



To: Planning Committee

Date: May 20, 2014

From: Cathryn Volkering Carlile
General Manager, Community Services

File: 08-4057-05/2014-Vol 01

Re: **9700 and 9740 Alexandra Road (Polygon Development 296 Ltd.)- Proposed Affordable Housing Contribution**

Staff Recommendation

1. That Option 1 in the staff report, dated May 20, 2014, from the General Manager, Community Services, be endorsed to permit cash-in-lieu affordable housing contributions from the rezoning of 9700 and 9740 Alexandra Road (Polygon Jayden Mews Homes Ltd.) as part of Rezoning Application RZ 13-649641.
2. That the Chief Administrative Officer and General Manager, Community Services be authorized to negotiate and execute an amendment to the Affordable Housing Contribution Agreement between the City and Kiwanis Senior Citizens Housing Society to:
 - a) Add 9700 and 9740 Alexandra Road as a proposed development project that is to provide a minimum affordable housing contribution of \$678,107; and
 - b) Reduce the proposed affordable housing contribution from 9491, 9511, 9531 and 9591 Alexandra Road to \$892,634.

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

Att. 2

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law Development Applications Budgets	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	 <hr/>
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

This report presents a proposal for Council's consideration of an affordable housing capital contribution from the proposed Polygon Jayden Mews Homes Ltd. (Polygon) project at 9700 and 9740 Alexandra Road (See Attachment 1) towards a Council approved Affordable Housing Special Development Circumstance project (i.e. Kiwanis Towers Affordable Housing Development at 6251 Minoru Boulevard).

The report is consistent with Council's Term Goal# 2.5:

Development of a clearer definition of affordable housing priorities and subsequent utilization of affordable housing funding.

Analysis

Affordable Housing Policy Considerations

Section 904 of the *Local Government Act* establishes conditions that will entitle an owner to a higher density in their development(s) with the provision of affordable and special needs housing. The City's Affordable Housing Strategy includes provisions for cash-in-lieu contributions towards the City's *Affordable Housing Reserve* in exchange for increased density proposed as part of rezoning applications.

The West Cambie Area Plan emphasizes that at the time of rezoning, a development applicant will indicate how the proposed development complies with the City's policies regarding affordable housing. The plan outlines the intent of density bonusing for affordable housing to be utilized to:

1. Secure a number of affordable housing units within a development (e.g. 5% of the total units) and to permit additional density for market housing as a financial incentive to the developer for building the affordable housing;
2. Accept contributions to the Affordable Housing Statutory Reserve Fund from developments where affordable housing isn't being built; or
3. Provide a cash contribution towards affordable housing only in Council approved special development circumstances, while continuing to meet the City's affordable housing policy requirements.

Affordable Housing Special Development Circumstance "Donor Site" Considerations

On June 25, 2012, Council approved the Kiwanis Towers development at 6251 Minoru Boulevard as an Affordable Housing Special Development Circumstance and the related Rezoning RZ 11-591685 for Polygon Carrerra Homes Ltd.

Including Polygon's Carrerra project, nine Polygon development sites were identified as potential donor sites to provide cash contributions towards the City's capital Affordable Housing Reserve Fund to assist in meeting the Kiwanis project's financial requirements (Attachment 2). The first of four installments of the City's committed funding disbursements have been made towards the Kiwanis project capital costs. The fourth and final disbursement is scheduled for fall 2017. The

final disbursement is to be released to Kiwanis when the City receives the final contribution from the proposed donor sites, including a contribution from a proposed site owned by Polygon in the Alexandra East area, if rezoning of this site is approved by Council.

Polygon has recently applied to rezone 9700 and 9740 Alexandra Road from “Two-Unit Dwellings (RD1)” and “Single Detached (RS1/F)” to a Site Specific Zone, “Town Housing (ZT71)- Alexandra Neighbourhood (West Cambie) (RZ 13-649641)”, in order to develop approximately 64 three-storey townhomes on an assembled site (“Jayden Mews”).

The developer is proposing a cash contribution from its Jayden Mews project towards the City’s capital *Affordable Housing Reserve Fund*. This report provides two options for Council’s consideration with respect to the proposed affordable housing contribution, including:

Option 1: Affordable Housing Value Transfer Approach- (Substitution) - Recommended

Polygon has requested their subject development (Jayden Mews) be considered as a potential affordable housing special development circumstance “donor site” to replace the final contribution from their proposed Alexandra East project.

Subject to Council’s approval, the proposed Jayden Mews contribution would be received at Rezoning adoption of this project, which would be earlier than what is proposed for the final contribution from the proposed Alexandra East project (fall 2017). The advantages of the earlier contribution payment would be:

- Mitigating the risk of the contribution from the proposed Alexandra East project if the project is not approved or delayed;
- Providing greater certainty for the final contributions to support the Kiwanis project, due to the fact that the Kiwanis project is slightly ahead of its proposed construction schedule;
- If approved by Council, yielding more affordable housing units in Polygon’s proposed Alexandra East apartment project than what could be provided for in the Jayden Mews townhouse project; and
- Providing more conducive fund management.

