Financial Implications

Resources are required to deal with homelessness. For communities outside those already designated, SCPI funding is limited. Under the Victoria Homelessness Initiative the City of Victoria has received \$2.1+ million from SCPI to invest in projects and agencies dealing with homelessness issues. Under the Federal Budget (February, 2003), additional funding will be available to deal with homelessness. Some thought is being given to extending funding to municipalities/projects outside designated centres.

Target Client Groups

Non market: women and children, primarily single mothers and women fleeing abusive situations youth at risk, sexually exploited youth, young adults over the age of 19; members of the urban Aboriginal community; new immigrants; and the newly poor. Many of these people have special needs. They include persons with mental illness; who misuse substances, including injection drug

users; with HIV/AIDS; multiple diagnoses; fetal alcohol syndrome/fetal alcohol effect; attention deficit disorder; brain injuries; and criminal justice system involvement.

Solution Adopted

Planning for Housing 2000, identified 13 local governments that have conducted research to determine the homeless population within their jurisdiction. Several studies have been conducted in collaboration with other local governments.

The City of North Vancouver, District of North Vancouver and West Vancouver are working with their health authority, through the North Shore Homelessness Task Group, to conduct a **survey of the homeless population**.

Some local governments have conducted **research as part of a social or housing needs assessment**. Kelowna conducted a survey of 83 individuals in 1993 who are homeless as part of a wider social needs assessment. A similar study was recently undertaken in Fort St. John.

The Federal Homeless Initiative, with funding from the **"Supporting Communities Partnership Initiative" (SCPI)**, has also provided encouragement for local governments to undertake homelessness research. SCPI is designed to provide funding for sheltering facilities, support facilities, support services, organizational and community capacity building, and community awareness to reduce and prevent homelessness. The City of Victoria has developed a Community Action Plan for Homelessness, established a local steering committee and under the Victoria Homelessness Initiative has received \$2.1+ million from SCPI to invest in projects and agencies dealing with homelessness issues, including research, direct service delivery, coordinated service delivery and planning, capital equipment and facilities. The VHI is currently being evaluated, with initial results indicating an increased capacity to serve the homeless, including an increase in the number of shelter beds and shelter hours of operation. There remains, however, a significant shortfall between supply and demand across the spectrum of supportive housing (e.g. transitional housing (1-3 month period), and second stage housing offering semi-permanent and semi-independent living). Similar initiatives funded through SCPI are underway in Vancouver, Nanaimo, Prince George, and Kelowna.

Some communities have developed **specific programs for addressing homelessness**. Kelowna and Vancouver have developed strategies to counsel and relocate tenants who have been evicted, particularly due to building demolition or closure. Tenant assistance strategies are aimed at preventing homelessness among the "at risk" population. Surrey includes zoning for shelters in appropriate areas, and facilitating the development of emergency shelters and transitional housing. Kelowna provides maximum assistance at the planning stages and contributes grants in the amount of institutional development cost charges to such proposals. Port Alberni planning staff expertise was a significant factor in the development of the Cool Waters non-profit housing complex in Port Alberni. They provided support to community organizations. Kelowna and Vancouver monitor the condition of single occupancy units in the process of fire code or health

inspections and have established regular monitoring programs. Kamloops has struck a Rooming House Task Force in support of OCP policies to monitor the condition of these units

Within the Capital Region, **community groups** have undertaken initiatives to provide an emergency funding safety net for people who are at risk of becoming homeless.

- Burnside Gorge Community Association has developed a 'community chest' that provides emergency funding to those at risk of homelessness in that community.

Measures of Success/Performance Indicators

- Development of policies, strategies, plans dealing with homelessness.
- Specific service/capital improvements in the delivery of services to the homeless.
- A reduction in the amount of homelessness.

Implementation Time Frame

Medium to long term.

8.0 Self-Help - Facilitating Local Community Initiatives

The Regional Housing Affordability Strategy is intended to be a community based strategy. This includes solutions that are directed at assisting those in core housing need to use their own resources to help themselves. Highlighted below are examples of solutions in the self-help area that have been available over the years, and some recent innovations that have emerged in the absence of government funding.

