

CITY OF RICHMOND

# **AFFORDABLE HOUSING STRATEGY** **POLICY RECOMMENDATIONS**

Affordable Housing Strategy 2017–2027 Companion Document





# Executive Summary

## Summary of Policy Recommendations

The Policy Recommendations Report was prepared to provide a framework for the Affordable Housing Strategy 2017-2027. The policies are based on research, stakeholder feedback and economic analysis. This report contains an examination of various policies with respect to addressing identified housing gaps and presents policy recommendations for the City of Richmond. These recommendations were adopted by Council in July 2017. The Affordable Housing Strategy 2017-2027 provides the implementation plan to advance the approved policies.

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

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

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

Implementation of the recommended policies requires partnerships and ongoing collaboration among a wide variety of groups including the City, senior levels of government, the private and non-profit housing sectors. Effective and timely implementation will also require significant City resources including sufficient cash reserves and staff resources. Increasing capacity will enable the City to build on the success of past initiatives and partnerships that have contributed to increasing the supply of affordable housing options for residents and to position Richmond to continue to proactively respond to future funding and collaborative opportunities with senior levels of government and other community partners.

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

Table 1: Summary of Policies

Policy / Practice	Description	Summary of Recommendations
Affordable Housing ('built')—Low End Market Rental (LEMR) unit contribution	Requires 5% of the residential floor area of multi-residential development over 80 units to be LEMR units, secured as affordable in perpetuity with a housing agreement, in exchange for a density bonus	<ul style="list-style-type: none"> <li>▪ Consider a phased approach to increase the floor area contribution rate to 10%</li> <li>▪ Decrease threshold to 60 units</li> <li>▪ Allow for flexibility to cluster or disperse LEMR units</li> <li>▪ Set minimum size targets and ensure LEMR units are not smaller than the average size of a comparable market unit within the development</li> <li>▪ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development</li> <li>▪ Consider waiving Development Cost Charges for LEMR units if purchased by a non-profit housing provider</li> <li>▪ For LEMR units, calculate City-wide thresholds at 10% below BC Housing's Housing Income Limits and maximum monthly rents at 10% below CMHC Average Rents for Richmond</li> <li>▪ For non-market units, establish income thresholds and maximum rent targets and allow for flexible rent structures when projects are non-profit driven and provide 100% affordable rental housing</li> </ul>
Affordable Housing ('cash-in-lieu') contribution	Requires cash-in-lieu contributions for single-family, townhouse, and multi-residential rezonings less than 80 units, in exchange for a density bonus.	<ul style="list-style-type: none"> <li>▪ Increase the cash-in-lieu contribution to match the current value of the 'built' LEMR contribution (5% of floor area)</li> <li>▪ Continue to accept cash contributions for townhouse developments and multi-residential developments less than 60 units</li> <li>▪ For townhouse developments, explore the feasibility of including a market rental component in addition to an affordable housing cash contribution in a future draft Market Rental Policy</li> <li>▪ Secure both built suites and cash contributions for single family rezoning</li> </ul>
Special Development Circumstance and Value Transfer Policy	Provides developers with a density bonus in exchange for funding the building of an affordable housing development off-site, where low rents and additional supportive programming are also secured	<ul style="list-style-type: none"> <li>▪ Incorporate the policy into the overall Affordable Housing Strategy</li> <li>▪ Develop a list of prequalified non-profit housing providers for management and development of affordable housing units</li> <li>▪ Allow flexibility for large scale developments (or combination of developments) to cluster LEMR units in one, stand-alone building if a partnership with a non-profit housing provider is established</li> <li>▪ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development</li> </ul>

Policy / Practice	Description	Summary of Recommendations
Affordable Housing Reserve Fund	Uses developer cash contributions to support affordable housing development through land acquisition and other initiatives to leverage additional funding through partnerships with senior governments and the private and non-profit sector	<ul style="list-style-type: none"> <li>▪ Ensure sufficient developer cash contributions are collected (target of \$1.5 million generated annually ) to support affordable housing projects and leverage funding opportunities through partnerships</li> <li>▪ Seek strategic land acquisition opportunities for affordable housing</li> <li>▪ Use to support innovative housing projects</li> </ul>
Secondary Suites	Permits secondary suites in single-family dwellings, which may be available for rent through the secondary market. In exchange for single-family rezoning and subdivisions, a secondary suite must be required on 50% of new lots or a cash-in-lieu affordable housing contribution	<ul style="list-style-type: none"> <li>▪ For single-family rezonings, continue to review development applications and secure one of the following: (a) secondary suites on 100% of new lots developed; (b) secondary suites on 50% of new lots developed and a cash contribution on the remaining 50% of new lots created; or (c) a cash contribution on 100% of the new lots developed</li> </ul>
Market Rental Housing	Seeks to maintain the existing stock of rental housing through 1:1 replacement	<ul style="list-style-type: none"> <li>▪ Continue to require replacement of existing market rental housing</li> <li>▪ Through a future draft Market Rental Policy, consider providing incentives for the development of additional units of market rental housing as well as a tenant relocation and protection plan</li> </ul>
Basic Universal Housing	Aims to increase the supply of accessible housing for persons with disabilities	<ul style="list-style-type: none"> <li>▪ Continue to secure affordable housing units with Basic Universal Housing features</li> <li>▪ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development to ensure that some LEMR units are designed with adaptable features</li> </ul>
Co-Location of Non-Market Housing & Community Assets	Integrates affordable housing with new and redeveloped community facilities, where appropriate	<ul style="list-style-type: none"> <li>▪ Explore opportunities to co-locate affordable housing with community assets (existing or new) and facilitate potential partnerships with non-profit housing providers</li> <li>▪ Consider the needs of non-profit service providers in co-location opportunities to accommodate the priority groups in need</li> </ul>
Public-Private Partnerships	Collaboration with other levels of government, non-profit housing providers, and the private sector to facilitate the development of affordable housing	<ul style="list-style-type: none"> <li>▪ Identify potential opportunities for partnerships to facilitate the development of affordable housing</li> <li>▪ Develop a list of pre-qualified non-profit housing providers for partnerships on potential housing projects</li> <li>▪ Facilitate potential partnerships between developers and non-profit housing providers at the pre-application and rezoning stages to encourage non-profit management of LEMR units and input into the design and programming space</li> </ul>

