

Coquitlam

For Committee

December 2, 2019

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To: City Manager

From: General Manager Planning and Development

Subject: **Housing Affordability Strategy (HAS) Implementation Progress Report and 2020-2021 Work Program**

For: **Council-in-Committee**

Recommendation:

That the Committee receive the report of the General Manager Planning and Development dated December 2, 2019 and entitled "Housing Affordability Strategy (HAS) Implementation Progress Report and 2020-2021 Work Program" for information.

Report Purpose:

The purpose of this report is to update Council-in-Committee on the progress made on housing affordability initiatives over the past year, summarize and discuss a number of emerging issues and opportunities relating to housing affordability, outline possible 2020-2021 work program options for initial consideration, and to provide the Committee an opportunity for feedback on these matters.

Strategic Goal:

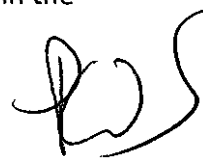
Housing Affordability Initiatives are an 'A' priority in the 2019 Business Plan and support the City's strategic goal of 'Achieving Excellence in City Governance' as it guides Coquitlam's response to housing affordability challenges, working in partnership with others.

Executive Summary:

This report serves to update the Committee regarding recent achievements and ongoing efforts related to affordable housing initiatives, as well as to advise of emerging trends related to housing affordability that staff propose to address as part of the 2020-2021 HAS Work Program. Feedback from the Committee will also inform the agenda of a suggested future Council workshop related to potential responses to emerging trends and needs.

Background:

Housing affordability challenges are not unique to Coquitlam, but have become pressing, broadly acknowledged issues for all levels of government. The City of Coquitlam has been credited with taking early action to address affordability issues and proactively respond to changing market forces. In 2015, with the approval of the Housing Affordability Strategy (HAS), Coquitlam became well positioned to leverage the unprecedented development activity occurring in the



community to increase the number of purpose-built rental housing units currently in the approval process and under construction. These actions placed Coquitlam on a path to become one of the major contributors of secured, rental housing within in the region. However, even with these successes, housing affordability continues to be an ongoing challenge.

Purpose-Built Rental and Housing Background

Almost 60% of Coquitlam's existing purpose-built rental stock was constructed between 1968 and 1971. The construction of rental housing during this period was supported by several important factors, including the availability of federal tax incentives for individuals to invest in multi-unit properties; the lack of competition from more profitable strata development; and zoning changes allowing additional height and density for multi-family properties in neighbourhoods like Burquitlam, Lougheed, Austin Heights and Maillardville.

By the 1980s, most of the important drivers of market rental housing had disappeared: federal tax reform led to the elimination of tax incentives, and the introduction and refinement of BC's Strata Property Act more easily facilitated the construction of condo rather than rental housing. The result was a drastic drop in rental housing construction between 1980 and 2010, a drop off that was also experienced in other Canadian cities.

This collapse was exacerbated by the federal government's withdrawal from funding new non-market rental supply programs in 1993. The BC provincial government did continue to unilaterally fund such programs post-1993, though at a significantly reduced volume. Only recently have the federal and provincial governments begun to invest significantly in non-market housing programs.

Combined with the above noted drop in rental construction, several other macro-economic factors have seen housing costs rise at a rate far above the increases in wages, resulting in an overall housing affordability gap for many households.

Current Focus

Following Council's adoption of the HAS 2019 Initiatives and Emerging Issues report on July 29, 2019, staff have continued to focus on implementation initiatives in order to advance housing choice and affordability in Coquitlam, along with helping guide many applications through the development approval process to utilize HAS policy incentives. Partnerships forged in 2018 with a range of stakeholders have continued to strengthen among sector participants, as summarized in the following recent HAS action items:

Non-profit sector

- Building relationships with housing providers preparing to submit appropriate Affordable Housing Reserve Fund (AHRF) requests based on the recently restructured AHRF Criteria; and
- Encouraging non-profit housing providers operating locally to redevelop aging housing where appropriate, to take advantage of federal and provincial government funding programs.

