

REVIEW OF BEST PRACTICES IN AFFORDABLE HOUSING



PREPARED BY

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FOR

SmartGrowthBC

ACKNOWLEDGEMENTS

Special thanks is due to An Minh Vu, a diligent and tireless research volunteer from Vancouver, who contributed much of the research work for the tables.

Thanks also go to our Advisory Committee who guided the research and reviewed the findings: Mark Allison, Isabel Chen, Deborah Curran, Bob Ransford, and Cheeying Ho.

Finally, thank you to all the individuals who spent time providing advice, information and suggestions on this report.

TABLE OF CONTENTS

1.0 Executive Summary	2
2.0 Introduction.....	5
3.0 Methodology	7
4.0 Glossary of Terms.....	9
5.0 Jurisdictions.....	13
6.0 The Continuum of Housing Solutions	15
7.0 Best Practices in Affordable Housing	17
7.1 Policies and Programs for Affordable Housing	17
7.2 Strategies for Affordable Housing	34
8.0 Non-governmental models.....	47
9.0 Projects	51
10.0 Case Studies	54
11.0 Conclusions.....	59
12.0 Resources and References	61
Sample Bylaws.....	61
Key Contacts.....	73
Bibliography.....	74
References.....	76
Websites.....	82
Appendix A.....	84
Appendix B.....	95

EXECUTIVE SUMMARY

The affordable housing challenge has become extreme in many communities in recent years and has key implications for smart growth, including for the economic development, transportation, environmental quality, and housing sectors. The evidence about the affordability of housing points to the need for new approaches to creating housing if communities in British Columbia want to continue improving their quality of life. The range of approaches available to address affordable housing concerns, termed the “continuum of affordable housing,” as currently used in British Columbia, and in Canada, is not adequate for meeting the challenge of providing a range of ownership and rental housing in each community.

The purpose of this report is to review the range of affordable housing approaches used by local governments in select jurisdictions in Canada and the U.S. and to provide some preliminary comments about the effectiveness of these tools. This review will provide the backdrop for Smart Growth B.C. to work with other organizations, the development sector and local governments to develop an affordable housing strategy. This report suggests the need for more robust affordable housing initiatives that reflect the

learning from approaches undertaken in the U.S. since the 1980's.

The report describes and reviews policies, programs, and strategies based on their frequency of use by local governments, identifies how each are used in the jurisdictions surveyed, and lists them in order of most frequent use. The tables in sections 7.1 and 7.2 list the top 24 jurisdictions that use these policies, programs and strategies, with the communities listed in order of frequency of using tools. Eight of these 24 are from Canada and 16 from the U.S. This represents 22 percent of Canadian jurisdictions surveyed and 50 percent of U.S. jurisdictions surveyed. This ratio points to the conclusion that the U.S. jurisdictions have more experience with these practices than Canadian jurisdictions.

While it is clear that inventories of affordable units, rental and ownership, are higher in communities that use these approaches it is difficult to obtain statistics on the number of affordable units created by each policy, program or strategy. Affordable housing, as distinct from social housing, is in particularly short supply in communities like Revelstoke, Fernie, Tofino, Bowen Island and Hornby Island where market prices have escalated rapidly, and few of these practices have been implemented.

The research addresses the following policies and programs:

- Inclusionary Zoning*
- Density Bonus*
- Rent Restriction*
- Resale Price Restriction*
- Secondary Suite Policy*
- Housing Fund*
- Demolition Policy*

The report reviews these strategies:

- Affordable Housing Strategy*
- Real Estate Escrow Interest Grant*
- Growth Management Strategy*
- Public Private Partnership*
- Housing Needs Assessment*
- Housing Organization*
- Land Banking*
- Waitlist System*
- Real Estate Transfer Tax Allocation*

The 24 jurisdictions that use these policies, programs and strategies the most are:

Aspen, CO	Bowen Island, BC
Banff, AB	Capital Regional District, BC
Breckenridge, CO	Charlotte, NC
Canmore, AB	Gunnison County, CO
Eagle County, CO	Mt.Crested Butte, OC
Jackson, WY	Oakley, CA
Martha's Vineyard, MA	Park City, UT
Summit County, CO	Pitkin County, CO
Telluride, CO	Routt County, CO
Toronto, ON	Steamboat Springs, CO
Victoria, BC	Teton County, WY
Whistler, BC	Vancouver, BC

The report discusses three community-driven models that have been successful in creating affordable housing, with suggested links to further analysis. These three models are:

- Co-operative Housing*
- Cohousing*
- Community Land Trusts*

The report also identifies a number of other initiatives that have contributed to affordable housing solutions in BC and Alberta.

Section 9 reviews a variety of affordable housing projects (rental and ownership) and details how many affordable units have been created and how their affordability has endured over time. Recent numbers from these projects indicate that the price of affordable market ownership housing is escalating faster than affordable market rental. Non-market housing production is beginning to increase, but is nowhere near meeting the need for affordable housing in British Columbia.

Section 10 sets out five case studies of communities at various stages in addressing the affordable housing issue. These communities are:

- Aspen, Colorado*
- Montreal, Quebec*
- Oakley, California*
- Victoria and the Capital Regional District, BC*
- Whistler, British Columbia*

Affordable Housing

Principles from the case studies include:

- Aspen demonstrates early recognition of the problem caused by rapidly escalating housing prices in a small market and has one of the longest histories of intervening in the housing market to ensure a range of housing opportunities is provided to the local workforce;
- Montreal's approach is different from other jurisdictions in that it has a strong component of central coordination through city supported initiatives and has been very successful in creating units;
- Oakley is a newcomer, having only incorporated in 1999, but has implemented many of the policies, programs and strategies and is well on the way to providing affordable housing opportunities as it goes through transition and revitalization;
- Victoria and the Capital Regional District are good examples of cooperation between jurisdictions, and, while commencing with a social housing mandate are now recognizing the need to expand the range of solutions with innovative projects like Docksider Green;
- The affordable housing crunch in Whistler was predictable given the Aspen experience, and Whistler drew from the U.S. resort community examples in creating a strong affordable housing program in the 1990s. As a result, Whistler still houses 78% of its workforce within the town boundaries.

The main conclusion drawn from the research for this report is that while there is no single tool, practice or policy that emerges as the most important step in creating affordable housing, addressing the problem at the local level has generated a number of solutions in communities that have diligently applied these policies and strategies. However, each community is different and will likely have to craft its own unique mix of the tools to best address its needs.

While some Canadian communities are increasing the resources devoted to affordable housing programs, the U.S. communities examined here have embraced more of these tools and have produced more results than Canadian communities to date.

INTRODUCTION

Affordable housing, or more specifically a lack of affordable housing, has become an issue in virtually every BC community. The challenge of providing and maintaining a healthy supply of affordable housing, both ownership and rental, has communities large and small wrestling to address the needs of their residents. This challenge is not limited to a specific income bracket or age demographic; it exists across a broad spectrum of community residents.

The affordability of housing is one of the main elements in the social, economic and environmental health of a region. It is a key indicator of smart growth and implicates the local government, transportation, economic development, environment, and shelter sectors in the need to improve quality of life. Ensuring a range of housing options and prices is a key smart growth strategy. By using our land more efficiently, building homes closer to employment, shops and learning institutions, we are creating more complete communities that reduce the need for driving, expanding costly infrastructure, and using up valuable green space.

This excerpt from *GVRD Dialogues: Implications of a Housing Affordability Problem*¹ demonstrates the challenges faced in the Vancouver Region:

1 Future of the Region Sustainability Dialogues: Housing — The Price we Pay Housing Committee Meeting Report: July 13, 2007.

The conventional housing market faces difficulties in a rapidly growing and robust urban centre with a constrained land base. Where will our children live? In one sense, we are always faced with a housing affordability problem if that means that some people must settle for less than their ideal housing solution. However, participants believed this becomes a critical region-wide problem when the fight to lower-cost housing and lower land values directly impacts our quality of life, creates massive transportation and land-use challenges, when labour shortages emerge because workers can't live close to where the jobs are, when residential land values become so high that industrial or office development becomes a lower priority and we have trouble finding new space to accommodate employment.

For those already in the housing market, this may be a good situation – for those who are not it's a bad situation and an enormous challenge. In Greater Vancouver, people pay 68% of their pre-tax income to their home for their mortgage, taxes and utilities. This is also a social justice issue and impacts the vitality of the urban core. Growing market failure in the economics of the housing market in its ability to provide housing to the region's residents can lead to urban decay if businesses and offices can not find support workers as people move farther away. A longer daily commute for these workers not only increases demands on the transportation system and impacts pollution levels but also places pressures on families. Greater Vancouver is at a tipping point in addressing this issue creatively.

Affordable Housing

While Vancouver may be one of the most extreme situations in Canada, other jurisdictions are not far behind and there is no sign that housing is going to become more affordable anytime soon. According to MLS sales² for the Cowichan Valley on Vancouver Island, comparing July 2007 to July 2003, housing prices (single family, townhouse and apartment) have doubled in four years. The Okanagan Valley has seen similar increases. In Revelstoke, housing prices have increased 34 percent since the City completed its 2006 Affordable Housing Strategy and the rental market is extremely tight³. Owners are converting rental units to condominiums and development applications are flowing into the planning department as the ski hill is expanded and redeveloped. Squamish is also seeing a residential development boom but very little of this new housing is in an affordable price range.

There is also evidence that increasing the supply of housing alone will no longer

2 MLS data from Jason Finlayson, Osborne Realty, Duncan, BC

3 Conversation with Jill Zacharias, September 2007

address the affordability of housing. A 2006 report for the Greater Vancouver Regional District⁴ suggests that while the *number* of housing units needed to meet the demand for ownership may be close to adequate in the next 16 years, it is unlikely these units will be affordable enough to meet the demand. This in turn will put increasing pressure on a rental housing supply that is already inadequate and does not meet rental demand at current levels, let alone increased levels. This evidence suggests that all levels of government, non-profits, and the private sector will have to work together on some innovative approaches to solving this problem.

This report looks at these approaches as they are emerging in Canada and the U.S., with a focus on British Columbia. In many cases local governments will need to take a leadership role as the level of government responsible for the package of strategies called smart growth -- growth management, transportation, land use, environmental quality and housing.

4 Greater Vancouver: Affordable Housing Supply Analysis, prepared for the GVRD by McClanaghan & Associates, March 2006

METHODOLOGY

The investigation for this report commenced with resort communities in Canada and the U.S. These areas have the longest history of affordability challenges in housing a broad demographic within the community. The research then expanded to cities and towns that have seen housing affordability compromised by rising prices and a predominance of single-family housing development.

A total of 68 jurisdictions were selected, 36 from Canada, and 32 from the U.S. These jurisdictions have all recognized the issue of the lack of affordable housing and have, to varying degrees, assessed the situation and initiated solutions to address the problem. The research approach taken was a review of literature, needs assessments, reports, policies, bylaws, programs and housing organizations in these jurisdictions, as well as interviewing staff and experts in some key jurisdictions.

A clear distinction was made between social housing (housing requiring ongoing government subsidy) and affordable housing (housing built on land that has little or no cost, and is then sold or rented at cost, or marginally above cost). The focus of this work was the latter form, affordable housing, and initiatives that generated social housing were not included.

An internet and literature search by jurisdiction was conducted to determine the policies, programs, and strategies in place and to identify the production of

affordable housing units in addition to social housing. This was followed up with selected telephone interviews to gain perspective, background information and data.

Research results are presented in tabular form indicating the jurisdictions that had utilized each of the policies, programs and strategies chosen. In the tables, the jurisdictions are listed with those employing the most practices towards the top and those with the least at the bottom.

Selected policies, programs, strategies and projects have been described and assessed as to success in meeting affordable housing demand and sustaining affordability over time. In many cases it was difficult to determine if a jurisdiction had *not* utilized a certain policy or practice, so the results should be viewed as a scan of practices that we know are in place and not a record of what hasn't been tried. In simple terms, it is the asterisks in the tables that matter, not the blanks.

The tables outlining the rental and ownership project data were researched by internet with many of the examples coming from CMHC research bulletins. The 2007 entries were obtained from real estate information or from a contact familiar with the project. The contacts for this and other information are listed in the appendices.

The five case study communities were

Affordable Housing

chosen to represent a cross section of the jurisdictions surveyed with a focus on those taking a proactive approach to addressing affordable housing shortages.

Sample bylaws are listed for several of the policies and strategies, and bylaws from two communities, the Resort Municipality of Whistler and the City of Victoria, are included.

It was intended that research would be able to determine which policies, programs and strategies resulted in the creation of more affordable housing, or even to determine how many units were created in a given jurisdiction through a given policy. This proved difficult as there is little or no data connecting policy to production numbers, and key contacts were unable to even speculate or comment on this. As such, we chose to track the number of policies implemented, and the overall success in communities.

GLOSSARY

The language of affordable housing varies from region to region and project to project. In the U.S. the systems for the funding, development and control of affordable housing are very different from those in Canada, but many of the principles and tools are comparable.

This glossary of terms is meant to assist the reader by describing the terms as they are used in this report. These definitions are drawn from a wide range of sources. Where the definition is directly attributable, it is identified. Where it is not identified, it has been created for this document based on the information reviewed.

Affordable Ownership Housing

Housing with a purchase price that is affordable to households of low and moderate income, which are households within the lowest 60 per cent of the income distribution for the housing region, as determined by the Statistics Canada. Affordable in this context means monthly housing costs (i.e. mortgage principal and interest payment amortized over 25 years and assuming a 25 per cent down payment, and taxes) do not exceed the average monthly rent for the region, by unit type, as reported annually by the Canada Mortgage and Housing Corporation. Affordable ownership price includes GST and any other mandatory costs associated with purchasing the unit.

Affordable Rental Housing (Toronto, ON)

Housing where the total monthly shelter cost (gross monthly rent including utilities – heat, hydro and hot water – but excluding parking and cable television charges) is at or below one times the average City of Toronto rent, by unit type (number of bedrooms), as reported annually by the Canada Mortgage and Housing Corporation.

Permanently Affordable Housing (Davis, CA)

An affordable single family or multifamily dwelling unit, as defined in the City of Davis Affordable Housing Ordinance, that is affordable in perpetuity and subject to an agreement between the developer and the City to maintain affordability. Such agreement shall be recorded. In the case of rental units, permanently affordable units must be subject to rental screening and affordable rental maintenance.

Affordable Market Housing

Housing produced by the private sector and rented or sold at a price that is affordable to a broad segment of the local population.

Affordable Housing

Area Median Income (AMI)

The median divides the household income distribution into two equal parts: one-half of the cases falling below the median household income and one-half above the median. For households, the median income is based on the distribution of the total number of households including those with no income. The area median income is the median household income for a defined area.

Cohousing (Canadian Cohousing Network, BC)

Cohousing is a concept that came to North America in 1988 from Denmark where it emerged over 25 years ago. It describes neighbourhoods that combine the autonomy of private dwellings with the advantages of shared resources and community living.

Community Housing (Calgary Homeless Foundation)

Is characterized by housing needs that the market cannot meet due to a lack of profit. These housing needs include shelters, transitional housing, social housing, low cost rental housing. The object of these forms of housing is to assist individuals in regaining their productive capacity and self-sufficiency so they too can participate in their community.

By utilizing the term Community Housing we recognize that meeting such housing needs is critical to the well being of the community at large. Community housing provides access to housing that serves to reduce the social impacts of poverty and provides social and economic benefits to the community at large.

Community housing by type of housing need:

Emergency Shelters (Calgary Homeless Foundation)

Provides temporary, typically overnight accommodation to individuals who would otherwise sleep in the streets. Shelters may also provide supportive services in relation to addictions, health, education and employment needs.

Transitional Housing (Calgary Homeless Foundation)

Provides temporary accommodation (6 months to two years) for individuals who wish to stabilize their housing situation while resolving other issues in their lives, such as: warrants, employment, addictions, and education and divorce arrangements. Transitional Housing units typically are provided with a mix of supportive services that enable an individual to move towards self-sufficiency.

Low Cost Rental Housing (Calgary Homeless Foundation)

Provides housing to individuals who are employed but spend more than 50% of their income in housing. Typically Low Cost Rental Housing does not provide supportive services on site.

Community Land Trusts (Institute for Community Economics, USA)

A private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.

Complete Communities

Neighbourhoods characterized by mixed use development (such as commercial, office and higher density residential)

Co-op Housing (Co-op Housing Federation of Canada)

A housing co-operative is more than just a place to live. It is a legal association formed for the purpose of providing homes to its members on a continuing basis. A co-op is different from other housing associations in its ownership structure and its commitment to co-operative principles.

Deed Restricted Housing

Housing in the United States that is restricted as to use and resale by covenants registered on the title or deed.

Density Bonus (West Coast Environmental Law, BC)

Voluntary scheme in zoning bylaws that enables developers to build additional units in return for public amenities such as affordable housing, underground parking, parkland, and daycare facilities.

Housing Agreement

A covenant registered on the title of a property stipulating specific limitations to the use of the property. Such agreements can be utilized to ensure that housing on the property is occupied by individuals who have qualified for its use.

Housing Market Failure

The failure of the housing market to provide a range of housing opportunities at prices and rents that are affordable to median income individuals and families in a given jurisdiction.

Housing Organization

A non-profit organization dedicated to the creation and management of a range of affordable housing opportunities for specific user groups.

Income Categories

The procedure used for allocating affordable housing opportunities in the U.S. based on income categories that are established as a percentage of Area Median Income (AMI). Rental rates and sales prices are established for employees and families of low (Category 1), moderate (Categories 2 and 3) middle (Category 4) and upper middle (Categories 5, 6, 7 and RO) income levels as related to housing costs in the area.

Inclusionary Zoning

The establishment of zoning regulations that require the provision of affordable housing as part of the rezoning for a development.

Intensification (West Coast Environmental Law)

Redevelopment of existing neighbourhoods, corridors or commercial areas at higher densities.

Nodal Development

Mixed use development (such as commercial, office and higher density residential) that is concentrated into centres with existing infrastructure capacity providing required densities and service to make transit affordable and to foster community hubs where daily services can be reached within walking distance.

Affordable Housing

Non-Market Housing

Housing that is rented or sold at a price that is not set by market forces but set and controlled over time by some other means. **Social Housing** is a subset of non-market housing.

Price Appreciation Mechanism

A formula or index used to determine rent or resale price for non-market housing.

Right of First Refusal / Option to Purchase

A covenant registered on the title of a property stipulating specific terms for the transfer of a property by sale and granting the covenantee the right to purchase the property ahead of any other purchaser.

Social Housing (Calgary Homeless Foundation)

Provides housing to individuals and families that by and large are recipients of government income support programs. Government generally delegates the management of Social Housing to a non-profit organization. Social Housing may or may not offer supportive services.

Shared Equity Home Ownership

Housing that is purchased at a price that is affordable to the occupant and has restricted price appreciation so that it remains affordable for successive occupants. The purchase price is typically below market, the owned equity (value) then appreciates according to a formula or index. The equity is, in effect, "shared" between the community, the first purchaser and the subsequent purchasers.

Standard Charge Terms

Covenants such as a Housing Agreement or a Right of First Refusal / Option to Purchase which are registered in a Standard Form with the Land Title Office by a Housing Organization. These documents can then be registered on the title of a specific property prior to any new development on the property.

JURISDICTIONS

The following is a list of Canadian and U.S. jurisdictions that were reviewed and, in some cases, contacted to provide information on their housing initiatives. The contacts are listed in the appendices. All of the regional districts and most of the Canadian municipalities chosen are from British Columbia. This reflects the fact that, apart from Canmore and Banff, the most progressive jurisdictions for affordable housing are in BC (this is reflected in the results). Also, the recent escalation of market housing prices, which is the root cause of the affordable housing shortage, has been more dramatic in BC than elsewhere in Canada.

Tofino and Ucluelet, although technically separate, have been treated as one jurisdiction in part because of their small size and proximity but also because of the difference in their approach to the affordable housing issue. Tofino has had a housing committee since 2002 and has now created a municipal housing corporation, but has not created its first units yet. Ucluelet on the other hand revised their OCP in 2004 adding a section mandating the use of a density bonus, inclusionary zoning, deed restrictions and secondary suites to encourage the delivery of affordable housing. Their first affordable units will be constructed in 2007, but Ucluelet has only just created a Housing Committee and there is no infrastructure in place to receive, allocate and manage the new units. It seems like a perfect opportunity for a partnership between two communities through a shared housing organization.

Canadian Municipalities

Banff, AB	Invermere, BC	Salt Spring Island, BC
Bowen Island, BC	Kamloops, BC	Squamish, BC
Calgary, AB	Kelowna, BC	Surrey, BC
Canmore, AB	Langford, BC	Tofino / Ucluelet, BC
Central Saanich, BC	Lions Bay, BC	Toronto, ON
Fernie, BC	Montreal, QC	Vancouver, BC
Golden, BC	North Vancouver, BC	Victoria, BC
Halifax, BC	Oliver, BC	Whistler, BC
Hornby Island, BC	Revelstoke, BC	

BC Regional Districts

- Capital Regional District (CRD)
- Cowichan Valley Regional District (CVRD)
- Greater Vancouver Regional District* (GVRD)
- Regional District of Central Okanagan (RDCO)
- Regional District of Central Kootenay (RDCK)
- Regional District of Comox – Strathcona (RDCS)
- Regional District of Okanagan-Similkameen (RDOS)
- Squamish Lillooet Regional District (SLRD)
- Sunshine Coast Regional District (SCRD)
- Thompson-Nicola Regional District (TNRD)

* The GVRD has recently changed its name to Metro Vancouver; however, for this report, the name GVRD will continue to be used.

