

Building Knowledge & Capacity for Affordable Housing  
in B.C. Small Communities

# A Scan of Leading Practices in Affordable Housing

October 2017



**BC HOUSING**

**RESEARCH CENTRE**

# Acknowledgements



The Whistler Centre for Sustainability thanks BC Housing for the funding that allowed us to undertake this research project.

# TABLE OF CONTENTS

<b>Introduction</b>	<b>4</b>
<b>Keys to Success</b>	<b>5</b>
Municipal Tools	7
Partnerships - Land and Financing	17
Capacity Building for Organizations and the Community	27

# INTRODUCTION

Affordable housing remains a challenge for communities large and small throughout BC. Many small communities (under 20,000) have policies in their Official Community Plans (OCPs) supporting the development of affordable housing, yet implementation of these policies remains a challenge.

This scan of leading practices report is part of a larger project that seeks an understanding of the challenges and capacity needs for small communities to deliver affordable housing, as well as the current practices that result in successfully increasing affordable housing supply.

The first part of this project included a primary research scan of opinions held by people working across British Columbia to implement affordable housing in small communities. Using an online survey and targeted interviews, we captured the thoughts of non-profit housing organizations, housing consultants, developers and builders, financiers, local government and crown corporations.

The results of this outreach confirmed that there is a need for affordable low-moderate income (workforce) housing in smaller communities. Progress on the issue to date has been “fair” to “poor”, primarily due to the slow implementation of initiatives despite having housing plans in place.

The most significant affordable housing challenges centre on:

- The cost of development
- The little profit associated with those costs
- The challenge of funding or financing projects

The cost of development and a lack of land for affordable housing are two of the more prominent challenges in recent years.

In order to resolve these challenges, survey participants and interviewees had several proposed solutions:

1. Work on more and different incentives to lower development costs for both developers and non-profit organizations to build affordable housing
2. Increase access to funding (general funding, government security for financing, etc.)
3. Add flexibility to how funding is used, especially for pre-development funding
4. Create a better understanding of development economics
5. Create new models of funding not yet used
6. Address the critical need to seek a values alignment for all stakeholders engaged in affordable housing projects and collaborations

Other major themes cited throughout the survey responses and interviews included:

- Co-ordination/more partnerships to bring actors together to plan and develop projects
- Building capacity of non-profits to more effectively build housing
- Helping developers better understand the market and opportunities for workforce affordable housing

This scan highlights proven approaches to affordable housing in small communities along with some new approaches to housing that seek to address the identified challenges and opportunities for affordable housing. While there are certainly partnership and funding roles to play in senior government policy for housing, the approaches highlighted here target what is possible to implement and access at the local level.

# KEYS TO SUCCESS

There is a significant amount of literature describing affordable housing approaches and examples of their use (CMHC, Smart Growth BC), though as the recent Metro Vancouver "What Works" report on housing points out, there is very little evidence demonstrating the effectiveness of various municipal affordable housing measures, let alone small community measures. Two sources cited in the Metro Vancouver report attempt to classify the effectiveness and cost benefit of various approaches for various types of communities. These tables are included below for reference.

As the work in our report is focused on smaller communities the approaches that have 'rural' benefits are certainly the most interesting to consider, although the approaches with 'urban/growing urban/suburban' benefits are also interesting, as there are some rural communities that are growing quickly due to the proximity to major metropolitan areas (e.g Pitt Meadows, Squamish), amenity migration/vacation home pressures (e.g. Whistler, Tofino) , or resource boom cycles (e.g Dawson Creek, Fort St, John).

**Table 2 - Municipal Costs/Benefit of Selected Practices**

Practices	Direct Cost			Benefit		
	Low	Medium	High	Rural	Urban	Growing Urban
Housing First Policy		X		MED	MED	MED
Second Suites	X			LOW	MED	MED-HIGH
Housing Levy			X	MED	HIGH	HIGH
Inclusionary Zoning	X			LOW	HIGH	HIGH
Density Bonusing	X			LOW	HIGH	HIGH
Demolition Control	X			LOW	MED	LOW
Extraction Programs	X			LOW	HIGH	HIGH
Infill	X			LOW	HIGH	MED
Alternative Development Standards	X			LOW	MED	HIGH
Streamlining Approval Process		X		LOW	MED	HIGH
Performance Based Planning	X			LOW	MED	MED
Exemption of DC & Other Fees		X		LOW	MED	HIGH
Tax Credits		X		LOW	HIGH	HIGH
Grants & Loans			X	MED	HIGH	HIGH
Trust Funds		X		MED	MED	MED
Advocacy	X			MED	MED	MED
Direct Provision			X	HIGH	HIGH	HIGH
Public/Private Partnership		X		HIGH	HIGH	HIGH

SOURCE: THE MUNICIPAL ROLE IN MEETING ONTARIO'S AFFORDABLE HOUSING NEEDS. OPPI. 2001.

**Table 3 - Potential Positive Impacts of Measures on Housing Affordability**

Type of Measure	Development Context		
	Urban	Suburban	Rural
<b>Regulatory Measure</b>			
Adopt alternative planning standards	Low	High	Low
Adopt alternative engineering standards	Low	Medium	High
Reduce parking standards	High	Medium	Low
Reduce restrictions on manufactured / mobile homes	Low	High	Medium
Facilitate lot splitting / subdivision	Low	Medium	High
<b>Financial Measure</b>			
Employ density bonusing	High	Low	Low
Establish a housing reserve fund and levy program	High	High	High
Financial incentives / assistance	High	High	High
<b>Planning Policy Measures</b>			
Introduce inclusionary planning	High	High	Low
Adopt strategies to encourage brownfield redevelopment	High	Medium	Low
Adopt policies to facilitate greyfield redevelopment	Medium	High	Low
<b>Planning Policy Measures</b>			
Streamline municipal approval process	High	High	Low
Address local resistance to affordable housing projects through public education and mediation	High	High	Medium
Appoint a municipal housing facilitator	High	High	High

SOURCE: HALIFAX REGIONAL MUNICIPALITY LAND USE POLICY AND HOUSING AFFORDABILITY, RAY TOMALITY AND ROSS CANTWELL, 2004.

We identified the 'keys to success,' described below, by taking into consideration what we heard during the first phase of our research with housing organizations, municipalities and our advisory committee as well as the research described in numerous affordable housing guide reports such as The Smart Growth BC Affordable Housing Toolkit and Canadian Housing and Mortgage Corporation Housing Ideas. Some of the important qualities of leading affordable housing approaches that we considered included: costs to municipalities, applicability to small communities, effectiveness and speed of implementation.