Polygon proposes to develop affordable housing units at its Alexandra East development at a comparable value of the cash contribution from the Jayden Mews project, estimated at \$678,107. The built units would meet the requirements for the developer to receive a density bonus in exchange for the provision of affordable housing, yielding six affordable housing units (e.g. two 535 ft² one-bedroom and four 800 ft² two-bedroom units).

Potentially securing built affordable housing units at the proposed Alexandra East project would contribute to an:

- Increase of affordable housing stock in the West Cambie area; and
- Offset the negative impact of Affordable Housing Value Transfer contributions that were received from other Polygon West Cambie projects towards the Kiwanis Towers development.

The proposed cash contribution in Option 1 is based on the proposed “Affordable Housing Value Transfer” approach, as per the report from the General Manager, Community

Services dated May 30, 2012, which allows for a developer to make a cash contribution towards Council approved affordable housing special development circumstances.

The Jayden Mews project proposes to provide a voluntary cash-in-lieu developer contribution of \$678,107 to the City's Capital Affordable Housing Reserve, which is derived from:

- An Affordable Housing Value Transfer rate of \$160/ft² (i.e. as per the report from the General Manager, Community Services dated May 30, 2012, this rate assumes wood construction with the affordable housing floor area not being retained on site) and used for market housing, resulting in a cash contribution in lieu of constructing affordable housing units on the subject site of 4,238 ft² x \$160/ft² = \$678,106 towards the Kiwanis Towers recipient site.

It is important to note that the rate is derived for the purpose of the Kiwanis Development project only.

The West Cambie - Alexandra Interim Amenity Guidelines state that if a developer chooses not to build affordable housing, the City will accept a developer's financial contribution at the rate of \$5.10 per buildable square foot as consideration for increasing the maximum FAR up to 0.65. Polygon is proposing to increase the maximum FAR for the Jayden Mews site to 0.72 by providing a voluntary contribution of \$678,107.

The \$678,107 being proposed under Option 1 is greater than the \$421,486 that would be generated from the standard contribution calculation method of:

- A West Cambie Affordable Housing Contribution rate of \$5.10 per buildable square foot, based on the proposed FAR in the development of 82,644.25 ft² (i.e. Maximum buildable area based on 0.65 FAR of Site Area).

Option 2: Built Affordable Housing Unit Requirement (Jayden Mews project) (no cash contribution)

Alternatively, if Polygon opted to build affordable housing in the proposed Jayden Mews project, it would yield two townhouse units at a 0.75 FAR. The Strategy recommends a minimum of four affordable housing units to cover the construction costs and increase the overall profitability of the project. Additional units would have to be negotiated as part of the subject development to meet the four unit minimum threshold.

Although the Jayden Mews project could potentially provide two secured affordable townhouse units at the proposed density of 0.75 FAR or \$421,486 at the base density of 0.65 FAR, it would provide less cash and built affordable housing contribution to the City than Option 1, if approved. Whereas, Option 1 would support the provision of six apartment units disbursed throughout the proposed Alexandra East development site with access to shared amenity spaces.

Application to the Council approved Kiwanis Towers Affordable Housing Special Development Circumstance

On April 10, 2012, Council endorsed proposed amendments to the Affordable Housing Statutory Reserve Fund Policy 5008, Section 5.15 of the Zoning Bylaw 8500 and Affordable Housing Operating Reserve Fund Bylaw No. 8206 to allow Council with the authority to direct different

proportions of contributions to the Affordable Housing Reserve Funds, from time to time, to support Council approved affordable housing special development circumstances.

To support the viability of the Kiwanis project and to further Kiwanis' ability to provide tenant rents below what is stipulated in the Affordable Housing Strategy, Staff recommend that Council direct 100% of the \$678,107 contribution to the City's Capital Affordable Housing Reserve Fund, should Council support Option 1 above. At Council's discretion these funds can be used to support the Kiwanis project.

If Council approves Option 1, and supports the Jayden Mews project, amendments would be made to the Kiwanis project Contribution Agreement entered into by the City of Richmond and the Kiwanis Senior Citizens Housing Society to:

- Add the proposed contribution from 9700 and 9740 Alexandra Road (Jayden Mews) in the amount of \$678,107; and
- Reduce the proposed contribution from the proposed 9491, 9511, 9531 and 9591 Alexandra Road (Alexandra East) site from \$1,570,741 to \$892,634.

In summary, it is important to note that the City's contribution to the Kiwanis project would not change as a result of this proposal. The City's maximum contribution to the Kiwanis project is not to exceed \$20,837,610.