U.S. Cities and Towns

- | | |
|-----------------------|-----------------------|
| Aspen, CO | Mt. Crested Butte, CO |
| Baltimore, MD | Oakley, CA |
| Breckenridge, CO | Park City, UT |
| Charlotte, NC | San Francisco, CA |
| Davis, CA | Seaside, CA |
| Fremont, CA | Steamboat Springs, CO |
| Jackson, WY | Sun Valley, ID |
| Ketchum, ID | Telluride, CO |
| Mammoth Lakes, CA | Truckee, CA |
| Martha’s Vineyard, MA | Vail, CO |

U.S. Counties (Regional Districts)

- | | |
|---------------------|-------------------|
| Blaine County, ID | Pitkin County, CO |
| Eagle County, CO | Placer County, CA |
| Grand County, CO | Routt County, CO |
| Gunnison County, CO | Summit County, CO |
| Mono County, CA | Summit County, UT |
| Monroe County, FL | Teton County, WY |

THE CONTINUUM OF HOUSING SOLUTIONS

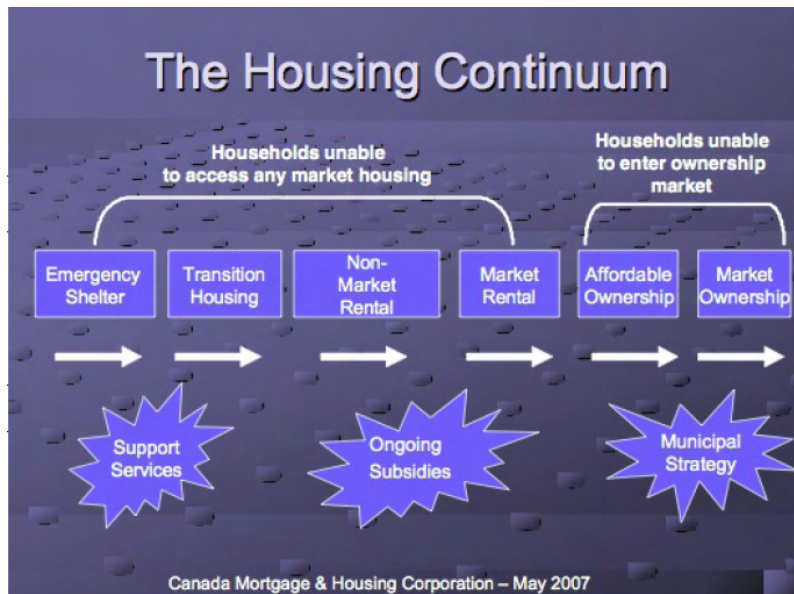
The provision of affordable housing in Canada has traditionally been structured to meet a continuum of needs, ranging from housing those who need emergency shelter to market ownership. The traditional continuum of affordable housing in Canada is shown in Table 6.1:

Table 6.1

The Affordable Housing Continuum				
Emergency Shelters	Transitional Housing	Social Housing	Formal and Informal Rental	Affordable Home Ownership
Non-Market			Near Market or Market	

This model of the Housing Continuum from CMHC (Table 6.2), acknowledges the objective of affordable home ownership without ongoing subsidy; however, it leaves out the opportunity for non-market ownership, created and managed through housing providers, which do not rely totally on the private sector to deliver.

Table 6.2



Affordable Housing

Table 6.3 more accurately reflects the emerging continuum of affordable housing solutions in Canada today and identifies the difference between social housing, non-market and market housing.

Table 6.3

The Affordable Housing Continuum						
Emergency Shelters	Transitional Housing	Social Housing	Affordable Rental Housing	Affordable Home Ownership	Affordable Rental Housing	Affordable Home Ownership
Government Subsidized Housing (social housing)			Non-Market Housing		Market Housing	

BEST PRACTICES

This selection of best practices is intended to represent the initiatives that are most commonly utilized in communities that are working to address shortages of affordable housing. They are presented as practices that can be embraced regardless of jurisdiction, and they have been distilled from reviewing the jurisdictions listed in Canada and the U.S.

Many reviews of best practices in affordable housing are compiled by developers or organizations that are showcasing their own projects or celebrating their own successes. This review has attempted to look beyond this approach to find practices that have truly resulted in the production of affordable units. The ability to retain affordability over time has also been considered.

7.1 Policies and Programs for Affordable Housing

The Policies and Programs are listed below in order of the number of jurisdictions that employed them, with the most popular policy, Inclusionary Zoning, at the top. While the number of jurisdictions that utilize these practices is not an indication of how many affordable housing units are generated, it is safe to assume that jurisdictions are looking to what has been successful elsewhere before adopting a given policy. It is also apparent that the communities that have not embraced these policies have

produced very little affordable housing (as distinct from social housing).

7.12 Inclusionary Zoning

Inclusionary Zoning (also called Inclusionary Housing) means the establishment of zoning regulations that require affordable housing development. In some cases it may be a percentage of the developed units that must be affordable (e.g. Steamboat Springs requires 15%), some allow off-site construction of the affordable units, while others allow cash-in-lieu paid into a housing fund.

For the purposes of this report, communities that have successfully used linkage fees or exaction programs have been included in the inclusionary zoning column. Linkage fees are charged to a project based on the increased affordable housing demand it will create while inclusionary zoning generally assumes all development will have an impact and must contribute to the solution. In both cases the contribution can be actual housing or cash into a housing fund. These have been combined for this report as jurisdictions usually employ one or the other, with the same end result.

While it has been difficult to determine how many affordable units have been created in each jurisdiction as a result of inclusionary zoning, it is the single most utilized mechanism across the 68

Affordable Housing

jurisdictions examined in this report. It also receives the most discussion in the literature.

Inclusionary housing programs have been utilized in 84% of the U.S. jurisdictions surveyed and have created an estimated 29,281 affordable units in California (1999-2006)⁵. The American Planning Association⁶ reports that inclusionary zoning has been successful in generating affordable housing units in large cities in addition to a 30 year history of success in medium-sized cities and wealthy suburban counties. Between 2002 and 2004, San Francisco's inclusionary zoning program generated 450 affordable homes and apartments and had another 440 more affordable units in the pipeline.

Most inclusionary zoning is enacted at the local level. The City of Chicago⁷ claims that over 200 communities across the country have successful inclusionary housing programs that have not stopped or slowed development (a common criticism of this tool).

In Canadian municipalities, inclusionary zoning has not been embraced to the same extent (42% of those surveyed), but it is interesting to note that the top ten municipalities in the Policies and Programs table have all enacted inclusionary zoning in some form.

An example of an inclusionary zoning ordinance for the City of San Francisco is shown below.

SEC. 313.4. IMPOSITION OF HOUSING REQUIREMENT.

(a) The Planning Department or the Planning Commission shall impose a condition on the approval of application for a development project subject to this ordinance in order to mitigate the impact on the availability of housing which will be caused by the employment facilitated by that project. The condition shall require that the applicant pay or contribute land suitable for housing to a housing developer to construct housing or pay an in-lieu fee to the City Treasurer which shall thereafter be used exclusively for the development of housing affordable to households of lower or moderate income.

(b) Prior to either the Department's or the Commission's approval of a building or site permit for a development project subject to this ordinance, the Department shall issue a notice complying with Planning Code Section 306.3 setting forth its initial determination of the net addition of gross square feet of each type of space subject to this ordinance.

(c) Any person may appeal the initial determination by delivering an appeal in writing to the Department within 15 days of such notice. If the initial determination is not appealed within the time allotted, the initial determination shall become a final determination. If the initial determination is appealed, the Commission shall schedule a public hearing prior to the approval of the development project by the Department or the Commission to determine the net addition of gross square feet of each type of space subject to this ordinance. The public hearing may be scheduled separately or simultaneously with a hearing under Planning Code Sections 139(g), 306.2, 309(h), 314.5, 315.3 or a

⁵ Affordable by Choice, Trends in California Inclusionary Housing Programs, Non-Profit Housing Association of Northern California, 2007

⁶ Zoning Practice, Issue 10 October 2004, American Planning Association

⁷ Inclusionary Housing Myths and Facts, City of Chicago, <http://www.bpichicago.org/rah/pubs/2-page%20Myths.doc>

Discretionary Review hearing under San Francisco Municipal Code Part III, Section 26. The Commission shall make a final determination of the net addition of gross square feet of each type of space subject to this ordinance at the hearing.

(d) The final determination of the net addition of gross square feet of each type of space subject to this ordinance shall be set forth in the conditions of approval of any building or site permit application approved by the Department or the Commission. The Planning Department shall notify the Treasurer, DBI, and MOH of the final determination of the net addition of gross square feet of each type of space subject to this ordinance within 30 days following the date of the final determination.

(e) In the event that the Department or the Commission takes action affecting any development project subject to this ordinance and such action is thereafter modified, superseded, vacated, or reversed by the Board of Appeals, the Board of Supervisors, or by court action, the permit application for such development project shall be remanded to the Commission to determine whether the proposed project has been changed in a manner which affects the calculation of the amount of housing required under this ordinance and, if so, the Commission shall revise the housing requirement imposed on the permit application in compliance with this ordinance within 60 days of such remand and notify the sponsor in writing of such revision or that a revision is not required. If the net addition of gross square feet of any type of space subject to this ordinance is revised, the Commission shall notify the Treasurer, DBI and MOH of the nature and extent of the revision.

(f) The sponsor shall supply all information to the Department and

the Commission necessary to make a determination as to the applicability of this ordinance and the number of gross square feet of each type of space subject to this ordinance.

(g) The sponsor of any development project subject to this ordinance shall have the option of:

- (1) Contributing a sum or land of value at least equivalent to the in-lieu fee according to the formulas set forth in Section 313.6 to one or more housing developers who will use the funds or land to construct housing units pursuant to Section 313.5 for each type of space subject to this ordinance; or*
- (2) Paying an in-lieu fee to the Treasurer according to the formula set forth in Section 313.6 for each type of space subject to this ordinance; or*
- (3) Combining the above options pursuant to Section 313.7 for each type of space subject to this ordinance.*

(Added by City of San Francisco Ord. 120-96, App. 3/28/96; amended by Ord. 28-01, File No. 000276, App. 2/23/2001; Ord. 76-03, File No. 020592, App. 5/2/2003)

7.13 Density Bonus

The practice of granting density beyond what would normally be permitted on a site is being utilized more recently as higher densities are being recognized as part of the affordable housing and smart growth solution. Generally the increase in density is tied to the delivery of an amenity that benefits the community, including green space, arts and cultural facilities, and increasingly, affordable housing (mostly social housing).

In many jurisdictions, especially in the U.S., inclusionary zoning policies are so strong that most projects, including residential renovations, already require

Affordable Housing

an affordable housing contribution so density bonusing is not used to encourage affordable housing. Density bonuses are a practice in less than half of the Canadian jurisdictions reviewed. By contrast two thirds of U.S. jurisdictions reviewed allow a density bonus for affordable housing. Larger urban centres and infill nodes in suburban communities provide the best potential for the use of a density bonus. However, smaller communities may not have the flexibility for significant density increases without losing their small scale character or the demand for such increased density.

The City of Burnaby has utilized a Community Benefit Bonus (CBB) that offers additional density to developers in four town centre areas in Burnaby, in exchange for providing affordable housing, social amenities, or a combination of the two. The bonus is implemented through a zoning bylaw, which includes base densities and ultimate densities, and provides clear guidelines for assessing bonus density proposals. In the case of affordable housing, the city wishes to receive and maintain title to the affordable units created in a development under the CBB. It then leases the units to a non-profit organization, which selects eligible residents and, if required, supports the residents in their homes with appropriate assistance. The non-profit also participates in the design of the units, which are constructed for particular resident groups. So far, the CBB has resulted in 25 low cost rental units in three developments. The bonus is implemented through a zoning bylaw, which includes base densities and ultimate densities, and provides clear guidelines for assessing bonus density proposals⁸.

⁸ Local Government Guide for Improving Market Housing Affordability, Ministry of Forests and Range, Housing Policy Branch.

The following example of density bonus legislation for affordable housing is taken from the City Of Davis, CA Municipal Code Section 18.05.050.

On-Site Construction of Affordable Units for Purchase.

The units shall be constructed in conformance with all that required in this article.

(a) Density Bonus. A one-for-one city density bonus shall be awarded for construction of on-site affordable units.

(b) Housing Mix. The developer must provide a mix of two and three bedroom units, with a minimum of fifty-percent of the units as three bedroom units and in a combination of unit types as approved within the Affordable Housing Plan through the appropriate review process. Smaller and larger unit sizes shall be provided as an option, based on local housing needs and project character, as approved during the affordable housing plan review process.

(c) Price of Units. The units will be affordable to moderate-income households, households with incomes ranging from 80% of Area Median Income to 120% Area Median Income, with the average affordability targeted at households with incomes at 100% of Area Median Income, the moderate target income.

The Community Development Department Director shall determine the maximum sales price for these units on an annual basis. The Community Development Director shall propose annual adjustments to the maximum purchase prices based on changes in the Area Median Income, as determined by the U.S. Department of Housing and

Urban Development. This price shall be reviewed annually for adoption by the City Council.

(d) Buyer Selection and Screening. Please refer to Section 18.05.040(g) for the guidelines of this section.

(e) Owner-Occupancy Restrictions. Any person who purchases a designated affordable unit pursuant to this article shall occupy that unit as his or her principal personal residence for as long as he/she owns the affordable unit. Such occupancy shall commence within six months following completion of the purchase. The purchases shall comply with the provisions of sections 18.04.020 through 18.04.060, inclusive, of this Code. (Ord. No. 1567, § 1 (part); Ord. No. 1651; § 1; Ord. No. 1728 §§ 4--7.)

(f) Sustained Affordability. Restrictions shall be placed on the affordable housing obligation fulfillment, in order to ensure a measure of sustained affordability. In an effort to maintain the greatest number of units as affordable for the greatest period of time, one of the following restrictions shall be adhered to:

1. Appreciation Capped at Three Percent per Year plus a Three-Quarters of a Percent Maintenance Credit for Necessary Maintenance Costs of the Unit: The unit appreciates based on the average increase in Yolo County Area Median Income—3 %, plus an additional 0.75% percent as a credit for maintenance costs of the unit. This restricts the total appreciation of the unit to a maximum of 3.75%, compounded annually.

2. Alternative Proposal: Any other program that proves its ability to provide for sustainable affordability, as approved by staff, the Social Services Commission, and other public governing bodies

as required by the individual project. Proposing an alternative method for sustained affordability must be justified based on current market trends and/or other prevailing circumstances.

(g) Right of First Refusal. All affordable for-sale units constructed after January 1, 2005, shall deed to the City of Davis a permanent Right of First Refusal on the property, allowing the City the ability to either purchase the unit, or designate an appropriate buyer for the unit at its resale. The deed restriction shall allow the City to designate a third party to carry out its Right of First Refusal, and shall also allow for a one percent fee to be taken from the real estate transaction in order to pay for the costs of carrying out the Right of First Refusal.

(h) Resale Report. The owners of all affordable for-sale units that include a resale restriction or were constructed after January 1, 2005, shall be required to clear all resale reports completed on these units prior to the close of escrow on the resale of each unit. The findings of the resale inspection that are required to be addressed cannot be transferred to the household purchasing the affordable unit.

7.14 Rent Restrictions

In Canada rent restrictions, as separate from subsidized rent provided through social housing programs, are rare (11% of jurisdictions reviewed); however they are utilized in all but one (97%) in the U.S. The accuracy of this number is limited as there is an abundance of subsidized rental programs (called Section 8 Rental Assistance in the U.S.) that is sometimes difficult to discern from other restricted rental programs. The indication is clear, though, that rent restrictions are effective in providing affordable

Affordable Housing

rental in the U.S. and to a limited extent where applied in Canada. Whistler has successfully employed rent restrictions through the use of housing agreements since 1997. Canmore and Victoria are just beginning to utilize rent restrictions and only in a few projects.

Rental housing serves a broad demographic range in all jurisdictions surveyed, and most report a significant decline in affordable market rental production. As affordable ownership opportunities decline, there is increased demand in the rental market from moderate-income individuals and families who would normally be purchasing a home but are forced into a rental situation.

This has resulted in an increase in restricted rental production in the U.S. and many jurisdictions have successfully utilized rent restrictions as a tool to keep housing affordable. Virtually all of these restricted rental opportunities are managed through a non-profit housing organization.

7.15 Resale Price Restrictions

Resale price restrictions on homes involve putting a covenant, or “deed restriction”, on the title of a home that limits the escalation of the resale price. The price is determined by an index or a formula instead of being determined by the market. This type of housing is not subject to any ongoing subsidy, but is still “non-market” housing.

Price restrictions on ownership housing present more challenges than restrictions on rental housing. Home ownership in Canada and the U.S. has been a cornerstone of financial security and wealth accumulation for families

in North America for over a century. Replacing the market model with a home that can be owned and controlled, but will not appreciate much beyond inflation, has proven challenging in virtually every jurisdiction.

With the exception of Whistler, resale price restrictions have only begun to be applied recently in Canada. Victoria is just embarking on it with the Dockside Green project, the new Verdant project at the new UniverCity development at Simon Fraser University in Burnaby is using it, and Canmore and Banff have only introduced it in the last two years. Whistler, despite some challenges over the years, has successfully managed a resale price restricted inventory since 1997 that has grown to 458 units in ten years. The covenants utilized to control the use and resale of these units are available at the following link:

<http://www.whistlerhousing.ca/?NmID=44>

It is a very different story in the U.S. where “deed restricted” ownership has been developed in 91% of the jurisdictions surveyed.

The use of deed restrictions is extensively and expertly reviewed in a paper entitled [Shared Equity Homeownership – The Changing Landscape of Resale-Restricted, Owner-Occupied Housing](#), by John Emmeus Davis, a research fellow at the National Housing Institute in Montclair, NJ. This document is currently available at:

<http://www.nhi.org/policy/SharedEquity.html>

According to Mr. Davis:

...inclusionary housing has now become a mainstay of housing policies and

plans in hundreds of cities and counties throughout the United States. Because deed-restricted houses, townhouses, and condominiums have been the primary means through which the affordability requirements of most inclusionary programs have been implemented, when the units extracted from private developers are to be owner-occupied, this particular model of shared equity homeownership has been growing faster than any other.

Larger jurisdictions like Oakley, California, have also embraced deed restricted programs to create an inventory of affordable ownership units. Keeping this housing affordable and available to subsequent purchasers is a real challenge, but it is achievable. The document that Oakley uses is shown in Appendix A.

Aspen and Oakley are discussed in more detail in the Case Studies section.

Table 7.15 Examples of Housing Organizations Using Resale Price Restrictions in Canada and the U.S.¹

			Ownership	Rental
Canada				
Banff Housing Corporation	Banff	AB	*	
Canmore Community Housing Corporation	Canmore	AB	*	
Tofino Housing Corporation (2006)	Tofino	BC	*	*
Whistler Housing Authority	Whistler	BC	*	*
U.S.				
Mammoth Lakes Housing Inc.	Mammoth Lakes	CA	*	*
Marin Housing Authority	San Rafael	CA	*	*
Oakley Redevelopment Agency	Oakley	CA	*	*
Yolo County Housing Authority	Woodland	CA	*	*
Aspen Pitkin County Housing Authority	Aspen	CO	*	*
San Miguel Regional Housing Authority	Telluride	CO	*	*
Summit County Housing Authority	Breckenridge	CO	*	
Telluride Housing Authority	Telluride	CO	*	*
Vail Housing Office	Vail	CO	*	*
Yampa Valley Housing Authority	Steamboat Springs	CO	*	*
Blaine Ketchum Housing Authority	Hailey	ID	*	*
Vineyard Housing Office	Martha's Vineyard	MA	*	*
Housing Authority of Portland	Portland	OR		*
Jackson Hole Community Housing Trust	Jackson Hole	WY	*	

¹ The Verdant project at SFU UniverCity in Burnaby has a 20% below market rate price restriction. Dockside Green in Victoria has included similar restrictions in their project.

Aspen has an inventory of 864 deed restricted ownership units and there are a further 629 units in Pitkin County outside of Aspen. Martha's Vineyard has 90 units, but its year round population, at about 15,000, is equal to Whistler and Aspen combined.

It is important to note that resale price restrictions do not manage themselves, and in fact are subject to continual challenges. A dedicated housing organization is essential to provide oversight and management on the resale process.

7.16 Secondary Suite Policy

The use of a secondary suite policy to encourage the creation of auxiliary dwelling units (also called accessory dwelling units or granny flats) is more common in the Canadian jurisdictions than in the U.S. (58% in Canada, 34% in the U.S.). What the tables do not show is that secondary units exist in most jurisdictions, but are only recognized and encouraged in some of them.

Secondary suites are an excellent first stage solution for communities facing an affordable housing shortage. They increase the supply of affordable rental housing, increase the affordability of home ownership (financial institutions take that income into consideration in the mortgage calculation) and provide more housing while retaining neighbourhood character.

Secondary suites have been legalized in a number of municipalities in BC including Vancouver, the City of North Vancouver, some neighbourhoods in Surrey, Victoria and Central Saanich. The main concern when legitimizing secondary units is the cost of bringing them in compliance with building and safety codes. A second challenge is the neighbourhood perception, which has never been realized, that allowing suites will change the character of the neighbourhood.

The City of Victoria's bylaw on secondary suites is included on the following pages.

NO. 07-48

A BYLAW OF THE CITY OF VICTORIA

The purpose of this Bylaw is to amend the Zoning Regulation Bylaw regulations for the R1-A, Rockland Single Family Dwelling District, the R1-B, Single Family Dwelling District, and the R-2, Two Family Dwelling District to permit secondary suites in single family dwellings of any age without the provision of an off-street parking space for the secondary suite.

The Council of The Corporation of the City of Victoria enacts the following provisions:

- 1 This Bylaw may be cited as the "ZONING REGULATION BYLAW, AMENDMENT BYLAW (NO. 810)".
- 2 Bylaw No. 80-159, the Zoning Regulation Bylaw, is amended in the Schedule B, Part 1.1 (*R1-A Zone, Rockland Family Dwelling District*)
 - (a) by adding the following permitted use to section 1:
 - "1 (a) "secondary suites in single family dwellings."
 - (b) by adding the following sections under the caption "Secondary Suites in a Single Family Dwelling Regulations":

Floor Area	24.	The floor <u>area</u> of a <u>secondary suite</u> must not exceed the lesser of <ol style="list-style-type: none"> (a) 90 m²; (b) 40% of the habitable floor <u>area</u> of the <u>building</u>.
Habitable Floor Area	25.	The <u>building</u> containing a secondary suite must have a habitable floor <u>area</u> of at least 150 m ² .
Exterior Changes	26.	No <u>exterior change</u> is permitted to a <u>building</u> <ol style="list-style-type: none"> (a) within 5 years of the commencement of its use as a <u>single family dwelling</u> with a <u>secondary suite</u>. (b) after the commencement of its use as a <u>single family dwelling</u>. <p style="margin-left: 20px;"><u>Exterior change</u> has the meaning defined in section 3 (1) and (2) of Part 1.2.</p>
Parking	27.	No off-street parking space is required for a <u>secondary suite</u> .
- 3 Bylaw No. 80-159, the Zoning Regulation Bylaw, is amended in the Schedule B, Part 1.2 (*R1-B Zone, Single Family Dwelling District*)
 - (a) by adding the following permitted use to section 1:
 - "(s) "secondary suites in single family dwellings"

(b) by adding the following sections under the caption “Secondary Suites in a Single Family Dwelling Regulations”:

- Floor Area 30. The floor area of a secondary suite must not exceed the lesser of
- (a) 90 m²;
 - (b) 40% of the habitable floor area of the building.

