

January 2, 2018

Our File: 10-5040-20/AFFHOU/2017-1

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To: City Manager

From: General Manager Planning and Development

Subject: **HAS Implementation – 2017 Progress Report**

For: **Council**

Recommendation:

That Council endorse the proposed Housing Affordability Strategy Implementation 2018 work plan items, as outlined in the report dated January 2, 2018 of the General Manager, Planning & Development entitled "HAS Implementation – 2017 Progress Report" and summarized as follows:

1. Hosting a Housing Summit;
2. Expanding Support for Housing Providers;
3. Investigating Property Tax Exemptions;
4. Formulating New Incentives for Non-Profit Housing Development; and
5. Developing Family Friendly Housing Guidelines.

Report Purpose:

To report on progress made on the implementation of the Housing Affordability Strategy (HAS), since its adoption two years ago and to provide an opportunity for Council feedback on HAS implementation.

Strategic Goal:

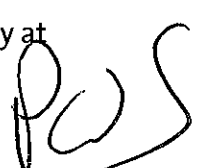
Coquitlam's 2015 Housing Affordability Strategy supports the 'Achieve Excellence in City Governance' Strategic Goal as it guides Coquitlam's response, as local government acting in partnership with others, to address housing affordability challenges.

Executive Summary:

Since Council's endorsement of the HAS in December 2015, all of the ten short-term, high-priority two year action items endorsed by Council as the 2016-2017 work program for this strategy are now operational or have been completed.

Following the trends seen throughout 2016, the uptake of development incentives and other opportunities to build market and non-market rental units in connection with development applications in Coquitlam continued again through 2017. In late 2017, Council adopted Zoning Bylaw amendments to provide clarity for the development community to further expedite and facilitate the development of purpose-built rental units.

With regard to another area of focus in the HAS two-year action plan, Habitat for Humanity was the successful proponent for the Request for Expressions of Interest (RFEI) for an affordable housing project on the City-owned property at 1358 Coast Meridian Road.



Executive Summary: cont'd/

The City and Habitat for Humanity are currently developing an MOU to guide the development of affordable home ownership options for Coquitlam families at this site.

In response to the HAS implementation being elevated from a "B" to an "A" Business Plan priority, Council approved the use of the Affordable Housing Reserve Fund to secure two Affordable Housing Project Facilitators in 2017 to proactively seek partnerships in affordable housing development. The Affordable Housing Reserve Fund was also drawn on for a number of projects supporting non-market, or below-market housing, including renovations on the Talitha Koum transition house, and housing for seniors through the Finnish Canadian Rest Home Association.

The City was delighted to learn that the HAS received an Honorable Mention for the 2017 Planning Institute of British Columbia Awards, recognized at the regional conference in Prince George in June.

Background:

Council endorsed the HAS in December 2015. The HAS outlines the City's approach to promoting housing affordability, and it is set within the context of a limited municipal mandate and resources to address this issue and also recognizes an ongoing interest in promoting and pursuing partnership-based approaches to an issue that affects many Coquitlam residents. Under four strategic objectives¹, the HAS lists 54 actions. Council directed staff to implement ten short-term, high-priority actions in 2016-2017 (Attachment 1), as well as to undertake ongoing actions as resources and work programs permit.

Council also directed staff to report back to Council every two years on implementation progress and additional future action items. However, as substantial progress was made through 2016, an interim report on 'work-in-progress' in advance of the regularly scheduled two year update was brought forward for Council's review and information in December 2016. The remainder of this report highlights the implementation of the remaining priority actions, and identifies potential next steps / items that will be undertaken in 2018.

Discussion/Analysis:

2017 Work Plan Items

Addressing housing affordability requires action on many different levels, as indicated by the diversity of actions included in the HAS and encompassed in the 2016-2017 work program. Items completed in 2016 included:

- Encourage the development of designated market rental units through a suite of incentives as identified in the HAS;

¹ Foster Housing Affordability through Innovation; Promote Affordable Living; Leverage the City's Affordable Housing Reserve Fund; and Build Strategic Partnerships.

