



AGENDA
HOUSING AFFORDABILITY TASK FORCE MEETING
TUESDAY, MAY 12, 2015 AT 3:30 P.M.
SONGHEES NATION ROOM
CITY HALL, 1 CENTENNIAL SQUARE

APPROVAL OF AGENDA

MINUTES

1. Minutes from the meeting held May 5, 2015

PRESENTATION

2. Rental Housing Units Analysis
--John Reilly, Senior Planner, Social Issues

WORKING DOCUMENT

3. Working Document of Recommendations to Council

DUE DATE FOR MAY 19 MATERIALS

'DEEP DIVE' TOPICS TO WORKING GROUPS

CORRESPONDENCE

4. Correspondence from the City of Burnaby

PARKING LOT ITEMS

5. List of Parking Lot Items

ADJOURNMENT

MINUTES OF THE
HOUSING AFFORDABILITY TASK FORCE MEETING
HELD TUESDAY, MAY 5, 2015, 3:30 P.M.

1. THE CHAIR CALLED THE MEETING TO ORDER AT 3:31 P.M.

Task Force Members Present: Mayor Lisa Helps in the Chair; Councillor Ben Isitt, Kathy Hogan, Leonard Cole, Don Elliott, Brenda McBain, David Hutniak, Marika Albert, Dylan Sherlock, Gene Miller, Franc D'Ambrosio, Yuka Kurokawa, Todd Litman, Peter de Hoog, Rob Bernhardt.

Staff Support: Henry Kamphof, Housing Secretariat, CRD; Andrea Hudson – Acting Director of Sustainable Planning & Community Development; John Reilly – Senior Planner, Social Issues; C. Havelka – Administrative Support.

Absent: Bernice Kamano, Jeff Dean, Kaye Melliship, and Councillor Jeremy Loveday.

2. ADOPTION OF THE AGENDA

Action: It was moved by Brenda McBain, seconded by Peter de Hoog, that the agenda be adopted.

CARRIED UNANIMOUSLY

3. ADOPTION OF MINUTES

Action: It was moved by Todd Litman, seconded by Brenda McBain that the minutes from the April 28, 2015 meeting be adopted.

CARRIED UNANIMOUSLY

4. OFFICIAL COMMUNITY PLAN PRESENTATION

A. Hudson, Acting Director of Sustainable Planning & Community Development, provided the Housing Affordability Task Force (HATF) with an overview of the *Official Community Plan* and information regarding population, housing, jobs and growth over the next 30 years. The OCP provides guidance on decision-making aspects of land use, and proactively responds to issues and opportunities.

5. CONFIRM TOWN HALL DATE (JUNE 1, 2015 PROPOSED)

The HATF agreed to the date of June 1, 2015 for a Town Hall Meeting. This will allow the HATF to showcase their work to a group of people with expertise in housing and receive their feedback. Brenda McBain of Together Against Poverty Society (TAPS) and Kathy Hogan of the Urban Development Institute (UDI) advised that these agencies have agreed to co-host the Town Hall meeting.

6. WORKING DOCUMENT

Mayor Helps outlined the discussion topics:

1. Confirm Principles.
2. Is there anything missing?
3. The order of Short, Medium and Long term wins.
4. Assigning topics to people.

6.1 PRINCIPLES

The HATF discussed the second principle and the role the City has to play:

- Adding “non-market” housing; the HATF is dealing with top end of non-market housing and the low end of market housing.
- The role the federal and provincial governments have traditionally played in subsidizing housing.
- The City’s advocacy role.
- Starting with an “issue” statement.
- The role all the different agencies play in creating housing; the suggestion there be a third principle that states the City is working with partners; concerns that the principles are becoming too broad.
- Adding a definition of what affordability is; better to focus on goals and targets.
- Staff have done some analysis on the basis for low-income housing and will report back.

6.2 IS THERE ANYTHING MISSING?

The HATF discussed the following:

- Using incremental tax financing (which is legislated by the province) as a means of investing in housing. Adding this to the Parking Lot.
- The maintenance of existing, affordable housing units and tools the municipality could use to strengthen its existing maintenance bylaws; the incentives needed to address this issue, such as the revitalization tax credit.
- Guidelines on how to incentivize property owners to maintain properties; looking at how Vancouver addresses old rental stock.
- Staff’s request for the HATF to articulate desired outcomes rather than just the tool, such as “time limited rezonings”.
- Looking at up-zoning on arterials with Vancouver being an example; noting that low interest rates are motivating construction of purpose-built rental buildings.
- Inclusionary zoning and including the California model; refining this recommendation.
- Providing affordable rental units, but affordable ownership as well; the model for affordable ownership used by Calgary.
- Equity and the built form culture in Victoria; taking a bus tour to look at various neighbourhoods.
- Distributing density by providing more opportunities for more players, such as

backyard units spread over a neighbourhood; the Coquitlam model for density and providing the HATF with Coquitlam's information.

- Traffic and parking impact studies and shifting the burden of proof of parking issues onto the neighbourhood associations; adding this to Short Term Wins – Reduced and More Accurate Parking Requirements.
- Expediting development permits and giving staff more authority; a working group comprised of developers and City staff who will review the process and coming back with recommendations.
- The renovation of the entire Zoning Regulation Bylaw; Council voted against this as local area plans were a higher priority.
- The City playing the role of a land partner in projects in order to expedite the process and avoid land speculation.
- The inventory of City land and capturing affordable housing in future projects; Fire Hall # 1 an example; the CRD's experience with this type of initiative; the limited availability of land in the City.
- The definition in City bylaws for "rental apartment" as an additional goal for year one.
- Receiving a report on the number of available hotel units.
- Understanding how many units are needed for low-end market and non-market housing to get a sense of scale.
- The Greater Victoria Coalition to End Homelessness statistics for those using shelter in 2014. 3,600 people were identified at the low end of the market; determining how many of those people are in Victoria.
- The standard of maintenance for existing housing and fleshing out what tools can be used to address maintenance issues, such as the revitalization tax credit.
- The need for a range of housing units for movement up the spectrum of affordable housing.

7. ASSIGN 'DEEP DIVE' TOPICS TO WORKING GROUPS

HATF members listed their projects and the date to report back.

- **Short Term Wins - # 4 – Identify Parcels Suitable For Affordable – Accessible Development:** Franc D'Ambrosio will work with Andrea Hudson and other staff in GIS Mapping to compile a list of parcels of land suitable for development and deliver a recommendation.
- **Short Term Wins - # 6 – Undertake an analysis of motels:** Henry Kamphof will provide a report on the number of hotel units that are available.
- **Short Term Wins - # 8 – Reduced and More Accurate Parking Requirements:** Todd Litman and Leonard Cole will provide a more accurate recommendation for **May 12.**
- **Short Term Wins – adding # 11 – Defining “Rental Apartment”:** Leonard Cole and David Hutniak will work to define the bylaw term “rental apartment” as well as provide input on Schedule C and the conversion bylaw for **May 19.**
- **Medium Term Wins - # 1 - Inclusionary Zoning:** John Reilly, Henry Kamphof, Gene Miller and David Hutniak to refine the language regarding inclusionary zoning to strengthen the recommendation.

- **Long Term Wins - # 2 - Affordable Housing Maintenance and Rehabilitation Programs:** Dylan Sherlock, Yuka Kurokawa and David Hutniak will flesh out this item for **May 19**.
- **Greater Victoria Coalition to End Homelessness data:** Don Elliott will provide statistics on the 3,600 shelter users that are on the low end of the market and live in Victoria for **May 19**.
- **Data regarding income ranges and renters:** Marika Albert, Don Elliott and John Reilly will provide data on income ranges, number of renters in need of housing, etc.
- **Presentation on Housing Data:** John Reilly will provide a brief presentation on housing data at the **May 12** meeting.
- **Town Hall Meeting June 1, 2015 at 7:00 pm and Bus Tour:** Councillor Isitt will work with Councillor Loveday, Mayor Helps and staff on the logistics of a Town Hall meeting and look at the feasibility of having a bus tour of the community.
- **Expediting the Development Permit Process:** Andrea Hudson will work with Gene Miller, Peter de Hoog and Leonard Cole on review the development permit process and provide a recommendation on **May 19**.
- **Home Ownership:** Dylan Sherlock will provide a one page document on options for home ownership.