8.1 Pro-housing / Shell housing

Description

An incremental approach to housing development is not a new concept. A couple of homeownership examples include the “Shell Housing” model that was popular in the Maritimes in the 1970’s and 1980’s, the Grow Home, as well as, the Pro-Home concept that has recently been the subject of a review by CMHC’s Research Division. All three approaches allow the homeowner to start with a home they can afford and then expand or alter it as their circumstances and finances change.

The Shell Housing concept involves the construction of a new home with a complete exterior “skin” but the interior is left unfinished. Bathrooms and kitchens are “roughed in” and the owner assumes the responsibility for varying degrees of the interior partitioning and finishing. The owner can reside in the enclosed space or basement, while completing the remaining structure.

A Pro-Home can be built either in sections, beginning with a core unit (as small as 20 ft. X 20 ft.) that can be added to, horizontally or vertically, or can be built as a complete shell with the interior left unfinished. In the first instance, each section is fully habitable, whereas in the second option, the owner can reside in the enclosed space or basement while completing the remaining structure. The house design can use traditional construction methods or prefabrication packages that can be easily deconstructed into separate units, to facilitate construction in stages²³.

Pros

- Allows buyers to start with a home they can afford, and then expand and renovate as their circumstances change.
- Provides for the option of an accessory unit (secondary suite) that can reduce the cost of owning and maintaining a home.

Cons

- Does not address the initial cost of land.
- Requires either an increasing income potential or the ability to undertake major residential renovations / construction on your own.

Financial implications

The initial construction costs of a Pro-Home unit compared to a conventional 1,400 square foot unit could be reduced by more than one-half. Instead of a total cost of about \$247,500 for a modest unit, including land, a Pro-Home unit of 800 square feet in Victoria might cost \$191,500. Such a

price could be supported by a minimum household income of about \$42,000 instead of \$67,115 based on 95% financing at 5.0%.

Target Client Groups

Market homeowner	X
Market renter	x
Core Need single	
Core Need single parent	
Core Need family	
Core Need senior	
Special need	

Solution Adopted

The Pro-Home concept is being considered as a demonstration project on a site at Manse-Lawrence in the City of Toronto.

Measures of Success/Performance Indicators

Number of units constructed.

Implementation Time Frame

Short term.

8.2 Non-profit Co-operative Housing (Building Co-operatives)

Description

Regionally, private not-for-profit developers and consultants, working in conjunction with community based building co-operatives, could potentially construct more-affordable housing if the municipalities actively supported them with land and streamlined approvals.

An example of this approach is “Options for Homes” in the Toronto area that has successfully produced more than 900 condominium apartment and townhouse units for its co-operative housing clients. These developments can cost up to \$40,000 (10 to 20%) less than comparable new market units because the developer and the co-operative’s members have eliminated costly amenities, reduced the project’s marketing costs and replaced the builder’s profit with a project development fee of 2 to 3% of the purchase price of each unit.

The Options for Homes approach to non-profit housing allows the homeowner to benefit from appreciation in the market but still promotes the ongoing affordability of housing. This is accomplished through the use of an un-funded second mortgage that is registered against the unit and is roughly equal to the difference between the actual cost of the unit and its market value at the time of purchase. The second mortgage is repayable by the homeowner upon resale and goes into

²³ Pro-Home: A Progressive, Planned Approach To Affordable Home Ownership, CMHC Research, 2002.

an equity pool that is used to support other new more-affordable housing projects in the community.

Pros

- Reduces construction costs by concentrating on the development of more-affordable housing.
- Reduces or eliminates “developer’s profit”.
- Provides for ongoing assistance in the construction of more-affordable housing through the use of an unfounded second mortgage.
- The individual building co-operative members have some input in the development.

Cons

- The fact that the non-profit co-operative developer has limited financial resources means that the purchase of the land has to be delayed until the project has been substantially completed and the individual owners have arranged their mortgage financing.

Financial Implications

The proponents of non-profit building co-operatives claim that total construction costs can be reduced by at least 10% compared to other market units. This means that a modest 1,200 square foot townhouse project could be developed for about \$145,000.

At this price, a household in Victoria with a family income of about \$49,500 could qualify for a 95% loan at 6.5% over twenty-five years.

Target Client Groups

Market homeowner	X
Market renter	x
Core Need single	
Core Need single parent	
Core Need family	
Core Need senior	
Special need	

Solution Adopted

Options for Homes has produced more than 900 condominium units in five Toronto area projects and has an additional 800 units under construction on three sites.