## Keys to Success

<b>Municipal Tools</b>	<ul style="list-style-type: none"> <li>• Inclusionary zoning and density bonus</li> <li>• Intensification and tenure through rezoning</li> <li>• Reducing costs by streamlining approvals and other incentives</li> <li>• Short-term rentals regulations</li> <li>• Covenant tools</li> </ul>
<b>Partnering for Land, Financing</b>	<ul style="list-style-type: none"> <li>• Land: Municipal land and land trusts; NPO land</li> <li>• Financing: Housing fund - employee works and service charges or levy; Alternative Capital; Design and Operations savings</li> </ul>
<b>Capacity Building for Organizations and the Community</b>	<ul style="list-style-type: none"> <li>• Housing organization and growing capacity</li> <li>• Housing strategy</li> <li>• Communication and education</li> </ul>

# MUNICIPAL TOOLS

## Inclusionary Zoning and Density Bonus Policy

Both these tools seek to add affordable housing through new development. Inclusionary zoning means zoning regulations that require an applicant to contribute to below market cost housing units (directly through building or through funding) triggered as part of a rezoning for a development. Density bonus policy is an incentive that allows increased development potential as long as affordable housing is included. The number of affordable units created is often based as a percentage of market units (e.g. 10-20%) built, space created, or in some cases, the amount of new employment driven by the development.

### Actors

Local government and developers

### Partners

Often a housing organization

### Ease of Implementing

SIMPLE



### Speed of delivering housing

Dependent on development demand



*Fitzsimmons Walk Employee Integrated Housing*



### Benefits

- Integrates affordable housing across the community
- Secures commitment early on



### Considerations

- Requires new development and a market that can absorb possible minor additional costs



### Implementation Process

- Policy change
- Negotiate and approve development
- Administer housing



### Making it Happen

- Ensure community buy-in for affordable housing
- Develop staff and council's capacity to put forward a strong policy

### Synergies

Housing organization, housing fund, engagement and communication, covenants



*Langford Affordable Home*

## Examples

### Langford, BC: Affordable Housing Program

- Housing prices in Langford are relatively affordable compared to the rest of the region, which has made it an attractive location for new development
- Concerned about rising costs, the City introduced Langford's Affordable Housing Program requiring new subdivisions to build one affordable unit for every 10 single-family lots
- Qualified purchasers must be at least two people with a household income under \$60,000 and been employed in the city for ½ a year and or lived in Langford for two years
- Home has a price cap for 5 years that increases slightly after 5 years
- The City also has \$500 housing fund contribution policy for every new dwelling
- The City manages the sale and buying process
- The number of units in the program: 30



# MUNICIPAL TOOLS

## Intensification through rezoning

Rezoning properties for density or flexible housing uses is one of the fastest ways to access land and financing for new housing. Secondary suites (attached or detached), zoning for rental buildings, smaller lots, lot subdivisions, stratification or residential atop commercial all increase the supply of housing, often on a fixed footprint of land.

### Actors

Local Government/ Homeowners/Developers

### Partners

Builders and sometimes a housing organization

### Ease of Implementing

MODERATELY COMPLEX



### Speed of delivering housing

Fast to moderate



Canmore Garage Suite



### Benefits

- Often uses existing land, mostly privately funded
- Integrates affordable housing throughout community
- Maintains neighbourhood character
- Uses existing infrastructure and services
- Little cost/resources from local government



### Considerations

- Focus properties close to community core to reduce transportation and servicing needs
- Some forms may be attractive as short-term nightly rentals or weekender rentals, and therefore policies for long-term rentals need to be in place
- There may be neighbourhood perception concerns about rentals
- Cost of building may result in a unit that is more than what is affordable; careful analysis is needed
- Influence from outside buyers could increase home sales prices without restrictions.



### Implementation Process

- Consultation
- Policy change (OCP/Zoning)
- Incentives as needed
- Negotiate and approve additional dwellings



### Making it Happen

- Dispel myths about the neighbourhood impact of density
- Consider incentives linked to encourage secondary suites for homeowners, affordable rental rates, local use

### Synergies:

Streamlining approvals and other incentives, engagement and communication, covenants



Detached Suite, Canmore



City of Langley

## Examples

### Canmore, Secondary Suites

- In an attempt to speed up the provision of affordable market rental. Canmore made allowances for secondary suites in most single family neighbourhoods
- Further ensuring the uptake of this opportunity and to ensure some level of housing and affordability the community is also incenting renovations to suites
- Homeowners are eligible for reimbursement of up to 50% of expenses to the maximum of \$10,000
- Homeowners must commit to rent the suite to a Canmore resident at 10% below market rental rate for 5 years
- The program was informed by an extensive report by the community housing corporation

Source: [www.canmore.ca](http://www.canmore.ca)

### City of Langley, Willoughby

- Langley is one of four high growth municipalities in the Lower Mainland, with increasing demand for residential development
- A growth strategy calls for implementing smart growth principles in the form of compact, mixed use and walkable communities
- In opening up new land for development in Willoughby, the area is poised for an increase in residential density
- Apartment units are new to Willoughby and new developments such as Bedford Landing require a mix of housing types such as single family, townhouses and row houses

Source: *Township of Langley, BC, an overview of development trends 2010*

# MUNICIPAL TOOLS

## Reducing costs by streamlining approvals and other incentives

As planning and approval processes can add to the cost of developing housing, it makes sense that streamlining these processes for affordable housing projects will reduce costs to those who are developing housing. Other incentives to encourage development may include funding support for secondary suite development or other types of land intensification. Some techniques used for lower approval costs include: 'one stop shopping' for builders and residents, or priority placement in permitting queues.

### Actors

Local Government

### Partners

Developers, Builders

### Ease of Implementing

SIMPLE



### Speed of delivering housing

Moderate

City of Kamloops | 2014

## Kamloops Affordable Housing Developers Package

Prepared by: A. Grube-Cavers



Kamloops Affordable Housing Developers Package

### Synergies

Housing funds, engagement and communication



### Benefits

- Expediting approvals means construction can start sooner, which can lower financing costs and risks
- Providing minor funding or relaxation on charges for creating new units such as secondary suites, lot splits or rental can catalyze housing that might not otherwise occur



### Considerations

- Expediting approvals may require staff training
- Need to ensure permitting remains at a high standard
- Builder education may also be required to help speed up the process



### Implementation Process

- Consultation
- Policy and procedure changes
- Communication of tools



### Making it Happen

- Ensure appropriate training for staff and builders about the process and importance of affordable housing
- Use other tools such as covenants to ensure housing stays affordable and occupied
- Ensure there is a local government commitment and culture prioritizing the construction of affordable housing

## Examples

### **Kamloops: Affordable Housing Developers Package, Grants and DCC exemptions**

- Goal is to speed up affordable housing projects
- Affordable housing reserve fund offers up to \$5,000 per unit, up to \$150,000 total
- DCC exemptions vary but up to 100% eligible for rental
- Downtown revitalization tax exemptions for a downtown multi-family rental project, up to 100% for 10 years
- Other requirements: must be affordable, along with a housing agreement with the City guaranteeing affordability

*Source: Tyee and City of Kamloops*

### **Saskatoon: Priority review of housing applications**

- Process proposals as soon as they are received, staying at the front of the line as they circulate through various departments.
- Quality is maintained, but the proposals jump the queue.
- Impact: A total of 500 new units since 2008 and this process was one of several that led to this success
- Other policy tie in: Must be a project approved under the municipality's affordable housing programs (City owned land for affordable housing, non-profit rental housing property tax abatement, capital funding support for affordable housing) to ensure long-term affordable housing.