Discussion/Analysis: cont'd/

- Consider the exemption of rental floor space from maximum density allowances in cases where maximum density has been achieved subject to servicing, traffic, parking and urban design considerations;
- Employ a series of regulatory incentives to preserve existing rental and co-op housing;
- Contribute a portion of density bonusing contributions into the Affordable Housing Reserve Fund (AHRF) based on the City's Zoning Bylaw for the purpose of fostering housing affordability in accordance with the AHRF guidelines;
- Complete the sale of three city owned sites in Northeast Coquitlam to "jump-start" the AHRF;
- Issue a press release explaining the availability of funds and the criteria for use of the AHRF, and issue a call for submissions for its use;
- Call for partners to work with Coquitlam in addressing affordability and accessibility needs; and
- Issue a Request for Proposals for an affordable housing project at 1358 Coast Meridian Road.

The following section outlines details of the completion and successes made on the remaining high-priority, short-term action items, as well as ongoing operations that Council directed staff to complete, or continue, in 2017.

Priority Action 1:

Consider concentrating higher densities and a broader variety of dwelling types and tenures near transit, through the completion of the *Burquitlam-Lougheed Neighbourhood Plan*.

Council adopted the *Burquitlam-Lougheed Neighbourhood Plan* (BLNP) in June, 2017. The BLNP contains policy to focus higher-density housing in the neighbourhood centres and within 400m of the Frequent Transit Network. The Plan policies also provide for a range of housing types, unit sizes and tenures to appeal to a broad mix of household types and stages of life. The BLNP proposes to re-designate 100 acres of land for the development of up to 1,500 townhouse units, 300 acres for up to 7,000–8,000 apartment units, and 85 acres for up to 625 Housing Choices (e.g., duplex, triplex, narrow lot single-family) units, while leaving the balance of the 1400 acre BLNP area unchanged. These plans are a key component in creating a healthy supply of various housing types.

Priority Action 3:

Review Zoning Bylaw density, parking, amenity space and other requirements to encourage the development of purpose-built rental housing.

One of the remaining 2017 priority action items was to review the Zoning Bylaw related to density, parking, amenity space and other requirements to encourage the development of purpose-built rental housing.

Discussion/Analysis: cont'd/

The HAS Zoning Bylaw review work inventoried all “directional policies” of the HAS; these “directional policies” are those policy statements where staff have been directed to explore ways to encourage housing solutions and create incentives. Each of these areas were identified, best practices compiled and input sought from Development Services and Transportation Planning staff, housing providers and developers.

Staff examined options related to all identified bylaw actions of the HAS including reviewing parking requirements, amenity relaxations, density incentives, density bonus contributions and housing definitions, and made a series of recommended OCP and Zoning Bylaw amendments.

Following a Public Hearing in November 2017, Council adopted the *OCP Amendment Bylaw No. 4818, 2017* and *Zoning Amendment Bylaw No. 4808, 2017*. In 2018, staff will develop an implementation guide to outline these amendments for efficient and effective development application formulation.

Priority Action 10 (Update):

Issue a Request for Proposals for an affordable housing project at 1358 Coast Meridian Road.

The City issued a Request for Expressions of Interest (RFEI) for an affordable housing project at 1358 Coast Meridian Road in December 2016. The City received strong response to the RFEI with thirteen proposals from eight proponents that demonstrated flexibility, innovation, creativity and target populations in core housing need, as aligned with the HAS goals.

Following an internal review process, staff recommended Habitat for Humanity as the proponent representing the City's best option for advancing the development of 1358 Coast Meridian Road as an affordable housing project. The Habitat for Humanity vision for this project involves creating approximately 40-50 affordable home ownership units for working families. Based on Habitat's proposed project, all of the estimated units will be suitable for families and meet the City's affordability target for low to moderate household income for this site. Additionally, Habitat for Humanity has a significant financial commitment from BC Housing to support the development of affordable housing units throughout the province.