- Habitable Floor Area 31. The building containing a secondary suite must have a habitable floor area of at least 150 m².

- Exterior Changes 32. No exterior change is permitted to a building
- (a) within 5 years of the commencement of its use as a single family dwelling with a secondary suite.
 - (b) after the commencement of its use as a single family dwelling.

Exterior change has the meaning defined in section 3 (1) and (2) of this Part.

- Parking 33. No off-street parking space is required for a secondary suite.

4 Bylaw No. 80-159, the Zoning Regulation Bylaw, is amended in the Schedule B, Part 2.1 (*R-2 Zone, Two Family Dwelling District*)

(a) by adding the following permitted use to section 1:

“(p) “secondary suites in single family dwellings”

(b) by adding the following sections under the caption “Secondary Suites in a Single Family Dwelling Regulations”:

- Floor Area 7 (1) The floor area of a secondary suite must not exceed the lesser of
- (a) 90 m²;
 - (b) 40% of the habitable floor area of the building.

- Habitable Floor Area (2) The building containing a secondary suite must have a habitable floor area of at least 150 m².

- Exterior Changes (3) No exterior change is permitted to a building
- (a) within 5 years of the commencement of its use as a single family dwelling with a secondary suite.
 - (b) after the commencement of its use as a single family dwelling.

7.17 Housing Fund

The Center for Community Change in Washington DC provides the following description of dedicated housing funds on its website.

Housing trust funds are distinct funds established by legislation, ordinance or resolution to receive dedicated public revenues, which can only be spent on housing.

The key characteristic of a housing trust fund is that it receives ongoing revenues from dedicated sources of public funding such as taxes, fees or loan repayments. Typically, legislation or an ordinance is passed that increases an existing revenue source, such as a real estate transfer tax, interest from government loans, developer fees, hotel/motel taxes and others. The increase is then committed to the housing trust fund.

Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a particular community.

Housing trust funds provide a more secure and sensible way to fund needed housing. Safe, affordable housing is essential to the health of every community and deserves the kind of funding a housing trust fund can promise.

The Affordability Housing Partnership in Victoria, BC commissioned a report on Housing Trust Funds (HTFs) by Kathleen Mancer in 2003 which informs us that HTFs were created to provide a way of building and preserving affordable housing in the absence of senior government funding. HTF's are also called reserve funds in Canada and in BC. The report goes on to say:

Housing Trust Funds have been a feature of the American housing market for more than 30 years. Almost 300 separate housing trust funds have been established since 1980, when federal government support for the building of new affordable housing was withdrawn. Together, these funds spend more than \$750 million per year on affordable housing. The latest initiative in the US is the creation of a national housing trust fund aimed at building and preserving over 1.5 million units of low cost rental housing over the

Community Sources of Funds

Banff, AB	Commercial development levies
Calgary, AB	Gaming funds, city land and property donation, corporate donations
Colwood, BC	\$1,500 per unit created for Royal Bay
Edmonton, AB	SCPI, Gaming funds, City budget surpluses and appropriations
Kelowna, BC	Land sales
Langford, BC	\$500 per unit created by rezoning on some large projects (e.g. Bear Mtn.)
N. Vancouver, BC	Land sales, property tax levy dedicated to affordable housing
Saskatoon, SK	Land sales
Surrey, BC	Interest on reserve fund established via \$750 per unit rezoning charge
Toronto, ON	DCCs on commercial development; proceeds from lawsuit
Vancouver, BC	Development Cost Levies, lease of city-owned land, budget appropriations
Whistler, BC	Commercial and tourist accommodation development levies
Winnipeg, MN	Interest on real estate transactions (provincial facilitation)

next 10 years.

In Canada, funds exist in at least 13 Canadian municipalities, including eight in British Columbia. They tend to become established in cities with high housing costs.

The chart 'Community Sources of Funds' on the preceding page indicates sources of funds in Canada.

7.18 Demolition Policy

Demolition policies were only reported in the tables if they were related to the protection of affordable housing. Policies aimed at heritage conservation were not included.

Less than 15% of all jurisdictions reviewed have a policy that requires the replacement of rental accommodation during the redevelopment of a site, or the protection of deed restricted units from demolition. The latter is less of an issue as a market development company typically cannot purchase a deed restricted site, and even if it does, the construction of market housing is not permitted.

Affordable rental stock, however, can be lost when a house with a secondary suite is replaced by a more expensive home without a suite, when an older rental home is replaced with a vacation home owned by a non-resident, or when an apartment building or SRO hotel is replaced by a high end condominium development.

Toronto's By-law No. 885-2007, Section 667-3 stipulates:

No person shall demolish, or cause to be demolished, the whole or any part of a residential rental property unless the person has received a section

111 permit for the demolition of the residential rental property and except in accordance with the terms and conditions of the section 111 permit and any preliminary approval.

The By-law then outlines all the conditions, exemptions and penalties in an attempt to preserve as much affordable rental stock as possible.

The City of Aspen has section 26.530 of the Land Use Code which requires that 50% of the replacement units in a redevelopment of residential housing that at any time housed local employees be deed restricted affordable units.

Summary of Policies in Use by Jurisdiction

On the following pages, Tables 7.11 – 7.14 show the research results from the Canadian and U.S. jurisdictions reviewed with respect to seven separate policies and programs. They are listed in order of the number of practices they have adopted, with the most at the top of the table. In many cases it was difficult to determine if a jurisdiction had *not* utilized a certain policy or practice, so the results should be viewed as a scan of practices that we know are in place and not a record of what hasn't been tried. In simple terms, it is the asterisks in the tables that matter, not the blanks.

**Table 7.11 Policies for Affordable Housing:
Canadian Municipalities**

Jurisdiction	Density Bonus	Inclusionary Zoning	Rent Restrictions	Resale Price Restrictions	Housing Fund	Demolition Policy	Secondary Suites
Victoria, BC	*	*	*	*	*	*	*
Canmore, AB	*	*	*	*	*		*
Whistler, BC	*	*	*	*	*		*
Banff, AB	*	*		*	*		*
North Vancouver, BC	*	*			*	*	*
Toronto, ON	*	*			*	*	*
Vancouver, BC	*	*			*	*	*
Bowen Island, BC	*	*	*				*
Langford, BC		*		*			*
Surrey, BC	*	*					*
Tofino / Ucluelet, BC	*	*					*
Calgary, AB	*				*		
Central Saanich, BC		*					*
Kelowna, BC					*		*
Kamloops, BC		*					
Lion's Bay, BC							*
Montreal, QC						*	
Oliver, BC							*
Revelstoke, BC							*
Salt Spring Island, BC	*						
Fernie, BC							
Golden, BC							
Halifax, BC							
Hornby Island, BC							
Invermere, BC							
Squamish, BC							

Table 7.12 Policies for Affordable Housing: BC Regional Districts							
Jurisdiction	Density Bonus	Inclusionary Zoning	Rent Restrictions	Resale Price Restrictions	Housing Fund	Demolition Policy	Secondary Suite Policy
Capital Regional District - CRD		*			*		*
Greater Vancouver Regional District - GVRD	*	*					*
Cowichan Valley Regional District - CVRD	*						*
Regional District of Comox – Strathcona - RDSC	*						*
Regional District of Okanagan-Similkameen - RDOS	*						*
Squamish Lilloet Regional District - SLRD							*
Regional District of Central Okanagan - RDCO							
Regional District of Central Kootenay - RDCK							
Sunshine Coast Regional District - SCRDC							
Thompson-Nicola Regional District - TNRD							

**Table 7.13 Policies for Affordable Housing:
U.S. Municipalities**

Jurisdiction	Density Bonus	Inclusionary Zoning	Rent Restrictions	Resale Price Restrictions	Housing Fund	Demolition Policy	Secondary Suite Policy
Oakley, CA	*	*	*	*	*	*	*
Aspen, CO		*	*	*	*	*	*
Mt. Crested Butte, CO	*	*	*	*	*		*
Fremont, CA	*	*	*	*	*		*
Ketchum, ID	*	*	*	*	*		*
Martha's Vineyard, MA	*	*	*	*		*	*
Breckenridge, CO		*	*	*	*		*
Jackson, WY	*	*	*	*			*
Mammoth Lakes, CA	*	*	*	*	*		
San Francisco, CA	*	*	*	*		*	
Seaside, CA	*	*	*	*			*
Telluride, CO	*	*	*	*		*	
Davis, CA		*	*	*			*
Steamboat Springs, CO		*	*	*	*		
Sun Valley, ID		*	*	*	*		
Truckee, CA	*	*	*	*			
Charlotte, NC			*	*	*		
Park City, UT		*	*	*			
Vail, CO		*	*	*			
Baltimore, MD		*					

**Table 7.14 Policies for Affordable Housing:
U.S. Counties**

Jurisdiction	Density Bonus	Inclusionary Zoning	Rent Restrictions	Resale Price Restrictions	Housing Fund	Demolition Policy	Secondary Suite Policy
Blaine County, ID	*	*	*	*			
Eagle County, CO	*	*	*	*			
Gunnison County, CO	*	*	*	*			
Mono County, CA	*	*	*	*			*
Pitkin County, CO	*	*	*	*			
Routt County, CO	*	*	*	*			
Summit County, CO	*	*	*	*			
Teton County, WY	*	*	*	*			
Placer County, CA	*		*	*			
Summit County, UT	*		*	*			
Grand County, CO	*		*				
Monroe County, FL			*				

1. State Housing Trust Funds (HTFs) are fairly common in the United States, California, Florida, Idaho and Utah have HTFs. Wyoming does not. Colorado has been developing one since 2001.

7.2 Strategies and Tools for Affordable Housing

This section describes the most utilized strategies and tools for creating affordable housing and lists them below in order of the number of jurisdictions that employ them. While the number of jurisdictions that utilize these practices is not an indication of how many affordable housing units are generated, it is safe to assume that jurisdictions are looking to what has been successful elsewhere before adopting a given strategy. As with the policies, it is apparent that the communities that have not embraced these strategies have produced very little affordable housing (as distinct from social housing).

7.21 Affordable Housing Strategy

An affordable housing strategy is a document, usually commissioned by local government, which recognizes and quantifies an affordable housing shortage 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, and the tables indicate that communities who have completed an affordable housing strategy have also employed more of the other strategies.

In the U.S. 75% of communities surveyed completed an affordable housing strategy, while in Canada just over half the jurisdictions did. It is interesting to note that, in Canada, this is an area

Table 7.21: Examples of Affordable Housing Strategies in the US and Canada

Canada	Web Address
Victoria, BC	http://www.victoria.ca/cityhall/pdfs/plnsph_housing_cmprhn_strtgy.pdf
Capital Regional District, BC	http://www.crd.bc.ca/growth/rhas/index.htm
Revelstoke, BC	www.cityofrevelstoke.com/pdf/RevAffHousingStrategy-FINAL.pdf
Canmore, AB	http://www.canmorehousing.ca/2003housingstudy.htm
Toronto, ON	http://www.toronto.ca/affordablehousing/afford_plan.htm
GVRD (Metro Vancouver), BC	http://www.gvrd.bc.ca/growth/pdfs/DraftRegionalAffordableHousingStrategy.pdf
U.S.	
Placer County, CA	http://www.placer.ca.gov/SearchResults.aspx?page=1&q=Affordable%20Housing%20Strategy
Breckenridge, CO	www.townofbreckenridge.com/documents/page/2000%20Affordable%20Housing%20Strategy1.pdf

where the Regional Districts, which are generally lagging behind in the policies and strategies, are matching the performance of the Canadian municipalities. The GVRD Affordable Housing Strategy, which is in draft form at present, has elicited a favourable response from the City of Vancouver and the two jurisdictions recognize the need to have a coordinated approach to addressing their respective housing challenges.

Table 7.21 gives the website links for several affordable housing strategies from Canadian and U.S. jurisdictions.

7.22 Real Estate Escrow Interest Grant

Real estate escrow interest is the revenue collected from all interest accrued on real estate brokerage trust accounts. In some jurisdictions, grants are made to affordable housing projects from this revenue. In BC, the Real Estate Foundation of British Columbia receives these interest revenues. A similar program exists with the Alberta Real Estate Association, but the other Canadian provinces do not seem to have these programs.

In BC in 2006, this interest revenue amounted to some \$6.6 million and enabled the Foundation to award \$5 million in grants to research, public education, professional education, law reform and other real estate related projects, including housing. Approximately \$1.2 million of this went to social housing studies and projects and about \$300,000 to other affordable housing initiatives. Tables 7.24 and 7.25 show that every BC jurisdiction had access to grant funding from real estate trust account interest. While every jurisdiction had access, only some

applied, fewer still were approved, and the total funding to affordable housing was \$300,000. This is an excellent program and some very good work is being done, but it represents a tiny fraction of what is needed to drive affordable housing solutions province wide.

Only two states (Colorado and Utah) of those surveyed in the U.S. had programs like those in BC and Alberta. According to the Colorado Association of Realtors, when a homebuyer in Colorado puts down a deposit (earnest money) to purchase a house, a realtor deposits it into an interest bearing account. By law, interest cannot be earned on this money. However, interest can be earned if a foundation exists that uses the money to promote affordable housing in Colorado. This generates \$500,000 annually in Colorado, which in turn is granted to non-profit housing agencies.

In 1998 the Division of Real Estate amended an administrative rule to allow brokers within the state of Utah to earn interest on their trust accounts only if that interest was used for affordable housing purposes.

So while these programs are important, and certainly a help, it is safe to say that they are not producing any significant quantity of affordable housing.

7.23 Growth Management Strategy

Effective growth management ensures that we manage growth and development by taking into consideration the environmental, cultural, economic and social well being of our communities and regions.

Affordable Housing

Growth management strategies generally incorporate smart growth principles and speak to all the aspects mentioned above. Effective growth management strategies will include policies and plans for affordable housing that are coordinated with land use and transportation planning. For example, infill housing, brownfield and greyfield redevelopment, intensification and residential redevelopment all provide opportunities for affordable housing. Successful projects like Mole Hill (Vancouver), the Angus Yards (Montreal) and the Western Elevator Lofts (Winnipeg) are examples of creative solutions to address growing housing demand that avoids developing into new areas. For an interesting discussion on the role of growth management as a tool to reduce rising market housing costs, see:

[The Link Between Growth Management and Housing Affordability: The Academic Evidence](#). The Brookings Institution Center on Urban and Metropolitan

Policy. February 2002.
www.smartgrowthamerica.org/growthmang.pdf

The results in Tables 7.24 – 7.27 indicate that growth management strategies are utilized evenly on the Canadian (44%) and U.S. (41%) jurisdictions surveyed. Table 7.22 shows examples of growth management strategies in Canadian and U.S. jurisdictions.

7.24 Public Private Partnerships

In the context of affordable housing, a public private partnership involves a contribution from the public sector in the form of land or zoning, and the private sector is responsible for servicing and building. In some cases a public sector grant helps to keep the price affordable, but this is more common in social housing.

Most jurisdictions surveyed have

Table 7.22 Examples of Growth Management Strategies in Canada and the U.S.

Canada	Web Address
Greater Vancouver Regional District, BC	The Livable Region Strategic Plan http://www.gvrd.bc.ca/growth/strategy-review.htm
Capital Regional District, BC	http://www.crd.bc.ca/growth/index.htm
Central Okanagan Regional District, BC	http://www.regionaldistrict.com/docs/bylaws/Planning%20Bylaws/GMS%20Bylaw-public%20format.pdf
U.S.	
Boulder, CO	http://www.bouldercolorado.gov/files/PDS/New%20LUC/Training%20Copies/9_14_tra.pdf
Park City, UT	http://www.parkcity.org/government/codesandpolicies/gp_6.html

language in their reports, public comments or meeting minutes around the importance of public private partnerships in the provision of affordable housing. The jurisdictions identified in the tables are those who have actually created, or are about to create, housing through such a partnership. These partnerships are difficult to quantify as they are generally not “equal” partnerships, and, in the case of ownership housing, the partners are only involved in production of the housing, not after it is sold. The question becomes, “What qualifies as a public sector contribution to a partnership?” The selection of jurisdictions in this report considered any significant public contribution to a project through grants, zoning or low cost land transfers. The most significant challenge in the delivery of non-market housing is that the typical risk and reward model that drives the delivery of market housing is absent. Non-profit organizations need the development expertise of the private sector to bring projects in on budget, but they lack the profit incentive generally needed to engage private interest. The solution often comes in the form of a partnership, especially in an integrated project with market and non-market housing, where the private partner’s

situation is enhanced by the partnership, but does not require profit from the non-market segment.

These kinds of partnerships were found in 39% of Canadian jurisdictions surveyed and 44% in the United States. Canadian examples include the Royce-Dupont Project and the Regent Park Redevelopment in Toronto, the Beaver Flats Project in Whistler, Verdant at Simon Fraser University, and Dockside Green in Victoria. In the U.S. the Pitkin Iron development in Aspen, the Wellington Neighbourhood in Breckenridge and McCabe Corner in Jackson, Wyoming are all good examples.

7.25 Affordable Housing Needs Assessment

Most jurisdictions undertake an affordable housing needs assessment to determine the parameters of their housing challenge and to confirm to funding organizations and taxpayers that the need is genuine and quantifiable.

One third of Canadian jurisdictions and 63% of U.S. jurisdictions reviewed had completed an Affordable Housing Needs Assessment.

Table 7.23 Examples of Housing Needs Assessments in Canada and the U.S.

Canada	Web Address
Victoria, BC	http://www.victoria.ca/cityhall/pdfs/plnsph_housing_cmprhn_strtgy.pdf
Capital Regional District, BC	http://www.crd.bc.ca/growth/rhas/index.htm
U.S.	
Eagle County, CO	http://www.eaglecounty.us/housing/documents.cfm
Routt County, CO	www.co.routt.co.us/planning/plans/housing2003.pdf
Telluride, CO	www.sanmiguelcounty.org/2000HNA.pdf
Teton County, WY	http://www.tetonwyo.org/housing/nav/201322.shtm

These assessments look at population, income, housing inventory, housing costs and availability, housing demand and any conditions particular to the jurisdiction.

Table 7.23 provides website links for several affordable housing needs assessments from Canadian and U.S. jurisdictions.

7.26 Housing Organization

In U.S. jurisdictions, it was often difficult to determine whether there was a dedicated housing organization, as many of the municipalities rely on the services of a regional or county housing authority. In the Table 7.26 (U.S. Municipalities), a housing organization is only indicated for a community if it is located in that community. Regional housing organizations are shown in the U.S. Counties Table 7.27.

The table indicates that several Canadian jurisdictions do not have housing organizations when in fact they do have an active *social* housing organization. The differentiation is necessary to demonstrate that no jurisdictions have been able to provide housing alternatives in a rapidly rising real estate market without a dedicated organization in place. It is important to note that Victoria, Metro Vancouver, Park City, Steamboat Springs, Truckee, Mt. Crested Butte, and Davis are all well served by regional housing authorities.

Housing organizations take various forms. Some are municipally owned; some are county, state, provincially or federally owned. The remainder are stand-alone organizations that have been initiated through some combination of private endowments, government grants or fund raising. Virtually all these organizations are non-

profit societies or corporations. They all have dedicated staff whose job is to deliver affordable housing for their community.

This report focuses on those organizations who are delivering housing that does not require ongoing government subsidy. There are many more housing organizations in Canada and the U.S. who do rely consistently on federal, provincial, state or county funding and provide a wide range of social housing with that funding.

It is apparent from the tables that housing organizations are well established in the U.S. where 66% of jurisdictions surveyed have an organization in place, as compared with 31% in Canada. Examples of these organizations are listed in Table 7.15.

7.27 Land Banking for Affordable Housing

Land banking is the acquisition of property for affordable housing by an organization or a jurisdiction, when there is no immediate plan to develop housing on the property. Land banking is very strategic and can ultimately provide substantial opportunities for affordable housing because the land is acquired at lower than market value (sometimes at no cost) and is then available when surrounding property has dramatically increased in value.

Land banking is more prevalent in U.S. jurisdictions surveyed (34%) than in Canada (22%) but, as the numbers indicate, it is the least utilized of the strategies in both countries with the exception of real estate transfer tax.

Whistler has acquired a substantial land bank as a legacy from the Province

of British Columbia as part of the Multi-Party Agreement to host the 2010 Olympic and Paralympic Winter Games. Canmore received a land bank for affordable housing as part of a rezoning for Three Sisters Mountain Village. The City of Baltimore is in the process of creating a land bank of vacant property that can then be converted into affordable housing.

Land banking, like any of these strategies, does not come without challenges. The Teton County Housing Authority (TCHA) has been actively land banking in Jackson, Wyoming. TCHA purchased a parcel of land in 2006 for more than twice the appraised value, which caused some controversy, and then purchased another parcel on Cheney Lane in Jackson in 2007 for just under the appraised value. In both cases the landowner was commended for selling the land at a price that would enable TCHA to create affordable housing. The second purchase is now the subject of a lawsuit from surrounding neighbours who do not want to see affordable housing in their neighbourhood.

7.28 Waitlist System

Only four of the jurisdictions surveyed in Canada have a waitlist system for affordable housing. This reflects a lack of inventory of non-market affordable housing other than social housing (where numerous waitlists are being utilized). Of these four, Banff and Whistler have a history of using waitlists to allocate home ownership opportunities, and Canmore is just commencing this practice.