*Source: Tyee and CMHC*

# MUNICIPAL TOOLS

## Short-term nightly rental regulations

Short-term nightly rentals are part of a broader trend of sharing assets; in this case residential property owners earn revenue from using their homes as nightly rentals (fewer than 30 days). While short-term rentals benefit a homeowner by providing an additional source of income, they can reduce the availability of affordable rental units (apartments, suites, rental homes). Regulating short-term rentals through zoning and other tools as well as through enforcement is one way to reduce the impact on the existing stock of long-term rentals. Leading practices to protect affordable housing supply includes full bans on short-term rentals, or limiting them to primary residence single detached dwelling units. Both approaches require enforcement through municipal ticketing.

### Actors

Local Government

### Partners

Online rental platforms, home-owners, BC Hotel Association, Tourism Boards

### Ease of Implementing

**SIMPLE**



### Speed of delivering housing

Fast, if enforcement is included

Village of Pemberton Short-term Rental Engagement

### Synergies

Zoning



### Benefits

- Allowing some short term rentals in primary residences maintains income benefits to homeowners while reducing the loss of long-term rental properties
- Banning short-term rentals maintains more opportunities for rentals in shared and detached units
- Addressing short-term rentals may help to manage other neighbourhood concerns such as noise or lack of parking



### Considerations

- Demand for short-term nightly rentals in a community requires some level of enforcement in order to protect affordable housing
- Nightly rental income may play an economic development role through tourism, including in resort-based or resource/transitional towns



### Implementation Process

- Policy changes
- Enforcement



### Making it Happen

- Understand the extent of the issue
- Consult the community
- Support enforcement budgets initially

## Examples

### **Nelson: Permitting some short-term rentals across the community and enforcing**

- After extensive consultation, the City now allows up to 100 permitted short-term rentals, but no more
- Protects many long-term rentals by limiting short-term rental permits to primary residences
- Enforcement is key

*Source: [www.nelson.ca/615/Short-Term-Vacation-Rentals](http://www.nelson.ca/615/Short-Term-Vacation-Rentals)*

### **Pemberton: Permitting some short-term rentals in designated zones and enforcing**

- Had up to 100 units in the area being advertised on Airbnb, with about 30 within Pemberton boundaries
- After consultation, the Village is considering allowing up to 30 short-term rentals in detached single family residences only
- Protects long-term rentals by limiting permits mainly to primary residences
- Considering changes to ticketing system to allow for fines for marketing non-permitted units
- Enforcement will be funded through business license fees

*Source: From files, [www.pemberton.ca/](http://www.pemberton.ca/)*

# MUNICIPAL TOOLS

## Covenant tools

The BC Community Charter allows for the use of covenants that are registered on the land title of properties. These covenants (essentially contracts) can restrict what an owner can do on the lands, and/or allow or restrict an activity to the effect of benefiting the local or provincial government. In an affordable housing situation covenants may be used in a housing agreement to restrict who can live on a property and how much the property can be sold or rented for, thereby keeping a home perpetually affordable for future owners. The covenant can also include a listing of fines and other tools to ensure compliance and long term affordable housing. Development agreement covenants are used to ensure the benefit of affordable housing is provided as part of a rezoning process.

### Actors

Local Government

### Partners

Developers, property owners, housing organizations?

### Ease of Implementing

COMPLEX, THOUGH GOOD EXAMPLES EXIST



The Whistler Housing Authority

### Synergies

Inclusionary zoning/Density bonusing, Housing Organization



### Speed of delivering housing

Extra restrictions may slow down the initial development/uptake of affordable housing, but it will preserve affordability in the end.



### Benefits

- Ensure housing agreements around property use, resale and prices, and are critical to ensuring that affordable housing remains as intended over the long term
- Create development agreements to ensure a developer provides the affordable housing benefits they agreed to



### Considerations

- Covenants require legal expertise to ensure that they are clear and resilient to challenges
- The restrictions in the agreements may not be appealing to those looking for affordable housing



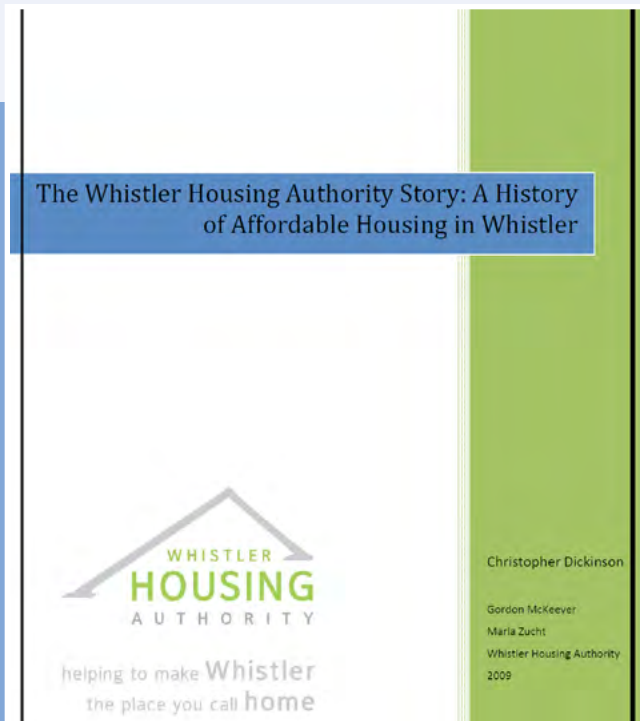
### Implementation Process

- A development agreement generally requires a rezoning process in which an agreement for benefits relating to the development can be negotiated
- A housing agreement needs to be applied, which generally needs to be considered in the rezoning and again at the times of sale for the property owner to agree to the terms



### Making it Happen

- Development agreements tend to require a demand for development and rezoning in the community
- Education is often required for property purchasers and agents about covenant details and penalties
- Providing an opportunity in the agreement for a housing organization or municipality to purchase units upon sale allows preserves the opportunity to adjust the covenant as required in the future



*The Whistler Housing Authority Story:  
A History of Affordable Housing in Whistler*

## Examples

### Whistler: Housing Covenants

- Whistler has had a long history with housing agreement covenants on title starting in 1982 and continuing to today
- Covenants evolved over this time to ensure the appropriate benefits were delivered to the community; other tools to control the use of property included land leases
- The majority of the 2,000 dwellings of Whistler managed affordable housing has covenants on title
- Whistler also used development agreements to ensure inclusion of affordable housing by developers
- Critical to the program's success is a housing organization, the Whistler Housing Authority, which manages the buying process, waitlists and development, and access to low-cost land through acquisitions and inclusionary zoning