In June 2017, Council directed staff to enter into an MOU with Habitat for Humanity that guides the development and maintenance of an affordable housing project at 1358 Coast Meridian Road, which will be presented to Council in 2018 for their consideration.

Discussion/Analysis: cont'd/

Ongoing HAS Action Implementation

Priority Actions 2 and 4:

Encourage the development of purpose-built market rental units.

The HAS lists multiple actions that focus on increasing the supply of rental housing, and since 2016, there continues to be significant progress in this regard.

In terms of new market rental units added (or potentially to be added) to the housing inventory, 475 market rental units have been approved since December 2015 and approximately 2000 market rental units are currently in the application process or are the subject of initial discussions.

Staff also note that between 400-500 below-market / non-market rental units are in preliminary discussions through work with the Affordable Housing Project Facilitators.

January 2016 – December 2017:

| Status | Market Rental Units | Non-Market or Below-Market Units |
|-------------------|----------------------------|---|
| Approved | 475 | 86 |
| Under Application | Approximately 2000 | 80 |
| Total | Approximately 2475 | 166 |

For comparison, between 2007-2015, 67 purpose-built market rental units (Windsor Gate) and 78 non-market units were developed in Coquitlam.

Development Services staff continue to work with proponents on the potential use of development incentives contained within these actions and bringing forward applications to Council for consideration on a case-by-case basis.

Priority Action 8:

Issue a call for submissions for use of the Affordable Housing Reserve Fund.

There were multiple applications for grants from the AHRF in 2017. As of December 2017, the AHRF balance is \$10,230,417. Additionally, there are several development applications underway, and staff continue to work with proponents on exploring ways to secure additional below or non-market units through the use of the AHRF.

Affordable Housing Project Facilitators

In April 2017, Council authorized the use of up to \$200,000 over two years to secure two Housing Facilitators to support ongoing implementation of the HAS. The Housing Facilitators have been working to develop an MOU with Habitat for Humanity for the affordable housing project at 1358 Coast Meridian, identifying and working with local non-profit groups, encouraging potential developers to utilize HAS policies, and assisting Development Servicing staff with applications utilizing the HAS incentives. A more comprehensive report detailing the progress achieved by the Housing Facilitators will be presented to Council later in 2018.

Discussion/Analysis: cont'd/

Talitha Koum

With an original contribution of \$600,000 from the AHRF, the Talitha Koum Society co-purchased a house with the City in July 2017, making it possible for the Society to double its bed capacity from 9 to 18 beds of transitional housing for women and their children. The house purchased by the Society and the City in Southwest Coquitlam is in good proximity to their other house as well as transit, schools and community services and offers a large treed lot and stable neighbourhood, all of which will be helpful to the women and children being housed. In October 2017, Council authorized an additional expenditure of up to \$200,000 from the AHRF to complete the renovation of the house, reflecting rapidly rising housing costs.

Finnish Canadian Rest Home Association – 1226 Johnson Street

The Finnish Canadian Rest Home Association (FCRHA) requested a contribution of AHRF funds to reduce the development costs toward their senior's housing development at 1226 Johnson Street. Fourteen units in the development were designated to be below-market rental units for seniors and available for residents eligible for the BC Housing Shelter Aid for Elderly Renters (SAFER) Program. In July 2017, Council approved a grant of \$177,545 from the AHRF to cover a portion of the City's Development Cost Charges and building permit fees for the 14 below-market units at 1226 Johnson Street to be owned and operated by the FCRHA.

BC Conference Property Development Council of the United Church of Canada – 1110 King Albert Street

It is anticipated that in January a request for \$522,000 from the AHRF to enhance the affordability of the development at 1110 King Albert Street will come to Council. The project includes a proposed 75 unit purpose-built rental apartment building and a church, with all units rented at below-market rates, and at least one third meeting the City's low-to-moderate income levels (\$35,000 – 55,000). The project is made possible by the donation of land from the United Church and BC Housing has committed funds totaling near \$4.5 million.