Policy / Practice	Description	Summary of Recommendations
Non-profit Housing Development	Build non-profit capacity through supporting non-profit housing providers with funding, financial incentives, technical assistance and other resources to support the development of affordable housing	<ul style="list-style-type: none"> <li>▪ Continue to build relationships with established non-profit housing providers throughout Richmond and Metro Vancouver that have expertise in housing the identified priority groups in need</li> <li>▪ Adopt criteria for reviewing and prioritizing City-supported non-profit housing projects</li> <li>▪ Allow flexibility for innovative rent structures that support a mix of affordable rental rates</li> </ul>
Family Friendly Housing Policy	Encourages developers to provide larger units (2 and 3 bedrooms) in multi-residential developments	<ul style="list-style-type: none"> <li>▪ Require a minimum of 15% two-bedroom and 5% three-bedroom for all LEMR units secured in developments to accommodate priority groups in need</li> <li>▪ Monitor the policy and consider applying the same % of family friendly units in all market developments</li> </ul>
Use of City Owned Land for Affordable Housing	Seeks to use vacant or under-utilized land and acquire new land for affordable housing projects in order to leverage partnership opportunities with senior government and non-profit housing providers	<ul style="list-style-type: none"> <li>▪ Review affordable housing land acquisition needs during the annual review of the City's Strategic Real Estate Investment Plan</li> <li>▪ Continue to use cash-in-lieu contributions from the Affordable Housing Reserve Fund for affordable housing land acquisition</li> <li>▪ Consider allocating City-owned land specifically for the use of affordable housing development</li> </ul>
Municipal Financing Tools	Exempts property taxes and waives or reduces development cost charges to stimulate the creation of affordable housing	<ul style="list-style-type: none"> <li>▪ Consider waiving the development cost charges and municipal permit fees for new affordable housing developments that are owned/operated by a non-profit and where affordability is secured in perpetuity</li> <li>▪ Consider waiving the development cost charges and municipal permit fees and reimburse from the City's general revenue instead of as a grant from the Affordable Housing Reserve Fund</li> <li>▪ Undertake a review and best practice analysis of property tax exemptions for non-market housing managed by a non-profit housing provider</li> </ul>
Affordable Homeownership Program	Provides support to allow first-time homebuyers to enter into the housing market	<ul style="list-style-type: none"> <li>▪ Not Recommended. There would be significant demands on municipal resources and jurisdiction. It is recommended that the focus of the Affordable Housing Strategy remains rental housing</li> </ul>
Municipal Housing Authority	An independent, City-controlled agency to directly manage and operate affordable housing units and potentially develop new affordable housing units	<ul style="list-style-type: none"> <li>▪ Not Recommended. There would be significant demands on municipal resources and jurisdiction at this time</li> </ul>

Policy / Practice	Description	Summary of Recommendations
Transit-Oriented Affordable Housing Development Guidelines	Seeks to locate affordable housing near the Frequent Transit Network	<ul style="list-style-type: none"> <li>▪ Continue to encourage diverse forms of housing along the Frequent Transit Network</li> <li>▪ Collaborate with the City's Transportation Department to revisit parking requirements for LEMR units located along the Frequent Transit Network</li> </ul>
Compact Living Rental Units (Micro-Units)	Allows the development of smaller rental units appropriate for individuals	<ul style="list-style-type: none"> <li>▪ Collaborate with the City's Planning Department to conduct a feasibility study on micro-unit housing</li> </ul>
Encouraging Accessible Housing with Persons with Disabilities	Ensures that affordable housing is produced and targeted to groups in need of accessible housing	<ul style="list-style-type: none"> <li>▪ Continue to build relationships with non-profit organizations to obtain input into housing needs and design for program clients that require accessibility features</li> <li>▪ Facilitate potential partnerships with non-profit housing providers and developers in the pre-application/rezoning stage of development to ensure that some LEMR units are designed with adaptable features to accommodate priority groups in need (i.e. persons with disabilities)</li> </ul>
Community Land Trust	Is a community based organization that acquires land and removes it from the private market and leases it to non-profit housing providers for affordable housing	<ul style="list-style-type: none"> <li>▪ Consider conducting a feasibility study of a community-based Community Land Trust in Richmond</li> </ul>
Rent Bank Program	A program that offers no- interest loans for rent and utilities to low-income households that are experiencing short-term financial hardships to prevent homelessness	<ul style="list-style-type: none"> <li>▪ Undertake a review and best practice analysis of opportunities to support local rent bank initiatives</li> </ul>