### Key ingredients to include in housing agreement covenants for ownership housing:

- Resale and rental price restrictions - set and primarily limited to the CORE inflation index
- Description of the resale process that requires sales to the municipality or people on the housing waitlist managed by a housing organization
- Occupancy restrictions on who can live in the unit – targeted at employees (20hrs/week), retirees and dependents
- First right of refusal for the municipality to purchase ownership housing when it is sold – to ensure control over the longer term as well as the ability to adjust covenants as required
- Breach of covenant penalties up to \$500/day

### Other considerations to include:

- Rental duration limits on ownership units
- Provisions for capital improvements

*Source: WHA History and Evolution of the Resident Housing Covenants*



# PARTNERSHIPS - LAND & FINANCING

## Municipal land and land trusts

Access to low-cost land for affordable housing, whether private infill or larger parcels of brownfield or underutilized land, is critical. This approach considers land that is acquired by a municipality or a non-profit organization (e.g. a land trust) at a low cost to hold for the benefit of affordable housing. Property for affordable housing is typically acquired through donations or grants of land from sources such as the provincial government. Beyond land donations, the servicing of land can be an impediment to affordable housing, so land donations with servicing or land that can be accessed easily for servicing are especially valuable. In addition to municipally held land developed by the municipality or other partners, land trusts are one arrangement of land ownership that is underpinned by an organization with a built-in desire to create permanently affordable housing. Land trusts often maintain ownership of the land while making it available for housing through land lease or housing rental agreements to ensure long-term control of the land. Though effective, community land trusts are not as popular yet in Canada as in other international jurisdictions.

**Actors** Local Government, Community Land Trust, Land Owners

**Partners** Financiers/Senior Governments, Housing Organizations, Co-op Housing Groups, Developers

### Ease of Implementing

MODERATELY COMPLEX



### Speed of delivering housing

Moderate to slow



Lopez Island housing



### Benefits

- As land is donated, this approach requires fewer resources and energy to undertake than other strategies
- Suitable in smaller communities with more and somewhat less valuable land than urban areas
- Potential for lower cost housing due to low cost of land and lower infrastructure requirements



### Considerations

- Leased land can be more complicated to administer and to attract buyers than a model where the land is sold but controlled by another mechanism such as a covenant
- Requires the support of a strong organization and partners for administration of the land, sales, development, resales etc.



### Implementation Process

- Land trust organization development in the case of a using a Land Trust
- Donation or acquisition of land under conditions to be used for affordable housing
- Release of land through a lease or arrangement to a third party to develop the land for affordable housing



### Making it Happen

- Regularly discuss with the community and senior governments about the desire for land; proactively seek land for potential acquisition
- Ensure capacity building for strong housing organizations and/or land trust groups
- Reduce the need for servicing costs

### Synergies

Alternative financing; Covenants



Fraserview Housing

### Champlain Housing Trust, Vermont

- Activities have created 1,500 affordable apartments (managed by the Trust) and 1,000 affordable single-family homes and condos (down payment grants/shared equity financing) in 25 years
- Many ownership properties were built by the Trust but most were once market units selected by homeowners who partnered with the Trust to cover the land value costs
- Collaboration with citizen groups, municipalities in the northwest region of Vermont
- Low interest loans help homeowners make repairs and install environmentally sound energy systems
- They have a significant grassroots member base who provide funds and energy to run and promote the organization
- The model started small and scales very well

Source: [www.getahome.org](http://www.getahome.org)

## Examples

### Lopez Community Land Trust, Lopez Island, WA, USA

- Incorporated in 1989 to meet the challenge of the rise in the cost of housing on Lopez Island
- Non-profit with a mission to build diverse sustainable Lopez Island community through affordable housing
- Own five parcels of land covering 13 acres; there are 5 housing organizations leasing parcels on the land base
- There are 32 homes and 2 rental units; 45% of owners are business owners or self-employed and most of the rest work in the community
- Houses are paid for through a combination of sweat equity and cash down payments; investments are capped to appreciate by 2-5% per year

Source: <http://fieldguide.capitalinstitute.org/lopez-story.html>

### Fraserview Housing Co-op, Vancouver

- Land is owned by the City who provides 99-year leases on four sites to the Vancouver Community Land Trust Organization
- The foundation is working with co-op and non-profit housing providers to develop the housing which includes 278 units for moderate to low income families and singles
- Targeting 76% of market rents across the four properties
- Housing organizations are investing \$5 million of their own equity to make it more affordable, BC Housing is investing \$4 million of equity and more than \$90 million in construction financing
- The Land Trust is also making use of private equity from New Market Funds, a social impact investment firm targeting housing
- Revenue generated via the projects will return to operate housing organizations and maintenance

Source: May 25th , 2016 Media Release Co-op Housing Federation of BC; [www.cltrust.ca](http://www.cltrust.ca)

# PARTNERSHIPS - LAND & FINANCING

## Non-profit owned land

Some land in communities is owned by non-profit organizations or faith-based groups. These organizations may be able to make land available for housing through low cost long-term leases, donating land or providing the land at below market value. In each case, the housing is made more affordable by separating the cost of the buildings from the cost of the land, and subsequently reducing or eliminating the latter. Similarly, the non-profit may be able to develop their land, if they have the capacity to do so; partnerships in this case can be very useful.

**Actors** Non-profit groups, community organizations with land assets

**Partners** Developers, Builders, Housing Organizations

### Ease of Implementing

MODERATELY COMPLEX



St. Andrews Church in Port Moody, Catalyst Development Society

### Synergies

Housing Organizations, Intensification through rezoning



### Speed of delivering housing

Moderate to slow, due to multiple levels of decision making



### Benefits

- As land is donated, this approach requires fewer resources and energy to undertake than other strategies
- Potential for lower cost housing due to low cost of land
- Providing land can give private developers an incentive to build affordable housing



### Considerations

- If the land is leased it will need to be done in a manner that supports any financing required for building
- NPOs are not usually attuned to property development
- Land in smaller communities may not be at a premium and therefore it may be difficult to leverage the property for development; however, serviced land would be easier to start with



### Implementation Process

- A church or NPO considers its mission and needs, and then determines if housing is a fit or a route to other goals, including revenue generation
- NPO approaches a developer and potentially a housing organization to determine models
- Apply to government for rezoning
- Build and deliver housing using many of the common affordability approaches



### Making it Happen

- The pressure to sell prime real estate is strong so innovation is needed to meet the financial needs of the organization and meet community affordable housing goals
- Many effective partnerships are required in order to fill the skill gaps
- Where land is not as valuable/costly consider subdividing for a development lot while maintaining original structures



Oakridge Lutheran

## Examples

### Oakridge Lutheran Church, Vancouver

- Redeveloping the property into a six-story mixed-use building with retail at grade, the Church and community space on the second floor and four levels of affordable housing above
- Includes a partnership with a non-profit real estate developer who partners specifically with community organizations to develop real estate, much of which includes affordable housing
- The property is along a busy transportation route to reduce transportation needs and also includes car share opportunities and ample bike parking
- The Church is moving temporarily to a nearby Church while the development is taking place
- City affordable housing incentives: requirements for parking are relaxed, development costs are waived somewhat, a density bonus is allowed, approval processes are streamlined
- Other tools: Housing agreement requirements to initiate starting rents

Sources: <http://rezoning.vancouver.ca/> and <http://catalystcommdev.org/>

# PARTNERSHIPS - LAND & FINANCING

## Housing Funds

There are a number of mechanisms for municipalities to raise funds for affordable housing and it is important that those funds are aggregated into a Housing Fund set up by a municipality, regional government or housing organization. Funding can come from property taxes, works and service charges for new development, or from cash-in-lieu contributions from developers using a density bonus or rezoning agreement.