Kinsight (formerly Simon Fraser Society for Community Living) – 567 Clarke Road

It is anticipated that a request for \$961,525 from the AHRF to assist in the purchase of six deeply subsidized affordable housing units for individuals living with disabilities will come to Council in 2018. Kinsight would operate the units as deeply subsidized housing (i.e., meeting the \$375 / month shelter rate of provincial Income Assistance support) adults with developmental disabilities. While the number of units secured through this proposal is small, at shelter rates, they would be the most deeply subsidized units to be secured through the HAS, using AHRF funds.

Additionally, there are several development applications underway, and staff continue to work with proponents on exploring ways to secure additional below or non-market units through the use of the AHRF. At this time, staff are aware of over \$4 million in potential AHRF requests in this regard that will be brought forward in the near future.

Discussion/Analysis: cont'd/

Priority Action 9: Call for partners to work with Coquitlam in addressing affordability and accessibility needs.

Staff continue to communicate with all levels of government, and other stakeholders, around HAS incentives and opportunities for affordable housing developments. The Housing Facilitators met with a number of non-profit housing providers throughout the region in 2017 to determine their needs and possible opportunities for collaboration. Additionally, staff are in contact with BC Housing and with the Minister of Municipal Affairs and Housing's office around provincial funding and initiatives. A series of new provincial funding announcements is anticipated in the spring of 2018. Staff are actively working with partners and BC Housing now to ensure Coquitlam projects are well-positioned to benefit from the new funding.

The federal government has recently released a National Housing Strategy, which provides additional funding to Provinces and Territories to build more affordable housing options, including \$8.4 billion delivered through existing agreements, and \$15.9 billion in a new National Housing Co-Investment fund. Staff will continue to monitor and explore these funding opportunities, and how they may impact housing development in Coquitlam.

Staff also continue to attend the Tri-Cities Homelessness and Housing Task Group, which allows for continued dialogue with community partners on potential projects and opportunities.

Next Steps:

The HAS identified 54 separate action items. As of December 2017, 46 specific items have been completed or are operationalized as new procedures. The remaining items will form part of the newly approved Affordable Housing Planner's work program and will include:

- Complete and make available an implementation guide associated with the amended bylaws to assist with development negotiations;
- Support applications to the Affordable Housing Reserve fund;
- Continue to monitor the uptake of incentives for market rental housing;
- Investigate the development of a Standards of Maintenance Bylaw; and
- Monitor and assist with pursuing new senior government funding opportunities.

The primary deliverable of the HAS is to increase the quantity and variety of affordable housing choices in Coquitlam. As noted above, a considerable volume of applications have been made in alignment with this objective. Increasing affordable choices in Coquitlam will continue to be enabled through work by both Development Services staff and the Housing Facilitators. Currently this work includes assisting 15 developers and four housing providers to advance market rental, below market and affordable home ownership units.

While the principle deliverables of the HAS will continue to be enacted through ongoing applications, it is noted that since the 2015 approval of the policy the Coquitlam market place continues to evolve and new opportunities have arisen.

Discussion/Analysis: cont'd/

Housing advocates and providers have suggested additional actions that Coquitlam could explore and undertake. Staff believe that within current staffing capacity some additional housing affordability tasks could be undertaken now that the primary implementation work is completed. Specifically, the following potential actions could be tackled if so directed by Council:

1. **Hosting a Housing Summit:** A local Coquitlam-focused Housing Summit would serve to better promote and communicate current HAS incentives to developers, housing providers, and reach new potential partners. Additional actions would include the opportunity to directly introduce housing providers and developers in order to initiate potential partnerships on specific in-stream applications.
2. **Expanding Support for Housing Providers:** The HAS incentives have been successful at encouraging private developers to explore partnership with potential providers. However, many such local providers have reported that in order to better respond to the HAS potential they need additional assistance in business planning, development economics, and contract development in order to effectively respond to development opportunities. Coquitlam could offer one-time assistance through coordination of experts including Vancity, the BC Non Profit Housing Association, and more experienced experts from outside Coquitlam to help build capacity for local non-profit providers. These efforts could be combined with the Housing Summit.
3. **Investigating Property Tax Exemptions:** The Community Charter provides options for supporting or incentivizing affordable housing projects and/or their facilitators through property tax exemptions. There are two separate legislative sections that the City could apply to provide this type of benefit. Staff could, if so directed, work with Finance to examine the possible implementation of tax exemptions, including best practices, definitions and financial implications and return to Council with a recommendation in this regard.
4. **Formulating New Incentives for Non-Profit Housing Development:** The HAS was designed to encourage for-profit developers to participate in the production of market and non-market rental units. However, the Strategy does not speak to incentives that would be more applicable to non-profit housing models. Based on staff's ongoing work with housing providers, several significant non-profit housing proposals are anticipated in the near future. Sites such as Malaspina Village, co-op's with expiring agreements and Hoy Creek Co-op would likely require different interpretations of policy than currently available under the HAS. Initial discussions with the newly formed non-profit Hoy Creek developers indicate that several hundred below market rental, affordable home ownership and co-op units could be possible. Staff believe that additional consultation with these providers and best practice examinations would better inform policy recommendations that could be brought to Council for consideration ahead of a large scale non-profit proposal. This work would allow more predictable processes and enable non-profits, and co-ops to consider redevelopment options.

Discussion/Analysis: cont'd/

5. **Developing Family Friendly Housing Guidelines:** Through the City Centre Area Plan (CCAP) update, staff will begin to explore efforts to make higher density housing more family friendly (e.g., three bedroom units and flexible amenity spaces). The lessons learned from the CCAP update will then be used to prepare stand-alone family friendly housing guidelines that could be applied citywide.

In addition to the above, it is noted that efforts to increase housing options and affordability in lower density forms such townhouse, duplex and secondary suites is anticipated as part of the Housing Choices review.

Financial Implications:

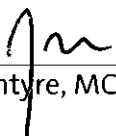
Housing affordability affects many of the City's residents. Although municipal resources to address this issue are limited, financial contributions leveraged through partnerships with senior government, private and community partners make affordable housing projects possible. The AHRF allows the City to partner with others and be ready to act when project opportunities arise.

Applications for use of the AHRF are brought forward for consideration by Council on a case-by-case basis.

As noted above, the AHRF balance currently stands at \$10,230,417 million. Action 3.1.5 stipulates that a review of the Fund will take place every three years, or when the Fund reaches a balance of \$7 million or more. As such, staff recommend that the HAS Implementation program continues to proceed and that an AHRF review be undertaken at the end of 2018.

Conclusion:

In the first two years of implementation of Coquitlam's HAS, all of the ten short-term, high-priority action items are now operational or complete. Staff continue to investigate incentives and opportunities available under the HAS that provide an opportunity for investment of new Provincial and Federal government funding for affordable rental units, or affordable home ownership opportunities, in Coquitlam. Staff will report back to Council with the next HAS progress report in late 2019.



J.L. McIntyre, MCIP, RPP

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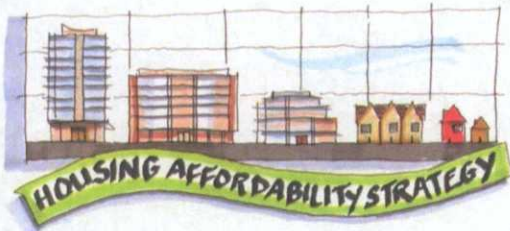
Attachment:

1. 2016-2017 Short-Term, High-Priority Action Items (Doc #2455665)

This report was prepared by Tasha Henderson, Social Planner and reviewed by Bruce Irvine, Project Manager, Michelle Hunt, General Manager of Finance and Technology, and Andrew Merrill, Manager Community Planning.