Rob Bernhardt said that he will be out of town the next two weeks but will see what is done in other communities while away.

Mayor Helps requested that people provide concise points and craft their information as recommendations. The work is due to her on Sunday in order for the agenda to go out Monday morning.

8. ADJOURNMENT

Action: It was moved by Franc D'Ambrosio, seconded by Rob Bernhardt, that the May 5, 2015 Housing Affordability Task Force meeting be adjourned at 5:19 p.m.

CARRIED UNANIMOUSLY

Rental Housing in Victoria

Mayor's Task Force on Housing Affordability
May 12, 2015



Current Rental Stock

| Year | Bachelor | 1-Bed | 2-Bed | 3+ Bed | Total |
|-----------------------|-------------|-------------|------------|-----------|-------------|
| 2010 | 2,166 | 9,409 | 4,156 | 182 | 15,912 |
| 2011 | 2,165 | 9,443 | 4,140 | 192 | 15,940 |
| 2012 | 2,226 | 9,539 | 4,206 | 161 | 16,132 |
| 2013 | 2,246 | 9,492 | 4,167 | 150 | 16,055 |
| 2014 | 2,279 | 9,567 | 4,243 | 190 | 16,270 |
| Total New | +113 | +158 | +87 | +8 | +358 |
| Average | +23 | +32 | +17 | +2 | +74 |
| Projected Need | | | | | 250 |
| Deficit | | | | | -176 |





- Secondary market adds an average of 140 units per year
- Deficit = at least 35 units per year
- New rental mostly high end
- BC Non Profit Housing Association research suggests a need for additional 45-57 units of affordable rental units per year over next 30 years



Who lives in Rental Housing?

| | Number of Residents | Percent of City Population | Before-tax Median Income |
|---------------------------|---------------------|----------------------------|--------------------------|
| Lone Parent Families | 2,930 | 3.6% | \$36,971 |
| Young People | | | |
| 15 -24 | 9,550 | 12% | \$12,930 |
| 25 – 34 | 15,720 | 20% | \$30,056 |
| Older People (75 years +) | 8,250 | 10% | \$28,462 |



Renter Incomes and Sources

| Income Quarter | Range | Average | Typical Income by Source | | Types of Employment |
|----------------|---------------------|----------|--------------------------|---------------|--|
| | | | Source | Annual Income | |
| 1 | \$0 - \$18,146 | \$10,284 | Income Assistance | \$7,320 | Cooks, Sales Clerks, Bakers |
| | | | Disability Benefits | \$10,872 | |
| | | | Employment (Min Wage) | \$17,220 | |
| 2 | \$18,147 - \$35,647 | \$26,855 | Employment - Living Wage | \$36,489 | Hairstylists, Tour Guides, Managers, Financial Officers, Social workers, Gov't Officers, Technicians |
| | | | Employment – BC Median | \$40,320 | |



Household Affordability Targets

Estimated rental levels are calculated by taking the average income of each income quarter and following the widely adopted standard for determining household affordability:

1. $AGI \times 30\% = AHSC$
2. $AHSC / 12 \text{ months} = R/M$

| Income Quarters | All Unit Sizes | Rent/ Month |
|--|----------------|-------------|
| 1st Income Quarter \$0 to \$18,146 Average Income \$10,284 | 4,945 | \$257 |
| 2nd Income Quarter \$18,147 to \$35,647 Average Income \$26,855 | | |
| 3rd Income Quarter \$35,648 to \$57,771 Average Income \$45,260 | 200 | \$1,131 |
| 4th Income Quarter \$57,772 + Average Income \$88,945 | 0 | \$2,223 |
| All Income Quarters | 6,250 | \$356* |

Source: BCNPHA Rental Housing Index
* Weighted Arithmetic Mean





Renter Overspending

| Income Quarters | Studio | 1 Bdrm | 2 Bdrm | 3 Bdrm | 4 Bdrm | All Unit Sizes |
|--|--------|--------|--------|--------|--------|----------------|
| 1st Income Quarter \$0 to \$18,146 Average Income \$10,284 | 685 | 3,060 | 1,035 | 110 | 45 | 4,945 |
| 2nd Income Quarter \$18,147 to \$35,647 Average Income \$26,855 | 35 | 405 | 555 | 90 | 0 | 1,085 |
| 3rd Income Quarter \$35,648 to \$57,771 Average Income \$45,260 | 0 | 30 | 45 | 75 | 20 | 200 |
| 4th Income Quarter \$57,772 + Average Income \$88,945 | 0 | 0 | 0 | 0 | 0 | 0 |
| All Income Quarters | 720 | 3,500 | 1,640 | 270 | 75 | 6,250 |

Source: BCNPHA Rental Housing Index

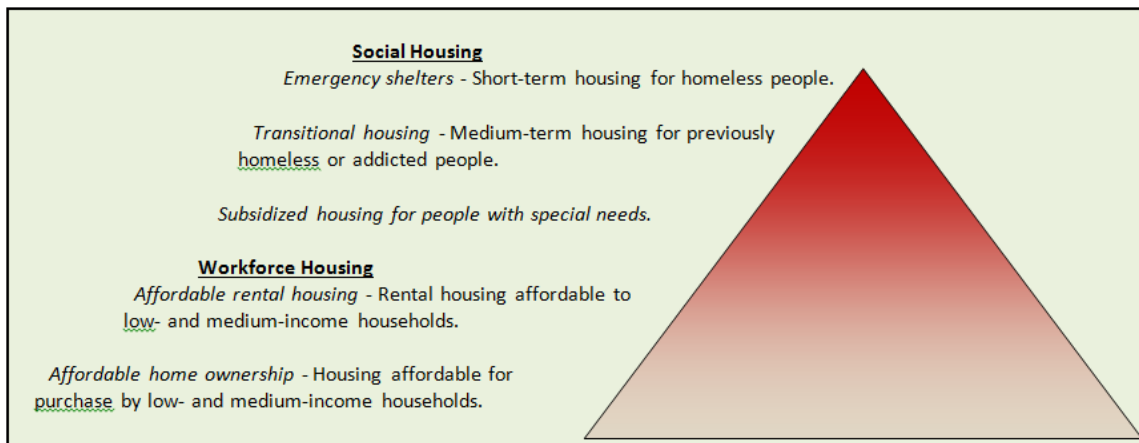


Working Document of Recommendations to Council Housing Affordability Task Force

Task Force Scope

The Housing Affordability Task Force recommends to Council solutions for affordable workforce housing and housing for low-income people at the lowest end of market, pictured in the bottom half of the pyramid below.

Affordable Housing Demands



Principles

1. Right to Housing

All people deserve access to housing that is safe, stable and affordable and that supports personal and public health. The availability of a diversity of housing types across the housing spectrum that can accommodate people of different ages, incomes, household structures, and physical and social needs is one of the fundamental elements of creating and maintaining a healthy, inclusive and more sustainable community. (City of Victoria OCP pg 94)

2. City Hall has a role to play

While the responsibility for housing has fallen traditionally within the jurisdiction of the provincial and federal governments, the City of Victoria can and should take a leadership role and use the tools within its toolbox in innovative and creative ways to immediately increase the availability of low-end of market affordable housing.