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# I. Introduction

## Purpose of Document

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

This document also analyzes 2007 Affordable Housing Strategy policies with respect to meeting the housing needs of Richmond’s priority groups and identifies additional municipal policy and practice options for consideration.

## Policy Review Goals and Objectives

The goal of the Affordable Housing Strategy Policy Review is to provide policy recommendations that form the foundation of the Affordable Housing Strategy 2017–2027 which will guide the City’s response over the next 10 years to address local housing affordability issues, in partnership with the private developers and non-profit housing sectors, senior government, and community service agencies.

Specific objectives of the Policy Review include:

- Undertaking a comprehensive examination of 2007 Affordable Housing Strategy policies, priorities and regulatory and financial tools aimed at addressing housing affordability;
- Consulting with a broad range of stakeholders including staff, private developers and non-profit housing sectors and other community partners on implementation challenges and successes of existing policies and tools, as well as recommended policy options; and
- Recommending new and/or amended policies, regulatory and financial mechanisms that will help address identified affordable housing gaps and priority groups in need.

## The Housing Continuum

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

Figure 2: Housing Continuum

Homeless and At Risk			Rental Housing				Homeownership	
Emergency Weather Shelters	Shelters	Transitional Housing	Non-Market/Social Housing	Low-End-Market Rental	Purpose Built Rental	Secondary Market Rental	Affordable Homeownership	Market Homeownership
Temporary shelters opened when an Extreme Weather Alert is issued.	Short-stay housing with varying levels of support to individuals	Short to medium term housing that includes the provision of support services (on or off-site), to help people move towards self-sufficiency	This housing includes funded by senior levels of government and housing managed by BC Housing, Metro Vancouver, non-profit and co-operative housing providers.	Rental units secured through inclusionary zoning. Targets low-moderate income households with rents set at below market rates.	Residential housing built as rental units, and may not be converted into stratified units. May be owned by a developer or a non-profit organization, or a secondary suite on a single-family lot.	Privately owned condominiums that could be rented out by the owner at market rate.	Units affordable to middle income home buyers. These housing units are usually modestly sized and targeted to first-time home buyers.	Ownership including single family dwellings, row houses, and strata owned condominiums at market prices.

## Key Housing Partners

### Senior Governments

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

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

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

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

### Metro Vancouver Regional District

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

## Local Government

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

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

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

## Private Sector

The private sector includes landowners, developers and builders, investors and landlords and is responsible for the development, construction and management of a range of housing forms and tenures including ownership and rental housing. The sector works closely with local governments to provide a range of housing choices aimed at addressing short and longer term local housing needs and demand.

## Non-Profit Sector

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

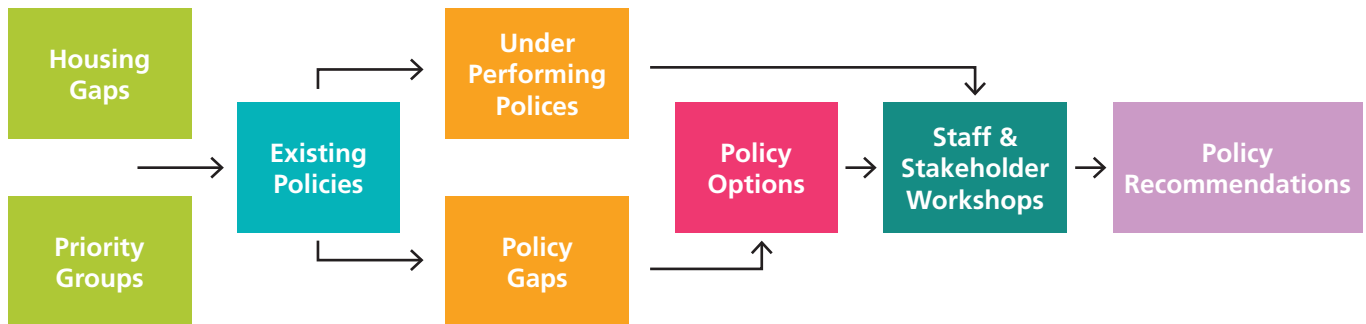


## II. Housing Policy Evaluation Framework

### Approach

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

Figure 3: Research Framework Flowchart



### Priority Groups in Need of Affordable Housing

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

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

### Affordable Housing Gaps in Richmond

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

- Family friendly housing including market and non-market rental and homeownership;
- Accessible, adaptable and visitable housing;
- Purpose built rental housing;
- Low barrier rental housing (including programming supports);

- Low end market rental housing for singles, couples, families, seniors and persons with disabilities;
- Non-market housing for singles, couples, families, seniors and persons with disabilities, persons with mental health issues and substance users; and
- Lack of emergency shelter for women and children.