### Actors

Local Government

### Partners

Housing organizations, developers or property owners

### Ease of Implementing

**SIMPLE**



### Speed of delivering housing

Depends on capacity of organizations to spend it on housing.



CRD, CHRD Carrey rd. developments

### Synergies

Housing organizations, Streamlined processes and other incentives, Municipal or Non-profit land, Designed for affordability



### Benefits

- Provides secure equity assistance, leverage or funds to be applied to any affordable housing project
- Can aggregate smaller contributions for greater impact
- Easy to set up



### Considerations

- May not be enough to fund land and development costs
- Cash in lieu leading to 100% affordable housing units may result in a segregation of market and affordable units throughout the community
- Contributions may not be enough to get financing for projects
- Need to have a plan to continually build up and utilize the fund
- Needs someone to apply for the funding



### Implementation Process

- Identify possible sources of funding
- Set up a housing fund at the municipality
- Establish a process for administering the fund to housing projects



### Making it Happen

- Requires an organization/person to manage and invest the funds in affordable housing developments
- Requires a strong communication program to taxpayers if funding is to come from general revenues or levies



Whistler rental, Chiyakmesh Apartments

### Whistler, BC: Housing Fund

- Whistler developed a unique trust fund approach to providing financing for the construction of affordable housing in 1990
- The fund is contributed to through levies (Employee Works and Service Charge) placed on developments that increase the number of employees in the community
- Funds are provided to the Whistler Housing Authority organization to help deliver affordable housing
- Amount of the Charge is \$5,908/employee, but as it is significantly lower than what is needed to develop housing, the Resort Municipality of Whistler is seeking to increase it
- The fund was critical to leveraging more in bank loans and launching the first housing rental projects in Whistler
- Other critical tools included land donations, occupancy restrictions on who can rent units, as well as rent controls
- Whistler now has over 2,000 dwellings of ownership and rental affordable housing

Source: CMHC and Whistler.ca

## Examples

### Capital Regional District (CRD) Housing Trust Fund

- Capital Regional Housing Corporation formed in 1982 to “build and manage housing for low and moderate income families, seniors and persons with special needs”
- Through this effort they’ve developed 43 buildings (2007), 1,200 rental units as of 2016
- 10 of the 16 CRD municipalities participate in the Housing Trust Fund through contributions collected from property taxes
- Funding of about \$12,000-\$15,000 per unit is provided to non-profit developers, which represents less than 10% of the costs
- Subsidized housing is provided to those with lower incomes, and market housing (slightly less than private market rentals) is also available
- Latest project is a 73-unit development on eight acres of land that were purchased and assembled by the Capital Regional District Housing Corporation from 2002-2007
- Development included an extensive consultation process with the community and stakeholder groups
- Other developments on the site utilized modular housing units repurposed from the Whistler Athletes’ Village

[www.crd.bc.ca](http://www.crd.bc.ca) and [www.crd.bc.ca/crhc](http://www.crd.bc.ca/crhc)

# PARTNERSHIPS - LAND & FINANCING

## Partnership funding and alternative capital

Seed and ongoing capital to invest in affordable housing is critical, especially for projects not funded through private development. Almost every case described in this scan includes some level of partner or homeowner funding and/or low interest loan support. Both the Canadian Mortgage and Housing Corporation and BC Housing provide support, with the former also offering up pre-development funding as well as low interest loans. While we may be in a period in which there is increased interest from senior levels of government to provide funding for housing, this interest can fluctuate meaning that organizations must be self-sufficient. Housing organizations funding their housing reinvestment activities with income from rentals or from shared-equity appreciation models have been around for some time now, which is proving to be effective for managing the housing organization's activities. A less popular, but newer, approach to funding housing is called a community investment fund. These funds are locally sourced pools of capital from investors in a specific community, and can be directed at initiatives such as affordable housing in the community. Since most projects in this scan report use more traditional forms of financing affordable housing the implementation and cases below focus on alternative capital approaches.

### Actors

Housing organizations, Investors

**Partners** Developers, Builders, Credit Unions or Banks, Investment firms

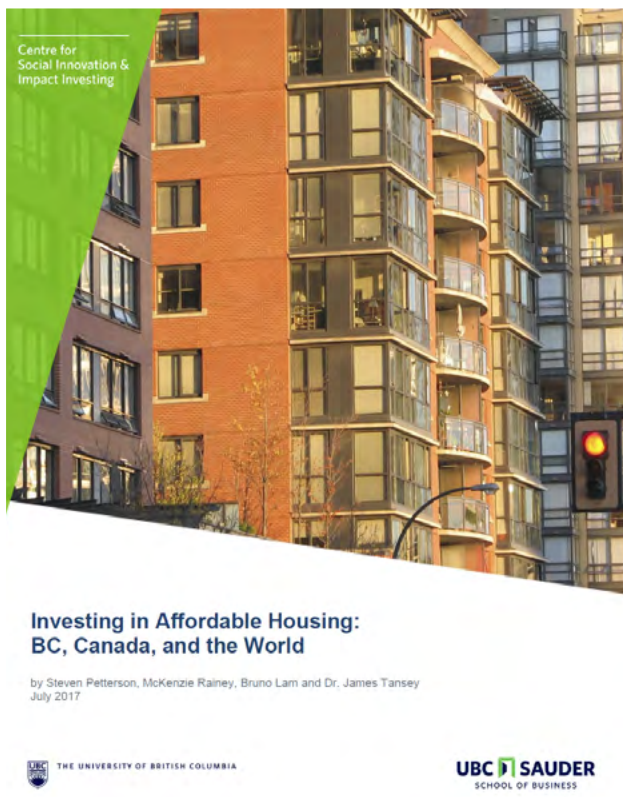
### Ease of Implementing

SOMEWHAT COMPLEX



### Speed of delivering housing

Moderate to slow, as it is a new model



### Benefits

- Agency funding is often linked to capacity building for the housing organization
- Home ownership funding models provide access to significant funds through traditional lenders
- Established records of success for housing organizations and community investment funds
- Reduces the reliance on senior government funding programs and creates more resilient housing organizations
- May be more efficient than other forms of raising capital



### Considerations

- Funding from rentals may not be enough to cover all ongoing costs
- Appreciation reliant approaches that provide funding back to the housing organization may not secure affordable housing over the long-term
- The BC legal environment may not be ripe for community investment funds