Financial Impact

The City will redirect approximately \$203,432 in funds that would have otherwise been contributed to the City's Affordable Housing Operating Reserve Fund to the capital Affordable Housing Reserve Fund (i.e. \$678,107 x 30% that is typically directed to the Affordable Housing Operating Reserve Fund, per Policy 5008 and Bylaw 8206).

Conclusion

Subject to Option 1 and the rezoning of 9700 and 9740 Alexandra Road (Jayden Mews) being approved, the proposed affordable housing cash contribution would mitigate the financial risk of delayed contribution payments towards the Kiwanis project, while potentially leveraging built affordable housing units in the West Cambie area (i.e. Alexandra East). Thus, Staff are recommending Council's consideration and support for Option 1.

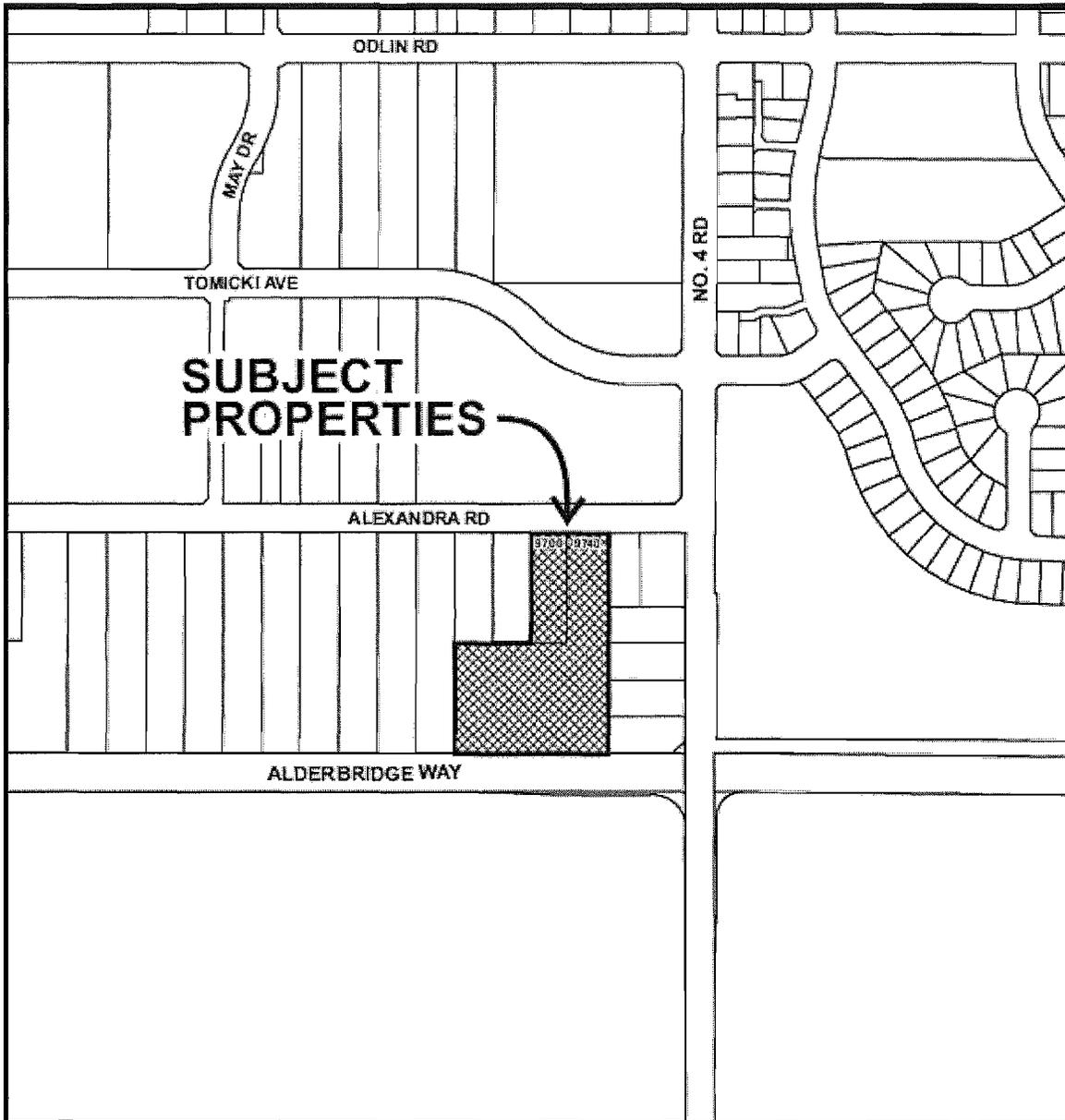


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Att. 1: Site Map
Att. 2: Kiwanis Context Map



City of
Richmond



	9700 & 9740 Alexandra Rd	Original Date: 05/20/14 Revision Date: Note: Dimensions are in METRES
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