41% of the U.S. jurisdictions surveyed are using waitlists, although some (Vail and Aspen are examples) also use a

mini-lottery system to allocate the final purchase opportunity. Waitlist systems for affordable rental housing are not as common and not as contentious, largely due to the more transient nature of rental. While applicants waiting to purchase housing will be active on a list for several years, the same cannot be said for rental, and the opportunities are more often allocated to those who are ready to move when the vacancy occurs.

Setting the criteria for qualification to purchase non-market housing is an important aspect of operating a waitlist, and these criteria are generally established by the housing organization in consultation with the community. In the U.S., qualification is generally centred on household income as a percentage of area median income (AMI). Tofino is more focused on stemming the exodus of long term residents, and Whistler's criteria is strongly based on local employment and preserving workforce housing.

Establishing criteria, screening and managing waitlists is labour intensive and housing organizations need to allocate adequate resources for this important function.

7.29 Real Estate Transfer Tax Allocation

In British Columbia, the annual Property Transfer Tax revenue is over \$800 million and these funds currently flow into Provincial general revenues. This kind of funding has the capability of driving substantial non-market housing solutions and public private partnerships. In addition, strong real estates markets, with strong sales at higher prices, generating more transfer tax, are the same markets in critical need

Affordable Housing

of more affordable housing opportunities.

None of the jurisdictions surveyed in Canada are utilizing real estate transfer tax to fund affordable housing solutions. Only two of the U.S. jurisdictions in this study, Aspen and Park City, are using real estate transfer tax for this purpose. Jurisdictions in the U.S. typically have more local or at least regional control over some tax collection and allocation (sales tax, resort tax) than Canadian jurisdictions, and thus it is a local decision to utilize the real estate transfer tax, or a portion of it, for affordable housing.

In Canada, there is real potential for a portion of real estate transfer tax to fund affordable housing solutions.

Summary of Strategies in Use by Jurisdiction

Tables 7.24 – 7.27 show the research results from the Canadian and U.S. jurisdictions reviewed with respect to the nine separate strategies and tools to produce affordable housing. They are listed in order of the number of practices they have adopted, with the most at the top of the table. In many cases it was difficult to determine if a jurisdiction had not utilized a certain strategy or practice, so the results should be viewed as a scan of strategies that we know are in place and not a record of what hasn't been tried. In simple terms, it is the asterisks in the tables that matter, not the blanks.

**Table 7.24 Strategies for Affordable Housing:
Canadian Municipalities**

Jurisdiction	Affordable Housing Strategy	Needs Assessment	Housing Organization in Place	Waitlist System	Public Private Partnerships	Real Estate Transfer Tax Allocation	Real Estate Escrow Interest Grants	Growth Management Strategy	Land Banking
Banff, AB	*	*	*	*	*		*	*	*
Canmore, AB	*	*	*	*	*		*	*	*
Whistler, BC	*	*	*	*	*		*	*	*
Bowen Island, BC	*	*	*				*		*
Calgary, AB	*	*			*		*	*	
Tofino / Ucluelet, BC	*		*				*	*	*
Fernie, BC	*	*					*	*	
Montreal, QC	*	*	*		*				
Squamish, BC	*						*	*	*
Toronto, ON	*		*		*				*
Vancouver, BC			*		*		*		*
Central Saanich, BC		*			*		*		
Kamloops, BC					*		*	*	
North Vancouver, BC	*				*		*		
Revelstoke, BC	*	*					*		
Victoria, BC	*				*		*		
Golden, BC	*						*		
Invermere, BC							*	*	
Kelowna, BC							*	*	
Salt Spring Island, BC					*		*		
Halifax, BC					*				
Hornby Island, BC							*		
Langford, BC							*		
Lion's Bay, BC							*		

Jurisdiction	Affordable Housing Strategy	Needs Assessment	Housing Organization in Place	Waitlist System	Public Private Partnerships	Real Estate Transfer Tax Allocation	Real Estate Escrow Interest Grants	Growth Management Strategy	Land Banking
Capital Regional District - CRD	*	*	*	*			*	*	
Greater Vancouver Regional District - GVRD	*		*		*		*	*	
Cowichan Valley Regional District - CVRD	*						*	*	
Regional District of Comox – Strathcona - RDCS	*	*					*		
Regional District of Okanagan-Similkameen - RDOS	*						*		
Squamish Lilloet Regional District - SLRD							*	*	
Regional District of Central Okanagan - RDCO		*					*		
Regional District of Central Kootenay - RDCK			*				*		
Sunshine Coast Regional District - SCRCD							*	*	
Thompson-Nicola Regional District - TNRD							*	*	

**Table 7.26 Strategies for Affordable Housing
U.S. Municipalities**

Jurisdiction	Affordable Housing Strategy	Needs Assessment	Housing Organization in Place	Waitlist System	Public Private Partnerships	Real Estate Transfer Tax Allocation	Real Estate Escrow Interest Grants	Growth Management Strategy	Land Banking
Aspen, CO	*	*	*	*	*	*	*	*	*
Breckenridge, CO	*	*	*	*	*		*		*
Jackson, WY	*	*	*	*	*			*	*
Telluride, CO	*	*	*	*	*		*		*
Charlotte, NC	*	*	*		*			*	*
Park City, UT	*	*			*	*	*	*	
Martha's Vineyard, MA	*	*	*		*				*
Steamboat Springs, CO	*				*		*	*	*
Vail, CO	*		*	*	*		*		
Truckee, CA	*	*						*	*
Mt. Crested Butte, CO	*	*			*				
Davis, CA	*	*						*	
Mammoth Lakes, CA			*	*	*				
San Francisco, CA	*	*						*	
Ketchum, ID			*	*					
Oakley, CA			*	*					
Baltimore, MD									*
Fremont, CA	*								
Seaside, CA								*	
Sun Valley, ID								*	

note: A housing organization is only indicated for a community if it is located in that community. Regional housing organizations are shown in the U.S. Counties table.

**Table 7.27 Strategies for Affordable Housing
U.S. Counties**

Jurisdiction	Affordable Housing Strategy	Needs Assessment	Housing Organization in Place	Waitlist System	Public Private Partnerships	Real Estate Transfer Tax Allocation	Real Estate Escrow Interest Grants	Growth Management Strategy	Land Banking
Eagle County, CO	*	*	*	*	*		*		*
Summit County, CO	*	*	*	*	*		*		
Gunnison County, CO	*	*	*	*			*		
Pitkin County, CO	*		*	*			*	*	
Teton County, WY	*	*	*		*				*
Routt County, CO	*	*	*	*			*		
Monroe County, FL	*	*	*					*	
Grand County, CO	*		*				*		
Mono County, CA	*	*	*						
Placer County, CA	*		*					*	

7.3 Top 24 Jurisdictions

While it is possible to inventory the policies, programs and strategies utilized by various jurisdictions, it is difficult to determine the actual number of affordable housing units produced as a result of those policies, programs and strategies reviewed. Section 10 (Case Studies) of this report looks at five of the communities in the tables (Aspen, Oakley, Victoria/CRD, Whistler and Montreal) and examines their success in maintaining an inventory of affordable housing.

From a review of all the jurisdictions studied, the ones that employed the most policies, programs and strategies are listed as the Top 24 (Table 7.31). This is not meant to be a competition between jurisdictions to see who can utilize the most tools and practices. After all, the goal is to create affordable housing, not necessarily to use the entire toolbox. However, it is meant to demonstrate that using more of the tools, in general, led to more affordable housing (as distinct from social housing), and conversely, jurisdictions finishing well out of the Top 24 and utilizing none or one or

Table 7.31 Top 24 Jurisdictions Utilizing Best Practices

Aspen, CO	Bowen Island, BC
Banff, AB	Capital Regional District, BC
Breckenridge, CO	Charlotte, NC
Canmore, AB	Gunnison County, CO
Eagle County, CO	Mt. Crested Butte, CO
Jackson, WY	Oakley, CA
Martha's Vineyard, MA	Park City, UT
Summit County, CO	Pitkin County, CO
Telluride, CO	Routt County, CO
Toronto, ON	Steamboat Springs, CO
Victoria, BC	Teton County, WY
Whistler, BC	Vancouver, BC

two of the tools, have not been as successful at producing an inventory of affordable housing.

One conclusion that can be drawn from this analysis is that there is no single, or even a few policies and strategies that have dramatically improved the ability of a given jurisdiction to satisfy the demand for affordable housing in their community. By contrast, the Top 24 jurisdictions listed below have utilized more than half of these practices and have achieved significant results over time in addressing their affordable housing needs.

Eight of the Top 24 jurisdictions are from Canada and sixteen from the U.S. This represents 22% of Canadian jurisdictions surveyed and 50% of U.S. jurisdictions surveyed. From this review, it is apparent that U.S. jurisdictions have more experience with these practices than Canada.

7.4 Other Practices and Initiatives

While this report has described the main policies, programs and strategies utilized across North America to deliver affordable housing, there are a number of other practices and initiatives that have been introduced and implemented that have assisted in increasing the supply of affordable housing.

The Canada Mortgage and Housing Corporation (CMHC) provides Proposal Development Funding (PDF) to help with the up-front expenses incurred during the process of developing an affordable housing project proposal. A PDF loan enables

Affordable Housing

housing proponents to carry out the activities required to bring their proposal to the point where they can apply for mortgage financing. Information is available at:

http://www.cmhc.ca/en/inpr/code/code_005.cfm

Vancity Credit Union offers a Springboard Home Ownership Program that is geared towards current tenants of non-profit housing, and assists with the transitioning from rental to ownership. While many renters regularly and consistently meet their monthly rental payments and have sufficient income to manage a modest mortgage, they lack the resources for a down payment. This program assists and provides qualified participants with 100 per cent of the money needed to buy a home, including the down payment. The program consists of two parts:

- The 20% down payment Loan Interest free payable over 10 years
- 80% 10 year fixed mortgage interest payments only mortgage is payable over 25 years

The total of both loan and mortgage cannot exceed \$300,000.

Vancity Enterprises, the development company subsidiary of Vancity Credit Union, is offering more affordable ownership housing by building smaller units.

The City of Calgary is considering a grant of up to \$25,000 for homeowners who build a new secondary suite or bring an existing suite up to code and make it available for rent for 20 years.

Vancouver, Victoria and other jurisdictions are relaxing parking requirements for higher density projects

that are close to transit and services. This reduction potentially translates directly into lower project costs and more affordability.

Options for Homes is a model based in Ontario in which a co-operative builds housing for sale to its members “at cost”, and where the difference between the sale price, which is based on appraised value, is financed by individual second mortgages assigned to Home Ownership Alternatives. This mortgage is then repayable when the first purchaser sells the unit.

<http://www.optionsforhomes.ca/>

NON-GOVERNMENTAL MODELS

There are three models for the delivery of affordable housing that have not been addressed in the policies, programs and strategies discussed above: co-operative housing, community land trusts and cohousing. These three forms are described in a separate section as these models are driven by individuals and community, not by any level of government.

These models have been very successful in Canada and the U.S. in creating affordable housing. They have been supported by all levels of government, but have not been initiated by government or by non-profit organizations. They have produced, and will continue to produce, safe, secure housing, and strong neighbourhoods.

Co-operative housing and community land trusts are discussed extensively in a previously cited paper by John Emmeus Davis entitled [Shared Equity Homeownership](#).

8.1 Co-operative Housing

A Housing Co-op is a legal entity formed by a group of people who wish to have control over their housing. They become members by purchasing shares in the co-op and then participate in managing the affairs of the co-op. In the initial stages this includes securing land, and financing, and constructing a

building. Once the building is complete, the members continue to hold regular meetings to share in the responsibility of operating their co-op.

Housing Co-operatives in Canada date back to the 1930s and even farther in the U.S. They have produced close to 100,000 units of housing in Canada and are housing almost a million people in the U.S. Housing Co-operatives are the largest provider of affordable housing without ongoing subsidy in Canada.

Limited Equity Co-ops are designed to get members into a home affordably and maintain that affordability over time. Rather than selling the unit at whatever the market will bear, members sale their shares at a regulated amount. This means there is no profit taking over time even though, on the market, the value of the unit is increasing. The unit remains perpetually affordable, but the member does not build equity by paying off a mortgage. In essence this is like condominium homeownership with very little equity required, hence the term limited equity. Some of these projects actually have no equity required and are therefore more like a rental project with a security deposit, but where the renter is in effect a member of the co-op which is the landlord and takes no profit from the rent.

Market Rate Co-ops do allow equity

growth and therefore do not necessarily protect affordability over time for successive occupants, but they do provide an initially affordable unit.

Housing co-operatives The Co-operative Housing Federation of Canada acts as an umbrella group for 21 regional associations, which in turn support local housing co-operatives. Communitas, a consulting group based in Edmonton, helps housing co-ops form and get started. Among others, they are working with the Mountain Haven Co-op in Canmore, Alberta. These projects can be duplicated with the right group of people taking the initiative to put a housing co-op in place. Government can support these initiatives by creating zoning to allow co-operative housing. Some examples of Housing Co-operatives operating in Canada and the U.S. are shown in Table 8.1

Table 8.1 Examples of Housing Co-operatives in Canada and the U.S.

Canada

Links, The Co-op	Nelson	BC
River Woods Co-op	North Vancouver	BC
Ida Vista Co-op	Salmon Arm	BC
City Gate Co-op	Vancouver	BC
Washington Co-op	Victoria	BC
St. Croix Valley Housing Co-operative	St. Stephen	NB
Bleecker Street Co-operative Homes	Toronto	ON

U.S.

Beecher Cooperative	Washington	DC
Hermitage Manor Cooperative	Chicago	IL

8.2 Cohousing

There are seventeen cohousing projects in Canada that are members of the Canadian Cohousing Network. Some of these groups are still forming but the 9 projects that are complete comprise just over 200 units, 178 of them in British Columbia. These cohousing projects consist typically of 20 or 30 homes in a neighbourhood, each home being self sufficient, but also having access to a large common space with a kitchen, dining room and other amenities to be shared by all participants.

In the U.S. there are over 200 cohousing communities, mostly in California, Washington, Colorado and Massachusetts.

Cohousing provides an excellent and affordable alternative to traditional homeownership by supporting the notion of shared community and a secure living environment. These projects are initiated by a group of individuals and families who share a common vision of neighbourhood, shared spaces and private spaces. Typically they choose an affordable location, work together to create a functional design, and then contract with a builder to deliver the project. The Cohousing Network can provide support on the execution of the process including how to secure the financing

and project management.

These projects are unique, and very different from each other. While they share common elements and themes, the process will vary from one to the next. While each model is likely not duplicable, the process can be replicated.

Table 8.2 Examples of Cohousing Projects in Canada and the U.S.

Canada

Prairie Sky Cohousing Cooperative	Calgary	AB
Cranberry Commons	Burnaby	BC
Creekside Commons	Courtenay	BC
Pacific Gardens	Nanaimo	BC
Quayside Village	North Vancouver	BC
Roberts Creek Cohousing	Roberts Creek	BC
The Middle Road Community	Nelson	BC
Windsong	Langley	BC

U.S.

Fresno Cohousing	Fresno	CA
Great Oak Cohousing	Ann Arbor	MI
Fordyce Cohousing	Ashland	OR
Duwamish Cohousing	Seattle	WA

8.3 Community Land Trusts

A community land trust (CLT) assembles ownership of a series of properties and holds them in perpetuity for a community interest such as affordable housing. Community land trusts can also be used to protect and preserve sensitive eco-systems. In the case of a land trust for housing, the CLT owns the land but the homeowner owns the building. It can be an individual homeowner in the case of a single family dwelling or a condominium ownership in the case of a multi-family unit.

According to the Rondo Community Land Trust in St. Paul Minnesota, there are over 100 CLTs actively providing affordable homeownership in Canada and the U.S. John Emmeus Davis puts the number higher than that and estimates there are between 5,000 and 10,000 housing units in CLTs in the U.S. Hornby Island has a fledgling CLT called ISLA: Islanders' Secure Land Association, and Lopez Community Land Trust in the San Juan Islands has created three low-income single family housing cooperatives, a total of 22 small homes.

Community Land Trusts are an important but relatively small segment of the affordable housing stock.

Table 8.3 Examples of Community Land Trusts (Affordable Housing) in Canada and the U.S.

Canada

Calgary Community Land Trust Society	Calgary	AB
Central Edmonton Community Land Trust	Edmonton	AB
Community Housing Land Trust Foundation	Vancouver	BC
Salt Spring Island Community Housing and Land Trust Society	Salt Spring Island	BC
Fonds Foncier Communautaire Benny Farm	Montreal	QC
Islanders' Secure Land Association	Hornby Island	BC

U.S.

Rondo Community Land Trust	St. Paul	MN
Sawmill Community Land Trust	Albuquerque	NM
Time of Jubilee Community Land Trust	Syracuse	NY
State College Community Land Trust	State College	PA
Burlington Land Trust	Burlington	VT
Lopez Community Land Trust	Lopez Island	WA

PROJECTS

This section describes a variety of best practices in developing affordable rental and ownership housing.

Tables 9.1 provides detail on selected affordable rental projects in Canada, with one example from the U.S. Two of the projects, Beaver Flats and Sunset Woods are price restricted. Les Lofts Laliberté, Couvent St. Henri and some units at Benny Farm offer subsidized rent. The remainder of the projects operate at market rent that is affordable.

This table demonstrates that the upward pressure on rents in some jurisdictions, as illustrated by The Prince Edward and the Waterford Suites, is not as much of a concern as the escalating prices for homeownership. When market demand exceeds supply and the vacancy rate drops as it has in Whistler, some restrictions may be necessary. The next table examines average market rents in Canada.

Table 9.1
Summary of Selected Rental Projects

Jurisdiction	Project Name	Proponent Organization	Type	Units	Year Built	First Rent psf per month	Rent in 2007 psf per month	Perpetual Affordability	Comments
Quebec, QC	Les Lofts Laliberte	City of Quebec	Apt	51	1999	\$0.96	N/A	No	subsidy
London, ON	Sterling Place	Spriet Investments	Apt	32	1999	\$1.21	N/A	No	
Moncton, NB	The Prince Edward	Prince Ed. Dev.	Apt	18	2000	\$1.10	\$1.19	No	
Halifax, NS	Waterford Suites	Ollive Properties	Apt/TH	77	2000	\$1.11	\$1.15	No	
Highland Park, IL	Sunset Woods	Brinshore Development	Apt	12	2000		N/A	Yes	for seniors
Montreal, QC	Couvent de St. Henri	City of Montreal	Co-op	48	2000	\$0.50	N/A	No	subsidy
Whistler, BC	Beaver Flats Apt.	WHA	Apt	57	2000	\$1.25	\$1.32	Yes	
Vancouver, BC	Mole Hill	Mole Hill Living Heritage Society	TH	170	2002	\$0.80	N/A	No	conv. from SF
Montreal, QC	Benny Farm	Canada Lands	Apt	287	2004	\$1.00	N/A	No	

Affordable Housing

Table 9.2⁹ looks at average market rents for a two bedroom apartment in Canada, and in several cities and provinces. It compares average rent in 1996 to average rent in 2005.

Over this 10 year period the average annual increase in rent has held to inflation with the exception of Alberta. This demonstrates that the rental market has not experienced the same upward pressures that have driven real estate prices up as shown in Table 9.3

Table 9.3 provides details on ownership projects in Canada and the U.S. Apartment, townhouse, single family and mixed neighbourhoods are included. Price escalation data was not available for all projects, but the numbers indicate that the resale price of market units, even in projects that are constructed as affordable housing, are quickly escalating out of reach for many purchasers. The U.S. examples are showing price restricted housing only.

1996 - 2005				
Jurisdiction	1996 Average Rent (\$)	2005 Average Rent (\$)	% Change	Annual % Change
Canada	593	731	23%	3%
Alberta	543	765	41%	5%
British Columbia	737	844	15%	2%
Nova Scotia	588	726	23%	3%
Ontario	725	903	25%	3%
Quebec	479	591	23%	3%
Vancouver	845	1004	19%	2%
Victoria	717	837	17%	2%

Jurisdiction	Project Name	Proponent	type	Units	Year Built	First Cost psf	Cost in 2007 psf	Annual Price Appreciation	Perpetual Affordability
U.S. Jurisdictions									
Aspen, CO	Lone Pine		TH	28	1980			CPI	Y
	Highlands Village		TH	67	1981			CPI	Y
	Hunter Creek		TH	79	1982			CPI	Y
	Centennial		TH	92	1985			CPI	Y
	Snyder Park		TH/ DU	15	2000			CPI	Y
	Five Trees		SF	31	2001			CPI	Y
	7th and Main		TH	12	2001			CPI	Y
Vail, CO	Burlingame		TH/ SF	236	2006			CPI	Y
	Vail Commons		TH	53	1997	110	149	4%	Y
	Red Sandstone		TH	18	1999	140	176	3%	Y
	North Trail		TH	6	2001	145	175	3%	Y

Table 9.3 (continued)
Summary of Selected Ownership Projects

Jurisdiction	Project Name	Proponent	type	Units	Year Built	First Cost psf	Cost in 2007 psf	Annual Price Appreciation	Perpetual Affordability
Canadian Jurisdictions									
Banff, AB	Middle Springs II	BHC	mix	163	1996	260	400	9%	N
Vancouver, BC	The Carlings	Concert Properties	Apt	100	1997	270			N
Whistler, BC	Glacier Creek	Intrawest	TH	28	1997	150	190	4%	Y
Edmonton, AB	5th St. Lofts	Five Oaks	Apt	39	1998	75	473	59%	N
Gibson's, BC	Gower Gardens	Coast Arch.	TH	11	1998	145	356	16%	N
Ottawa, ON	Parkside Mews	Domicile Inc.	TH	37	1998	118			N
Toronto, ON	Harmony	Rockport Group	TH	242	1999	120			N
Bedford, NS	Convoy Quay Gdns	Provident Development	Apt	91	2000	160	216	5%	N
Calgary, AB	Garrison Woods	Canada Lands	Mix	1600	2000	115	384	33%	N
Burnaby, BC	Cranberry Commons		CoH	22	2001	249			Y
Toronto, ON	Portland Pk Village	Cityscape	TH	193	2001	200			N
Vancouver, BC	Salsbury Heights	VHL Group	mix	16	2001	248	417	11%	N
Guelph, ON	London Lane	Reid Heritage Homes	TH	127	2001	118	158	6%	N
Waterloo, ON	Seagram Lofts	Barrel Works	Loft	103	2001	160	267	11%	N
Calgary, AB	The Renaissance	Apex Corp.	Apt	176	2002	192			N
Montreal, QC	Les Lofts du Pont	Developpements Mas	TH	7	2002	106			N
Vancouver, BC	Koo's Corner	Resource Rethinking	TH	6	2002	250	600	28%	N
Winnipeg, MB	Western Elevator Lofts	Exchange Lofts Inc	Loft	6	2002	95			N
Montreal, QC	Angus	CP Rail RE	Mix	1200	2003	160	209	8%	N
Vancouver, BC	The Verdant	SFU/VanCity	TH	60	2005	20%			Y
Canmore, AB	Coyote Ridge	CCHC	TH	12	2006	240		CPI+	Y
Canmore, AB	Mineside Court	Three Sisters	TH	17	2006	260		CPI+	Y
Whistler, BC	Nita Lake	Nita Lake Lodge	TH	32	2007	192		CPI	Y
Canmore, AB	Spring Creek	Spring Ck. Mtn. Village	Apt	15	2007	215		CPI+	Y
Canmore, AB	Mountain Haven	Co-op	TH	43	2007	169		CPI+	Y

CASE STUDIES

10.1 Aspen, CO

Aspen has struggled with the relentless rise of housing costs and the impacts on its community and workforce since the 1970's. The Aspen Pitkin County Housing Authority was conceived in 1975 (official formation, which had various phases, came later) and pioneered many of the practices reviewed in this report. Aspen scored highest in the Top 24 Jurisdictions, utilizing 15 out of 16 practices. The only tool that could not be found in Aspen was a density bonus.