Private sector

- Directly facilitating the delivery of purpose-built rental and non- and below-market units* based on Coquitlam's regulatory incentives;
- Encouraging transparent communication of Tenant Relocation Assistance guidelines when existing rental housing sites are proposed to be redeveloped; and
- Providing ongoing education and guidance regarding HAS policies along with negotiating and advancing Housing Agreements to secure rental housing commitments.

Public Sector

- Working closely with BC Housing to pilot a revised Below-Market Rental Option (a *Priority Unit Type*); and
- Searching for innovative ways to align HAS initiatives and potential funding with available senior government funding for low and medium density housing developments.

Staff have also focused on building internal capacity with educational and informational working sessions to streamline processing related to preparing Housing Agreements and deepen the understanding of BC Housing and CMHC funding programs.

Discussion/Analysis:

HAS Policy successes

Coquitlam has been an active partner in pursuing affordable housing since the adoption of the HAS in 2015, and a number of positive outcomes have resulted in a net gain of purpose-built rental housing being developed. A number of policy related successes and updates are discussed below to provide a summary of the progress achieved in this challenging policy area over the last year:

Facilitating Rental Housing

Recent reports have noted that Coquitlam is second in the region with the number of purpose-built rental units underway. As of August 31, 2019 there are 3,788 market rental units and a further 699 below-market / non-market rental units in the development approval process that are utilizing the City's Housing Affordability incentives. A list of these projects is provided in Attachment 1.

Affordable Housing Reserve Fund (AHRF)

The AHRF program was updated by Council in April 2019 to provide a clearer and effective funding structure along with improved AHRF evaluation criteria to better communicate the City's expectations for use of the fund. In 2019 to date, Council has granted \$5,290,738 from the AHRF to support 161 units in three separate projects. A further \$8.5M is anticipated to be requested from the fund in the first half of 2020, assisting to create over 300 non-market rental units. Attachment 2 provides more detail on recent and anticipated AHRF requests.

*Non-Market rental units are typically owned and operated by non-profit housing societies and include rent-geared-to-income rental units; the revised Below-Market rental option refers to units rented to moderate-income earners at 25% below market rates (compared to new construction), maybe owned privately and leased to BC Housing for 60 years.

BC Housing – Community Housing Fund

In November 2018, the Ministry of Municipal Affairs and Housing announced funding from the Province's Community Housing Fund for three Coquitlam projects. Staff are continuing to work with the proponents to advance these development applications:

- \$7.2 million to Affordable Housing Societies for 72 homes for families located at 3100 Ozada Avenue:
 - Staff are working with the proponent following their successful pre-application and are awaiting the submission of a full development application. A further 94 non- and below-market rental homes are anticipated to be added to this project in future phases to maximize site potential.
- \$13.2 million to Community Land Trust to replace 97 co-op units with 132 co-op homes for families located at the Hoy Creek Co-op:
 - Staff and the applicant are working to finalize this development application for Council's consideration in early 2020.
- \$10 million to 43 Housing Society (SHARE) in partnership with Concert Properties for 100 non-market rental units for families, seniors, and people with disabilities adjacent to the Burquitlam YMCA:
 - Council supported in principle a grant of \$3.8M from the AHRF to 43 Housing Society in October 2019. Staff continues to work with the proponent to finalize the development approvals for this complex project.

Habitat for Humanity Project

In 2018, a Memorandum of Understanding (MOU) with Habitat for Humanity for an affordable home ownership project on City-owned land at 1358 Coast Meridian Road was completed. Pre-development activities and site surveying have commenced and Habitat for Humanity is looking to submit a full development application in early 2020.