### Implementation Process

- Assess needs for housing and assemble a team and a buzz about the investment fund
- Find good financially viable projects and housing organizations; seek feedback from supporters
- Set up investment fund structure
- Sell the opportunity to attract investors and supply funds to partner organizations



### Making it Happen

- Housing organizations need to retain ownership of rental housing so they can benefit from rental income
- Investment funds require strong relationships and structure to be able to attract investors. Trust is built through relationships and good information about investments

### Synergies

Housing organizations, Housing funds, Municipal land



New Dawn Enterprises in Nova Scotia

## Examples

### New Dawn Enterprises in Nova Scotia

- Initiated in 1976 to revitalize Cape Breton's regional economy that collapse with the closure of coal mines
- New Dawn Rentals is one enterprise and has funded the development of 193 rental units, 4 commercial buildings and 28 supported housing units as well as a host of other enterprises

Source: *Community Investment Funds How-to Guide*, Sarah Amyot et al. 2014



#### NEWS

### Tapping 'Patient Capital' to Fund Affordable Rental Housing

New models tap socially conscious investors seeking fair returns and a better community.



By Christopher Pollon  
Today | TheTyee.ca



Finding "that patient equity, that social impact equity, that can land into housing and have an expectation of lower yield, and still really produce something that's good for the city." Photo by Christopher Cheung.

New Market Funds, BC

### New Market Funds Social Enterprise, BC

- New Market Funds (NMF) is a specialized fund manager that takes an integrated approach to deliver market competitive investment performance with long-term community benefit
- They have a Housing Fund that invests in purpose-built, stabilized multi-family affordable rental housing in partnership with strong existing non-profit operators such as the Vancouver Community Land Trust Foundation
- The first four investment commitments in Vancouver totaled 358 rental units of family, workforce, elderly and special needs housing aimed at those making 70% of the median income
- Investments totaled \$11 million, or 9% of the project costs
- Most investors are foundations at 50% with institutions and others making up the other 50%

Source: *Tyee*, [newmarketfunds.ca](http://newmarketfunds.ca)



# PARTNERSHIPS - LAND & FINANCING

## Design and operational savings

The design of housing as well as the construction approach and commitment to energy efficiency can reduce the investment required for housing as well as the operational costs on an ongoing basis. Lot sizes, dwelling size/density, the use of common spaces and smart design all impact costs. Construction techniques such as modular housing or prefab housing that has been constructed in a warm dry environment offsite keeps costs down by reducing higher cost onsite labour and weather dependent building conditions. Once design and construction approaches are applied, energy efficient building qualities will reduce the operating costs over the life of the building.

### Actors

Local Government, Architects, Housing Organizations

### Partners

Developers, Builders, Financers, Utility Companies

### Ease of Implementing

MODERATE DUE TO NEW INNOVATIVE APPROACHES



Passive Home Apartments, Whistler

### Synergies

Intensification of zoning, Streamlined permitting and other incentives



### Speed of delivering housing

Minimal disruption if considered at the project's outset



### Benefits

- More affordable construction and operation costs for housing organizations, renters and homeowners
- Prefab and modular homes can often be built faster than onsite construction homes
- Healthier and more comfortable homes
- Potential local economic development opportunity for local builders



### Considerations

- Small unit sizes may require some adjustment by purchasers/tenants as well as zoning requirements
- Prefab/modular transportation costs may make them less affordable for rural areas
- Possible higher construction costs for energy efficiency along with a need for builder training



### Implementation Process

- Size and design is often a function of zoning & architecture so the importance of these qualities need to be emphasized to partners to ensure proper application
- Design considerations include: combining rooms, multipurpose rooms, built-in furniture, higher ceilings and compact appliances
- Energy efficiency needs to be considered in the design and site layout phase and in the architecture drawings



### Making it Happen

- Good design and use of pilot projects and open houses can get people used to smaller sized units
- Combining multiple orders for modular units may reduce transportation costs
- Provincial utilities and some municipalities financially support energy modelling and efficient building approaches to reduce costs and the new BC Step Code makes it easier to apply efficiency standards
- Consider at the outset of the project to get the best impact



*Baker Gardens, Cranbrook*



*Whistler single family passive house*

## Examples

### **Baker Gardens, Cranbrook**

- Largest modular housing development to be built in the province with 36 one story, one-bedroom rental homes
- While it is targeted at seniors with disabilities, the model is applicable to other tenants
- Partnership with BC Housing, who purchased the modular housing; it is managed by the Canadian Mental Health Association, Kootenays; other partners included Columbia Basin Trust (grants) and the City of Cranbrook (land and waived development fees)
- Homes achieve a relatively high energy rating, which were above the standard at the time
- The project is one of 20 developments across BC using modular homes

*Source: CMHC*

### **Whistler Housing Authority (WHA), Passive House**

- A passive house seeks to dramatically reduce the energy use of a dwelling by employing air tightness, increased insulation and better openings and heat exchange ventilation
- Energy costs are reduced by close to 2/3 compared to a traditional home, and building costs are estimated at 5% above traditional homes
- There are currently three Whistler homes with affordable housing covenants that utilized a prefabricated passive house approach to speed up construction, reduce operating costs, and improve building comfort
- The passive homes are also relatively efficiently designed and built on small lots, with two of the homes in a duplex configuration and the single family home also housing a suite
- The WHA is currently building a 25 unit passive house rental apartment building on municipally owned land that will be occupied in 2018 and will be passing on operating cost savings to tenants

*Source: Pique News Magazine*

# CAPACITY BUILDING - ORGANIZATIONS & THE COMMUNITY

## Housing organization and building capacity

A housing organization is a non-profit entity dedicated to providing and managing non-market housing stock that is for rent or purchase by qualified individuals and families. In addition to being a repository for affordable housing units, a housing organization can house expert advisors on affordable housing, ongoing champions for affordable housing, and in some cases leverage expert skills and know-how to support other needs such as property management. Housing organizations can also serve specific projects, a municipality or a greater region.

### Actors

Non-profit organizations or Local government

### Partners

Local government

### Ease of Implementing

MODERATE

### Impact on developing housing

Critical to help manage funds, and/or development



A new affordable housing development is the result of the vision and hard work of many people: staff, municipal employees, community partners, funders, volunteers and development professionals. Building partnerships and developing a strong team with diverse skills and experience, will enable you to accomplish more than you might on your own.

#### Considerations

Before you begin the process of building a housing partnership, you need to be very clear about your housing objectives: what are the housing gaps in your community, who is your target group, and how to best address the need; are the gaps due to a lack of housing supply; affordability; or condition of existing housing? Is your target group families; seniors; people with disabilities; or a combination of groups? Are support services needed to ensure successful tenancies? Is the lack affordable rental, affordable homeownership, or both?

To determine the answers to these questions, you may need to complete a housing needs assessment. Refer to the CMHC fact sheet, *Assessing Housing Need and Demand*, for information on conducting an assessment.