Goals and Targets

1. Increase Overall Housing Supply in City through Addition of New Units and Retention of Existing Units

- The City of Victoria needs to add between 350 and 400 units of housing, ownership or rental, on average per-year to accommodate the OCP projected population increase of 20,000 new residents between 2011 and 2041.
- An Urban Futures report commissioned by the City of Victoria and completed in 2013 estimates that approximately 7,500 rental housing units (market and non-market) will

need to be added to the City's housing stock between 2011 and 2041. This means that, within the total number of housing units added each year, an average of 250 units will need to be rental.

- With respect to the need for affordable rental units within the Capital Region, recent BC Non-Profit Housing Association research projections estimate that, by the year 2036, there will be between 2,745 and 3,839 additional renter households in core housing need in the Capital Region. In order to address this need, between 110 and 154 units of affordable rental housing will need to be added on an annual basis.
- In 2011, 48% of all rental households in the region were in the City of Victoria. Should this trend be maintained between now and 2036, it is reasonable to expect that between 53 and 74 units of affordable rental housing will need to be created within the City over this time period. This number may be higher if incomes within the City continue to be substantially lower than those within the Capital Region.
- 1000 units are needed to fill the gap immediately (source unknown).
- *Refurbish X number of rental units*

2. Increase Workforce Housing (affordable to low-wage workers)

The City currently has approximately 85,000 residents or about 34,000 households (assuming 2.5 residents per household), or about 6,800 in each of the two lowest-income quintiles, which are the household types that generally pay more for housing than is considered affordable (more than 45% of budgets devoted to housing and transport). The table below shows total current consumption by the lowest income quintiles, based on Statistics Canada's Survey of Household Spending (<http://www5.statcan.gc.ca/cansim/a47>).

| | <u>Lowest</u> | <u>Second</u> |
|-----------------------------------|----------------------|----------------------|
| Income | \$29,864 | \$41,940 |
| Maximum housing (30%) | \$8,959 | \$12,582 |
| Maximum Housing & Transport (45%) | \$13,439 | \$18,873 |

Assuming that the city needs to increase by 50% the supply of lower-priced housing to meet latent demands, this suggests that the city needs approximately 3,400 more housing units with total housing costs (rents or mortgages, plus property taxes and insurance, maintenance and basic utilities) that rent for less than approximate \$12,000 annually, and approximately 3,400 more units with total costs between \$12,000 and \$17,000 annually assuming that lower-income households located in accessible neighborhoods can spend as little as \$1,500 annually on transportation.

3. Generate and Allocate Additional City Revenue to Affordable Housing

- Allocate \$X per year to affordable housing trust fund for the next X years.
- Generate \$X per year in additional revenue through the sale or redevelopment of existing land.

4. Create Places where Everyone Wants to Live through Urban Planning Principles

Good urban design does not emerge from public consultation. Public input works as part of the information gathering phase followed by analysis and then leads to the synthesis into a design. Qualified and skilled designers should be made responsible and expected to produce 'good public places' with the public good in mind. This is to be expected and not an add-on. Too much effort and resources are spent on repetitively soliciting public opinion and thereby abdicating a role of civic leadership to obtain the best design from the best and most expert, creative, humanistic and public-spirited designers. The City must find a way to budget for design of the public realm as a priority, to create a more livable and resilient city for all citizens.

NEED TO MAKE THIS INTO A CONCRETE METRIC

5. *Need to ensure that every action we recommend has an associated target so Council can measure it's success. The number of goals and targets should match the number of strategies so we can measure success.*

Actions

Short-Term Wins (Should be implemented within one year of receiving the HATF report)

1. **Minimize and Prorate Fees for Lower-Priced Housing**

Fixed costs and fees represent a larger share of total costs for smaller projects and lower-priced housing. For example, a planning requirement such as a traffic study, a design requirement such as an elevator, or a development fee of \$10,000 per unit, may significantly increase the retail price of small and inexpensive housing projects, and therefore significantly reduce total affordable infill housing development, but have little impact on the final price of expensive housing built in large projects. Governments can minimize such costs and provide discounts and exemptions for lower-priced infill housing, for example, exempting them from traffic studies, elevator requirements and development fees.

2. **Expedite Development Approval and Permitting**

Expedite the development approval and permitting process for lower-priced housing in order to reduce their costs and make such projects more attractive to developers. This can include, for example, eliminating traffic and parking impact studies (justified because affordable-accessible development tends to generate far less traffic and parking than standard models predict), and shorter planning review and permitting periods for developments that meet affordable-accessible housing guidelines. Give staff more authority to make decisions.

3. **Density Bonus**

Allow higher densities and greater heights than normal in exchange for more affordable housing units. This supports compact, affordable, infill development while preventing land value increases that would result if increased density were allowed for higher priced housing units.

4. **Identify Parcels Suitable For Affordable-Accessible Development**

Create an inventory of publicly and privately held lots suitable for affordable infill.

6. **Remove minimum unit size requirements in the Zoning Regulation Bylaw.**

There is a minimize size in neighbourhoods but not downtown. Micro apartments of less

than 500 square ft, also micro housing tie in

7. Undertake an analysis of motels

There are 850 – 1000 units that could be quickly converted to housing.

8. Unbundle Parking

Parking unbundling means that parking spaces are rented separately from building spaces, so for example, rather than paying \$1,000 a month for an apartment with two “free” parking spaces, residents pay \$800 per month for an apartment plus \$100 for each parking space they want to use, so renters are not forced to pay for parking they do not need. This is particularly appropriate for affordable-accessible housing since lower-income occupants tend to own fewer than average vehicles. This reduces development costs and encourages households to reduce their vehicle ownership, which can help reduce traffic problems.

9. Reduced and More Accurate Parking Requirements

Reduce minimum parking requirements and adjust them in response to demographic, geographic and management factors, such as those described in Table 4. This can significantly reduce the costs of infill housing development, and many of these strategies encourage households to reduce their vehicle ownership and use, which reduces traffic problems.

10. Amend the conversion bylaw

Proposed Amendment 1

Proposal

Change the “**Schedule A – DEFINITIONS**” to include modern day housing options in existing zones and encourage the development of rental housing on single-family lots. There is an opportunity to create this using the existing conversion bylaw but with very non-desirable units. These changes create the opportunity to retain existing house stock as well neighborhood character.

Current Zoning affected would be all residential zoning.

Below are the current definitions for three opportunities to build non-desirable rental housing; “**Boarding House**” (need to provide food) “**Housekeeping Apartment Building**” (need not to have a bathroom) and a “**Roomer**” (can’t have cooking facilities). All of these make it restrictive and limit the opportunities to develop, as well they have a negative stigma. I propose we adapt or create a new definition for “**Rental Unit**” and “**Rental Apartment Building**” and allow this in the conversion bylaw.

Current Schedule A – DEFINITIONS

“**Boarder**” means a person who lives in a boarding house or with a family and who pays for board and lodging.

“**Boarding House**” means a dwelling in which rooms are rented and meals are provided to more than four but not more than fifteen persons other than members of the family of the occupier, but does not include a dwelling in which meals are prepared within rented rooms or a community care facility within the meaning of the *Community Care and Assisted Living Act*.

"Housekeeping Apartment Building" means a building composed of two or more housekeeping units.

"Housekeeping Unit" means a room or rooms used or intended to be used for normal living purposes including cooking, eating and sleeping but without separate bathroom or toilet facilities.

"Roomer" means a person who resides in any portion of a building who pays for accommodation without board or the use of on-site cooking facilities.

"Rooming House" means a building in which rooms are rented to more than 4 but not more than 15 roomers, and does not include a community care facility within the meaning of the *Community Care Facilities Licensing Act*.

"House Conversion" means the change of use of a building constructed as a single family dwelling or duplex, to create a duplex, multiple dwelling, boarding house, rooming house, housekeeping apartment building, rest home – class "B" or a kindergarten.