The Columbia Housing Advisory Association is currently looking for potential sites in the Vancouver and Victoria areas and with plans to initiate a series of new building co-operative projects based on the Options for Homes model from Toronto.

Measures of Success/Performance Indicators

Number of units constructed.

Implementation Time Frame

Short term.

8.3 Market / Non-profit Housing

Description

To some extent, a non-profit housing developer has an advantage over a private market when it comes to building new rental accommodation. A non-profit developer is not necessarily motivated by a market return on its investment provided that the project is self-sustaining in terms of its cash flow. This means that in some cases, a rental project could be viable for a non-profit organization even though a market developer would find it uneconomic.

Pros

- By reducing or eliminating its financial return on investment, a non-profit developer can sometimes undertake a project that would not make economic sense to a private investor.
- By trading off a market rate of return on its investment for an increase in the supply of more-affordable housing, a non-profit developer can reduce the level of rents required to make a new project possible.

Cons

- By undertaking a market approach to the development of new housing, a non-profit organization exposes itself to additional risks and could jeopardize its overall viability.

Financial implications

Depending on the amount of equity that is available to it, a non-profit developer could bridge the gap between economic and market rents for a town-housing project by investing its own capital and other donations into the project with little if any financial return. As an example, the \$375 per unit gap between the market economic rent for a town-housing unit and market rent per month could be eliminated if a non-profit group was prepared to invest about \$59,400 per unit in the project at what would essentially be a zero return.

Target Client Groups

Market homeowner	
Market renter	x
Core Need single	X
Core Need single parent	X
Core Need family	X
Core Need senior	X
Special need	X

Solution Adopted

One example of a market / non-profit housing project is the Victoria Cool Aid Society's 45 unit Mike Gidora Place project on Pandora Street. The organization's capital investment in the project can be expected to be minimal, if not slightly negative, despite the fact that its capital costs were supported by a series grants, donated land and preferred financing arrangements.

Based on the project's income, a private real estate investor would have only paid about \$2.5 million for the building when its actual cost of construction, before the donation of land from the City of Victoria, was approximately \$3.5 million.

Measures of Success / Performance Indicators

- Number of units constructed.

Implementation Time Frame

Short term.

8.4 Life lease with a guaranteed buy-back

Description

Several life lease projects have been constructed on Vancouver Island over the past few years. These projects are often sponsored by non-profit organizations and are usually targeted to the senior citizen market. Some of the sponsors of these life lease projects suggest that their purchase prices can be as much as 15% below the market value of comparable units in the market.

A life lease permits the occupant to live in his or her unit for life in return for an up-front lump sum payment (purchase price) and a month payment that covers management, maintenance and operating costs.

Many of these projects provide a buy-back guarantee at the original purchase price that protects the occupant from falling market values but it also means that the owner cannot benefit from an appreciation in the value of the unit over time. The limitation on resale eliminates the impact of rising property values and means that the affordability of the units can be maintained at the original project costs over time. As a result, future residents may have access to this housing form at a lower than market cost.

Pros

- The guaranteed buy-back provision of some life lease projects protects the purchaser from falling real estate prices and ensures that their investment is secure.
- The guaranteed buy-back and resale feature also ensures that new residents have access to more-affordable housing in the future even if market prices rise.

Cons

- The guaranteed buy-back aspect of the life lease model precludes the owner from benefiting from an appreciation in property values.

Financial implications

If house prices rise at an average rate of 3%, a typical life lease apartment unit costing \$140,000 today could be made available to a new occupant for about 16% less than the price of comparable units at the end of five years.

Target Client Groups

Market homeowner	X
Market renter	x
Core Need single	
Core Need single parent	
Core Need family	
Core Need senior	
Special need	

Solution Adopted

As noted above, there are numerous life lease project examples on Vancouver Island but one that may be worthy of note is the Lions Cove project in Brentwood Bay.

Measures of Success/Performance Indicators

- Number of units constructed.

Implementation Time Frame

Short term.

8.5 Leased Land

Description

The City of Windsor's (WINHOME) Home Ownership Equity Participation Program is an example of how a municipality can use surplus residential land to provide low and moderate-income families the opportunity to acquire their first home.