## 2007 Affordable Housing Strategy Priorities and Policy Tools: Successes and Key Implementation Challenges

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

### Subsidized Rental Housing

In Richmond’s 2007 Affordable Housing Strategy, subsidized housing is targeted towards households with incomes of \$34,000 or less. The City does not provide any ongoing operating or rent subsidies. Under this priority, the City:

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

In Richmond, examples of subsidized housing include:

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



**Successes:**

- The development of innovative partnerships between senior governments, the private and non-profit housing sectors and the City.
- Provides secure and affordable housing for specific priority groups with access to supportive services (e.g. employment training).
- Highlights of successful projects:
  - **Kiwanis Towers:** The City contributed \$24.1 million towards the Kiwanis Tower’s redevelopment. The redevelopment provides long-term benefits for Richmond low-income seniors by providing additional 296 affordable rental units (122 replacement units and 174 additional units) that support aging-in-place and is located within walking distance to amenities, transit and health services.
  - **Storeys:** The City contributed \$19.1 million and lease of City-owned land to the Storeys development. Five (5) non-profit organizations own and manage the 196 affordable rental units and additional programming space for Richmond’s vulnerable residents, including those who are or are at-risk of homelessness.
  - **Cadence:** Through the 2007 Affordable Housing Strategy, the City secured 15 units of affordable rental housing at shelter rates for lone-parent families. These units will be owned and managed by a non-profit housing provider and parents will have access to affordable child-care at the adjacent City-owned child care centre.

**Challenges:**

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

**Low-end Market Rental (LEMR)**

In Richmond, the City’s 2007 inclusionary housing policy offered a density bonus at time of rezoning for multi-family and mixed use developments containing more than 80 residential units in exchange for building at least 5% of total residential floor area as low-end-market-rental (LEMR) units. These units are secured in perpetuity with a Housing Agreement registered on title. For apartments less than 80 units and townhouse developments, the City accepts cash contributions in-lieu of built units, which are used to support larger scale affordable housing projects involving partnerships (e.g. Kiwanis Towers).

**Successes:**

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

**Challenges:**

- **Occupancy management:** The LEMR program was originally intended to be targeted to low and moderate income households. Ongoing monitoring of these units and consultation with non-profit organizations suggests that the LEMR units are not being occupied by the intended target population and that the spirit of the program is not being met. This policy review provides an opportunity to ensure that the conditions and obligations (e.g. tenant selection, maximum rents, additional charges including parking) that are outlined in legal agreements are fully met by the property managers and owners. During consultation, both the public and non-profit organizations also expressed the need for better communication and awareness of available LEMR units, as there is currently no centralized waitlist for qualified households.
- **Location of Units within a Development:** Previously, the City's practice has been to secure LEMR units dispersed throughout a larger market development. Some developers have expressed that they do not have the expertise to provide adequate property management services to the targeted tenants of the LEMR program (e.g. low income households and households with other barriers). Some non-profit organizations have expressed the desire to manage and potentially own LEMR units that are clustered in order to improve operational efficiencies (e.g. ongoing maintenance of units), while other non-profit organizations indicated that it is not within their mandate to manage LEMR units and prefer more deeply subsidized units. Under the current practice, non-profits would not have control over the operating costs associated with the larger building, which is one of the various reasons that non-profit organizations to date have not purchased any LEMR units.
- **Income Thresholds and Maximum Rents:** This policy review provides an opportunity to review and refine income thresholds and maximum rents of LEMR units to ensure consistency between developments that include LEMR units and rents remain affordable to priority groups in need.
- **Unit Size:** Developers have expressed concern that the current minimum square footage requirement of the LEMR units, originally established in 2007, is now greater than what is currently produced in the market.

## Entry-Level Homeownership

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

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

### Successes:

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

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

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

### Challenges:

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

## Special Development Circumstances and Value Transfers

The City’s typical approach has been to disperse affordable housing throughout a development or multiple sites. However, the City’s Affordable Housing Special Circumstance policy allows the clustering of affordable housing units if a viable business case and social programming approach is identified to address the needs of target populations. The Affordable Housing Special Development Circumstance has previously been paired with the value transfer mechanism, where certain developments convert their built unit contribution to a cash-in-lieu contribution to be used towards a “donor site” for a standalone affordable

housing project. The value transfer mechanism presents an opportunity for the City to provide capital contributions towards affordable housing projects and ensure that rent levels are targeted towards low-income or vulnerable households.