Once you have determined your housing objectives, it is time to begin exploring partnerships.

#### Step 1: The Internal Planning Process

Partnerships are defined as relationships between two or more parties that work together on common or complementary goals. Characteristics of a partnership include joint investment of resources; shared liability; shared benefit; and shared authority and responsibility.

Through your internal planning process, you will identify your organizational strengths—those resources, skills and experience that you can bring to a partnership. You will also identify your gaps—those needed resources, skills and experience that suitable partners can supply. For example, a proposal to develop supportive housing for people with mental illnesses might require:

- A non-profit housing society with experience in developing and managing affordable housing;
- A community agency experienced in providing services to people with mental illness; and
- A private sector developer who is experienced in land development and construction.

Housing partnerships have become increasingly common over the past decade as one way to enhance limited resources and achieve the strategic objective of developing housing that is affordable and accessible.

This fact sheet outlines the steps required in building a successful partnership for those interested in developing housing for affordable rental or homeownership.

The Development Exchange (February 4, 2004). City of Toronto and ONPHA. [www.onpha.on.ca](http://www.onpha.on.ca)



CMHC Building Your Team

### Synergies

Inclusionary zoning, Density bonusing, Housing fund, Covenants, Alternative capital & funding, Housing strategy



### Benefits

- Affordable housing is more likely to be produced and effectively managed when a high functioning organization is dedicated to that goal
- Acts as a community resource for housing
- Can monitor the process of rentals and resales to ensure qualified individuals and families
- Can hold housing funds and act as project managers for new developments



### Considerations

- Needs funding to get started
- Small communities may not be able to support an organization; however, a regional housing organization serving several communities in a region may be feasible
- Requires a self-funding business plan to limit additional requests for funding



### Implementation Process

- Establish the organization with the right members
- Secure seed funding
- Create the business plan
- Acquire units and manage projects and activities
- Continue to manage the activities of the organization including ongoing professional development for staff and Board members



### Making it Happen

- Work with the local government to receive seed funding and quickly develop projects to help fund the organization from rental income and sales
- Consider a regional organization in order to generate enough capital from multiple communities
- Create the organization while the local government is establishing housing units and funding mechanisms



Trail Affordable Rental Units



Banff Housing Units

## Examples

### Lower Columbia Affordable Housing Society (Society), Trail Project

- The Society was born in 2013 out of an Attainable Housing Committee of the Lower Columbia Community Development Team Society
- The Society was challenged to find the right fit for rentals by purchasing existing homes so they worked to develop their own housing
- The Society purchased a lot near a walking route that will host a home with two single-bedroom and two two-bedroom apartments
- When complete, a total of nine dwellings for rentals will be available
- Funding was accessed primarily through a Columbia Basin Trust and BC Housing partnership and the Federal Government, along with some funding from the Kootenay Savings Credit Union and Teck Metals

Source: Various News Sources

### Whistler Housing Authority (WHA)

- Created in 1997 to oversee and assist development of resident restricted housing
- Is a wholly owned subsidiary of the Resort Municipality of Whistler; governed by a board of directors
- Oversees the development, administration and management of resident restricted housing in Whistler
- Initially used \$6M collected by the municipality in development levies through its Employee Housing Service Charge bylaw, plus \$13M in bank loans to purchase and develop close to \$22 million worth of real estate
- Currently WHA owns or oversees 1900 units of affordable rental (46%) and ownership (54%) housing, with another 69 units (179 beds), including a new 25 unit passive house rental apartment building, to be built in the next two years
- Rental fees cover mortgage debt, fund the property management and capital replacement reserves, and cover WHA operations
- Covenants on property titles restrict WHA housing to people working at least 20 hours/week, retirees and dependents, and on resale, rental, and rental prices

### Banff Housing Corporation (BHC)

- The BHC is an arm's length non-profit organization of the Town of Banff and is involved with 182 ownership units and 45 suites in those units
- Board experience required in the areas of non-profit housing, real estate, property development, property management, building and development, staff accommodation/housing asset management/non-profit housing, accounting/finance
- Board is supported with training throughout the year

# CAPACITY BUILDING - ORGANIZATIONS & THE COMMUNITY

## Housing Strategy

An affordable housing strategy is a document, usually commissioned by local government, which recognizes and quantifies an affordable housing shortage (housing needs assessment) in a given jurisdiction and then recommends a series of approaches to reduce the shortage. Communities that have undertaken such strategies have generally been more proactive in addressing the shortage. Other than providing a good sense of the problems and solutions, developing a housing strategy with a range of stakeholders and community members helps to develop the relationships, roles, partnerships and trust that will ultimately help in the delivery of affordable housing.

### Actors

Local Government, Housing Organization

**Partners** Developers, Builders, Non-profit organizations, Real Estate Agents, Housing Consultants

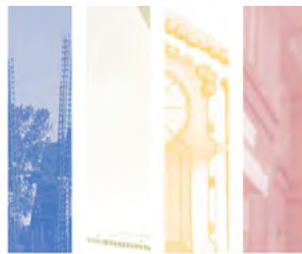
### Ease of Implementing

MODERATE



### Speed of delivering housing

Important to provide a road map



Proposed

### Affordable and Attainable Housing Strategy

Prepared for the City of Fernie  
October 2007



Fernie Housing Strategy

### Synergies

Housing organization, Engagement and communication, Housing funds



### Benefits

- Provides a clear representation of the problems and opportunities
- Engages critical partners to focus on affordable housing
- Provides a good foundation for communication efforts and engagement around affordable housing
- Highlights the most effective approaches to advance affordable housing in the community



### Considerations

- Without a strategy in place the community development partners and local champions are less likely to be engaged and less will be built
- It can be difficult to develop the urgency needed to create a strategy
- Focusing on actions without discussing the governance and roles in implementation will result in a shelved plan



### Implementation Process

- Identify partners and stakeholders to engage
- Assess the need for housing
- Inventory resources and assets and policies, as well as sites and locations for development
- Prioritize strategies
- Assign responsibilities/roles and ongoing resourcing for the strategy implementation
- Annual review



### Making it Happen

- Consider a needs assessment before developing a strategy to assess the urgency
- Ensure equal amount of time and resources is spent to identify how to fund and implement the strategy



Veneto Place, Fernie



Smithers 2nd St homes

## Examples

### Fernie, BC

- Fernie created its first housing strategy in 2007 after the completion of two earlier reports to describe the housing challenges and needs in Fernie
- The strategy identified 'low income individuals and families' as the top priority for housing
- Opening in 2012, Veneto Place was BC Housing's first public-private partnership offering 45 units with market, below market rental, rent to own and attainable ownership options
- Partners included: CMHC, Parastone Developments (private developer), Columbia Basin Trust, BC Housing, City of Fernie and Fernie Family Housing Society
- Seed funding from CMHC helped to carry out market research, financial feasibility and preliminary design with site work
- Fernie is now updating their housing strategy
- Energy efficiency techniques were embedded in the building