It appears, after some review that the most obvious change could be **"Housekeeping Apartment Building"**.

New Proposed Schedule A – DEFINITIONS

"Rental Apartment Building" means a building composed of two or more Rental units.

"Rental Unit" means a room or rooms used or intended to be used for normal living purposes including cooking, eating and sleeping with separate bathroom or toilet facilities.

Conclusion

Not only will this expand the opportunity to provide rental opportunities in already zoned residential property, I also believe this will provide an opportunity to add these new definitions to commercial zonings such as motels and upper floors of buildings in the downtown core. The re-wording of the Definitions will offer new flexibility on financing as most lending institutions guidelines do not allow favorable lending on **Boarding, Rooming or Housekeeping apartments**. The changes will empower the Small to Medium private sector developer's to build rental housing now.

Proposed Amendment 2 **Proposal**

Conversion bylaw amendments will allow additional opportunity for more properties to qualify for conversions. The 18m wide and 670 square meter sites are limited. The background of the conversion bylaw in my interpretation was to create affordable housing and retain older housing stock. Today, in order to accommodate the lack of availability of lot sizes in the dated bylaw the changes will give people the opportunity to create housing and retain older housing stock.

Currently any properties that meet the size requirement under the current zoning on the market for sale start at 1.4m.

Current SCHEDULE G - HOUSE CONVERSION REGULATIONS

“If the building was constructed as a single family dwelling prior to 1931 and has an existing lot area of 670m² and a width of not less than 18m, except when located in the R1-A Zone which requires an existing lot area of 740m² and a width of not less than 24m.”

Proposed amendments SCHEDULE G - HOUSE CONVERSION REGULATIONS

“If the building was constructed as a single family dwelling prior to 1931 and has an existing lot area of 500m² and a width of not less than 15m, except when located in the R1-A Zone which requires an existing lot area of 670m² and a width of not less than 18m.”

Change #1

Lot Size 500m² = 5382 square feet
Lot Width 15m = 50 feet wide

Change #2

R1-A Rockland zoning
Lot Size 670m² = 7212 square feet
Lot Width 16m = 60 feet wide

Below are five addresses that are currently on the market below 550K that would fit this proposed amended criteria:

1427 Edgeware Rd
2019 Chambers St
2760 Roseberry Ave
934 Queens Ave

Conclusion

Amendment 1 will offer the opportunity to convert 5 homes that are on the market today compared to 0 under the current lot size and width restriction.

Amendment 2

This change currently doesn't offer a lot of opportunities but seems reasonable.

These amendments coupled with other minor amendment to the zoning bylaw could instigate new housing trends.

Proposed Amendment 3

Proposal

To amend the Motel conversion bylaws to better affect all potential motel conversions. Current zones to be amended and or consolidated to make one zone.

PART 3.89 – R 68 ZONE, ROCK BAY MOTEL CONVERSION DISTRICT

“PART 3.92 – R-70 ZONE, GORGE ROAD MOTEL CONVERSION DISTRICT

Background

These have been site-specific rezones and only apply to the sites that were rezoned.

Conclusion

There should be a general conversion bylaw to offer this opportunity to all motels without rezoning. It will be important to have design guidelines, as well as, advisory design approval to make sure these buildings are developed to a standard that works for the City and surrounding properties on the long term.

11. Amend the Zoning Regulation Bylaw so rezoning is not required for garden suites.

Medium-Term Wins (Should be implemented within two years of receiving HATF report)

1. Affordable Housing Mandates (Inclusionary Zoning)

Affordable housing mandates (also called *Inclusionary zoning*) require that a portion of new housing units (typically 10-20%) be sold or rented below market prices, or developers contribute to an affordable housing fund. This helps create affordable housing as communities grow, and if required of all developers, these cost are partly capitalized into land values, minimizing the burden on individual developers or governments. However, this approach usually satisfies only a small portion of total affordable housing demand, resulting in a large subsidy to a small number of households, and by adding a cost to new housing development tends to reduce total housing production and therefore housing affordability, particularly over the long-term.

For example, if the cheapest housing costs \$200,000 per unit to develop and regulations require that 10% be priced at \$100,000 per unit, this requires an \$11,111 (\$100,000/9) subsidy from each of the nine non-qualifying units, which adds about \$20,000 including overhead and financing costs. This is a small increase for high-priced housing (2% for a million dollar house) but a large increase for lower-priced housing (10% for a \$200,000 condominium). Since lower-priced housing development tends to be price sensitive, this can significantly reduce the number produced. In this way, inclusionary zoning can reduce total housing affordability, particularly over the long run by reducing the number of moderate-priced houses that will become affordable in the future.

Actual responses will vary depending on market conditions; in some situations, subsidy costs may reduce land values or developer profits, but in the least affordable housing markets these costs are likely to be incorporated into prices. To avoid these negative effects, moderate-priced housing that is likely to become affordable within a decade or two can be exempt from affordable housing mandates and funding requirements. For example, if housing is considered affordable if priced under \$200,000 per unit, affordable housing mandates would only apply to housing priced over \$400,000, since \$200,000 to \$400,000 units help increase affordable housing.

2. Provide Free or Inexpensive Land for Affordable Housing

Consider donating or selling at a discount appropriate parcels to affordable housing development, particularly for social housing to accommodate people with special needs. Selling of public property should be a last resort. The City should be a 'land- partner' for housing development by long-term lease or perhaps by trading land area in one location for that in another that is more suitable for an intended public amenity like a park.

3. Time-Limited Rezoning

Allow higher densities on specific parcels with specific time limits, such as 18 months. If the project is not completed within the time limit the density limit returns to its original level. This should encourage faster development and discourage land speculation.

4. Create incentives

(Economic Revitalization Tax Exemption) to convert underused or un-used units on second and third storeys of buildings with the potential to create hundreds of housing units, especially downtown.

5. Create a real estate arm

City to buy derelict and other properties, upzones them (City assumes the risk) and sell them to developers with affordable housing (10%) as part of the condition of sale.

Long-Term Wins (Should be implemented within three years of receiving HAFT report)

1. Review the existing standard of maintenance bylaws and strengthen them to maintain affordable housing stock.

2. Investigate Affordable Housing Maintenance and Rehabilitation Programs

Investigate the number of affordable housing and rental units that require maintenance and rehabilitation; *identify policies and programs that are effective at reducing this problem, and evaluate the benefits and costs of such strategies (this is what the task force is supposed to do!)*. These may include improved building code enforcement, property owner education, targeted grants and loans, partnerships with other government and non-profit organizations, and revitalization tax exemptions.

3. **Investigate ways to help lower-income households purchase homes**, including targeted low down-payment and interest loans, inclusionary zoning, partnerships with businesses to help their employees purchase homes, and promotion of "location-efficient mortgages" which recognize that households can afford to borrow more than lenders generally allow to purchase houses in an accessible, multi-modal neighborhood, such as in Victoria, due to their transportation cost savings.

4. Upzone certain geographic areas to meet the needs of rental unit demand

Be mindful of 'distributed density' (*needs more clarity*)

Items below need to be integrated into above

Municipal Tools for Housing Affordability

1. Reduce Parking Requirement in Zoning Regulation Bylaw, Improve Allocation of On-Street Parking

Make housing for people a higher priority in land use and development regulations than housing for private motor vehicles, by reducing or removing barriers to low-cost housing in the parking requirement of Zoning Regulation Bylaw.

1.1 Amend Schedule C - variable parking requirement based on size of new unit of housing (i.e. 1.4:1 for large luxury units; zero requirement for micro-housing)

1.2 Examine “unbundled parking” - parking is regulated separately from housing supply

1.3 Examine expanded “monetization of parking storage” — the application of expanded pricing mechanisms for the storage of private vehicles on city land (currently confined to storage of vehicles on city rights-of-way downtown and in city parkades and surface parking lots). Could be expanded to rights-of-way in village centres and residential streets, to regulate supply and demand of vehicle storage more effectively.