While Montgomery County MD is generally credited with establishing inclusionary zoning policies and using deed restrictions, Aspen took these tools and created its first deed restricted affordable housing project (Park Circle) in 1977. Since then it has overseen the creation of over 2000 units of affordable rental and ownership housing within the city and another 750 in Pitkin County, a remarkable achievement for a town with a permanent population of 5800 people.

The community, the municipal council and the housing office have grappled with all the challenges that face this sort of program from private sector resistance to nimbyism. They have also seen the price of housing built for the local workforce without price restrictions soar out of reach for most locals. But by and large they have succeeded in establishing an inventory of affordable housing that stands as a model to other communities.

Housing projects in Aspen meet a broad range of needs from entry level seasonal rental to longer term rental to affordable home ownership. They range in size from very small dorm rooms to single family homes and include a variety of apartments, condominiums, townhomes and duplexes. A complete listing and description of these projects can be found in Appendix B.

Several projects in Aspen are notable for their innovation and liveability. Snyder Park consists of 15 one and three bedroom units set around a common green with an adjacent playground. The complex itself is surrounded by Snyder Park, a natural area. Parking and storage are in adjacent common structures and the project is dominated by a feeling of a comfortable neighbourhood, within walking distance to downtown. Snyder Park is pictured below along with Juan Street, an innovative corner parcel development with underground parking.

Aspen provides an excellent demonstration of what can be achieved in a small community through the consistent and diligent application of housing innovations and solutions over time. Continuous monitoring of the housing situation as solutions are introduced, and a constant focus by staff and Council on the issues, has made Aspen a leader in affordable housing solutions.

Snyder Park, Aspen, CO



Juan Street, Aspen, CO



10.2 Montreal, QC

Montreal is the anomaly among the jurisdictions examined in this report. In the Policies, Programs and Strategies Tables, it only managed to get 5 asterisks out of a possible 16 and it did not make the Top 24 List. It has, however, made remarkable progress in the area of affordable housing. One factor that has likely played a role in this is the slower run up of housing prices in Montreal. Most other communities, notably Toronto and Vancouver, were seeing much higher prices and more dramatic increases from the early 1990s to the early 2000s. In the absence of this pressure, Montreal has been able to encourage more market solutions for the low and moderate income sectors and has been able to focus its attention on the creation of more social housing.

In 2002 the city initiated *Solidarité 5000 logements*, an action plan to create 5,000 social and community housing units. The plan was successful and by March of 2005 reported having 4,476 units either occupied or under construction (90% of the target), and another 1,160 in the works.

In the meantime, interesting ownership projects like the Angus Yards redevelopment (1,200 units) were underway. Angus Yards was initiated as a brownfield conversion and was not conceived as an affordable housing project targeting low to moderate income households. At the same time, the developers were unsure of what the market demand might be. They began by building smaller affordable units but soon realized that market was strong and shifted to larger townhouse units. All these unrestricted units have seen a steady increase in value, about 8% per year, but were still affordable to moderate income households in 2007. It will be interesting to watch these values if the Montreal market continues its recent rise.

Another exciting project that combines affordable market and subsidized rental as well as moderate income ownership is Benny Farm in Montreal's Notre-Dame-de-Grace (NDG) neighbourhood. First constructed in 1946 to house Second World War veterans and their families, Benny Farm was a thriving community for decades but by the late 1990s was not meeting the needs of its aging residents. Its redevelopment has produced 530 affordable units, including 225 ownership units, 200 subsidized rental units and some affordable market rental. Additional rental units are planned and the project has incorporated sustainable features such as geothermal heating and a community greenhouse and garden.

Affordable Housing

The Hochelaga-Maisonneuve neighbourhood redevelopment was a partnership between the province, the city, and owners (both owner-occupants and rental landlords) whereby the rehabilitation cost was shared equally between the three partners. The province and the city each committed \$40 million towards the project in an effort to stabilize this inner city neighbourhood and stimulate private investment. It appears to have worked, in spite of ongoing challenges like railway noise, and the neighbourhood is providing a broader spectrum of ownership and rental opportunities in the heart of Montreal.

Now the city has launched its next bold initiative called *Opération 15000 logements*, an action plan to support the development of 5,000 new social and community housing units and 10,000 private sector rental and ownership units.

10.3 Oakley, CA

Although Oakley was established as a community in the mid-nineteenth century, it was incorporated as California's newest city in 1999. And although it has served as a working class community for a long time, it has only focused on affordable housing policies since incorporation. The reason for choosing it as a case study is Oakley's strong commitment to affordable housing and preserving a strong and diverse community.

Oakley is located about 60 km northeast of San Francisco in the East Contra Costa County along the picturesque California Delta. The city's vision statement describes the "gently rolling hills ... crisscrossed by country lanes

and patch-worked with vineyards and orchards" – though new schools and neighbourhoods now share what was once a farming landscape. Oakley's vision is to nurture what it already has.

The City's leadership is working to maintain Oakley's small town character while strongly encouraging the development of new industries to employ the town's growing workforce.

In the Policies and Programs Table 7.13, Oakley was the only U.S. community to have every practice in place. It finished 16th on the Top 24 list and a scan of its website (<http://www.ci.oakley.ca.us>) soon reveals its commitment to community. The Oakley Redevelopment Agency is responsible for the provision of affordable housing opportunities and it is working on a range of projects in the redevelopment area adjacent to the downtown. There is a link of the affordable housing webpage to the California Planning Roundtable's *Myths and Facts about Affordable & High Density Housing*. It is very clear that Oakley wishes to pursue smart growth over sprawl.

The inventory of affordable housing is just commencing in Oakley, and they have had some success with projects like *The Commons at Oak Grove*, *The Courtyards at Cypress Grove*, and *Marsh Creek Glenn*. The 2005 Annual Report of the Oakley Redevelopment Agency (<http://www.ci.oakley.ca.us/subpage.cfm?page=1276779>) details a number of initiatives related to affordable housing, including land purchases and projects.

Oakley is an excellent example of a jurisdiction that has laid the groundwork to produce affordable housing by adopting the best practices of others. It will be interesting to watch the process unfold in this community.

10.4 Victoria and the Capital Regional District, BC

The City of Victoria and the Capital Regional District (CRD) were chosen together as a case study because they have both made The Top 24 List, and it is very difficult to separate their individual efforts. A similar situation exists with Vancouver and the Greater Vancouver Regional District (GVRD), recently renamed Metro Vancouver.

Victoria, the oldest city in western Canada, has been attracting residents and visitors since its incorporation in 1862. Its affordable housing challenge, by comparison, is not even into its second decade. The CRD formed the Capital Region Housing Corporation in 1982 to build and manage housing for low and moderate income families, seniors and persons with special needs. In the past 21 years the Corporation has built over 1200 housing units in partnership with all levels of government and the private sector. It manages 275 units of affordable market rental within the City of Victoria, and another 340 units in the regional district. Its main focus is subsidized housing, but with this market component of its inventory, it is likely to be a strong partner in the provision of affordable housing moving forward. While it has not been engaged in any affordable homeownership initiatives to date, it appears to be exploring possibilities for homeownership programs.

The Housing Affordability Partnership (HAP) evolved from a number of initiatives operating in the Capital Region in the 1990s. It is a unique partnership with representation from the public, private and non-profit sectors. HAP's mission is to increase awareness and facilitate innovative solutions to improve community stability through housing

affordability in BC's Capital Region. While HAP does not produce housing directly, it helps facilitate the partnerships that do.

The Dockside Green Project has provided an opportunity for the City of Victoria to expand its inventory of affordable housing. Dockside Green is a groundbreaking brownfield redevelopment project on the Victoria waterfront that could set the new standard for sustainable projects in Canada, and perhaps even North America. Dockside Green has created its own affordable housing strategy (<http://www.docksidegreen.com/bottom/recent-releases/dockside-green-housing-affordability-strategy-focuses-on-families.html>) which stipulates that 75 (10%) of the units in the project will be affordable. These will be a combination of non-market rental and affordable market ownership.

Victoria City Council received and approved a Comprehensive Housing Strategy for the City of Victoria at its June 21, 2007 meeting. The work program outlined in the strategy is aligned with the Regional Housing Affordability Strategy (RHAS) and reflects the high priority ascribed to housing by citizens in the City's annual Citizen survey.

Victoria is well into the transition between letting the market look after housing and the new reality of having to provide some non-market and facilitated solutions.

10.5 Whistler

Whistler's challenge with affordable housing, or 'employee housing' as it was called then, began in the 1980s, about a decade behind Aspen. The first response was the creation of the Whistler Valley

Affordable Housing

Housing Society in 1983. This was a non-profit society with a volunteer Board of Directors and no full time staff that worked on policy and guidelines and managed to, with some help from the Resort Municipality of Whistler (RMOW) Planning Department, build a couple of projects in the mid-1980s.

In 1989, the RMOW Council passed the Employee Service Charge Bylaw, which was, in effect an inclusionary zoning bylaw for any commercial or tourist accommodation development. It required developers to either provide employee restricted housing or pay cash-in-lieu. By 1996, the cash-in-lieu housing fund had grown to \$6 million; however, there was not a lot of affordable housing, and the Society was not functioning effectively. The RMOW Council then commissioned an affordable housing strategy and a recommendation to form a professional housing organization. Hence, in 1997, the Whistler Housing Authority (WHA) was created.

The inventory of employee housing, which was then called "resident housing", had grown to about 500 units, largely due to Blackcomb Mountain's construction of seasonal rental staff housing. The WHA took the \$6 million housing fund, borrowed another \$13 million and built 160 units of restricted rental housing that it still owns today. Between 1997 and 2007, the inventory of resident housing grew to 1400 units, housing 4000 local employees and their families. This represents about one third of the workforce.

There were plenty of challenges along the way. RMOW Council had to persevere with some difficult rezonings. All projects after 1997 were rent and resale price restricted. The appreciation formula for the value of resale housing went through three iterations and eventually settled

on the consumer price index, which was what had been used all along for the rental. Getting new projects in the ground is still a struggle, and in spite of a very successful ten year run, the WHA still seems to be fighting an uphill battle.

The good news is that Whistler has, for the past seven years, been able to house 75-80% of its peak season workforce within the municipal boundary, as compared with about 60% in Aspen and less than 30% in Vail. With the 2010 Games on the horizon, there will be more challenges, but the Athlete's Village, now under construction, will turn into 1000 beds of resident housing in late 2010.

Beaver Flats Apartments, Whistler



CONCLUSIONS

The purpose of this report is to review the range of approaches consistently used by local governments, agencies and developers to address the affordability of housing, and does not rate affordable housing practices as to their effectiveness in producing housing units. It focuses on affordable housing that does not require ongoing support or subsidy once it has been created.

The scope of this research points to general conclusions about the use and applicability of the affordable housing tools. These conclusions are drawn from a review of literature and best practices in affordable housing across 68 jurisdictions in Canada and the U.S. They reflect the actions these jurisdictions are taking and their impression of success in addressing the affordable housing challenge.

Specific conclusions, such as which practices yielded the most housing, which communities were most successful in creating affordable housing, or what housing form is best for affordable housing, cannot be drawn from the research methodology used for this report.

General Conclusions:

- Local government staff are confused about the distinction between social housing and affordable housing and the separate approaches necessary to provide solutions to a variety of housing challenges. This report examines market and non-market affordable housing initiatives that are not considered social housing.
- The practices described in this report should be evaluated on a community-by-community basis to respond to the specific needs and opportunities in each community.
- The continuum of affordable housing in Canada could be broadened in the non-market sector by considering and implementing the practices described in this report.
- Affordable housing policies, programs and strategies used in the U.S. jurisdictions surveyed demonstrate a depth of experience that Canada's emerging affordable housing sector can draw on.
- Rental housing remains an important part of the affordable housing stock.
- Rents are not increasing as quickly as is the cost of home ownership. However, the availability of rental units may be decreasing as buildings are converted to strata units because of high land prices.
- Best practices in the development of rental housing can be found in Canada but developers are not building new rental units because of diminishing returns due to high land prices. Self-supporting non-market rental housing production will need to increase to meet demand.
- The market alone will not meet demand for homeownership. Increased capacity to deliver new ownership housing in a shared equity model is necessary.
- Non-profit housing organizations in the U.S. have played a critical role in increasing the delivery of affordable rental and ownership housing. Every community surveyed in Canada and the U.S. that has produced an inventory of affordable housing has some form of professional non-profit housing organization.
- Low end market housing delivered by the private sector is still an essential component of the overall solution.
- Many of the policies, programs and strategies produce housing that is affordable for the first time buyer/owner; however, there needs to be some sort of non-market mechanism such as a covenant or deed restriction to ensure that the housing produced will remain perpetually affordable.

RESOURCES AND REFERENCES

SAMPLE BYLAWS

Affordable Deed Restricted Workforce Housing, Sun Valley Ordinance #364, 2005

Inclusionary Housing Regulation, City of Oakley Ordinance No. 14-04 Chapter 4, Article 1

Inclusionary Zoning for Employee Housing, Resort Municipality of Whistler, Bylaw No. 1186

Residential Density Bonus Incentives, City of Oakley Municipal Code Section 4-A-6

Residential Property Demolition and Control, City of Toronto By-Law No. 885-2007

Rural Community Residential Permit Area (O.U.R. Eco-Village), Area B – Shawnigan Lake, Cowichan Valley Regional District Bylaw No. 2336 and 2337, Amending OCP Bylaw No. 1010.

Secondary Suites, Town of Oliver, Bylaw No. 720

Secondary Suites, City of Toronto, By-Law No. 493-2000. July, 2000

Inclusionary Zoning for Employee Housing, Resort Municipality of Whistler, Bylaw No. 1186 (see following pages)

RESORT MUNICIPALITY OF WHISTLER
BYLAW NO. 1186, 1996

A BYLAW TO ESTABLISH AND IMPOSE CHARGES FOR MUNICIPAL EMPLOYEE
HOUSING SERVICES

1996 407
WHEREAS Section 9 of the Resort Municipality of Whistler Act, S.B.C. 1975, c. 67 as amended, empowers Council to establish charges to be imposed on land and improvements in the Resort Municipality of Whistler for municipal works and services and empowers the charges to be levied and collected by the Resort Municipality;

NOW THEREFORE the Municipal Council of the Resort Municipality of Whistler, in open meeting assembled, enacts as follows:

Citation

1. This Bylaw may be cited as "Employee Housing Service Charge Bylaw No. 1186, 1996".

Interpretation

2. In this Bylaw:

"bed and breakfast" means the use of a detached dwelling as the residence of the operator of a business renting no more than three guest rooms and the use of common living and dining areas for the temporary lodging of paying guests;

"college" means a college or Provincial institute designated under the College and Institute Act; or a non-profit, public access, independent college established either by a specific act of the Provincial Legislature or under the Society Act;

"commercial development" means any building or structure used or intended for commercial, retail or institutional use but does not include indoor recreation facilities or hotel: guest rooms, lobby and entrance areas, auxiliary hotel office, common and storage areas, meeting rooms and any portion of a kitchen serving only meeting rooms;

"crawl space" means a portion of a building with a height between ceiling and floor of less than 1.5 metres, or of any height where a covenant pursuant to Section 215 of the Land Title Act has been registered in favour of the Municipality to prohibit use of the space for any purpose;

"development" means the construction, alteration or extension of a building or structure and a change of use of a building or structure;

"dwelling unit" means a self-contained set of habitable rooms in a building, including not more than one set of cooking facilities;

"employee" means a natural person who is employed within the boundaries of the Municipality;

Bylaw No. 1186, 1996

"employee bed unit" means

- (a) one unit for each sleeping room with an area less than 10.0 square metres measured within the interior of the walls that contains no cooking facilities; or
- (b) one unit for each half of a sleeping room 10 or more square metres in floor area measured within the interior of the walls that contains no cooking facilities; or
- (c) one unit for each self-contained sleeping room of any area which contains cooking facilities;

restricted to residential use by employees, under a housing agreement pursuant to Section 963.2 of the Municipal Act or which is controlled by a registered ground lease with the Municipality under Part 3 of the Condominium Act;

"employee housing services" includes, without limitation, the acquisition and servicing of land and the acquisition, construction, replacement, operation and maintenance of buildings used or intended for the accommodation of employees, undertaken by the Municipality or its agent;

"Employee Housing Service Charge Bylaw" means this bylaw, "Employee Housing Service Charge Bylaw No. 1145, 1995", "Employee Housing Service Charge Bylaw No. 1114, 1995", "Employee Housing Service Charge Bylaw No. 1071, 1994", "Employee Housing Service Charge Bylaw No. 984, 1993", "Employee Housing Service Charge Bylaw No. 927, 1992", and "Employee Housing Service Charge Bylaw No. 873, 1991".

"extension" means the addition of floor space to a building;

"gross floor area" means the total area of all floors of the construction authorized by a building permit, measured to the outside surface of the exterior walls of a proposed building, including stairwells, basements and cellars but excluding crawl spaces, parking areas, elevators, waste storage and recycling compounds and areas occupied by fixed machinery or equipment essential for building operation;

"guest room" means not more than three habitable rooms (which may also include one or more bathroom(s) and one set of cooking facilities) in a self-contained unit used for tourist accommodation or used subject to a rental pool covenant;

"hostel" means a building used as a temporary place of lodging containing one or more dormitories and includes common areas for washing, cooking, dining and socializing, bathroom, kitchen, dining and social facilities, and which may contain an auxiliary residential dwelling unit;

"hotel" means a hotel, lodge or inn;

"indoor recreation facilities" means an area fully enclosed within a building and used only for sports, games and other recreational activities, including without limitation bowling

bowling alleys, squash courts, racquetball courts and exercise rooms, or used only for storage, maintenance and administration purposes supporting outdoor sports, games and recreational activities;

"industrial development" means any development in an IP, IL, LF, CH or IS Zone under the Resort Municipality of Whistler Zoning Bylaw or any public utility development;

"Municipality" means the Resort Municipality of Whistler;

"pension" means tourist accommodation which rents at least four guest rooms and not more than eight guest rooms and the use of common living and dining areas for the temporary lodging of paying guests;

"public institutional development" means a court of law, federal, provincial or municipal building, fire hall, jail and prison, library, museum, public hospital and place of public worship;

"public utility development" means a building or structure, or a portion of a building or structure, used exclusively for operations or administration of a public utility as defined in the Utilities Commission Act;

"rental pool covenant" means a covenant, registered in the Land Title Office in favour of the Resort Municipality of Whistler pursuant to Section 215 of the Land Title Act, requiring a dwelling unit to be available for tourist accommodation and restricting the use of the dwelling unit by its owner or the use of the dwelling unit when not occupied by the owner;

"school" means a public school or a Provincial school as those terms are defined in the School Act or a building or structure, or a portion of a building or structure, operated as an independent school by an incorporated institution of learning that is regularly giving children instruction accepted as equivalent to that given in a public school and as defined in the Independent School Act;

"temporary" means a total of less than four consecutive weeks in a calendar year; and

"tourist accommodation" means the temporary lodging of paying guests.

Imposition of Charges

3. The Council of the Resort Municipality of Whistler hereby imposes those charges specified in Schedule "A" of this Bylaw (the "Employee Housing Charges").

Charging Events

4. Each owner of land in the Resort Municipality of Whistler shall pay the applicable Employee Housing Charges to the Municipality each time that:
 - (a) a building permit is issued which authorizes construction of a new building or structure or extension to an existing building or structure;

Bylaw No. 136, 2016

44

- (b) a building permit is issued which authorizes construction which would result in a change of use of a building or structure (or portion of it) to the extent that the new use generates more employees under Schedule "A" than the previous use would generate under Schedule "A"; or
- (c) a business licence is issued for the commencement of a new business in premises on the land, to the extent that the new business will generate more employees under Schedule "A" than the previous use of the same premises;

where the building permit or business licence is issued for one of the following types of development:

- (d) commercial development;
- (e) residential development which is, in whole or in part, subject to a rental pool covenant;
- (f) industrial development; or
- (g) any other development not exempted under Section 7.

Collection of Charges

5. The owner of the land in respect of which the building permit or business licence is issued must pay the Employee Housing Charge at the time the building permit or business licence is issued.
6. Employee Housing Charges shall be paid by the owner of land notwithstanding that development has previously occurred and no Employee Housing Charge, or only part of it, was collected at that time.