Source: Various News Sources

### Smithers, BC

- In 2010 a Smithers Housing Report was completed by a local housing task force
- The report focused on a snapshot of local housing needs and opportunities while outlining roles of various groups in providing housing
- The Smithers Community Services Association bought a four-lot property in walking distance of downtown/amenities to place six houses on
- The main affordability feature of the houses was its size, at about 540 sq ft, to keep utility costs low
- Partners included: CMHC for seed funding
- The properties opened as rentals in 2015 and the rents cover the servicing on the mortgage with extra for incidentals to cover the Association's cost of managing and providing housing

Source: CMHC Profile

# CAPACITY BUILDING - ORGANIZATIONS & THE COMMUNITY

## Engagement and Communication

Generating support for affordable housing planning, development and operation activities is critical to successful delivery. Engagement and communication to generate support starts with creating a core group of individuals and organizations and developing a housing needs assessment, and then to the continuous communication required to foster more affordable housing units. Good engagement and communication brings important stakeholders along for the affordable housing planning and development journey and helps to make them promoters of affordable housing, but it can be easier said than done. Activities might include: community consultation – providing and receiving feedback; communication – informing and building momentum for your projects; education – bringing resources and expertise to the project from the community and from outside as needed; commitment – securing ongoing commitment to building and maintaining affordable housing.

### Actors

Local Government, Housing Organizations, Developers

### Partners

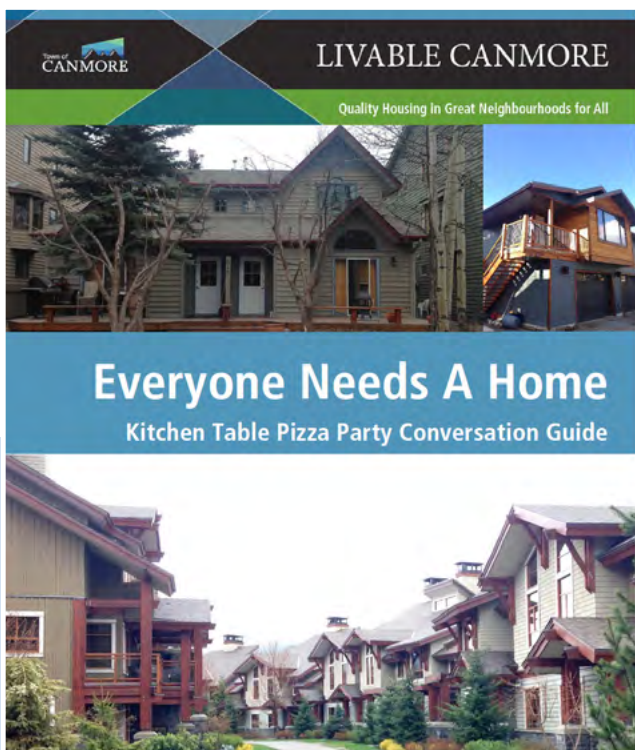
Chambers of commerce, tourism organizations, housing consultants, engagement and communication consultants, affordable housing residents

### Ease of Implementing

SIMPLE

### Impact on development of housing

Critical to get support for housing



Canmore conversation guide

### Synergies

Housing strategy, Housing organization



### Benefits

- A community that shares housing objectives makes the provision of affordable housing much easier
- The support of key local organizations and actors is crucial in developing affordable housing



### Considerations

- Engagement and communication that begins too late will likely result in costly delays
- One way communication may lead to a feeling of disrespect and create barriers to developments
- Engagement and communication is often overlooked and under resourced



### Implementation Process

- Hold a session to identify allies for affordable housing
- Develop a communications and engagement plan
- Execute the plan alongside other activities that build support for housing such as needs assessments
- Carry engagement activities right through to the end of a development process and beyond



### Making it Happen

- Set aside funding for engagement and communication
- Focus on shared community goals and values
- Nurture your current affordable home residents to be ambassadors
- Start as early as possible and map out key timing and methods for engagement and communication such as forums, surveys, etc.



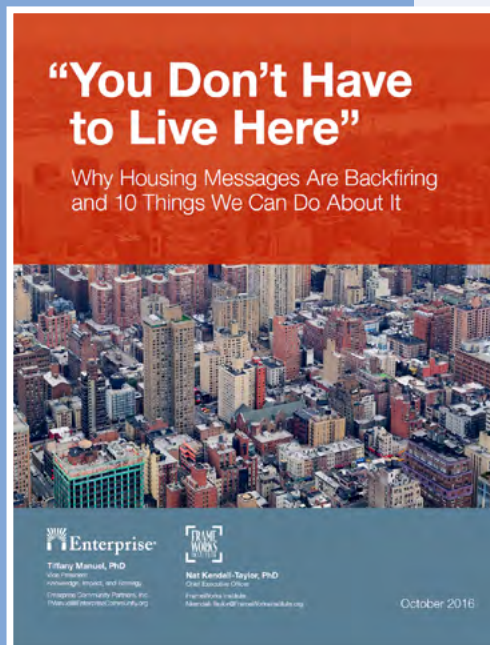
Canmore development

## Examples

### Canmore, AB: Livable Canmore, Quality Housing in Great Neighbourhoods for All

- The Town of Canmore, supported by most of the community, prioritized the development of affordable housing during the most recent term of government
- Two projects in particular were creating some neighbourhood angst due to the development locations, amount of development and style of dwellings
- To ensure the silent majority was being heard in the process, the Town initiated an engagement and communication exercise to invite the community to talk about the different types of affordable housing and possible locations for it in the community
- Engagement activities included: one survey; five community 'Idea Walls/Talk to us' posters around the community, 10 citizen-led conversations about housing, two neighbourhood interactive events and two workshops involving housing experts and facilitated conversations, three background briefs to inform conversations and six housing situation stories to help people to understand the need for housing
- When completed, one site will have 49 units of perpetually affordable housing made up of a mix of townhouse, stacked townhouses and duplexes
- The project will be managed by the Canmore Community Housing Corporation

Source: Town of Canmore



### Enterprise Community Partners: Non-profit housing developer messaging recommendations

- Research was conducted for nonprofit affordable housing developer, Enterprise Community Partners, on messages for affordable housing
- Some of the tips and approaches included:
  - Linking success stories of housing to the policies and actors that made it happen
  - Expanding the notion of who plays a role in the solutions; not just government but other organizations, individuals and champions
  - Focus on building homes vs. housing/affordable housing
  - Use simple explanations of cause and effect for why there is an affordable housing shortage and what can be done to encourage more homes
  - Link the importance of a home to other issues like economic development and health

Source: [www.enterprisecommunity.org/](http://www.enterprisecommunity.org/)





**BC HOUSING**  
**RESEARCH CENTRE**

1701 - 4555 Kingsway

Burnaby, BC V5H 4V8

Phone: 604.439.4135

Toll-free: 1.866.465.6873

Email: [research@bchousing.org](mailto:research@bchousing.org)

[www.bchousing.org](http://www.bchousing.org)