Below-Market Rental Option – Collaboration with BC Housing

BC Housing has offered to support the City to deliver a new model of below-market rental housing without any ongoing government subsidies or grants, utilizing only density bonus to lessen the burden on moderate income renter households. A summary comparison to other housing tenures is shown as part of Attachment 3, which helps place this innovative model along the housing spectrum. Importantly, this partnership arrangement with BC Housing minimizes City staff resources and obligations, and these below-market units will be delivered without an AHRF grant.

Preparation for 2020 BC Housing funding announcement

Staff anticipate that BC Housing will announce the second round of Community Housing Funding (CHF) during the spring of 2020. Based on the success of the 2018 program, staff feel it is prudent to invest additional time and effort to support local non-profit housing societies in completing their applications.

Emerging Opportunities and 2020-2021 Work Program

While positive outcomes are being achieved through the City's HAS initiatives, there are clearly continuing needs in this area and staff are monitoring and assessing a number of other key and emerging issues and opportunities. To move forward in addressing these emerging issues and capitalizing on opportunities, staff have summarized a number of HAS work program items below and propose holding a workshop with Council in early 2020 to further discuss current housing trends and potential policy responses. Based on that Council direction, staff will prioritize current and other additional initiatives for the 2020-2021 Work Program.

Staff are seeking feedback today to confirm Council's interest in exploring potential responses to these issues and if supported, staff would include these topics at an upcoming Council workshop.

1. **Priority Unit Types** – The City's current rental density incentive policy allows applicants considerable choice in providing *Priority Unit Types* (i.e., non-market, below-market, accessible, or three-plus bedroom rental units) to utilize HAS incentives. A review of recent projects shows that the *Priority Unit Types* being delivered are almost exclusively three bedroom market rental units. However, very few non-market, below-market or accessible units are being created. Depending on Council feedback in this regard, staff propose to report back on recommended steps to revisit and possibly rebalance *Priority Unit Types*.
2. **Tenant Relocation Assistance Policy Guideline** – The HAS established a Tenant Relocation and Assistance policy appropriate for the level of redevelopment occurring at that time. However, as there have been advances recently in this policy area in other municipalities and based on recent Council feedback, it would be timely to review and update the City's policy in this regard. Reviewing and updating this policy would also provide increased clarity for developers considering applicable residential projects in Coquitlam.

Also related to the redevelopment of sites containing rental housing stock, questions have been raised about the timing of tenants vacating their units relative to the overall development application and construction process. If Council wishes to explore options focused on this aspect of site redevelopment, staff will undertake some research and come back with alternate approaches in this regard (e.g., vacated rental units on a site awaiting final development approvals that can be used to meet set term or emerging housing needs).

3. **Incentives for Wood Frame Rental Projects** – HAS rental incentives are assisting with the creation of new purpose-built rental housing; but appear to be best suited for high density buildings as part of mixed-use projects. Given that a large volume of medium density (wood frame) developments are projected, Council may wish to consider other incentives that could result in more rental units being included with this type of development.

4. **100% Dedicated Purpose-built Rental** – Current incentives were based on the longstanding market trend that rental units could be best created by utilizing the demand for strata unit developments. However, staff are aware of initial interest in 100% rental projects as rental production has become a more viable product for developers (i.e., as a long-term housing asset). Current policy could be explored to consider incentives for projects offering 100% purpose-built rental units.
5. **Housing Needs Assessment Report** – As recently reported to Council, Metro Vancouver has proposed to undertake the initial data collection of the Housing Needs Assessment on behalf of member municipalities now called for under Provincial legislation. Result of this work is expected to be delivered to each municipality by early 2020. Following that, staff will seek Council's direction related to the scope and process to prepare a Coquitlam Housing Needs Report that includes exploring the specific policy actions to address local housing needs.
6. **Civic Lands and Facilities Collaboration** – Increasing the supply of seniors housing continues to be a Council priority; staff will continue to collaborate with Civic Lands and Facilities to bring forward housing affordability options related to Place Maillardville Seniors Housing Feasibility and the Sydney Avenue Development Site (Burquitlam Lions).
7. **Supportive Housing** – BC Housing has identified a need in the Tri-Cities for additional supportive housing for people who are homeless or at risk of becoming homeless. BC Housing has indicated that funding is available for new supportive housing in the Tri-Cities through the Province's Supportive Housing Fund.
8. **Other HAS refinements** – The following list of items continue to be part of the HAS implementation; however, they have not been prioritized. Depending on Council's direction, part of the 2020-2021 Work Program could be adjusted in order to advance:
 - Family Friendly Housing at high density policies;
 - Standards of maintenance bylaw;
 - Zoning Bylaw housekeeping for the following issues:
 - Lock-off units and secondary suites in additional housing forms;
 - In-Kind Contributions, *Strategic Housing Lots* guidelines;
 - Aligning non- and below-market rental definitions with Federal and Provincial definitions; and
 - Updating density bonus provisions to include the additional 0.5 FAR rental housing incentive without requiring a CD zone.