1.4 Examine expansion of vehicle storage on city land, including angle parking and creation of additional storage from the narrowing / reduction of travel lanes and/or targeted road closures to free up right-of-way for vehicle storage.

2. Expedite City Processes to reduce Costs of Development

Reduce delay and uncertainty in land development process to avoid cost escalation and reduce overall construction costs, improving affordability of completed units. Reducing timeline for development approval would assist developers in hitting pro formas, keeping costs down and delivering more affordable units.

2.1 City intervention to expedite and streamline land-use and development approval process and regulations to make development of low-cost housing a lot less risky, onerous and time consuming.

2.2 Change burden of proof on increases in development densities: Encourage construction of more 2-6 storey wood frame apartment buildings along arterial roads and village centres to increase supply of low-cost units, by re-balancing the role and influence of Community Association Land Use Committees and residents in the land-use and development approval process.

2.3 Examine mechanism for ensuring that completed units approved through an expedited City process lock in affordability.

9. Examine mechanisms to establish rents at sustainable level and keep them there

Examine municipal mechanisms to avoid escalation in rents to maintain and improve affordability of rental housing supply.



CITY OF BURNABY
OFFICE OF THE MAYOR
DEREK R. CORRIGAN
MAYOR

2015 May 05

FILE: 2410-20

UBCM Member Municipalities
Via Email Distribution

Dear UBCM Member Municipalities:

Subject: BC HOUSING NON-PROFIT ASSET TRANSFER PROGRAM
(Item 6 (G), Reports, Council 2015 May 04)

Burnaby City Council, at the Open Council meeting held on 2015 May 04, received the above noted report and adopted the following recommendations contained therein:

1. "THAT Council write to the Premier and the Deputy Premier and Minister Responsible for Housing, the Honourable Rich Coleman to express concern with the disposal of public land and building assets under the Non-Profit Transfer Program, as outlined in this report.
2. THAT Council request the Premier and Minister to provide for a long term plan to maintain public ownership of lands and buildings for non-market housing purposes to meet current and future community needs in the Province.
3. THAT a copy of this report be sent to Burnaby MLAs, the Metro Vancouver Board, and the City's Social Planning Committee.
4. THAT a copy of this report be sent to UBCM member municipalities for information."

In accordance with Recommendation No.4, a copy of the report is *enclosed* for your information.

Yours truly,


Derek R. Corrigan
MAYOR



Meeting 2015 May 04

COUNCIL REPORT

PLANNING AND DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: BC HOUSING NON-PROFIT ASSET TRANSFER PROGRAM

RECOMMENDATIONS:

1. THAT Council write to the Premier and the Deputy Premier and Minister Responsible for Housing, the Honourable Rich Coleman to express concern with the disposal of public land and building assets under the Non-Profit Transfer Program, as outlined in this report.
2. THAT Council request the Premier and Minister to provide for a long term plan to maintain public ownership of lands and buildings for non-market housing purposes to meet current and future community needs in the Province.
3. THAT a copy of this report be sent to Burnaby MLAs, the Metro Vancouver Board, and the City's Social Planning Committee.
4. THAT a copy of this report be sent to UBCM member municipalities for information.

REPORT

The Planning and Development Committee, at its meeting held on 2015 April 28, received and adopted the attached report providing a preliminary review of the BC Housing Non-Profit Asset Transfer Program.

Respectfully submitted,

Councillor C. Jordan
Chair

Councillor D. Johnston
Vice Chair

Councillor S. Dhaliwal
Member

| | |
|------------|--|
| Copied to: | City Manager Deputy City Managers Director Planning & Building Director Finance |
|------------|--|



Meeting 2015 April 28

COMMITTEE REPORT

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE

DATE: 2015 April 16

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 16000 20

SUBJECT: BC HOUSING NON-PROFIT ASSET TRANSFER PROGRAM

PURPOSE: To provide a preliminary review of the BC Housing Non-Profit Asset Transfer Program.

RECOMMENDATIONS:

1. **THAT** Council write to the Premier and the Deputy Premier and Minister Responsible for Housing, the Honourable Rich Coleman to express concern with the disposal of public land and building assets under the Non-Profit Asset Transfer Program, as outlined in this report.
2. **THAT** Council request the Premier and Minister to provide for a long term plan to maintain public ownership of lands and buildings for non-market housing purposes to meet current and future community needs in the Province.
3. **THAT** a copy of this report be sent to Burnaby MLAs, the Metro Vancouver Board, and the City's Social Planning Committee
4. **THAT** a copy of this report be sent to UBCM member municipalities for information.

REPORT**1.0 BACKGROUND**

At its meeting on 2015 February 2, under 'New Business', Council requested staff to provide information on BC Housing's program to sell lands to non-profit societies operating social housing projects. This program is called the 'Non-Profit Asset Transfer Program', which proposes to sell Provincially-owned lands to non-profit societies on which social housing is built.

This report provides a preliminary review of the Non-Profit Asset Transfer Program and the response received from the BC Non-Profit Housing Association. More specifically, this report identifies the implications of the program for social housing properties in Burnaby; and discusses staff's concerns regarding the potential long-term impacts of the Province's divestment of public assets on the future provision of social housing in BC.

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The information included in this report was obtained from a variety of sources including staff consultation with representatives from BC Housing and BC Non-Profit Housing Association; BC Housing's website; newspaper articles; and Burnaby housing inventories.

2.0 BC HOUSING NON-PROFIT ASSET TRANSFER PROGRAM

In 2014 October, the Provincial government, as part of its housing strategy 'Housing Matters BC', introduced the Non-Profit Asset Transfer Program. The intent of the program is to offer non-profit housing providers the opportunity to buy the public land on which they operate social housing from the Provincial Rental Housing Corporation (PRHC). Over the next three years, up to 350 publicly-owned properties across BC may be involved in the program. It is anticipated that up to 115 of these properties will be transferred in 2015. The program is being implemented in two ways:

1. Sale of PRHC owned lands to non-profit societies who currently own and operate social housing buildings on these sites; and
2. Sale of public housing developments (properties directly managed by BC Housing) to non-profit societies through an open bid process (currently involving Stamps Place and Nicholson Tower in Vancouver).

BC Housing advises that proceeds from the sales will be reinvested into the creation of new non-market housing units, renovation of existing buildings, and other initiatives and partnerships that will expand affordable housing options.

Summary Staff Comment: After decades of senior government cutbacks in funding for social housing, the sale of publicly-owned land assets that have been set aside for this purpose would appear to be a continuation of the Provincial government's approach for divestment in social housing. While the Province has not announced the specifics of its intended allocation of the proceeds from these public land sales, in the absence of any new non-market housing programs, the proceeds would appear to be being allocated, over the short term, to fund current operating and building repair, upgrade and replacement cost and will result in the immediate and longer term loss of public ownership of non-market housing sites.

2.1 Program Implementation

The Province's PRHC has about 350 publicly-owned properties across BC leased to non-profit societies. These properties all contain social housing buildings that are owned and operated by non-profit societies with operating funding provided under Federal and Provincial programs. The Province, through PRHC, is offering to sell the non-profit societies the land under these buildings. Eligible non-profits have the option of participating in the program or not. BC Housing advises that if a non-profit declines participation in the program, the existing lease agreement remains in place and no other purchasers would be considered for that property.