Exemptions from Charges

7. No Employee Housing Charges are payable:
 - (a) in respect of a parcel of land owned or controlled by the Municipality;
 - (b) in respect of public institutional development, schools and colleges;
 - (c) in respect of a detached single family or duplex residential dwelling unit, hostel, pension or bed and breakfast;
 - (d) where the owner of the land has acquired, constructed, or undertaken to construct one employee bed unit for each employee deemed by this bylaw to be generated;
 - (e) where the owner of the land acquires one rent equity share for every employee deemed to be generated under this Bylaw, in an employee housing program

owned or operated by the Municipality or its agent, evidenced by a rent equity agreement as described in Schedule "C" of this Bylaw;

- (f) in respect of any development undertaken directly by the Whistler Resort Association for the purposes of encouraging development, maintenance and operation of resort land pursuant to Section 16 of the Resort Municipality of Whistler Act, excluding any development for commercial purpose or for the purposes of producing revenue, directly or indirectly, from non-members of the Whistler Resort Association; or
- (g) in respect of any development of real estate sales trailers that are approved, by the Municipality, for occupation for a limited time period (not to exceed one year) and where the Municipality holds security guaranteeing removal of the structure after the specified period of time.

Security for Construction

- 8. If the owner of the land has not already constructed the employee bed units referred to in Section 7 (d), no building permit shall be issued unless the owner delivers to the Municipality a cash deposit or an unconditional, irrevocable letter of credit with the minimum content of Schedule "B" of this Bylaw, in the amount of 120% of the Employee Housing Charges which would otherwise be payable to the Municipality, which letter of credit shall not expire for at least 2 years from the date of issuance of the building permit.
- 9. The Municipality will return the letter of credit, unused, to the owner if the owner constructs and has been issued an occupancy permit for all the required employee bed units within 2 years of the date of issuance of the building permit; otherwise the Municipality may draw down and retain the security in an amount equivalent to the number of required employee bed units which have not been constructed. An amount of the security equivalent to 20% of the amount drawn down will be retained by the Municipality as an administrative charge.
- 10. If the owner chooses to provide a letter of credit in accordance with Section 8 then the owner may, upon paying a cash administrative charge equal to 10% of the employee housing charges per year, extend the Letter of Credit for up to two additional years provided that the notice is given in writing, together with a 10% surcharge for each year that the letter of credit is to be extended, within 22 months of the date of issuance of the building permit.

Adjustment

- 11. The amount of Employee Housing Charges payable under this Bylaw will be adjusted after construction is complete, but prior to the issuance of an occupancy permit for the development, as necessary to account for the development actually constructed.

Credit

- 12. An owner of land will receive a credit toward Employee Housing Charges for any employee housing service charges previously paid or provided to the Municipality for the

Bylaw No 1156, 1996

4.

same development under any Employee Housing Service Charge Bylaw of the Municipality, based on the number of employees represented by the previous charge.

No Refund

13. Under no circumstances will any Employee Housing Charges collected under this Bylaw be refunded. If no construction is commenced pursuant to an issued building permit, the Employee Housing Charges collected will be credited toward future development on that land.

Use of Charges

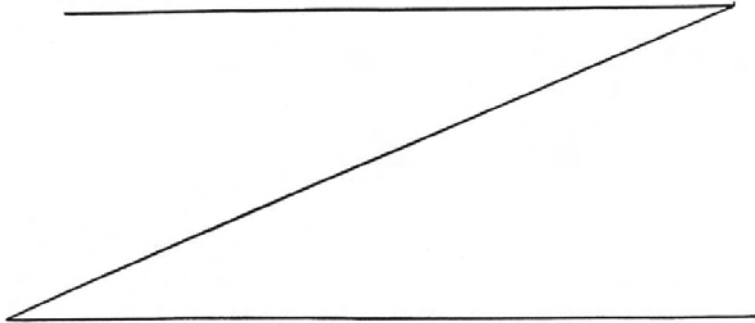
14. Employee Housing Charges shall be deposited into a reserve account and used only for purposes directly or indirectly related to employee housing services, including payment of principal and interest on existing or new debt incurred by the Municipality or its agents in providing employee housing services regardless of whether or not the expenditure of the charges results in any ascertainable benefit to the parcel of land in respect of which they were paid.
15. Money deposited in such a reserve account may be used for temporarily financing any capital or operating purposes of the Municipality and shall be repaid to the reserve account together with interest at the prime rate of interest of the North Shore Credit Union at the time of withdrawal from the reserve account, less 3% per annum.

Severance

16. If any provision of this Bylaw is held invalid by a court, the invalid portion shall be severed and the invalidity shall not affect the validity of the remainder of the Bylaw.

Interpretation

17. No satisfaction of any requirement of this Bylaw shall be interpreted as creating a right to the issuance of a building permit if a person would otherwise not be entitled to a permit.



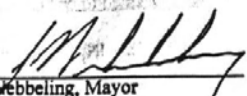
Repeal

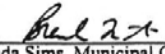
18. "Employee Housing Service Charge Bylaw No. 1145, 1995" is repealed.

GIVEN FIRST, SECOND AND THIRD READINGS this 4th day of March 1996.

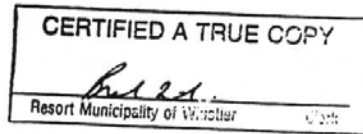
APPROVED BY THE INSPECTOR OF MUNICIPALITIES this 21st day of March 1996.

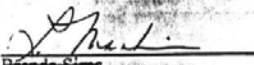
RECONSIDERED and finally ADOPTED by the Council this 1st day of April 1996.


Ted Debbeling, Mayor
Mayor


Brenda Sims, Municipal Clerk
Municipal Clerk

I HEREBY CERTIFY that this is a true copy of "Employee Housing Service Charge Bylaw No. 1186, 1996" at third reading this 4th day of March, 1996.




Brenda Sims
Municipal Clerk

LINDA MANHEIM, Deputy Municipal Clerk

Bylaw No. 1186, 1996

4

RESORT MUNICIPALITY OF WHISTLER
 BYLAW NO. 1186, 1996

SCHEDULE "A"

Establishment of Charges

The following charge is established toward the provision of employee housing services in the Municipality:

\$5,578.00 per employee.

The number of employees deemed to be generated shall be calculated according to the following employee generation formula:

<u>Intended Use of Building or Structure referred to in Building Permit or Business Licence</u>	<u>Employees Deemed to be Generated</u>
Commercial	1 employee per 50.0 square metres of gross floor area
Industrial	1 employee per 250.0 square metres of gross floor area
Residential development which is subject to a rental pool covenant	0.2 employee per guest room

Where the number of employees generated by this formula results in a fraction, the number of employees deemed to be generated shall be rounded to the nearest decimal point for the purpose of establishing the monetary charge and to the nearest whole number for the purpose of establishing the number of employees generated where an exception under Section 7(d) or (e) of this Bylaw is applied.

Bylaw No. 1186, 1996

9

RESORT MUNICIPALITY OF WHISTLER
BYLAW NO. 1186, 1996

SCHEDULE "B"

Letter of Credit

Date:

Bank:

Resort Municipality of Whistler
4325 Blackcomb Way
Whistler, B.C.
V0N 1B4

Dear Sirs:

Re: Irrevocable Letter of Credit No.

Upon the instructions of _____ (the "Developer") we hereby establish in your favour our irrevocable credit for the sum of _____ dollars in Canadian currency. This credit shall be available to you on demand by sight drafts drawn on the Bank of _____ when supported by your written demands for payment made upon us.

This Letter of Credit is required in connection with an undertaking by the Developer to satisfy the employee housing requirements of the Municipality.

We undertake not to refuse to honour any sight draft that you present to us for payment under this Letter of Credit.

You may make partial drawings or full drawings at any time.

We shall honour your demand without inquiring whether you have a right as between yourself and the Developer.

This Letter of Credit shall remain in force until 12:00 midnight _____, 199_.

Bank _____ of

Authorized Signatory

RESORT MUNICIPALITY OF WHISTLER
BYLAW NO. 1186, 1996

SCHEDULE "C"

Rent Equity Share

In this Schedule, "rent equity share" means the right to house one employee in an employee bed unit owned or operated by the Municipality or its agent for a term of not less than ten years from the date the employee bed unit becomes available.

Where development occurs and the owner of the parcel acquires one rent equity share in an employee housing program owned or operated by the Municipality or its agent for each employee deemed by this Bylaw to be generated by the development, no charges are payable, provided that:

- (a) the owner is a member of the Whistler Valley Housing Society;
- (b) the owner executes a rent equity agreement with the Municipality or its agent including the following provisions:
 - (i) the consideration paid by the owner for a rent equity share in respect of each employee bed unit shall comprise:
 - (A) the pro-rated cost net of mortgage costs of supplying the employee bed unit, including the pro-rated portion of land value based on assessed value as of the date of issuance of the building permit, such that the actual cost is without profit to the Municipality or its agent, to be paid on the date of execution of the rent equity agreement; and
 - (B) a monthly rental charge equal to the actual cost of maintaining, operating and administering without profit the employee bed unit, including mortgage payments, taxes and contingencies; and
 - (ii) the owner may at its option renew the agreement every ten years for a total of 100 years in return for payment in advance of the actual cost without profit of refurbishing the unit plus a monthly rental charge equal to the actual cost of maintaining, operating and administering the employee bed unit including mortgage payments, taxes and contingencies;
- (c) the owner shall enter into a rent equity agreement directly with the Municipality or its agent and not by assignment, transfer, assumption or otherwise from any person other than the Municipality or its agents;
- (d) in the event an owner applies to the Municipality to acquire a rent equity share in respect of an employee housing employee bed unit and the Municipality has not on the date of the application prepared a bed unit pro forma and a required prospectus or disclosure statement, the owner may elect to acquire a rent equity share in respect of an employee bed unit proposed to be constructed, by delivering to the Municipality an executed rent agreement and an unconditional, irrevocable

letter of credit in the amount of 120% of the Employee Housing Charges, provided that in the event:

- (i) the Municipality or its agent completes the employee bed unit pro forma and required prospectus or disclosure statement within two years of the application, then pursuant to the employee bed unit pro forma the owner shall as of the date of delivery of a required prospectus or disclosure statement by the Municipality to the owner, pay the consideration for the employee bed units under paragraph (b) (i) by:
 - (A) directing the Municipality to draw down the letter of credit and apply it as consideration for the required employee bed units; and
 - (B) paying to the Municipality any excess amount required under the pro forma in addition to the 120% security;
- (ii) the owner within 30 days of receipt of the bed unit pro forma and a prospectus or disclosure statement, fails to pay the consideration under paragraph (d) (i), then the Municipality may draw down the letter of credit and apply the proceeds as a charge under this Bylaw, and any amount of the letter of credit in excess of the charge payable is payable to the Municipality as an administrative charge, unless the owner within 30 days:
 - (A) satisfies Section 7 (d); or
 - (B) extends the letter of credit for a third year only, to afford the owner an extension period to satisfy Section 7 (d),

provided that if the owner fails to satisfy paragraph (d) (ii) (A) or (B) then the Municipality may draw down the letter of credit and apply it as a charge under this Bylaw, and any amount of the letter of credit in excess of the charge payable shall be retained by the Municipality as an administrative charge;

- (e) consideration paid under this Schedule is not refundable, provided that an owner may at any time opt to pay the cash amount of the charges imposed by this Bylaw and in such case the security under this Section shall be returned, pro-rated in accordance with the amount of cash provided; and
- (f) if the Municipality is unable to provide the owner with a rent equity share, the owner shall within 30 days of written notice from the Municipality or its agent pay the cash amount of the charges imposed by this Bylaw (plus interest at the prime rate of the Bank of Montreal from the date of development approval to the date of payment) or provide employee housing as permitted by this Bylaw, whereupon the security provided by the owner under this schedule shall be returned to the owner.

Key Contacts

The following individuals kindly lent their perspectives and insights, and provided information to help produce this report.

Cindy Christensen	Aspen Housing Office	Aspen	CO
John Hess	Town of Crested Butte	Crested Butte	CO
Julie Ann Woods	Elk Mountain Group	Mt. Crested Butte	CO
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Anne Hayden	Jackson Community Housing Trust	Jackson	WY
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Cleo Prellwitz	Canmore Community Housing Corporation	Canmore	AB
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Kent Richardson	Three Sisters Mountain Village	Canmore	AB
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Canmore Community Housing Corporation	AB	http://www.canmorehousing.ca
City of Calgary	AB	http://www.calgary.ca/portal/server.pt
City of Vancouver Housing	AB	http://www.city.vancouver.bc.ca/commsvcs/housing/
Canadian Cohousing Network	BC	http://www.cohousing.ca/
CRD	BC	http://www.crd.bc.ca
CVRD	BC	http://www.cvr.bc.ca/
GVRD	BC	http://www.gvr.bc.ca/
RDCK	BC	http://www.rdck.bc.ca
RDCO	BC	http://www.regionaldistrict.com
RDCS	BC	http://www.rdcs.bc.ca
RDOS	BC	http://www.rdos.bc.ca/
SCRD	BC	http://www.scrd.bc.ca
SLRD	BC	http://www.slrd.bc.ca
TNRD	BC	http://www.tnrd.bc.ca
Whistler Housing Authority	BC	http://www.whistlerhousing.ca
Housing Affordability Partnership	BC	http://www.housingaffordability.ca
City of Burlington	ON	http://cms.burlington.ca/site4.aspx
City of Kingston	ON	http://www.cityofkingston.ca/residents/social/housing/kmahd/index.asp
CMHC	ON	http://www.cmhc-schl.gc.ca
Co-operative Housing Federation of Canada	ON	http://www.chfcanada.coop/eng/pages2007/home.asp?Checked=1,2
City of Fremont	CA	http://www.ci.fremont.ca.us/Construction/DevelopAffordableHousing/default.htm

City of Oakley	CA	http://www.ci.oakley.ca.us/subPage.cfm?page=562959
City of Davis	CA	http://www.city.davis.ca.us/cmo/citycode/detail.cfm
Mammoth Lakes Housing Inc.	CA	http://www.mammothlakeshousing.com
Yolo County Housing Authority	CA	http://www.ycha.org
Aspen Pitkin County Housing Authority	CO	http://www.aspenhousingoffice.com
Colorado Municipal League	CO	http://www.cml.org
Colorado Association of Realtors	CO	http://coloradorealtors.com
Summit County Housing Authority	CO	http://www.summithousing.us
Vail Housing Office	CO	http://www.vailgov.com/subpage.asp?dept_id=58
Yampa Valley Housing Authority	CO	http://www.yampavalley.info/housing1058335.asp
Center for Community Change	DC	http://www.communitychange.org/housing-trust-funds/
Fanny Mae Foundation	DC	http://www.fannymaefoundation.org
Regulatory Barriers Clearinghouse (HUD)	DC	http://www.huduser.org/rbc
ARCH Community Housing Trust	ID	http://www.archbc.org
KnowledgePlex	MA	http://www.knowledgeplex.org
Martha's Vineyard	MA	http://www.vineyardhousing.org
Vineyard Housing Office	MA	http://www.vineyardhousing.org
Corridor Housing Initiative	MN	http://www.housinginitiative.org
Charlotte Housing Authority	NC	http://www.cha-nc.org
Mountainlands Community Housing Trust	UT	http://www.housinghelp.org
Jackson Hole Community Housing Trust	WY	http://www.housingtrustjh.org
ACT Planning Authority	AU	http://www.actpla.act.gov.au
Mid Devon	UK	http://www.middevon.gov.uk/index.cfm

APPENDICES

Appendix A

Resale Agreement for Deed Restricted Housing - City of Oakley California

Oakley Redevelopment Agency
3231 Main Street
Oakley, CA 94561

This document is exempt from payment of a recording fee pursuant to Government Code Sections 6103, 27383

RESALE AGREEMENT AND OPTION TO PURCHASE

This Resale Restriction Agreement and Option to Purchase (hereinafter "**Agreement**") is entered into as of this _____, 2006, by and between the Oakley Redevelopment Agency (hereinafter "**Agency**") and _____ (hereinafter "**Owners**") regarding certain improved real property located at _____ Oakley, California and further described in Exhibit A (hereinafter "**Property**").

RECITALS

WHEREAS, To further its goal of creating affordable home ownership opportunities for low-income persons and families, the Agency has initiated a program for the sale of some homes at a price below market rate ("**Program**"), pursuant to which developers of residential housing developments agree to set aside a certain number of units for purchase by moderate-income persons and families, as defined herein; and

WHEREAS, Owner is an eligible low-income purchase under the Program, intends to live in the Property as an owner occupant, and agrees to maintain the Property as Owner's principal residence; and

WHEREAS, In order to maintain and preserve the Property as affordable housing, it is necessary to restrict the use and resale of the Property through imposition of the occupancy and resale restrictions set forth herein. These restrictions are intended to prevent initial and subsequent purchasers from using the Property for purposes incompatible with the Program and realizing unwarranted gains from sales of the Property at unrestricted prices. The terms and conditions of this Agreement are intended to provide the necessary occupancy and resale restrictions to ensure that the Property is used, maintained, and preserved as housing affordable to eligible

moderate-income purchasers; and

WHEREAS, The Property constitutes a valuable community resource by providing decent, safe, and sanitary housing to persons and families of moderate income who otherwise would be unable to afford such housing. To protect and preserve this resource it is necessary, proper, and in the public interest for the Agency to administer the occupancy and resale controls by means of this Agreement.

NOW THEREFORE, in consideration of the benefits received by the Owner and the public purposes served by the Program, Owner and Agency agree as follows:

1. Below-Market Unit. The Property is hereby designated as a Below-Market Rate (BMR) unit and shall be subject to the terms and conditions herein set forth. This Agreement runs with the Residence and is binding on the parties hereto and their successors and assigns and on all purchasers of the Residence for that period of time the BMR unit is in place and being used either wholly or partially for residential purposes.

2. Program Requirements.

a. Affordability Restrictions. Owner, by and for itself and any successors in interest, hereby covenants and agrees that the Property shall be sold only to Eligible Households at a price not to exceed the **Adjusted Resale Price**, as defined in Section 12, and that during the term of this Agreement all of the requirements and restrictions of this Agreement shall apply.

b. Eligible Household. There shall be no sale or other transfer of the Property without Certification by the Agency that the transferee is an eligible household and that the Property is being transferred at a price not to exceed the adjusted resale price, which is capped at an "**Affordable Housing Cost**," as defined in Health and Safety Code Section 50052.5 or any successor thereto. Any sale or other transfer of the Property in violation of this covenant shall be void.

c. Principal Residence Requirement. Each Transferee of the Property shall occupy the Property as his/her/their principal residence for the duration of his/her/their ownership. Without limiting the generality of the foregoing, any absence from the Property by Owner for a period of ninety (90) or more days shall be deemed an abandonment of the Property as the principal residence of Owner in violation of the conditions of this Section. Upon request by the Agency made from time to time, the Owner of the Property shall submit an affidavit to the Agency certifying that the Property is the Owner's principal residence and provide such documents and other evidence as may be requested to verify Owner's compliance with this requirement. Abandonment of the Property shall constitute an Option Event (as defined in Section 5 below) and shall entitle the Agency to exercise its Option to purchase the Property.

d. Disclosure. There shall be no sale or other transfer of the Property without the certification by the Agency that the transferee is an eligible household and that the Property is being transferred at a price not to exceed the

Affordable Housing

Adjusted Resale Price, which is capped at the Affordable Housing Cost. Any sale or other transfer of the Property in violation of this covenant shall be void.

3. Grant of Option to Purchase. Owner hereby grants to the Agency an option ("**Option**") to purchase all of Owner's right, title and interest in and to the Property upon the occurrence of an Option Event (defined in Section 5 below), subject to the terms and conditions contained herein.

4. Assignment of the Option. The Agency may assign the Option to another government entity, a non-profit affordable housing provider or a person or family of moderate income who qualifies as an Eligible Household. The Agency's assignment of the Option shall not extend any time limits contained herein with respect to the exercise period of the Option or the period within which the Property must be purchased.

5. Events Giving Rise to Right to Exercise Option. The Agency shall have the right to exercise its Option upon the occurrence of any of the following events (each, an "**Option Event**"):

- a. Receipt of a Notice of intent to Transfer (defined in Section 6 below);
- b. Any actual, attempted or pending sale, conveyance, transfer, lease or other attempted disposition of the Property or of any estate or interest therein, except as provided in Section 16 below;
- c. Any actual, attempted or pending encumbrance of the Property, including without limitation by way of mortgage or deed of trust, or by judgment, mechanics, tax or other lien, except as provided in Section 17 below;
- d. Recordation of a notice of default and/or notice of sale pursuant to California Civil Code section 2924 (or successor provisions) under any deed of trust or mortgage with a power of sale encumbering the Property;
- e. Commencement of a judicial foreclosure proceeding regarding the Property;
- f. Execution by Owner of any deed in lieu of foreclosure transferring ownership of the Property;
- g. Commencement of a proceeding or action in bankruptcy, whether voluntary or involuntary, pursuant to Title 11 of the United States Code or other bankruptcy statute, or any other insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship, concerning the Owner; or
- h. Any violation by Owner of any provision of this Agreement including, without limitation, the conditions set forth in Section 2 above.