Financial Implications:

Staff are currently reviewing the resources necessary within the Community Planning Division with respect to the ongoing HAS work program and the broader social planning area. This review will also assess the City's ability to address the emerging opportunities and the 2020-2021 Work Program identified above and may recommend additional resources depending on Council priorities in this area.

Next Steps:

As part of the 2020-2021 Work Program, staff are dedicated to advancing the delivery of market and below-market / non-market rental units under application as a result of HAS incentives. Supporting the delivery of these units remains the highest priority.

Staff are monitoring several trends in Housing Affordability, which could suggest that the City may need to revisit the City's housing policies and incentives to ensure we remain "ahead of the issues" and can successfully create the types of housing needed in the community.

Based on feedback received from the Committee, prioritized issues will be brought forward to a proposed Council workshop in early 2020 for Council's consideration and discussion.

Conclusion:

Since the adoption of the HAS and the implementation of the various HAS policies, Coquitlam has advanced its efforts to communicate City objectives and programs, enabled current applications to utilize HAS incentives, encouraged and supported potential developer / non-profit housing organization partnerships, and has directly worked to increase the inventory of affordable housing stock throughout the city.

The regulatory incentives established by the HAS have helped to initiate approximately 3,900 purpose-built market rate rental units and close to 700 non- and below-market rental units currently in the development approval process or under construction. For context, this number of rental units in the development approval process is second only to Vancouver in the Metro Vancouver region.

Given the rapid pace of change in our community, there are a number of key issues that have been noted that will require the City's attention. Prior to engaging in any such work, staff propose to host a Council workshop to discuss emerging issues and seek direction.


J.L. McIntyre MCIP, RPP

JS/CvP/AM/ce/cb

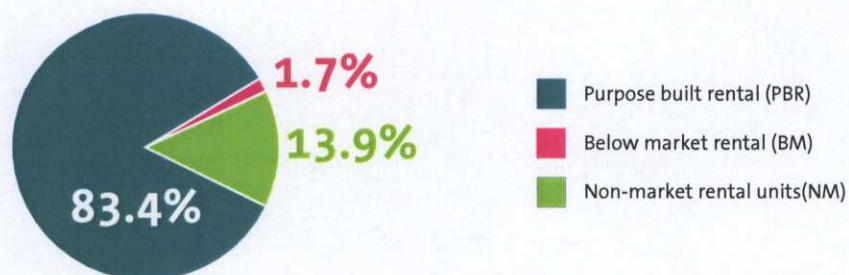
Attachments:

1. Current Rental Housing Projects (Doc# 3542438)
2. Recent and Anticipated AHRF Requests (Doc# 3543730)
3. Summary of Non-Market, Below-Market and Market Rental along the Housing Continuum (Doc# 3547265)
4. PowerPoint Presentation: HAS Progress Report and 2020-2021 Work Program (Doc# 3543416)

This report was written by Jacint Simon, Housing Planner, with support from Cathy van Poorten, Social Planner and reviewed by Andrew Merrill, Manager Community Planning.