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For those non-profits that choose to participate, BC Housing will terminate the current lease and transfer ownership of the public land to the non-profit society at a market value, as determined by a property appraisal. The non-profit society will pay for the land and obtain a mortgage from a private lender to cover the purchase costs, if necessary. BC Housing advises that, in most cases, these would be second, 35 year term, mortgages on the property, as most non-profits will already have an existing mortgage in place for buildings on the land. BC Housing will assist the non-profit with securing CMHC-insured mortgages against the land. The non-profit will be responsible for the mortgage payments, which would replace any current land lease payments the non-profit may be making to PRHC. BC Housing advises that it will subsidize the non-profit's mortgage payments to the extent where the new mortgage payments are roughly equal to the land lease payments made previously. BC Housing adds that financial circumstances will vary by non-profit organization and each land purchase, which will be accounted for through this subsidy approach.

BC Housing advises that its current operating agreements with participating non-profits will remain in place after the transfer of the property. Operating agreements outline the number of required affordable housing units and the level of subsidy for the units. Those operating agreements that expire prior to the amortization of the new mortgage resulting from the transfer will be replaced by a new agreement with BC Housing that will apply until the end of the mortgage term. BC Housing advises that they do not anticipate any impacts to tenants or changes to the number of subsidized units as a result of the transfer of ownership under these new agreements.

At the time property is transferred to a non-profit society, a Section 219 covenant will be registered against the land to ensure the land remains available for affordable housing, only for the length of the operating agreement and/or mortgage. BC Housing states that prior to approving a property for transfer, it will ensure the non-profit society is in good standing under the *Society Act* and has a stated purpose to provide affordable housing. The non-profit society would be able to distribute assets upon dissolution or wind-up to another organization with a charitable purpose. BC Housing advises that once an operating agreement, covenant and mortgage expire, the non-profit society's constitution and bylaws will provide the only assurance that the property continues to provide for affordable housing.

Summary Staff Comment: *Once a non-profit society's mortgage is paid off and its operating agreement expires, it appears that mechanisms are not being put into place to ensure the land remains available for non-market housing in perpetuity. A non-profit society could choose, or may be forced, to sell the property on the open market for economic or other reasons. Proceeds from the sale could be directed to other housing units/sites, or to an alternate charitable purpose in another community, resulting in a loss of non-market units in the host community, and/or the long term loss of the non-market housing site in perpetuity.*

For the short term, the proposal's terms for the mortgage and housing agreements seem to maintain the provision of non-market housing by drawing on the revenue generated from the sale of the publicly owned land asset. Staff have sought clarification from BC Housing as to how the proceeds from land sales will be used, but have yet to receive a clear response. As such, staff

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expect that the proceeds may in part or whole, be being used to fund ongoing operating agreements, and/or potential future allocations to housing programs. At this stage, however, accountability for the distribution of land sales revenues has not been provided by the Provincial government.

In the long term, the program would seem to transfer social housing responsibility to the charitable sector, with no assurances of continued public support in terms of social housing sites and/or operating support, and would result in the incremental loss of publicly owned lands for non-market housing over the longer term.

2.2 BC Non-Profit Housing Association response

The BC Non-Profit Housing Association (BCNPHA) represents most non-profit housing providers in BC. It has advocated for the transfer of Provincially-owned land to non-profit housing providers. It has indicated that land ownership would create more opportunities for housing providers to borrow money against their properties to fund capital upgrades or to expand the number of subsidized units.

From BCNPHA's perspective, the Non-Profit Asset Transfer Program is beneficial to the non-profit housing sector for several reasons:

- a) Land ownership would provide potential access to equity for investment in capital upgrades, redevelopment opportunities, and development of new stock in other locations, that otherwise should come from a Provincial housing program.
- b) Non-profits would potentially be able to leverage the ownership of assets into investments in affordable housing in an environment of expiring operating agreements¹ and a lack of new housing programs from senior levels of government.
- c) Land ownership would potentially support reinvestment in buildings because it would reduce the uncertainty associated with long-term leases that are approaching expiration.
- d) The Province's stated proposal to reinvest the proceeds of the transfers back into affordable housing is welcome in the short term, given the absence of any new Provincial funds for housing programs.
- e) Tenants would potentially benefit from the re-investment in improved general maintenance of the buildings, as supported by the conversion of the capital land asset into operating support.

¹ In B.C., approximately 30,000 units of social housing are managed under operating agreements with the Provincial and Federal governments. The operating agreements outline the subsidies that will be provided by both senior levels of government, and the obligations of the housing provider for obtaining the subsidy. The subsidies support housing providers to offer units on a rent geared to income basis. The majority of these long-term operating agreements are now beginning to reach their date of expiry and will continue to do so over the next ten to twenty years. At the time when the social housing developments were first built, it was viewed that once the original mortgage was paid off, there would be no ongoing need for continued government support. However, research by the Canadian Housing and Renewal Association indicates that many housing providers house tenants with very low incomes and do not generate sufficient income to pay for these ongoing expenses.

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Summary Staff Comment: The BCNPHA has advocated for the transfer of publicly-owned lands to its sector, largely as a response to decades of decreased funding commitments from senior governments. The sale of public assets would likely not be required if senior governments maintained funding for social housing at levels that would address public need, and building repair, maintenance and replacement requirements. The non-profit sector appears willing to accept the Province's responsibility for providing non-market housing, in an effort to assist those who cannot find appropriate housing within the private housing market. Again, from a long term perspective, the program would set a public policy direction for social housing to be the responsibility of the charitable sector, with specific levels of subsidy support regulated and/or restricted based on Provincial funding limits. Over the term of its implementation, the currently owned public land would be transferred to the charitable sector, representing a further divestment of publicly owned land assets that could otherwise provide for non-market housing in perpetuity.

3.0 BURNABY CONTEXT

Burnaby has over 5,500 non-market units located in 116 developments across the city that provide affordable housing for families, seniors, singles, and persons with disabilities and mental health challenges. These units are situated in non-profit, group home, co-operative, and public housing (directly managed by BC Housing) developments. In Burnaby, these developments are located on lands owned by the non-profit societies, co-operatives or PRHC. Of the properties located on land owned by PRHC, 25 properties are operated by non-profit societies and co-ops and the remaining seven properties are directly managed by BC Housing. In instances where the land is leased, the operator owns the improvements on the land (the buildings) and PRHC retains fee simple ownership of the land.

3.1 Eligible Burnaby Properties

BC Housing advises that of the 32 PRHC-owned properties in Burnaby, 15 that are leased to non-profit societies are eligible for the Non-Profit Asset Transfer Program. Of these 15 properties, six are already under contract to purchase that will take place early in the 2015/16 fiscal year. The remaining nine properties will be transferred over the next three years, should the affected non-profits choose to take part in the program. BC Housing states that the properties identified for the Non-Profit Asset Transfer Program were selected on a number of criteria including the good standing of the society, the condition and capital needs of the site, and the needs of the resident population. B.C. Housing did not provide the measures it used to evaluate these criteria to select the sites. A map of the 15 Burnaby properties is attached as *Appendix A*.