6. Method of Exercising the Option.

a. Notice of Intent to Transfer. If Owner desires to sell, convey, transfer, lease, encumber or otherwise dispose of the Property or of any estate or interest therein, Owner shall notify Agency in writing to that effect (the “**Notice of Intent to Transfer**”). The Notice of Intent to Transfer shall state the street address of the Property, Owner’s full name or names, the address and telephone number at which Owner shall be contacted if not at the Property; and shall be delivered personally or deposited in the United States mail, postage prepaid, certified-return receipt requested, addressed to the Agency of Oakley, 3231 Main Street, Oakley, California 94561, Attn: Community Development Director. The Notice of Intent to Transfer shall be in substantially the form attached hereto as Exhibit B. In the case of a proposed sale of the Property to a prospective purchaser, the Owner shall submit to the Agency, together with the Notice of Intent to Transfer, a copy of the prospective purchaser’s income certification, a list of all assets owned by the prospective purchaser, and other financial information reasonably requested by Agency, in a form approved by the Agency, along with the income certification to be provided to any lender making a loan to the prospective purchaser. The Agency may require documentation evidencing and supporting the income and other financial information contained in the certifications.

b. Notice of Exercise. Upon the occurrence of any Option Event, the Agency may exercise its Option by delivering notice (“**Notice of Exercise**”) to Owner of its intent to exercise such Option pursuant to the terms of this Agreement. The Notice of Exercise may be in the form attached hereto and incorporated herein as Exhibit C, or in such other form as the Agency may from time to time adopt. The Notice of Exercise shall be delivered by deposit in the United States mail, postage prepaid, first-class, addressed to Owner at the Property, or at such other address as may be indicated on the Notice of Intent to Transfer, and delivery shall be deemed effective five (5) calendar days following the date of deposit. If the Option Event relates to the potential foreclosure of a mortgage under Sections 5(d), (e) or (f), then the Agency shall also deliver the Notice of Exercise to the mortgagee or beneficiary under such mortgage, at such mortgagee’s or beneficiary’s address of record in the Office of the Recorder of Contra Costa County.

c. Notice of Consent to Transfer. If the Agency does not exercise the Option, it may give its consent to the occurrence of the Option Event (“**Consent to Transfer**”). If the Option Event involves a proposed sale of the Property to a prospective purchaser, the Agency’s consent shall be conditioned upon (i) the proposed purchaser’s qualification as an Eligible Household; (ii) the sale of the Property at a price not to exceed the Adjusted Resale Price; (iii) the proposed purchaser’s execution of a Disclosure Statement in the form attached hereto as Exhibit D or such other form or forms as may be promulgated by the Agency; and (iv) the proposed purchaser’s assumption of Owner’s duties and obligations under this Agreement pursuant to a written assumption agreement in a form acceptable to Agency, or execution of an agreement substantially similar to this Agreement, within thirty (30) days after the Consent to Transfer has been delivered to Owner. If the prospective purchaser (i) fails to qualify as an Eligible Household, (ii) fails to execute and deliver the Disclosure Statement to the Agency, or (iii) fails to execute and deliver

to the Agency an assumption agreement or an agreement substantially similar to this Agreement within such thirty (30) day period, then the Consent to Transfer shall expire and the Agency may, at its option, either notify Owner of the disqualification, thereby entitling Owner to locate another purchaser who qualifies as Eligible Household, or exercise the Option, as if no Consent to Transfer had been delivered.

d. Time Period for Notice. The Agency shall deliver a Consent to Transfer, if applicable, not later than thirty (30) days after the date that it receives notification of an Option Event. The Agency shall deliver a Notice of Exercise, if applicable, on or before the date which is the later to occur of the following: (i) thirty (30) days after the date that the Agency receives notification of an Option Event or (ii) fifteen (15) days after a Consent to Transfer has expired. For purposes of computing commencement of the deliver periods, the Agency shall be deemed to have notification of an Option Event on the date that it actually receives written Notice of Intent to Transfer, notice of default, summons and complaint or other pleading, or other writing specially stating that an Option Event has occurred. The Agency shall have no obligation to deliver a Notice of Exercise or Consent to Transfer, and the applicable time period for exercise of the Option shall not commence to run, unless and until the Agency has received notification of an Option Event in the manner specified in this subsection. If there is a stay or injunction imposed by court order precluding the Agency from delivering its Consent to Transfer or Notice of Exercise within the applicable time period, then the running of such period shall cease until such time as the stay is lifted or the injunction is dissolved and the Agency has been given written notice thereof, at which time the period for delivery of a Consent to Transfer or Notice of Exercise shall again begin to run.

e. Notice of Abandonment. If the Agency fails to deliver a Notice of Exercise or Consent to Transfer within the above-stated time periods, then the Option shall terminate and have no further force and effect. Thereafter, upon request by Owner, the Agency shall cause to be filed for recordation in the Office of the Recorder of Contra Costa County, a notice of abandonment, which shall declare that the provisions of the Option are no longer applicable to the Property. If the Agency fails to record a notice of abandonment, the sole remedy of Owner shall be to obtain a judicial order instructing prompt recordation of such a notice.

f. Liquidated Damages. In the event the Agency chooses not to exercise its Option and no qualified Owner is found willing and able to purchase the Property, the Agency shall retain or recover from Owner the surplus, if any, as its property without any deduction, offset or recoupment whatsoever. If the Owner should sell the residence at market rate to a Owner who shall receive title free and clear of the provisions of this Agreement, then the damages suffered by the Agency by reason thereof would be uncertain. Such damages would involve the replacement costs for another affordable unit, and the expenses of continuing the ownership and control of the Property by the Agency; postponement of tax revenues therefrom to the community; and the failure of the Agency to effect its purposes and objectives within a reasonable time, resulting in additional immeasurable damage and loss to the Agency and the community. It is impractical and extremely difficult to fix the amount of such damages to the Agency, but the Parties are of the opinion, upon the basis of all information available to them, that such damages would exceed the amount of any

projected surplus as the total of all liquidated damages and not as a penalty. In the event that this section should be held to be void for any reason by a court of law, the Agency shall be entitled to seek the full extent of damages otherwise provided by law.

The Owner and the Agency specifically acknowledge this liquidated damages provision by their signatures here:

Agency: _____

Owner: _____

7. Right to Reinstatement. If the Option Event is the recordation of a notice of default, then the Agency shall be deemed to be Owner's successor in interest under California Civil Code Section 2924c (or successor section) solely for purposes of reinstatement of any mortgage on the Property that has led to the recordation of the notice of default. As Owner's deemed successor in interest, the Agency shall be entitled to pay all amounts of principal, interest, taxes, assessments, homeowners' association fees, insurance premiums, advances, costs, attorneys' fees and expenses required to cure the default. If the Agency exercises the Option, then any and all amounts paid by the Agency pursuant to this Section shall be treated as Adjustments to the Base Resale Price for the Property, as defined in Section 12, below.

8. Inspection of Property. After receiving a Notice of Intent to transfer or delivering a Notice of Exercise, the Agency shall be entitled to inspect the Property one or more times prior to the close of escrow to determine the amount of any Adjustments to the Base Resale Price. Before inspecting the Property, the Agency shall give Owner not less than forty-eight (48) hours written notice of the date, time and expected duration of the inspection. The inspection shall be conducted between the hours of 9:00 a.m. and 5:00 p.m., Monday through Friday, excluding court holidays, unless the parties mutually agree in writing to another date and time. Owner shall make the Property available for inspection on the date and at the time specified in the Agency's request for inspection.

9. Escrow. Promptly after delivering a Notice of Exercise, the Agency shall open an escrow account for its purchase of the Property. Close of escrow shall take place on such date which is the later to occur of the following, (a) sixty (60) days after a Notice of Exercise has been delivered, or (b) ten (10) days after Owner has performed all acts and executed all documents required for close of escrow. Prior to the close of escrow, the Agency shall deposit the Adjusted Resale Price as defined in Section 12 below and all escrow fees and closing costs to be paid by Agency. Closing costs and title insurance shall be paid pursuant to the custom and practice in the County of Contra Costa at the time of the opening of escrow, or as may otherwise be provided by mutual agreement. Owner agrees to perform all acts and execute all documents reasonably necessary to effectuate the close of escrow and transfer of the Property to the Agency.

10. Proceeds of Escrow; Removal of Exceptions to Title. Prior to close of escrow, Owner shall cause the removal of all exceptions to title to the Property

Affordable Housing

that were recorded after the date of this Agreement. All amounts required to be deposited into escrow by the Agency shall be applied first to the payment of any and all liens and encumbrances recorded against the Property in order of lien priority, and thereafter to the payment of escrow fees and closing costs. Any amounts remaining after the amounts deposited into escrow by the Agency have been so applied, if any, shall be paid to Owner upon the close of escrow. If the amounts deposited into escrow by the Agency are insufficient to satisfy all liens and encumbrances recorded against the Property, the Owner shall deposit into escrow such additional sums as may be required to remove said liens and encumbrances. In the event that the Agency agrees to proceed with close of escrow prior to the date that Owner has caused all exceptions to title recorded after the date of this Agreement to be removed, then Owner shall indemnify, defend and hold Agency harmless from any and all costs expenses or liabilities (including attorneys' fees) incurred or suffered by Agency that relate to such exceptions and their removal as exceptions to title to the Property.

11. Base Resale Price. Prior to adjustment pursuant to Section 12 the base resale price ("**Base Resale Price**") of the Property shall be the lowest of:

a. Appraisal Method.

Agency or its designee shall have an appraisal made by a neutral professional appraiser of its choice to establish the market value. The Owner may also have an appraisal made by a neutral professional appraiser of Owner's choice to establish the market value. If agreement cannot be reached, the average of the two appraisals shall be deemed to be the market price. This requirement for an appraisal may be waived by the Agency if, in the exercise of its judgment, the appraised value will be substantially higher than the price determined in subsection 11(b) below.

b. Base Price Method.

The purchase price paid by Owner plus the amount of any prepayment fees paid by the Owner-Seller at the time said Owner purchased the Premises (base price), plus an amount, if any, to compensate for any increase in the housing component of the Oakland metropolitan area Consumer Price Index as published periodically by the United States Department of Housing and Urban Development (hereinafter the "**Index**"). For that purpose, the Index prevailing on the date of the purchase by the Selling Owner of said Premises shall be compared with the latest Index available on the date of receipt by Agency of notice of intent to sell. The percentage increase in the index, if any, shall be computed and the base price shall be increased by that percentage; provided, however that the price in no event be lower than the purchase price paid by the selling Owner when he/she/they purchased the Premises.

c. Median Income.

The purchase price (base price) paid by the Owner increased (but not decreased) by an amount, if any, equal to the base price multiplied by the percentage increase in the median household income ("Median Income") for the San Francisco Primary Metropolitan Statistical Area (PMSA) – Contra Costa County published by he

Department of Housing and Urban Development, Office of Economic Affairs, Economic and Market Analysis Division between the Recording Date (defined below in Paragraph 21) and the date that the City receives notification of an Option Event;

In no event shall Agency become in any way liable to Owner, nor become obliged in any manner, by reason of the assignment of its right to purchase, nor shall Agency be in any way obligated or liable to Owner for any failure of Agency's assignee to consummate a purchase of the premises or to comply with the terms of any purchase and sale agreement.

12. Adjustments to Base Resale Price. Subject to the Affordable Housing Cost restriction described in subsection (d) below, the Base Resale Price shall be increased or decreased, as applicable, by the following adjustment factors ("**Adjustment**"):

a. Capital Improvements. An increase for capital improvements made to the Property by Owner, but only if the amount of said improvements had been previously accepted in writing by the Agency after original written documentation of the cost was provided to the Agency for verification. The amount of the Adjustment shall equal the original cost of any such capital improvements depreciated on a straight-line basis based upon the estimated useful life of the improvement stated in the Agency's prior written acceptance of said improvement.

b. Damages. A decrease by the amount necessary to repair damages to the Property, if any, and to place the Property into saleable condition as reasonably determined by the Agency, including, without limitation, amounts attributed to cleaning; painting; replacing worn carpeting and draperies; making necessary structural, mechanical, electrical and plumbing repairs; and repairing or replacing built-in appliances and fixtures.

c. Advances by the Agency. A decrease in an amount equal to the sum of all costs advanced by the Agency for the payment of mortgages, taxes, assessments, insurance premiums, homeowner's association fees and/or associated late fees, costs, penalties, interest, attorneys' fees, pest inspections, resale inspections, fixing violations of applicable building, plumbing, electric, fire, or other codes, and other expenses related to the Property, which Owner has failed to pay or has permitted to become delinquent.

d. Adjusted Resale Price Not to Exceed Affordable Housing Cost. The Base Resale Price as adjusted, is hereinafter referred to as the "**Adjusted Resale Price.**" Notwithstanding any other provision hereof to the contrary, in no event shall the Adjusted Resale Price exceed the Affordable Housing Cost.

13. Priority and Effectiveness of the Option.

a. Recordation. This Agreement shall be recorded in the Office of the Recorder of the County of Contra Costa prior to any sale, conveyance, transfer or other disposition of the Property, or of any estate or interest therein, by Owner.

Affordable Housing

The Option shall have priority over any subsequent sale, conveyance, transfer, lease, or other disposition or encumbrance of the Property, or of any estate or interest therein, and in the event of exercise of the Option by Agency, the Agency shall take the Property subject only to senior liens and encumbrances. Except as otherwise provided in Section 14(a), the exercise of the Option by the Agency at any time and from time to time shall not extinguish the Option or cause a merger of the Option into any estate or other interest in the Property, and the Option shall continue to exist and be effective with respect to the Property against any and all subsequent owners in accordance with the terms and conditions hereof.

b. Request for Notice of Default. The Agency shall file a Request for Notice of Default for recordation in the Office of the Recorder of the County of Contra Costa promptly upon execution of this Agreement.

14. Survival of Option Upon Transfer.

a. In General. The Agency's right to exercise the Option shall survive any transfer of the Property by Owner. The Option may be exercised against the Property whether owned, possessed or occupied by (i) an eligible moderate income purchaser, (ii) any successor, transferee, assignee, heir, executor, or administrator of an eligible moderate income purchaser, including a debtor-in-possession, debtor or trustee pursuant to Title 11 of the United States Code, or (iii) any person owning, possessing or occupying the Property who does not meet the eligibility criteria established by the Agency under the Program (collectively all referred to and defined herein as "**Owner**"). Notwithstanding the foregoing, the Option shall not survive (i) the sale and transfer of the Property to a third party purchaser pursuant to a judicial or non-judicial foreclosure or a deed-in-lieu of foreclosure under a power of sale contained in a mortgage or deed of trust recorded against the Property in the Office of the Recorder of the County of Contra Costa on or prior to the date of this Agreement, provided that the Agency has received timely notice of such Option event and has failed to either reinstate said mortgage or deed of trust or exercise its Option, or (ii) the recording of an instrument conveying Owner's interest in the Property to the Agency, or its assignee, provided the conveyance is in accordance with the terms of this Agreement.

b. HUD Insured Mortgage. If Owner has acquired the Property by a mortgage insured by the Secretary of the United States Department of Housing and Urban Development, and a notice of default has been recorded pursuant to California Civil Code Section 2924 (or successor provisions), then this Option shall automatically terminate if title to the Property is transferred by foreclosure or deed-in-lieu of foreclosure, or if the insured mortgage is assigned to the Secretary.

15. Voidable Transfers. As long as the Option has not been abandoned pursuant to Section 6(e), any actual or attempted sale, conveyance, transfer or other disposition of the Property, or of any estate or interest therein, in violation of the terms and conditions of this Agreement, shall be voidable at the election of the Agency.

16. Permitted Transfers. The following transfers ("**Permitted Transfers**")

of title to the Property, or of any estate or interest therein, shall not be subject to the Agency's prior approval, shall not trigger the exercise of the Option, and shall not be considered Option Events: (a) a good-faith transfer by gift, devise or inheritance to Owner's spouse or issue; (b) a taking of title by a surviving joint tenant; (c) a court-ordered transfer of title to a spouse as part of a divorce or dissolution proceeding; (d) a transfer by Owner into an inter vivos trust in which the Owner is a beneficiary and the Owner continues to occupy the property as his/her primary residence; (e) an acquisition of title, or of any interest therein, in conjunction with marriage; or (f) any good faith transfer to an Eligible Household. Notwithstanding any Permitted Transfers, the Option shall remain effective with respect to the Property.

17. Permitted Encumbrances and Refinances. This Option shall not become exercisable as the result of Owner's encumbering the Property for the purpose of securing financing to purchase the Property pursuant to the Program, or to refinance existing indebtedness incurred to purchase the Property pursuant to the Program. The maximum amount (the "**Permitted Encumbrance Amount**") of any refinancing permitted by this section shall not exceed an amount equal to ninety percent (90%) of the Base Resale Price calculated as provided in Section 11, as modified by this section. The Permitted Encumbrance Amount shall be the Base Resale Price calculated as if the Agency has received notification of an Option Event on the earlier of (a) the date on which the deed of trust or mortgage securing the refinancing indebtedness is filed for record in the Office of the recorder of the County of Contra Costa, or (b) the date the Agency receives Notice of Intent to Transfer pursuant to Section 6(a) above.

18. Obligation of Owner After Option Abandonment. If the Agency records a notice of abandonment of the Option, then the Property may be sold by Owner to a third party without restriction as to price; however, upon such sale, Owner shall pay to Agency an amount ("**Agency's Share**") equal to eighty-five percent (85%) of the difference between (a) the actual sales price net of reasonable and customary real estate commissions paid (such commissions not to exceed six percent (6%) of the actual sales price), and (b) the Adjusted Resale Price. The Agency's Share shall be paid to the Agency upon close of escrow on the sale of the Property, or upon execution of a contract of sale, whichever shall first occur. Owner shall not receive any proceeds from the sale unless and until the Agency has been paid the full amount of the Agency's Share.

19. Limits on Liability. In no event shall the Agency become liable or obligated in any manner to Owner by reason of the assignment of this Agreement or the Option, nor shall Agency be in any way liable or obligated to Owner for any failure of the Agency's assignee to consummate a purchase of the Property or to comply with the terms of this Agreement or the Option, or any escrow instructions or agreement for the purchase of the Property.

20. Insurance Proceeds and Condemnation Award. In the event the Property is destroyed and insurance proceeds are distributed to Owner instead of being used to rebuild the Property, or, in the event of condemnation, if the proceeds thereof are distributed to Owner, any surplus of proceeds remaining after payment

Affordable Housing

of the senior liens and encumbrances on the Property shall be distributed as follows: that portion of the surplus up to, but not to exceed, the net amount Owner would have received pursuant to Section 10 had the Agency exercised its Option on the date of the destruction of condemnation valuation date shall be distributed to Owner, and the balance of such surplus, if any, shall be distributed to the Agency.

21. Effective Date. The rights and obligations of the Agency and Owner set forth in this Agreement shall be effective upon the date (the "**Recording Date**") this Agreement is filed for record in the Office of the Recorder of Contra Costa County.

22. Term of Option. The restrictions contained herein shall continue for a period of thirty (30) years from the Recording Date.

23. Notices. Except as otherwise specified in this Agreement, all notices required to be sent pursuant to this Agreement shall be made by personal delivery or by deposit in the United States mail, first-class, postage prepaid, and shall be deemed to have been delivered and received on the date of personal delivery or five (5) days after deposit in the mail, if sent to the following address:

Agency: Agency of Oakley
3231 Main Street
Oakley, California 94561
Attn: Community Development Director

Owner: _____

Oakley, California 94561

24. Attorneys' Fees. If either party initiates legal proceedings to interpret or enforce its rights under this Agreement, the prevailing party in such action shall be entitled to an award of reasonable attorneys' fees and costs in additions to any other recovery to which it is entitled under this Agreement.

25. Specific Performance. Owner acknowledges that any breach in the performance of its obligations under this Agreement shall cause irreparable harm to the Agency. Owner agrees that the Agency is entitled to equitable relief in the form of specific performance upon its exercise of the Option, and that an award of damages shall not be adequate to compensate the Agency for Owner's failure to perform according to the terms of this Agreement.

Appendix B

Description of the Aspen Housing Program (from the Aspen Housing Office)

The demand for housing management has never been more apparent than that which is reflected in today's market. By the time needs are identified and plans developed to address them, the marketplace has changed. The changes are due to the economic and political atmosphere of a resort community.

When employee housing was first addressed in 1975, the emphasis was directed at the service industry. Over time, the emphasis has been redirected to include the employee with a long-term commitment to the community.

Since 1977, the Housing Office, with the City of Aspen and Pitkin County, have been in a development mode directing production of over 1,000 units of deed-restricted sale and rental employee housing. Currently, there are over 2,500 work-force housing units providing housing for over 3,000 employees.

The first project undertaken by the Housing Authority was the Park Circle units consisting of 12 one-bedrooms with an original sales price of \$4,199.50. This project was undertaken in 1977 and was deed-restricted to moderate-income housing. It was allowed to appreciate by the Consumer Price Index. The deed-restriction has been lifted on this project due to conflicting deed restrictions placed on this project and is now totally free market.

The next project was the Smuggler Mobile Home Park conversion. Each mobile home owner was able to purchase the lot where the mobile home was situated for \$25,000. Any resales were restricted to employees of Aspen/Pitkin County; however, after four months, the lot may be offered for any resident of Aspen/Pitkin County as long as they occupy the unit as their sole place of residence.

The projects that followed were Midland Park in 1978, Lone Pine in 1980 (this project had a 99-year land lease which in 1996 the land lease was bought out by each owner), Sopris Creek Cabins in Snowmass in 1980, Highland Villas in 1981, Smuggler Run Mobile Home Park in 1981 and Hunter Creek (originally named Silver King) in 1982.

Given below is a brief description of the deed-restricted projects in the Aspen/Pitkin County Housing Authority's inventory. A deed restriction is a restriction placed on a unit identifying occupancy, appreciation, sales fees, rentals, etc. In other words, how the unit can be used and resold or leased. All of the deed restrictions are in perpetuity and are only to be sold by APCHA.

Sales (Ownership) Projects:

- AABC Rowhouses: Constructed in 1980, there are 11 two-bedroom and 1 three-bedroom Resident Occupied units. These consist of commercial space on the main level, with the residential unit located on the second floor.
- AABC – 415D, Building G: This unit was provided as a mitigation unit in the late 1980's and is a two-bedroom, one-bath, Category 1 unit.