Current rental housing projects under application or under construction

Trimester 2 - as of August 31, 2019



Status	Applicant	Address	PBR	BM	NM
Development Permit & Building Permit Applications in process (unit counts may change)	Beedie Living + VRS	1029, 1033 Austin Ave	0	0	12
	Amacon Holdings + YWCA	500 Foster Ave & 633 North Rd	117	0	12
	Anthem Cottonwood	533 Cottonwood	115	0	40
	Anthem Prop. Group + BCH	566 Lougheed Hwy	64	0	6
	Anthem + AHS	319 North Road	40	49	0
	Boffo Developments + VRS	705 North Rd	113	0	21
	Chris Dikeakos Architects / Townline	503 Cottonwood Ave	54	9	0
	Concert Cottonwood - Whitgift	550 Cottonwood Ave	786	0	0
	Concert Burq Park	551 Emerson St	208	0	100
	iKor + BCH	625 North Rd	33	0	11
	Intergulf + VRS	602 Clarke Rd	293	0	46
	Led. McAllister + BCH - Precidia	520 Cottonwood	66	9	0
	Led. McAllister - Sydney Homes	545 Sydney Ave	67	0	10
	Led. McAllister Burq - Highpoint	508 Clarke Rd	113	0	15
	North Road Whiting / Townline + BCH	675 North Rd	139	10	0
	Wilsong Chang / ML Emporio + BCH	901 Lougheed Hwy	37	0	6
	Beedie Living / Fraser Mills	2 King Edward St	118	0	117
	CLT / TL Housing Solutions	2905 Glen Dr	0	0	131
	Morguard Investments	2929 Barnet Hwy	731	0	0
	Onni Pinetree Way Holdings Corp	1175 Pinetree Way	186	0	0
	Polygon Development 316	1182 Westwood St	51	0	0
Building Permits Issued / Ready for Issue, under construction (includes all phases of projects for which BPs have been issued - unit counts may not be final)	Colliers International + CLUC	1110 King Albert Ave	0	0	75
	Red Brick Prop	951 Charland Ave	41	0	0
	Cressey - Hensley Devt LLP /	430 Westview St	201	0	0
	Marcon Clarke Homes + Kinsight	567 Clarke Rd	101	0	6
	Bosa Blue Sky	537 Foster Ave	61	0	0
	Intracorp / FCRHA	1226 Johnson St	53	0	14
Subtotal:			3,788	77	622
Total Below Market & Non-Market units in process:				699	