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

**Successes:**

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

**Challenges:**

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

### Affordable Housing Reserve Fund

The City secures cash-in-lieu contributions from rezoning applications with density bonuses for the the Affordable Housing Reserve Fund. The fund assists the City in partnering with senior levels of government and non-profit housing societies to deliver affordable housing. The Affordable Housing Reserve Fund is comprised of two divisions:

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

**Successes:**

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

**Challenges:**

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

**Secondary Suites**

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

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

**Successes:**

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

**Challenges:**

- No means to ensure that units are being rented at affordable rates.
- Monitoring and maintaining data on illegal secondary suites may be difficult as it is complaint driven.
- Accommodating parking onsite or on-street and responding to public inquiries related to suite parking and tenants.
- Limited uptake on coach house development through single-family rezonings.

**Market Rental Housing**

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

**Successes:**

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

**Challenges:**

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

## Basic Universal Housing

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

### Successes:

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

### Challenges:

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

## Use Of City Owned Land For Affordable Housing

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

### Successes:

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

### Challenges:

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

## III. Policy Directions and Options

### Evaluating Potential Policies + Practices

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

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

### Ease of Implementation Scale

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

Figure 4: Ease of Implementation Scale



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

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

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

## Policy + Practice Recommendations

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

Directions for 2007 Affordable Housing Strategy policies included:

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

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

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

The changes to the 2007 Affordable Housing policies, as well as the new policy directions, were adopted by Council in July 2017. The following sections provide further analysis on how the recommendations were developed. The Affordable Housing Strategy 2017-2027 provides the overall framework of how the policies will be implemented.



## Current Policies

### 1. Affordable Housing (“Built”) Low-End Market Rental Unit (LEMR) Contribution

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

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

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

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

#### Economic Analysis Of “Built” Contribution

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

Key findings of the analysis:

- The current high land values in Richmond, possible market uncertainty in the near to midterm, and recent increases in development cost charges and levies at the municipal and regional level (e.g. Metro Vancouver and TransLink) suggest that increases to the built LEMR requirement to 15% would adversely affect development in Richmond.

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

### **Analysis of Clustering and Dispersal of Units**

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

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

Table 2: Benefits and Challenges of Clustering and Dispersing LEMR

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

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

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

### Analysis of Minimum Unit Size Requirements

The 2007 Affordable Housing Strategy established minimum size requirements for LEMR units based on the unit type (e.g. number of bedrooms) to ensure livability and functionality. Concerns have been raised through the consultation process with the development community that the current minimum size requirements may be too large compared to those being delivered in the market locally and in Metro Vancouver. This may increase the cost of construction for developers as it is difficult to incorporate the larger-sized LEMR units into a development.

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

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

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

The comparison highlights that:

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

## Occupancy Management

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

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

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

## Analysis of Income Thresholds and Maximum Rents

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

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

**Table 4: Current Income Thresholds (2007)**

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

The City's current approach presents some challenges:

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

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

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

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

**Adopted Policy Directions:**

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

Table 5: LEMR Minimum Unit Size Targets

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

**Occupancy Management:**

- Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development.
- Develop an information guide for non-profit housing providers about opportunities for partnering with developers for the management and potential ownership of LEMR units secured through developments.

- In the event that a developer wishes to retain ownership, facilitate potential partnerships with qualified non-profits (e.g. BC Housing, Metro Vancouver Housing Corporation) to help select qualified tenants from the identified priority groups in need for the LEMR units.
  - Consider creating information bulletins for property managers currently managing built LEMR units, to inform them of the intent and responsibilities of the program.
- **Income Thresholds and Maximum Permitted Rents:**
    - For LEMR units secured through development, consider calculating income thresholds based on 10% below BC Housing’s Housing Income Limits.
    - For LEMR units secured through development, consider calculating maximum permitted rents based on 10% below CMHC’s Average Market Rents for Richmond.
    - On an annual basis, the LEMR household income thresholds and maximum monthly rents may be increased by the Consumer Price Index.
    - On a bi-annual basis, re-evaluate the LEMR policy including the income thresholds and maximum monthly rents and, if warranted, bring forward changes for Council consideration.

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

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

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

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

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

- On a bi-annual basis, re-evaluate the income thresholds and maximum monthly rents of non-market housing units and, if warranted, bring forward changes for Council consideration.

Table 8: Non-Market Rental Unit Maximum Household Income

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

Table 9: Non-Market Rental Unit Maximum Monthly Rent

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

## 2. Affordable Housing ('Cash-In-Lieu') Contribution

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

Table 10: Richmond Cash-In-Lieu Contribution Rates

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

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

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



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

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

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

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

**Adopted Policy Directions:**

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

**3. Special Development Circumstances and Value Transfers**

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

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

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

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

#### **Adopted Policy Directions:**

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

## **4. Affordable Housing Reserve Fund**

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

**Adopted Policy Directions:**

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

**5. Secondary Suites**

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

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

**Adopted Policy Directions:**

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

## 6. Market Rental Housing

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

### Adopted Policy Directions:

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

## 7. Basic Universal Housing

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

### Adopted Policy Directions:

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

## Adopted New Policies + Practices

### 8. Co-Location Of Non-Market Housing + Community Assets

#### Target Priority Group in Need

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

#### Target Housing Gap

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

#### Context

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

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

#### Overview of Redevelopment of Existing Non-Market Housing + Community Assets

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

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

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

#### Approach And Actions

##### Analysis to Richmond Context

The City of Richmond could identify public and community facilities that are under-utilized and/or aging and prime for redevelopment with the potential to accommodate additional density and affordable housing, subject to the necessary planning processes. This policy acknowledges that park land is not under-utilized, but provides an important community benefit as green space. The City could also engage with private facility-operators and land holders to explore opportunities for partnership and co-location development.