The six properties that are currently under contract to purchase are:

| | Development Name | Burnaby Address | No. of Units | Operator | City party to Sec. 219 covenant? |
|----|----------------------|----------------------------|--------------|--------------------------|----------------------------------|
| 1. | Catherine Anne Court | 7273 17 th Ave. | 45 | Red Door Housing Society | Yes |

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| | Development Name | Burnaby Address | No. of Units | Operator | City party to Sec. 219 covenant? |
|--------------|------------------|---------------------|--------------|------------------------------|----------------------------------|
| 2. | Chaffey Lane | 4389 Grange St. | 37 | Affordable Housing Societies | No |
| 3. | Chelsea Terrace | 5895 Kincaid St. | 209 | New Chelsea Society | No |
| 4. | Chelsea View | 5291 Oakmount Cres. | 20 | New Chelsea Society | Yes |
| 5. | Heritage Heights | 3765 Albert St. | 21 | Affordable Housing Societies | Yes |
| 6. | Sunset Court | 5850 Sunset St. | 48 | Affordable Housing Societies | Yes |
| TOTAL | | | 380 | | |

The remaining nine properties have been notified that they are eligible for transfer of ownership over the next few years are:

| | Development Name | Burnaby Address | No. of Units | Operator | City Party to Sec. 219 Covenant? |
|--------------|------------------------------------|----------------------------|--------------|---|----------------------------------|
| 1. | Altesse House/Lions Thurston Place | 3762 Thurston St. | 43 | Burnaby Lougheed Lions Housing Society | No |
| 2. | Britton House | 7478 Britton St. | 4 | PosAbilities | No |
| 3. | Concordia Court | 7155 MacPherson Ave. | 100 | Affordable Housing Societies | No |
| 4. | George Derby Centre | 7550 Cumberland St. | 300 beds | George Derby Care Society | No |
| 5. | Lake Park Village | 8580 Cumberland Pl. | 43 | More Than a Roof Mennonite Housing Society | Yes |
| 6. | Liberty Place | 7899 17 th Ave. | 20 | Strive Living Society | Yes |
| 7. | Lions Kingsway Terrace | 7393 16 th Ave. | 32 | Burnaby Lougheed Lions Housing Society | Yes |
| 8. | Ridgeview Heights | 450 Clare Ave. | 40 | PosAbilities | No |
| 9. | Stride Place | 7575 Kingsway | 45 | Burnaby Association for Community Inclusion | No |
| TOTAL | | | 327 | | |

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Summary Staff Comment: *There are 15 out of 25 properties in Burnaby considered to be eligible for the program, leaving 10 properties to pursue renewal of their lease agreements and operating agreements nearing expiration. The short term future of properties ineligible for the program remains in question due to a lack of clarity by government as to future programs to support their continued provision of non-market housing. A clear commitment from the Province regarding how it will continue to support these operators is needed in the context of their expiring operating agreements.*

In terms of the City's efforts to commit these lands to public/non-profit housing, seven properties have City Section 219 covenants in place that maintain the housing use in perpetuity, as shown in the Table above. The covenants were established by the City at the time of commitment of the properties to non-market housing under rezoning. This same level of commitment could be put in place by the Provincial government on the titles of the eight remaining properties to maintain these public land assets, as well as for PRHC sites across the province. This would ensure the future use for these sites for non-market housing in perpetuity; however, currently this is not part of the Provincial program.

3.2 Public Housing Sites

BC Housing advises that there are currently no plans to transfer properties in Burnaby that it manages directly. However, it noted that two such properties in Vancouver, Stamps Place and Nicholson Tower, are currently being assessed for transfer. It is possible that other directly-managed sites in the Lower Mainland and elsewhere in B.C. may be transferred to the non-profit sector over the next several years.

Comment: *BC Housing's directly managed sites in Burnaby are not currently being considered for transfer. It remains, however, a concern and a possibility that they could be considered in the future. Residents of Stamps Place and Nicholson Tower in Vancouver have voiced significant concerns about the sale of these properties to a potential non-profit operator, the mandate of which may be unknown to existing tenants, due in part to a lack of consultation with residents. There is concern that the same lack of consultation and transparency would be applied to the sale of public housing sites in Burnaby and elsewhere in the Province should they come up for sale.*

3.3 204 Alpha Avenue and 205 Beta Avenue Properties

The properties at 204 Alpha Avenue and 205 Beta Avenue were purchased by BC Housing in 2007. These properties are comprised of two townhouse buildings constructed in 1959 with a total of 38 two-bedroom units. The properties are located on the southern border of Confederation Park.

BC Housing, through the PRHC, purchased the properties under the Provincial Homelessness Initiative. In 2008, the New Chelsea Society was selected to operate the housing, though PRHC retains ownership of both the land and buildings. Some of the units are provided to tenants on a rent geared to income basis while the remainder are provided at the low end of market rates.

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Currently, section 219 covenants are not registered on the titles of these properties to secure them for non-market housing into the future. BC Housing advises that these properties are not being considered for the Non-Profit Asset Transfer Program.

Comment: *In a letter dated 2007 October 10, Council requested BC Housing to provide written confirmation that the above properties will continue to be maintained as housing for low income families in perpetuity, however a response was not received.*

4.0 POTENTIAL LONG TERM IMPACTS

BC Housing states that the Non-Profit Asset Transfer Program provides a positive response to a long-standing request from non-profit housing operators to own the land on which their buildings are located. While the benefits of the program to non-profit societies have been publicized, there has been little discussion about how the divestment of public land assets is advantageous to the public and the security of public non-market housing into the future. Members of the Provincial Opposition and the media have suggested that the program is an effort by the Provincial government to balance its budget by eliminating property maintenance costs and collecting land sales revenue. Yet, the Province has remained largely silent regarding the questions and concerns raised about the program and the protection of public assets in the long term, and/or the accounting for sale revenue within the Provincial budgeting process.

The following further articulates concerns with the program.

4.1 Proceeds from Land Sales and Protection of Public Assets

Issue: *The sale of publicly-owned lands currently dedicated for affordable housing could result in the loss of lands for non-market housing in the future.*

BC Housing has advised that the proceeds from the land sales will be reinvested into the creation of new social housing units, the renovations of existing older social housing properties and other initiatives and partnerships that expand affordable housing options. However, they have not explicitly outlined how proceeds from the sale of publicly-owned assets will be utilized, and have not addressed the concern that in the longer term will there be a loss of public assets or sites remaining for non-market housing.

If the proceeds from the land sales are used to subsidize the principal and interest payments for the non-profits' mortgages, and to provide operating subsidies for the shorter term of the new operating agreements that will be put in place, it appears that this will consume the funds obtained from the sale of a capital asset for operating and shorter term funding of housing. Provincial Opposition members have asked for clarity about the Non-Profit Asset Transfer Program, assurances that the existing number and level of subsidies will remain in the future, and details of how the proceeds from the sale of publicly-owned property will be reinvested in affordable housing for the long term benefit of the Province. To date, these questions have remained unanswered.

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In summary, once these lands are privately owned by non-profit societies, there is concern that the lands will no longer be secured for affordable housing in perpetuity. BC Housing advises that its operating agreements with participating non-profits will remain in place after the transfer of the property, and as part of these agreements, Section 219 covenants will be registered on the titles of the properties, only for the term of the operating agreements, restricting the use of the lands to non-market housing. However, the covenants are to be released at the expiration of the operating agreements, which could result in the lands being used for other charitable, non-housing purposes, or the housing site sold, with a direct impact in the number and security of social housing units in the Province. In the long term, the rising costs of land will make re-purchase of these currently held public lands less feasible for future generations.

BC Housing further advises that the societies' stated purposes under their constitutions will provide the only assurance that projects will continue to meet affordable housing needs into the future. These provisions require distribution of assets to other charitable entities upon dissolution or wind-up of a society. As noted, however, such provisions do not prevent a society from selling a property to a charitable entity outside the housing sector. Nor does it prevent the land from being sold and the proceeds from that sale being put towards a society's other housing operations or used to purchase land in other communities. In all cases, dedicated public lands for non-market housing in Burnaby and other BC municipalities could be permanently lost through this program.

4.2 Long-term Viability of Subsidized Units

Issue: With the Non-Profit Asset Transfer Program concerns about the long-term viability of subsidized units remain.

As mentioned above, BC Housing advises that current levels and the number of subsidies on transferred properties will be maintained through the establishment of new operating agreements; however, it is unclear what will happen once those agreements expire. Without continued operational funding from the Province, operators may be forced to find a balance between rental income and operational costs. In the longer term, with the removal of any requirements related to the number and level of rental subsidies in a development, a non-profit society would need to consider raising rents to levels above the affordability level of clients to maintain financial balance once the agreement expires, as funding levels are lower, or costs increase.