Recent and Anticipated AHRF Requests - Dec. 2019

Doc# 3543730

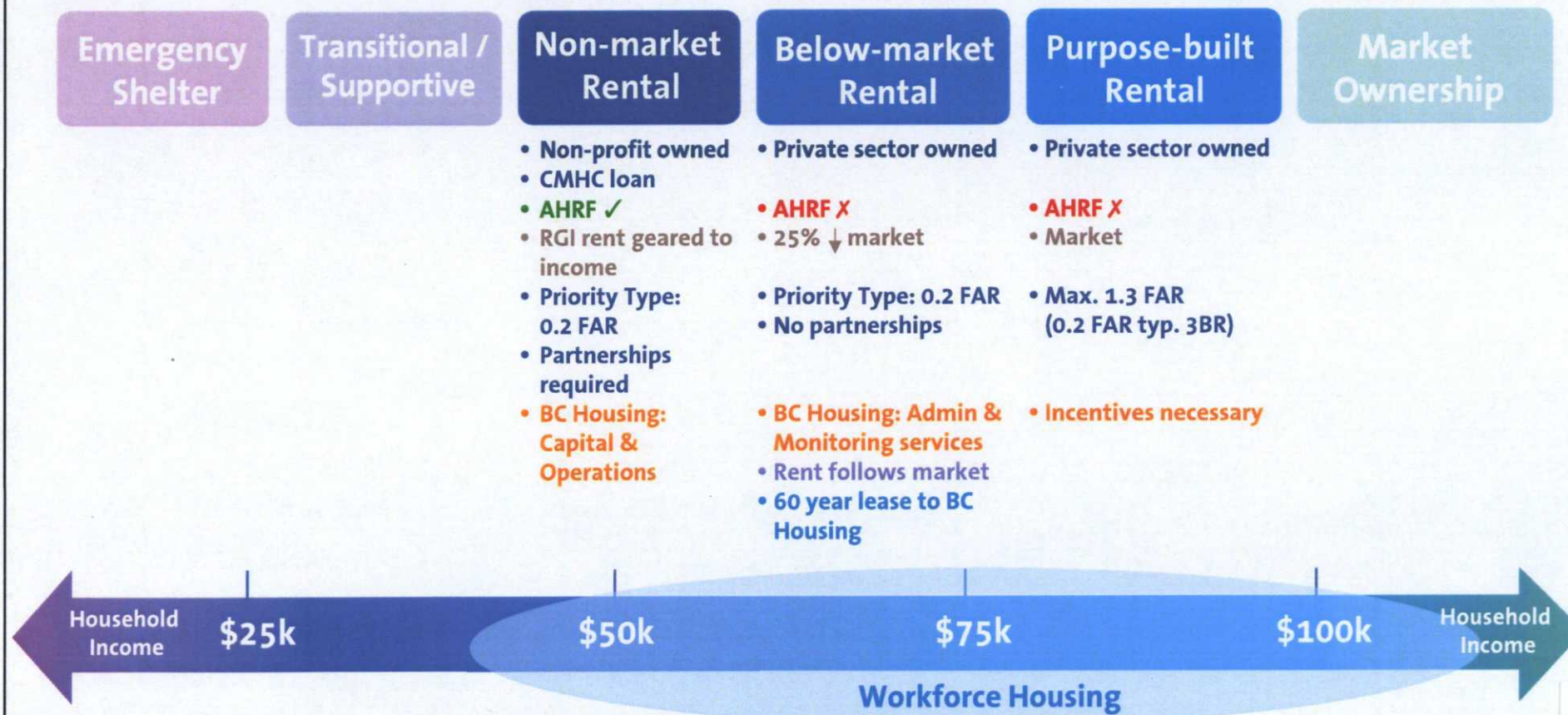
2019 - AHRF Requests

Partnership Structure					Rental Housing Units		AHRF requests		AHRF
		Developer / Consultant	Site	Non-Profit Partner	Non-Market	Below-Market	Per Door	Total	Criteria Tier#
Sale to non-profit society	3/11/2019	Beedie / VRS	1029, 1033 Austin Avenue	Vancouver Resource Society	12	0	\$38,000	\$456,000	2
Multi-Sector Partnership	10/28/2019	Concert	551 Emerson Street	43 Housing / SHARE	100	0	\$38,547	\$3,854,738	2
Sale to non-profit society	11/18/2019	Anthem	319 North	Affordable Housing Society	0	49	\$20,000	\$980,000	1
Total Number of Affordable Housing Units Proposed					112	49	\$5,290,738		
					161				

Spring 2020 - Anticipated AHRF Requests

Partnership Structure		Developer	Rental Housing Units		AHRF requests		AHRF Criteria Tier#
			Non-Market	Below-Market	Per Door	Total	
various	Spring, 2020	4 projects	300+			\$8M +	N/A