2016-2017 SHORT-TERM, HIGH-PRIORITY ACTION ITEMS

1. Consider concentrating higher densities and a broader variety of dwelling types and tenures near transit, through the completion of the Burquitlam-Lougheed Neighbourhood Plan (Actions 1.1.1 and 1.1.2, p.20 and 2.1.1, and 2.1.2 p. 24);
2. Encourage the development of designated market rental units (purpose built and / or strata available for rental) through a suite of incentives as identified in the HAS (Actions 1.2.1, 1.2.2, 1.2.5, 1.2.6, 1.2.7, and 1.2.8, p.20-21);
3. Review Zoning Bylaw density, parking, amenity space, and other requirements to encourage the development of purpose-built rental housing (Action 1.2.3, p.20);
4. Consider the exemption of rental floor space from maximum density allowances in cases where maximum density has been achieved subject to servicing, traffic, parking, and urban design considerations (Action 1.2.4, p.20);
5. Employ a series of regulatory incentives to preserve existing rental and co-op housing (Actions 1.5.1, 1.5.2, 1.5.3, 1.5.4, and 1.5.5, p.22);
6. Contribute a portion of density bonusing contributions into the AHRF based on the City's zoning bylaw for the purpose of fostering housing affordability in accordance with the AHRF guidelines (Action 3.1.4, p.26);
7. Complete the sale of three city owned sites in Northeast Coquitlam previously identified for affordable housing but now deemed unlikely to develop and less desirably located. Direct one third of the land sale to immediately "jump-start" the Affordable Housing reserve Fund (Action 3.1.3, p.26);
8. Issue a press release explaining the availability of funds and the criteria for use of the Affordable Housing Reserve Fund (AHRF), and issue a call for submissions for use of the AHRF (Actions 3.2.1 and 3.1.6, p. 27);
9. Call for partners to work with Coquitlam in addressing affordability and accessibility needs (Actions 3.2.2, p.27 and 4.1.3, p.29); and
10. Issue a Request for Proposals for an affordable housing project at 1358 Coast Meridian Road (Action 3.2.3, p.27).



City of Coquitlam
**Housing Affordability
 Strategy**
2017 Progress Report

January 15, 2018

Doc# 2833837

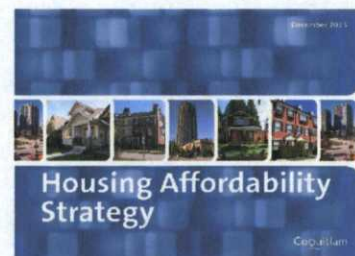


Coquitlam

Background

Housing Affordability Strategy (HAS), Dec 2015

- HAS - a broad policy framework to advance housing affordability
- Recognizes limited role of City, through:
 - Leveraging our contributions
 - Engaging partners
 - Maximizing regulatory efforts
- 2016-2017 focus on 10 short-term, High-priority actions

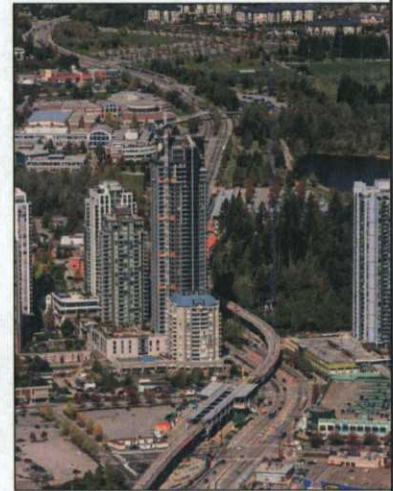


Coquitlam

10 High Priority Initiatives

December 12, 2016 report to Committee :