In Windsor, the city leases building lots to a qualifying purchasers at a cost of \$1.00 per year under an Equity Occupation Agreement. The homeowner arranges his or her own mortgage financing (95% CMHC insured loan) and the construction of the unit. After 10 years, the homeowner is given the opportunity to purchase the lot from the city at the current market value by refinancing his or her mortgage.

Pros

- This approach increases access for first time home buyers and allows them to move into their unit with mortgage payments that are only based on the actual construction costs of the home, not the land.

Cons

- Such programs are subject to the availability of municipal land.

Financial implications

Within the region, this kind of a program could reduce the initial mortgage payments of a first time homebuyer by about \$1,000.00 per month based on a typical single-family unit land cost of \$150,000.

Target Client Groups

Market homeowner	X
Market renter	
Core Need single	
Core Need single parent	
Core Need family	
Core Need senior	
Special need	

Solution Adopted

To date, approximately seventeen units have been constructed under the City of Windsor's Home Equity Participation Program.

Measures of Success/Performance Indicators

- Number of units constructed.

Implementation Time Frame

Short term.

9.0 Senior Government Programs

9.1 Active Programs that Offer Solutions

While the federal and provincial governments have reduced levels of activity in funding the delivery of new housing units, there are some programs that can provide support. Many of these programs are capped in terms of duration and depth, and may be dependent on allocation formulae.

Provincial Programs in BC

Aside from ongoing subsidy assistance provided to the 7,000 social housing units in the CRD, major provincial initiatives include:

1. **SAFER (*Shelter Aid for Elderly Renters*)**– provides rent supplement assistance to low income elderly renters. Average monthly assistance is \$118.
2. **SILP (*Supported Independent Living Program*)**– a partnership between BC Housing, the Ministry of Health, and the health regions, SILP is a supported housing program that enables people with mental illnesses to live independently. Average monthly assistance is \$248.
3. **ILBC (*Independent Living BC*)**– a partnership among BC Housing, CMHC, the Ministry of Health, and the health regions. The program will fund 3,500 new supportive living units for seniors in B.C.²⁴.

Federal Programs

The federal government through Canada Mortgage and Housing Corporation (CMHC) shares the subsidy costs of most of the 7,000 social housing units in the CRD. In addition, the federal government funds or delivers the following.

Through CMHC:

1. **The Residential Rehabilitation Assistance Program (RRAP)** - Assistance for rental properties and rooming houses needing repair. Under RRAP (CMHC program), rental properties requiring major repair are eligible for forgivable loans of up to \$18,000 per unit, or \$12,000 per rooming house bed, as long as the useful life of the building is extended for at least 15 years. This program was renewed for a further three years in the last Federal budget (February, 2003).
2. **ILBC (see above)**
3. **HASI (*Housing Assistance for Seniors' Independence*)**– provides grant assistance of up to \$2,500 per unit for renovations that allows seniors to live more safely and more independently in their homes.
4. **Mortgage Insurance**– under the National Housing Act (NHA) provides mortgage insurance to proponents enabling them to obtain preferential interest rates.

²⁴ The majority of the funds provided under the agreement have been targeted to assisted-living and supportive housing projects for seniors who are not able to live independently in their own homes. The province plans on building 3,500 supportive living units throughout B.C. over four years as part of its commitment to provide 5,000 new intermediate and long-term care spaces by 2006.

5. **The Canadian Centre for Public Private Partnerships in Housing**– CMHC’s Partnership Centre acts as a catalyst, initiator and source of best advice to advance and encourage housing partnership projects.

Through Human Resources Development Canada (HRDC):

6. **“Supporting Communities Partnership Initiative” (SCPI)**– funding is available for projects and agencies dealing with homelessness issues.

9.2 Advocacy by Local Governments for Policy Change at Senior Government Levels

There are a number of policy areas that have been the focus of attention by housing advocates for the last decade or so. Many of these were raised as part of presentations to the Prime Minister’s Caucus Task Force on Urban Issues and are incorporated as recommendations in *Canada’s Urban Strategy: a Blueprint for Action* (November, 2002).