#### Ease of Implementation:

SIMPLE COMPLEX



#### Municipal Role:

- Build and maintain relationships
- Partner

#### Other Roles:

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



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

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

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

### Recommended Approach and Actions

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

### Implementation Roles

#### Municipality:

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

#### Development Community:

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

#### Non-profit Housing Providers:

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

#### Non-profit Social Service Organizations:

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

## 9. Public-Private Partnerships

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

### Overview Of Public-Private Partnerships

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

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

### Ease of Implementation:



### Municipal Role:

- Facilitator
- Establish criteria
- Communications

### Other Roles:

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



Kiwanis Towers, Richmond

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

### Approach and Actions

#### Analysis to Richmond Context

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

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

#### Recommended Approach and Actions

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

#### Implementation Roles

Municipality:

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

Development Community:

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



Non-profit Housing Providers:

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

Non-profit Social Service Organizations:

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

**Ease of Implementation:****Municipal Role:**

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

**Other Roles:**

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

## 10. Non-Profit Housing Development

**Target Priority Group in Need**

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

**Target Housing Gap**

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

**Context**

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

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

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

**Overview Of Non-Profit Housing Development**

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

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

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

## **Approach And Actions**

### **Analysis to Richmond Context**

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

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

### **Recommended Approach and Actions**

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

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

Criteria for City-Supported Non-Profit Housing Development Projects
<p><b>1. Meets one or more of Richmond’s priority groups:</b> low to moderate income families, singles, couples, students, persons with disabilities, and vulnerable populations such as persons experiencing homelessness.</p>
<p><b>2. Addresses one or more of Richmond’s housing gaps:</b></p> <ul style="list-style-type: none"> <li>▪ Family friendly housing including market and non-market rental and homeownership;</li> <li>▪ Accessible, adaptable and visitable housing;</li> <li>▪ Purpose built rental housing;</li> <li>▪ Low barrier rental housing (including programming supports);</li> <li>▪ Low end market rental housing for singles, couples, families, seniors and persons with disabilities;</li> <li>▪ Non-market housing for singles, couples, families, seniors and persons with disabilities, persons with mental health issues and substance users; and</li> <li>▪ Lack of emergency shelter for women and children.</li> </ul>
<p><b>3. Demonstrates project viability:</b> financial sustainability; livability; and flexibility to potentially adapt with changing and emerging housing needs in Richmond.</p>
<p><b>4. Secured:</b> designated affordable units (non-market and low-end of market rental units) are secured through housing agreements.</p>
<p><b>5. Affordable:</b> are affordable for the priority groups (LEMR=less 10% of CMHC rents; Non-Market Rents = less 25% CMHC rents); or meets Housing Income Limits in BC Housing projects.</p>

### Implementation Roles

#### Municipality:

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

#### Development Community:

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

#### Non-Profit Housing Providers:

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

**Ease of Implementation:****Municipal Role:**

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

**Other Roles:**

- **Developers**—Partner and deliver units
- **Non-Profit Housing Providers**—Secure and operate dedicated units



## 11. Family-Friendly Housing Policy

**Target Priority Group in Need**

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

**Target Housing Gap**

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

**Context**

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

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

**Overview of Family Friendly Housing Policy**

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

**Approach and Actions****Analysis to Richmond Context**

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

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

**Proposed Richmond Approach**

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

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

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

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

**Recommended Approach and Actions**

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

**Implementation Roles**

**Municipality:**

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

**Development Community:**

- In multi-unit housing projects with LEMR units, deliver the specified



percentage of units dedicated as family-friendly housing.

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

Non-Profit Housing Societies:

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





## 12. City Land for Affordable Housing

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

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

### Overview of Use of City Land For Affordable Housing Policy

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

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

### Approach and Actions

#### Analysis to Richmond Context

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

Table 14: Proposed Criteria for Land Acquisition

A dedicated source of funding for land acquisition for affordable housing would

### Ease of Implementation:



### Municipal Role:

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

### Other Roles:

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

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

### **Recommended Approach and Actions**

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

### **Implementation Roles**

Municipality:

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

Development Community:

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

Non-profit Housing Providers:

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

## 13. Municipal Financing Tools

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

### Overview of Municipal Financing Tools

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

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

Section 226 of the Community Charter allows Council to enter into agreements with property owners to exempt their property from municipal property value taxes for up to 10 years. While this power is usually used for programs such as a downtown revitalization, where properties can apply for tax exemption in exchange for commercial improvements, there is an opportunity to explore the option of implementing a tax exemption program specific to affordable housing projects.