- Detailed eight initiatives underway, or completed; including land sales (\$ to AHRF), raising awareness of opportunities and regulatory incentives for rental units
- Highlighting three 2017 pending initiatives (Coast Meridian, Zoning Bylaw review and transit supportive density)
- Outline 2017 work to do: utilizing policy and incentives to create rental units



High Priority Initiatives completed

Housing Affordability Strategy actions

- Implement HAS incentives for market rental units
- Complete sale of three NW sites to “jump-start” AHRF
- Call for AHRF submissions
- Inform partners of new incentives
- Establish FAR exemption too encourage rental

High Priority Initiatives

Affordable Housing Reserve Fund (AHRF)

- Current balance: **est. \$10.2 million**
- Estimated: \$20-25 million over 30-35 years
- Call for submissions issued in 2016



High Priority Initiatives 2017

Affordable Housing Reserve Fund (AHRF)

- Talitha Koum, first response awarded
- Finnish Canadian Rest Home Association
- Kinsight (Simon Fraser Community Living)

Anticipated:

- Como Lake United Church



High Priority Initiatives 2017

Transit Supportive Density

- Increase density near transit (TDS)
- Establish TODAT

BLNP re-designates:

- 100 acres for 1,500 townhouses
- 300 acres for 7,000 apartments
- 85 acres for Housing Choices



High Priority Initiatives 2017

Zoning Bylaw Review (approved Fall 2017)

- Reduced parking requirements, clarify incentives, add new 0.5 FAR incentive and define smaller units
- Favourable response from applicants
- Ongoing involvement with applicants



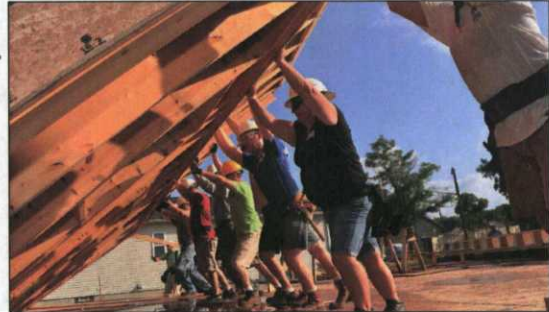
High Priority Initiatives 2017

Habitat For Humanity

Issued EOI for 1358 Coast Meridian Road.

Awarded to Habitat for Humanity

- 40-50 Townhomes
- Affordable Home ownership
- MOU in progress



A Promising Start

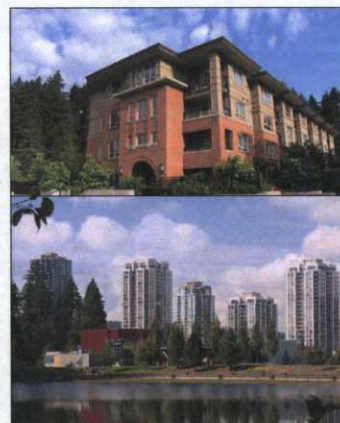
| 2007 - 2015 | 2015 - 2017 |
|--------------------------------------|--|
| 67 purpose-built market rental units | 475 market rental units approved |
| | Approxamitly 2,000 market rental units in process or under discussion |
| 95 non-market rental units | 86 non-market rental units approved, 80 under application |
| Total: 145 rental units | Total: 2,500 market rental approved or under application 166 non-market rental approved or under application |

HAS Initiatives 2018

46 of 54 HAS tasks completed or operationalized

Remaining items underway include:

- *Implementation guide*
- *Ongoing calls for AHRF utilization*
- *Explore Standards of Maintenance bylaw*



Where Could We Be Going?

Council elevated HAS Implementation to an "A" Priority, resource capacity exists to:

1. *Host Housing Summit*
2. *Build capacity for housing providers*
3. *Investigate property tax exemptions*
4. *Design Incentives for non-profit housing*
5. *Prepare Family Friendly Guidelines*