They include:

- changes to CMHC’s mortgage insurance that will benefit non-profits
- a number of financing initiatives directed at rental property taxation issues and tax credit/incentive programs
- other initiatives targeted to affordable housing in urban areas(Federal Budget (Spring 2003) provided an additional \$320M. The recent announcement will extend the Federal/Provincial/Territorial (F/P/T) Agreements (originally for three years) by one more year for a total of four years, providing the provinces match the funding. The new funding will be discussed at a F/P/T meeting in April 2003. The new funding will be subject to the initiatives of the provinces, so if BC participates it could mean that the BC program could still be largely limited to the “Independent Living BC” program.

There are other areas that require local governments to actively advocate for policy changes through UBCM, FCM and other channels, these include:

- changes in land disposal policies of government agencies, including the Affordable Housing First policy;
- training of residential construction trades to fill future labour shortages; and,
- expansion of shelter allowances directed at core need renter households.

There was concern among participants at Workshop #2 that the focus of the current F/P Housing Agreement on seniors supportive living is not enough in terms of provision of deep subsidies. It does not respond to the needs of the working poor, low-income families and singles, groups with special needs, and independent seniors²⁵. The federal / provincial agreement resulted in the introduction of British Columbia government’s Independent Living Program that is primarily focused on meeting the needs of seniors and individuals with special needs.

²⁵ In late 2001, the federal and provincial governments announced that they had entered into a joint Affordable Housing Agreement that would provide \$177.4 million over five years to help increase the supply of affordable housing in British

The province's focus on supportive and assisted housing for seniors means that new funding for the development of subsidized housing for single individuals, families and independent seniors in British Columbia has essentially disappeared.

By itself, the federal government's commitment of \$88.7 million over five years to B.C. would have been able to assist in the construction of more than 700 subsidized housing units per year in B.C. based on an average capital contribution of \$25,000 per unit. A subsidy of this scale would go a long way to improving housing affordability for the working poor in the region, especially in conjunction with a Regional Housing Fund.

At the provincial level, it is expected there will be implications for housing initiatives at the local government level through the Community Charter legislation in preparation, through partnership activity, taxation options, e.g. lowering property taxes to encourage development of purpose built rental and more affordable housing. Again, there are opportunities for local governments to develop an advocacy agenda in support of more-affordable housing.

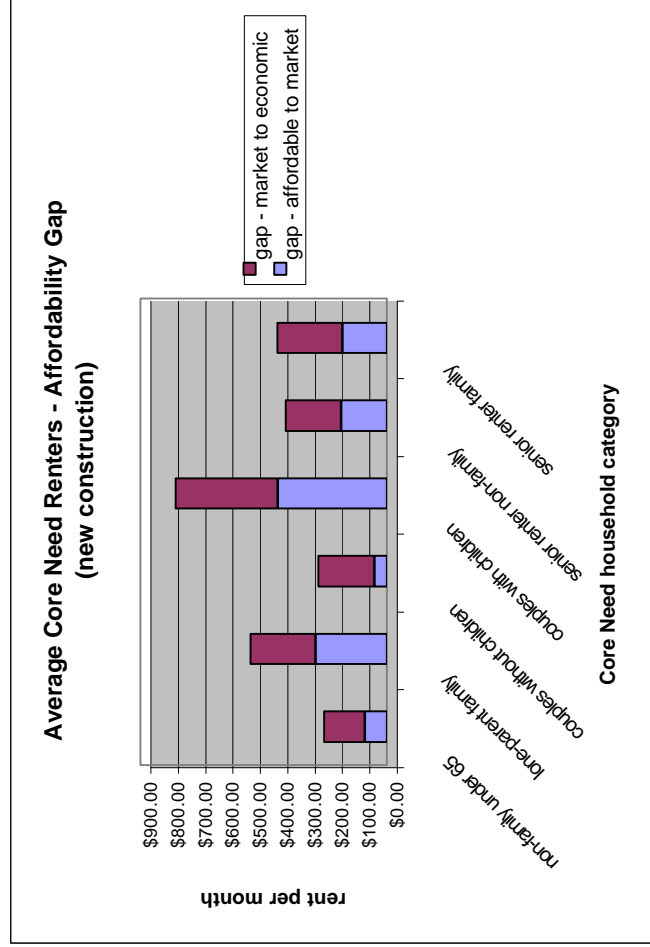
Columbia. Federal funding of \$88.7 million was based on an average capital contribution of \$25,000 per unit and was matched by an equal amount from the province.