Concerns have also been expressed regarding the capacity of some non-profits to leverage newly gained land ownership to finance renovations or redevelopment. Depending on their financial expertise, some non-profits could encounter financial difficulties, which could result in fewer or reduced levels of subsidies for units. Given that the demand for affordable housing remains high and the region's population is growing, the Province needs to responsibly protect existing subsidized units and commit to providing more units and sites to meet growing demand with funding programs that meet social housing needs in BC.

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4.3 Expiring Operating Agreements

Issue: For non-profit societies that are not eligible for the Non-Profit Asset Transfer Program, expiring operating agreements remain a concern.

The expiry of existing operating agreements between non-profit housing providers and the Federal and Provincial governments has raised concerns over the last few years about the security of subsidies for low income tenants. At the time when many of BC's social housing developments were first built, it was viewed that once the original mortgage was paid off, there would be no ongoing need for continued government support. However, research by the Canadian Housing and Renewal Association indicates that many housing providers house tenants with very low incomes and do not generate sufficient income to pay for these ongoing expenses, such as maintenance costs and rent subsidies, without continued funding from senior government. Potential impacts could include higher average rents, a reduced number of deeply subsidized units, and/or a net loss of more affordable units (i.e. the transfer of units to market rents). As such, the expiration of operating agreements will have significant impacts on many housing providers and tenants in developments that are deemed not eligible for new funding.

4.4 Loss of Public Accountability

Issue: The transfer of publicly-owned assets to non-profit societies weakens public accountability for the operation and maintenance of social housing.

With the transfer of public assets to non-profit societies, concerns have been expressed over the loss of public accountability for the operation and maintenance of social housing developments. Currently, the public can appeal to BC Housing and elected officials when concerns arise regarding the condition, maintenance and operation of social housing properties tied to BC Housing through its operating agreements and land leases. With the transfer of land ownership to non-profit societies, this direct level of accountability will be reduced.

4.5 Loss of Government commitment

Issue: With the Non-Profit Asset Transfer Program, the Province appears to be further divesting itself from its responsibility to provide housing for low income households and other vulnerable populations.

The BCNPHA advises that it has advocated for the transfer of publicly held lands to non-profit societies in response to the absence of any new senior government funding for social housing. This is a situational response to senior governments' diminishing commitment to the provision of non-market housing. The City is concerned that the Province is continuing this trend by selling publicly-owned housing assets and further removing itself from its responsibilities for the provision of non-market housing. As the City has long advocated, senior levels of government have the constitutional responsibility and are the only agencies with the fiscal capability to ensure an adequate and secure supply of non-market housing.

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5.0 CONCLUSION AND RECOMMENDATIONS

BC Housing's Non-Profit Asset Transfer Program has serious implications for the future of public land assets in Burnaby and province-wide. As with any public asset, the intent is that they provide long term benefits for the Province and its citizens. Due to the potential long-term implications of the program, numerous concerns have been raised, as outlined in this report. To ensure publicly owned land assets are protected now and in the future, it is critical that the Provincial government recommit to its responsibility as a direct provider of non-market housing.

It is therefore recommended that Council write to the Premier and the Deputy Premier and Minister Responsible for Housing, the Honourable Rich Coleman to express concern with the disposal of public land and building assets under the Non-Profit Asset Transfer Program, and request the Minister to provide for a long term plan to maintain public ownership of lands for non-market housing purposes to meet current and future community needs in the Province.

It is further recommended that a copy of this report be sent to Burnaby's MLAs, UBCM member municipalities, the Metro Vancouver Board and the City's Social Planning Committee.



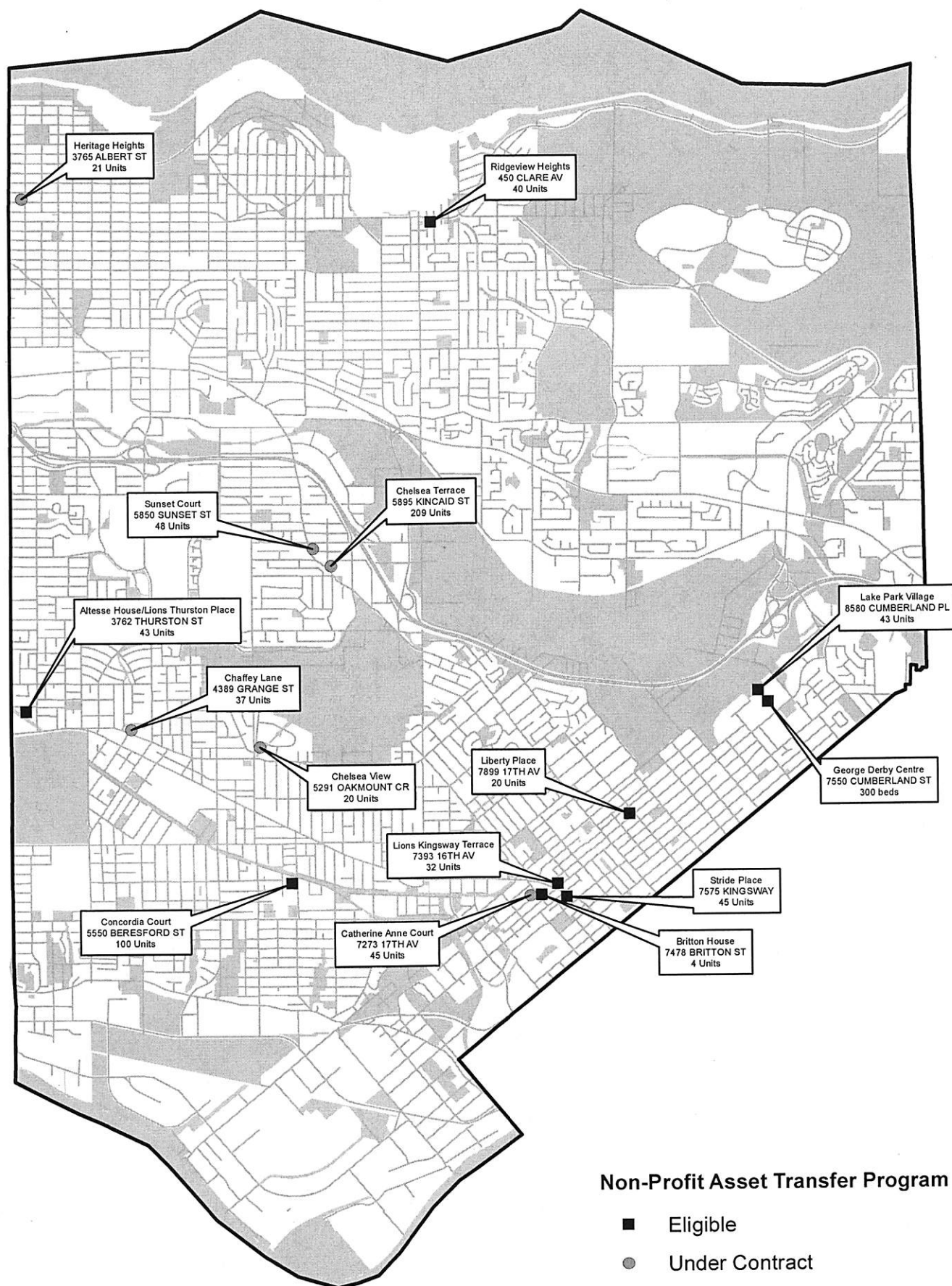
Lou Pelletier, Director
PLANNING AND BUILDING

CS/MM/sa

Attachment

cc: City Manager
Deputy City Managers
Director Finance
City Clerk

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PARKING LOT

Ideas from the Housing Affordability Task Force to hold in a “Parking Lot” for future discussion

- Land Value Tax (province)
- Rent subsidies and affordable housing (province)
- What can be done to limit the number of vacant units in rental units and condos. (province)
- Derelict buildings (province)
- Tax Incremental Financing as a means of investing in housing (province)