Affordable Housing

- **Alpine Cottages:** Constructed in 1999, there are 10 deed-restricted units located in this project. They consist of 1 four-bedroom Category 4 unit, 1 four-bedroom Category 3 unit, 4 three-bedroom Category 3 units, and 4 four-bedroom RO units.
- **Alpine Grove:** Remodeled in 2004, this is a free-market complex that contains one deed-restricted, Category 3, two-bedroom, one-bath unit. The unit was provided as mitigation for a deed-restricted rental unit at Owl Creek Ranch.
- **Annie Mitchell:** Constructed in 2004, this project consists of 39 one-bedroom units. There are 24 Category 2 and 15 Category 3 units.
- **Aspen Highland Villas:** Constructed in 1981, there are 16 two-bedroom Category 4 units.
- **Aspen Highlands Village:** Constructed in 2001, this project is located at the base of Highlands Village Ski area and consists of 67 units.
- **Aspen Village:** The tenants at Aspen Village were able to purchase the land underneath their trailers in 1996. This mobile home park consists of 150 mobile homes.
- **Aspen West:** On December 11, 1989, City Council voted to approve the transfer of a deed restriction from an employee unit located at 118 E. Hyman to Aspen West Unit #5 to be sold under the low income guidelines.
- **Bavarian Condominiums:** Constructed in 2004, this complex consists of 19 units that are broken down as follows:

6	Category 4	Three-bedroom units
2	Category 3	Three-bedroom units
1	Category 2	Three-bedroom unit
3	Category 3	Two-bedroom units
1	Category 2	2-bedroom unit
1	Category 2	1-bedroom unit
1	Category 3	Studios
3	Category 2	Studios
1	Category 1	Studio
- **Benedict Commons:** Constructed in 1995/1996, there are a total of 27 units -- 11 studios and 16 one-bedrooms, which range from Category 2 to Category 4.
- **Billings Place:** Constructed in 1995, there are a total of 7 units -- 2 studios, 4 2-bedrooms and 1 3-bedroom units, which range from Category 2 to Category 4.
- **Burlingame Ranch:** There are three phases associated with this project that will consist of a total of 236 units. The first phase is being constructed in 2006 and consists of 97 units. The categories for the units being constructed have not been determined. Below is the breakdown:

15	Category ?	One-bedroom units
30	Category ?	Two-bedroom units
39	Category ?	Three-bedroom units
2	Category 6	Lots provided to build single-family homes
3	Category 7	Lots provided to build single-family homes
8	Category RO	Lots provided to build single-family homes

- Castle Creek Valley Ranch: A total of four lots. Three lots were provided for building of a single-family home and one lot was offered to the planner of the project. One was completed in 1996, two were completed in 1997, and the fourth lot has not begun construction.
- Centennial: Constructed in 1985, there are 92 Category 2 and Category 3 units consisting of 10 studio units, 38 one-bedroom units, 38 two-bedroom units and 6 three-bedroom units.
- Chapparel Aspen: Constructed in 2006, there are 4 Category 4 two-bedroom duplex units and 3 and Category 4 single-family homes. These units are Category 4 rental/ownership units that the tenants/owners can be up to Category 5 qualified employees. The homeowners of the free-market units at Chapparel Aspen control the tenancy and/or ownership of the units.
- Cipriano-Taylor: In 1989, a subdivision and expansion required one side of a duplex unit to be deed restricted under a RO restriction.
- Common Ground: Constructed in 1994, there are a total of 21 units -- 8 1-bedroom units, 5 2-bedroom units, and 8 3-bedroom units, which are Category 2 and 3 units.
- Curton Condominiums: One three-bedroom unit was deed restricted at Category 4 for mitigation of a subdivision.
- East Cooper (1230): A single-family home was deed restricted to Category 4 in 1986 for mitigation for the Ferguson Subdivision.
- East Cooper Court: A new subdivision was created in 1995 and two units were used for mitigation – an existing single-family home was remodeled and deed restricted to Category 3 and a RO lot was created.
- East Hopkins: Constructed in 1995, there are 4 three-bedroom townhomes, which are classified as Category 4.
- East Hopkins Alley: Constructed in 1995, there are 4 three-bedroom homes, which are classified as Category 4. This was mitigation for the redevelopment of the Valley Hi apartments. One of the units is still currently a rental unit.
- East Owl Creek: This consisted of four single-family lots sold through lottery, with the lottery winners constructing their own home. Construction began in 1990 on these lots. Construction was completed on the last unit in 1993. These four units are all single-family homes and are listed as Category 4 units.

Affordable Housing

- Fairway Three Townhomes: Constructed in 1990/1991, there are 30 Category 4 units consisting of 12 two-bedroom units and 18 three-bedroom units.
- Five Trees (Moore Family PUD): Constructed in 1999 – 2001, a total of 31 Category 3 and 4 three- and four-bedroom single-family homes.
- Hopkins Roan: Constructed in 2002, a total of 2 units. The one-bedroom is a Category 3 and the two-bedroom is Category 4.
- Hunter Creek: Converted in 1982, there are 77 Category 1, 3 and 4 units consisting of 1 studio, 70 two-bedroom units and 6 three-bedroom units. In 1995, 1 2-bedroom free-market unit and a 3-bedroom unit were bought down to Category 1, making a total of 79 deed-restricted units at Hunter Creek. In the initial conversion in 1982, ten of the units were sold to employers for their employees.
- Independence View Condominiums: Constructed in 2007, there are a total of 2 one-bedroom Category 6 units that were constructed under City Land Use Code Section 26.520. The units are located at 84 and 86 Pitkin Mesa Drive.
- Juan Street: Constructed in 1995, there are a total of 6 units -- 1 3-bedroom detached single-family home, 2 3-bedroom duplex units, and 1 2-bedroom single-family home. The 3-bedroom units are Category 4 and the 2-bedroom unit is a Category 3.
- Lacet Court: Constructed in 1994, this project consists of 14 townhomes/single-family homes, with a mixture of Category 3, 4 and RO.
- Lazy Glen: Was a mobile home park that subdivided around 2002. Consists of 100 lots that carrying a RO deed restriction.
- Little Ajax: Construction in 2006, this project consists of 14 condominiums – 13 three-bedroom, two-bath units and 1 two-bedroom, two-bath unit. The two-bedroom is a Category 3 and the three-bedrooms consist of 3 Category 3 and 10 Category 4. The unit was development by a private developer as a 100% workforce housing project, but the City of Aspen provided subsidy for the units in order to restrict them to Category 3 and Category 4 units.
- Little Victorian, Unit 2: This unit is a one-bedroom unit in an eight-unit free-market complex and was deed restricted to Category 3 in 2000 for mitigation.
- Lone Pine: Built in 1980, these 28 units are Category 4 units and consist of 4 studio units, 14 one-bedroom units and 10 two-bedroom units.
- Maroon Creek Club/1151 Tiehack: This unit was constructed in 1996 to replace a unit that was demolished to construct the Maroon Creek Club. It is a Category 1 single-family home.
- Marthinsson-Nostdahl Condominiums: These units were built in the late 1950's, and early 1960's. The property consists of 10 two-bedroom units, a mix of eight Category 3 and

two Category 4 units. The configuration of the complex is a two story 5-plex, a two-story triplex and a single story duplex. The total square footage of the dwellings is approximately 6,000 square feet. The two-story 5-plex consists of two bedrooms and 1 bath per unit. The triplex has two units with two bedrooms plus a loft and one bath; and one unit with two bedrooms and one bath. Both units located in the duplex contain two bedrooms, but one has two baths while the other contains only one bath.

- Midland Park: Constructed in 1978, there are 37 Category 4 units consisting of 8 one-bedroom units, 14 two-bedroom units, and 15 three-bedroom units.
- North 40: In 1999, 72 residential lots were created out by the Aspen Airport Business Center. These lots were provided and sold in 2000 to individuals who qualified under the Resident Occupied designation as stated in the 1996/1997 Guidelines. Each owner has the ability to construct his or her own single-family home on the lot.
- Obermeyer: Constructed in 2006, there are 22 units consisting of 7 Category 2 one-bedroom units, 8 Category 3 one-bedroom units, and 7 two-bedroom RO units. This project is part of a mixed use project that also includes free-market units and commercial space.
- Oh-Be-Joyful: Constructed in 1992/1993, there are 4 single-family Category 3 homes. This project is located in Old Snowmass and was provided by Dr. and Mrs. Robert Freemark.
- Park Avenue 407-B: Approved in 1988, this is a single three-bedroom, Category 4 unit mixed in with three free-market units and was created for mitigation purposes.
- Park Circle – 425 Park Circle A-1: Purchased in 2000 for replacement mitigation of Lot 7 at the Aspen Meadows, this is a Category 2 one-bedroom unit.
- Park Place – 411 East Cooper: These units were provided in the late 1980's and consist of two Category 4 one-bedroom units.
- Pitkin Iron: Constructed in 2000, there are a total of 15 deed-restricted units. They consist of the following: under the Category 2 designation is one one-bedroom unit; under the Category 3 designation is one one-bedroom, three two-bedrooms and one four-bedroom unit; under the Category 4 designation are three two-bedroom, four three-bedroom and two four-bedroom units. These are to be marketed in the fall of 2000.
- Pitkin Park Place: Condominiumized in 1987, there are 5 units located at the Aspen Airport Business Center. These are two-bedroom, one-bath units. Four are Category 1 and one unit is Category 3.
- Red House Enclave: Constructed in the 1960's, this complex was remodeled in 1994/1995. There are a total of six units in this complex. This complex contains 1 Category 3 3-bedroom, 1 Category 3 2-bedroom, 1 Category 3 1-bedroom, and 3 Category 2 1-bedroom units. Converted to deed restricted housing in 1998.
- Sagewood Condominium: Consists of one Category 4 two-bedroom unit.

Affordable Housing

- 7th and Main: Constructed in 2001, there are a total of 12 units in this complex. This complex contains 5 Category 2 1-bedrooms, 6 Category 3 1-bedrooms, and 1 Category 3 2-bedroom.
- Shadow Mountain Unit 00A: Was provided as a mitigation unit in the early 1990's and is a Category 3, three-bedroom unit located right off of Main Street.
- Shady Lane Condominium: This unit was a remodeled cabin that was deed-restricted in 2002. It consists of one Category 4, three-bedroom single-family home.
- Smuggler Cove: Constructed in 1992 by the Barry Siegel, owner of Aspen Electric. Constructed for use by his employees. There are a total of 3 units in this complex. This complex contains 2 Category 2 2-bedrooms, and 1 Category 4 3-bedroom.
- Smuggler Park Subdivision: Constructed in 1977, this project consists of 87 Resident Occupied two- and three-bedroom units. The owners were able to buy their lots for \$25,000 each in 1979 and a RO designation was placed on the Park.
- Smuggler Run Mobile Home Park: Constructed in 1981, there are 17 Category 4 two- and three-bedroom mobile homes located at this project.
- Snyder Park: This project was constructed in 1999/2000 and consists of five buildings clustered around a common green space. The entire complex is surrounded by a newly created Snyder Park. The project consists of six three-bedroom, two-bath units, are two stories with approximately 1,500 square feet of living space. Each three-bedroom unit also has a two-car garage. There are also nine one-bedroom, one-bath units approximately 750 square feet. Eight of the units have a full basement, while one of the units has a one-car garage. The one-bedroom units have one parking space per unit located in a one of two covered carports. The one bedrooms are broken down as follows: one Category 2, four Category 3, and four Category 4. The three bedrooms are broken down as follows: one Category 2, two Category 3, and three Category 4.
- Sopris Creek Cabins: Constructed in 1980, there are 5 Category 3 units consisting of 2 one-bedroom units and 3 two-bedroom units; and 1 Category 1 unit consisting of 1 studio unit.
- Stillwater Ranch: Constructed in 2004 and 2005. This project consisted of 13 total units, 4 1-bedrooms and 9 three-bedrooms. The 1-bedrooms consisted of 1 Category 2, 2 Category 3 and 1 Category 5. The 3-bedrooms consisted of 5 Category 4 and 4 Category 5.
- Tom Thumb: Mountain Enterprises received a GMP exemption by providing three employee units at Category 3 in 1978. Units were deed restricted to moderate (Category 3) restrictions in 1982. The units are all studio units.
- Top of Mill: Constructed in 2006, there are a total of 4 units – 3 Category 2 and 1 Category 4. These units consist of 2 Category 2 three-bedroom units, 1 Category 2 four-bedroom unit and 1 Category 4 three-bedroom unit. They were constructed as mitigation for the Top of Mill and Grand Aspen redevelopment.

- **Trainor's Landing:** Constructed in 2002, a total of 7 units. Four three-bedroom Category 4 units configured as duplexes; three RO single-family homes.
- **Twin Ridge:** Constructed in 1990/1991, this development consists of 12 townhomes and 13 single-family homes. Both types of units are categorized as Category 4. The 12 townhomes consist of 2 one-bedroom units, 4 two-bedroom units, and 6 three-bedroom units.
- **Two Moon Subdivision:** This was an existing dwelling unit that an owner requested to have deed restricted in 1998 at Category 4. This is a four-bedroom single-family home.
- **Ute Park:** Constructed in 1994, this project consists of 7 single-family homes and are classified as Category 4 units.
- **Valley Condominium, 1135 Cemetery Lane:** In the late 1980's, a subdivision and expansion required one side of a duplex unit to be deed restricted under as a three-bedroom, Category 3 unit.
- **Victorians at Bleeker:** This complex was built in 1997 and contains 5 units. Two of the units are RO and contain three bedrooms; two are Category 4 and are studio units; and one unit is a Category 4 one-bedroom unit.
- **Vincenti Condos:** In 1981 approval was given for a project at 1015 E. Hyman. Project consisted of a free market and two employee units, along with a free market duplex. This project consists of two Category 1 units – a two-bedroom and a studio unit.
- **Villas at Elk Run:** There are two deed-restricted units located in the Villas at Elk Run subdivision in Basalt. Both of these were free-market units that were deed-restricted to satisfy mitigation requirements that rental units had been provided on-site. They consist of:

7202 Elk Lane	Category 4	3-Bedroom
8208 Elk Run Drive	Category 2	1-Bedroom

- **Water Place Housing:** Constructed in 1998 by the City of Aspen. The units were constructed on land owned by the City by the water plant and consists of 22 units. The units vary from 1 to 3-bedrooms. The category is determined on the income of the owner at the time of purchase. Working for the City of Aspen is a requirement to maintain ownership.
- **Waterview Condominiums:** This unit was provided via a buy-down opportunity replaced a deed-restricted unit that was to have been provided on Tract 5 of the West Buttermilk Pfister Tracts. Unit 301 is classified as a Category 3 two-bedroom unit.
- **West Hopkins:** Constructed 1992/1993, this project consists of 11 Category 2 and Category 3 units. There are 3 one-bedroom, Carriage-type units; 6 two-bedroom units and 2 three-bedroom units.
- **Williams Ranch:** Constructed in 1997/1998, this project consists of 35 units. There

Affordable Housing

are 5 RO single-family 4-bedroom homes; 10 RO-5 single-family 4-bedroom homes; 2 Category 4 single-family 4-bedroom homes; 4 Category 2 4-bedroom duplexes; 4 Category 3 3-bedroom duplexes; 6 Category 2 2-bedroom duplexes; and 4 Category 2 1-bedroom units.

- Williams Woods: Constructed in 1991, this project consists of 18 Category 2 and Category 3 townhomes. It consists of 2 one-bedroom units, 12 two-bedroom units and 4 three-bedroom units.
- Winfield Arms: This unit was deed restricted in 1991 to satisfy a mitigation requirement. This is a Category 3 studio unit.
- W/J Ranch (Woody Creek): In 1990, 27 Category 3 and Category 4 two-bedroom units were constructed. Currently, there are a total of 42 units consisting of 27 two-bedroom units, 14 three-bedroom units, and one single-family home. They are a mixture of Category 4 and RO units. In 1995, these units were changed from rental units to ownership units.
- Woody Creek Mobile Home Park: The Housing Authority purchased the park in December of 2000. The Housing Authority is still in the process of subdividing the lots and selling to the tenants. There are 54 mobile homes located in this Park.

Rental Projects:

- AABC Apartments: Constructed in the 1970's, there are 6 rental units scattered throughout the Aspen Airport Business Center. These units are categorized as Category 3 units and are controlled by the School District.
- Alpina Haus: This project was converted to affordable housing through mitigation in 1990 and consists of 44 units.
- Aspen Highlands Village: Constructed in 2001, this project is located at the base of Highlands Village Ski Area and consists of the following: 46 total rental units consisting of 38 dorm rooms, 2 1-bedrooms, 4 2-bedrooms and 2 3-bedrooms.
- Aspen Country Inn: This was remodeled in 1999 and occupied in September of 1999. This project contains 40 units as follows: 4 studios, 33 one-bedroom units and 3 two-bedroom units. This is a Senior Priority complex as defined in the Guidelines and the category is based on federal guidelines.
- Aspen Valley Ranch: There are a total of 7 deed-restricted units located on this site. Most of the units existed when purchased in 1964. The units consist of the following:

Unit 1 – Two-bedrooms, approximately 1,674 net livable square feet located at 559 Aspen Valley Ranch Road (mobile home).

Unit 2 – Four-bedrooms, approximately 1,577 net livable square feet located at 20 Aspen Valley Ranch Road (mobile home).

Unit 3 – One-Bedroom, approximately 563 net livable square feet, located at 105 Aspen Valley Ranch Road (log cabin).

Unit 4 – Two-bedrooms, approximately 612 net livable square feet, located at 55

Aspen Valley Ranch Road (log cabin).

Unit 5 – Three-bedrooms, approximately 920 net livable square feet, located at 71 Aspen Valley Ranch Road (mobile home).

Unit 6 – Two-bedrooms, approximately 648 net livable square feet, located at 80 Aspen Valley Ranch Road (mobile home).

Unit 7 – Three-bedrooms, approximately 1,700 net livable square feet, located at 31 Aspen Valley Ranch Road (mobile home).

In 1992, the owner obtained the right to demolish the above units and remove any of the units at any time subject to specific notice requirements.

- **Beaumont Inn:** Purchased by the Aspen Valley Hospital in 2000, this Inn consists of 34 1-bedroom units and 1 3-bedroom unit. Only hospital employees occupy this rental project.
- **Bell Mountain Lodge:** Contains five Category 2 units.
- **Burlingame Ranch Apartments:** These apartments were constructed in the summer of 2000. They consist of 92 seasonal units (184 beds) and 8 year-round one-bedroom units, for a total of 100 units. The seasonal units are available for the general public from September through April. The Music Associates place their music students in the units from June through August. Four of the year-round units are controlled by RFTA and one of the units by the City of Aspen for placement of their employees. The other three units will be filled through the waitlist process. The eight year-round units are restricted to the Category 2 designation.
- **Castle Ridge:** Constructed in 1981, these 80 rental units consist of 24 studio units, 9 one-bedroom units, 40 two-bedroom units and 7 three-bedroom units. These 80 units are classified as Category 3 units.
- **Centennial:** Constructed in 1979, there are 148 rental units, Category 1 and Category 3, consisting of 39 studio units, 50 one-bedroom units, 45 two-bedroom units, and 14 three-bedroom units, housing up to 280 employees.
- **Copper Horse:** This project was converted to affordable housing through mitigation in 1990 and consists of 13 units.
- **Cortina:** This project was converted to affordable housing through mitigation about six years ago and consists of 16 units. The complex is used to house employees of the Hotel Jerome.
- **Heatherbed:** Contains 20 dorm-style units for Aspen Ski Company employees.
- **Holiday House:** Not sure when the constructed. The project consists of around 35 dorm rooms and is used as seasonal housing by the Aspen Skiing Company.
- **Hunter Longhouse:** Constructed in 1979, there are 28 Category 3 units, consisting of 14 one-bedroom units and 14 two-bedroom units. In 1988, five additional units were constructed, making a total of 33 units available. These additional five units are two-

bedroom units.

- Isis: Contains two three-bedroom, Category 3 units.
- Marolt Ranch (Seasonal Housing): Constructed in 1990, this project contains 4 long-term, Category three-bedroom units; and 96 two-bedroom seasonal units. From June through August of every year, the Music Association houses music students in the seasonal units.
- Maroon Creek Club Apartments: This complex was completed in 1997. This project consists of 42 apartments – 14 one-bedroom units, 13 two-bedroom units, and 15 three-bedroom units. The category relates to the federal guidelines since this complex received tax credits. The Maroon Creek Club has a priority to place their employees in these units as long as they qualify under the Aspen/Pitkin County Housing Guidelines.
- Mill Street Station: Constructed in 2002, this project consists of 7 units, a mixture of 1-bedrooms and 2-bedrooms. The units are employer owned and can only be rental to qualified Category 3 tenants.
- Mountain Oaks: Constructed in 1989, this project consists of 21 units consisting of 8 studio units, 6 one-bedroom units and 7 two-bedroom units. Aspen Valley Hospital has first priority of renting these units to their employees.
- Pitkin Center Building (520 East Hyman): Contains four Category 3 units.
- River Glen: Constructed around 1999, this project consists of 12 total units broken down as follows: 7 Category 2 studios, 3 Category 1 studios and 2 Category 3 two-bedrooms. Built for mitigation purposes under the Day subdivision.
- River Park: Constructed around 1998, the project contains three deed-restricted units – one Category 1 two-bedroom and two Category 1 one-bedrooms.
- Smuggler Mountain Apartments: This project was constructed in 1970 and was purchased for mitigation for the 409 E. Hopkins Commercial redevelopment and deed restricted to Category 1 in 1990. There are 11 units -- 8 studios, 1 two-bedroom unit, 2 three-bedroom units.
- Truscott Place Apartments: This project contains 46 long-term, Category 3, units consisting of 4 studio lofts, 8 one-bedrooms, 15 two-bedrooms, and 19 two-bedroom lofts. There are also 50 studio, short-term, units.
- Truscott Place LLLP: Constructed in 2002, they consist of Category 2 and 3 units. There are 22 studios, 26 1-bedrooms and 39 2-bedroom units, for a total of 87 additional units.
- Ullr Commons: This project was condominiumized and deed restricted in June of 2000. The project consists of a total of 27 units – 26 deed-restricted units and one free-market unit. The deed-restricted units are Category 3 and consist of 10 lodge-

type units, 1 studio unit, 6 one-bedroom units, and 9 two-bedroom units.

- Ute City Place: Constructed in 1994, this project was provided by the Ritz Hotel Development for employee mitigation and consists of 22 Category 2 and 3 units. They are as follows: 2 Category 3 2-bedroom units; 2 Category 2 2-bedroom units; 2 Category 3 1-bedroom units; 10 Category 1 1-bedroom units; 2 Category 3 studio units; 4 Category 2 studio units.
- West Ranch Subdivision: Contains 10, Category 4 two-bedroom units for use by the Aspen School District.

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