Solutions / affordability gaps - January 2003

Table 1

Core Need Renters:	non-family under 65	lone-parent family	couples without children	couples with children	senior renter non-family	senior renter family
number	10,675	2,585	1,645	1,330	3,845	585
avg. income (adj. from 1996) housing form	\$16,137.00	\$19,655.00	\$21,076.00	\$26,105.00	\$16,261.00	\$23,592.00
30% rent / mo.	\$403.43	\$491.38	\$526.90	\$652.63	\$406.53	\$589.80
market rent	\$482.00	\$752.00	\$572.00	\$1,050.00	\$572.00	\$752.00
economic rent (new)	\$633.00	\$990.00	\$777.00	\$1,425.00	\$777.00	\$990.00
gap - affordable to market	\$78.58	\$260.63	\$45.10	\$397.38	\$165.48	\$162.20
gap - market to economic	\$151.00	\$238.00	\$205.00	\$375.00	\$205.00	\$238.00
gap - affordable to economic	\$229.58	\$498.63	\$250.10	\$772.38	\$370.48	\$400.20
% gap affordability / market	19.48%	53.04%	8.56%	60.89%	40.70%	27.50%
% gap affordable / economic	56.91%	101.48%	47.47%	118.35%	91.13%	67.85%
% gap market / economic	31.33%	31.65%	35.84%	35.71%	35.84%	31.65%

% of Core Need average income required for Market & Economic Rents:



Note: The adjacent chart indicates gap between 30% of the average Core Need income, market rents and full economic rents. As an example, the gap between 30% of income and full economic rent for an average Senior Renter Family \$400.20 per month.

Average Core Need Renters - Affordability Gap (new construction)

Category

Market Rents

Economic Rents

non-family under 65	35.84%	47.07%
lone-parent	45.91%	60.44%
couples no children	32.57%	47.07%
couples with children	48.27%	65.50%
senior renter non-family	42.21%	57.34%
senior renter family	38.25%	50.36%

Impact of proposed solutions on affordable (Core Need) rents

Table 2

Housing form:	bach. Apartment non-family under 65	one-bed apartment senior non-family	two-bed apartment senior renter family	one-bed apartment couples no children	two-bed apartment lone-parent family	3-bed apartment couples with children	3-bed row house couples with children
Total capital costs (modest units):	\$67,437.00 (475 sq ft)	\$75,867.00 (550 sq ft)	\$103,965.00 (750 sq ft)	\$75,867.00 (550 sq ft)	\$103,965.00 (750 sq ft)	\$140,494.00 (1,000 sq ft)	\$160,141.00 (1,200 sq ft)
Target affordable rents per month: (30% of average Core Need income)	\$403.50	\$406.50	\$590.00	\$527.00	\$491.50	\$652.50	\$652.50
Estimated rent (economic) required for new construction:	\$633.00	\$777.00	\$991.00	\$777.00	\$991.00	\$1,208.00	\$1,425.00
Shortfall / gap in Core Need rents:	\$229.50	\$370.50	\$401.00	\$250.00	\$499.50	\$555.50	\$772.50
Measures to meet shortfall:							
1.1 Waiving DCC's	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
1.2 Waiving dev. & building permits	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00	\$17.00
1.3 Streamline approval process	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
1.4 Flexible subdivision standards	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50	\$13.50
2.1 Donating municipal land (\$15,000 to \$45,000)	\$92.00	\$115.50	\$146.00	\$115.50	\$146.00	\$182.00	\$370.00
3.0 Waiving property taxes	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$72.25
4.2 Housing trust fund (\$25,000/unit)	\$120.00	\$183.00	\$232.00	\$183.00	\$232.00	\$287.00	\$197.00
4.3 Philanthropic donations (\$10,000/unit)	\$48.00	\$73.00	\$93.00	\$73.00	\$93.00	\$115.00	\$79.00
Potential cumulative impact:	\$372.50	\$484.00	\$583.50	\$484.00	\$583.50	\$696.50	\$780.75
Potential surplus:	\$143.00	\$113.50	\$182.50	\$234.00	\$84.00	\$141.00	\$8.25

Note: The impact of some of the proposed measures do not vary by housing form because they have are based on a per unit cost and do not vary by size.



Appendix to Working Paper #2: Description of Potential Solutions
A Regional Housing Affordability Strategy for The Capital Region

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