### Ease of Implementation:



### Municipal Role:

- Formulate policy
- Enable financial tools
- Communicate information

### Other Roles:

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

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

### **Approach and Actions**

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

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

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

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

#### **Implementation Roles**

Municipality:

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

Non-Profit Housing Providers:

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

## 14. Affordable Homeownership Program (not recommended)

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

### Overview of Affordable Homeownership Programs

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

1. **Administrative Capacity:** In municipal cases, sufficient administrative capacity (e.g. a subsidiary housing authority, third party, or dedicated staff) is necessary to help manage and oversee local programs.
2. **Restrictions on resale:** Restrictions on resale help to ensure that units will remain affordable for future owners. This can be accomplished by:
  - a) A price restriction model, which ties the future resale price of a unit to a common denominator (for example, the rate of inflation, core inflation, or fixed amount) that is agreed upon prior to the primary sale of the housing unit; or,
  - b) A shared equity model, which enables purchasers with the ability to acquire units at below market costs and also benefit in future market growth in relation to their initial equity contribution. In some models, municipalities access a portion of the unit's equity on resale and reinvest this amount into the affordable housing program's portfolio.

### Ease of Implementation:



### Municipal Role:

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

### Other Roles:

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

3. **Owner occupancy:** Owner occupancy ensures that the unit does not become solely an income generating property, and instead an affordable unit maintained as a principal residence.
4. **Income or asset restrictions on participation:** This ensures that an appropriate priority group is targeted for homeownership support. These restrictions are typically as inclusive as possible given that homeownership is difficult to obtain for low and moderate income households.
5. **Financial Support:** In most programs reviewed, financial support in the form of down payment assistance is provided as an interest free or low-interest loan registered as a second mortgage on the property. Usually these loans are repayable after a set period of time, after the first mortgage is paid off, or if the property is sold.

### **Approach and Actions**

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

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

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

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

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

## 15. Municipal Housing Authority (not recommended)

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

### Overview of Municipal Housing Authorities

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

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

- **Legal incorporation:** Legal establishment of the agency allows the agency to own housing stock and allows the agency to negotiate and enter into agreements.
- **Public representation:** A Board of Directors, which usually includes City councillors, provides accountability to the public and a senior-level voice in housing authority deliberations.
- **Public funding:** Funding from government sources allow housing authorities to reduce housing costs and remove competitive market pricing pressures through subsidies. The experience of jurisdictions with successful housing authorities suggest that significant levels of senior government funding is required to support capital and operating expenses.

### Ease of Implementation:



### Municipal Role:

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

### Other Roles:

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

- **Community or asset plan:** The housing authority's goals, strategies, and activities are documented to promote transparency.
- **Tenant involvement:** Feedback on housing unit management gives the tenants a say in how the corporation and its units are operated.

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

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

## **Approach and Actions**

### **Analysis to Richmond Context**

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

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

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



## 16. Transit-Oriented Affordable Housing Development Guidelines

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

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

### Overview of Transit-Oriented Affordable Housing Development Guidelines

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

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

- **Parking Reduction:** Reduction or elimination of parking for affordable housing units in transit-oriented areas in exchange for rental units. The cost of parking is a considerable construction expense.
- **Density Bonus:** Increased density in exchange for rental units.
- **Land Acquisition:** Acquiring land near or along Frequent Transit Networks to contribute to affordable housing projects.

### Ease of Implementation:



### Municipal Role:

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

### Other Roles:

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

- **Partnerships:** Create partnerships between developers, non-profit housing providers, the City, and Translink on transit-oriented development projects.

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

## **Approach and Actions**

### **Analysis to Richmond Context**

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

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

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

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

1. Prioritize, where applicable, the development of non-market, low-end market rental, purpose-built market rental and affordable homeownership units near or along Frequent Transit Networks.
2. Align with Metro Vancouver's Regional Affordable Housing Strategy's goal to increase the rental housing supply along Frequent Transit Networks. The Metro Vancouver's Regional Affordable Housing Strategy specifies "close proximity" as within 400 metres of non-rapid Frequent Transit Networks (bus) and within 800 metres of rapid transit (Canada Line).
3. Encourage diverse housing forms in proximity to Frequent Transit Networks including medium density ground-oriented housing in close proximity to station areas, and leverage sites that are under-utilized that could include affordable housing.
4. Prioritize density bonus value transfers to transit-oriented areas.
5. Establish transit-oriented inclusionary housing targets for purpose-built rental and housing that is affordable to very low and low-income households within close proximity of transit.
6. In keeping with Metro Vancouver's Regional Affordable Housing Strategy, provide incentives for new purpose-built rental housing located in transit-oriented locations to enable these developments to achieve financial viability. These incentives can include parking reductions or elimination, and density bonus value transfers.

7. Consider acquiring land located in close proximity to Frequent Transit Networks to contribute towards affordable housing projects (see use of City land for affordable housing).
8. Consider working with Metro Vancouver to identify opportunities for new capital funding options to increase the supply of affordable housing in transit-oriented areas.
9. Collaborate with the City’s Transportation Department to revisit parking requirements for LEMR units located along the Frequent Transit Network.

**Implementation Roles**

Municipality:

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

Development Community:

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

Non-Profit Housing Providers:

- Partner, where appropriate, with developers and the City on transit-oriented development opportunities.
- Manage and operate affordable housing units delivered through transit-oriented development projects either through long-term lease agreements or stratified ownership.

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



**Ease of Implementation:****Municipal Role:**

- Establish expectations
- Communicate information
- Support pilot project

**Other Roles:**

- **Developers**—deliver units

## 17. Compact Living Rental Units (Micro-Units)

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

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

### Overview of Micro-Unit Housing Policy

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

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

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

**Approach and Actions**

**Analysis to Richmond Context**

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

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

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

**Recommended Richmond Approach and Actions**

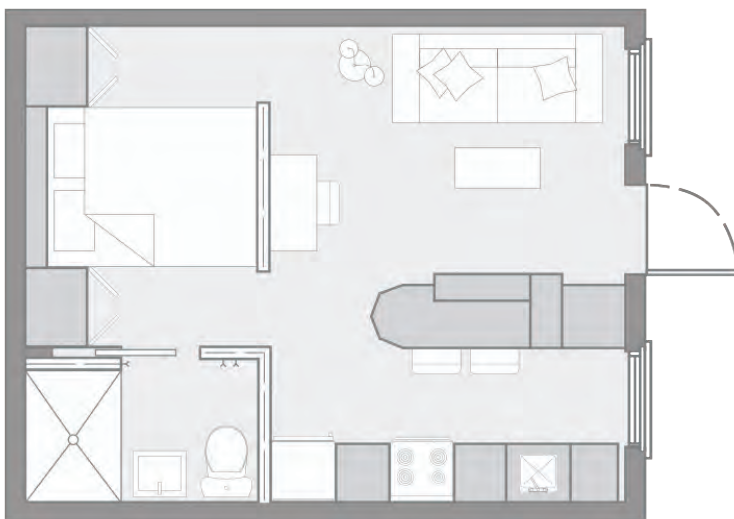
1. Consider developing a comprehensive planning study that examines the pros and cons of micro units, including a necessary policy and regulatory changes such as lock-off suites.

**Implementation Roles**

Municipality:

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

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



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



Sample lock-off suite

**Ease of Implementation:****Municipal Role:**

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

**Other Roles:**

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

## 18. Encouraging Accessible Housing for Persons with Disabilities

### Target Priority Group in Need

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

### Target Housing Gap

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

### Context

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

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

### Overview of Encouraging Accessible Housing

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

### Approach and Actions

#### Analysis to Richmond Context

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

#### Recommended Richmond Approach and Actions

1. Continue to foster relationships with Richmond based organizations and identify opportunities to collaborate and to obtain input into housing needs and design for short-term and long-term housing options for program participants.
2. Consider partnering with health authorities and other potential project partners where there are opportunities to incorporate units or other design features that meet accessible housing needs.
3. Facilitate potential partnerships with non-profit housing providers and developers in the pre-application and rezoning stages of development to ensure that some LEMR units are designed with adaptable features to accommodate priority groups in need (e.g. persons with disabilities).

## Implementation Roles

### Municipality:

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

### Non-Profit Housing Providers:

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

**Ease of Implementation:****Municipal Role:**

- Facilitate partnerships
- Contribute land

**Other Roles:**

- Non-profit organization (“The Community Land Trust”)—Agency and administrator
- Non-profit housing providers—Lease-holders and operators
- BC Housing—Project partner

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

## 19. Community Land Trust

**Target Priority Group in Need**

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

**Target Housing Gap**

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

**Context**

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

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

**Overview of Community Land Trust**

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

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

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

**Approach****Analysis to Richmond Context**

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



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

### Recommended Richmond Approach and Actions

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

### Implementation Roles

#### Municipality:

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

#### Non-Profit Housing Societies:

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

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



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

**Ease of Implementation:****Municipal Role:**

- Establish expectations
- Select administrator
- Engage potential funders

**Other Roles:**

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

## 20. Rent Bank Program

**Target Priority Group in Need**

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

**Target Housing Gap**

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

**Context**

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

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

**Overview of Rent Bank Program**

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

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

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

The role of the municipality is typically a financial contributor.

## **Approach and Actions**

### **Analysis to Richmond Context**

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

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

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

### **Implementation Roles**

Municipality:

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

Non-Profit and Social Service Organization:

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



## V. Conclusion

Strategy Update, is a comprehensive policy review informed by research and consultation and outlines policy recommendations to guide the future planning of affordable housing in Richmond.

### Implementation Capacity

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

### Next Steps

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



# City of Richmond

6911 No. 3 Road, Richmond, BC V6Y 2C1

Telephone: 604-276-4000

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