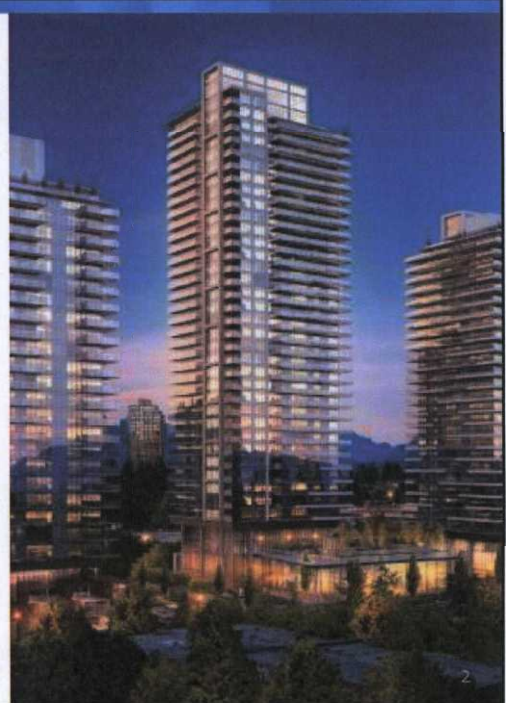
Housing Continuum



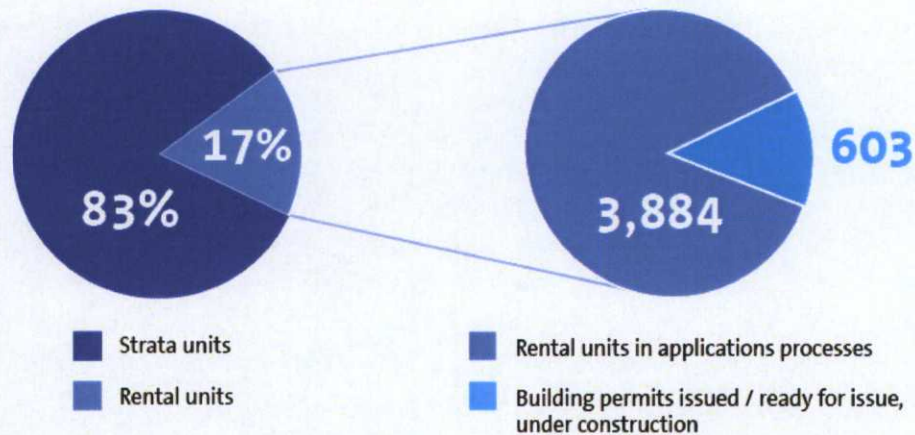


HAS Policy Successes

- Rental Housing Applications
- Affordable Housing Reserve Fund
- Below-Market Rental Option
- Community Housing Fund (BC Housing)

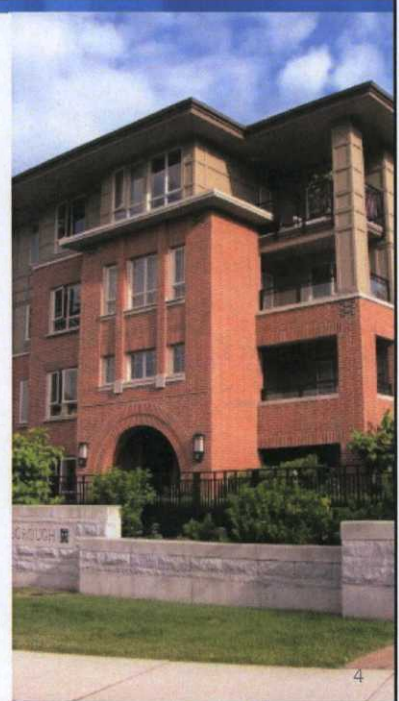
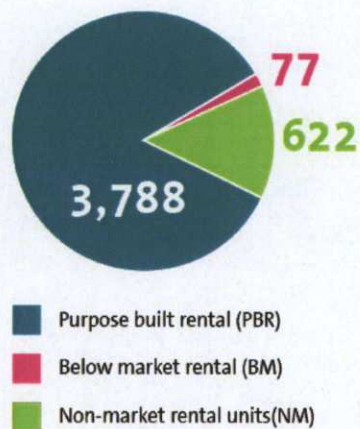


Rental Projects Status



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Rental Housing by Type



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Affordable Housing Reserve Fund - supported

2019

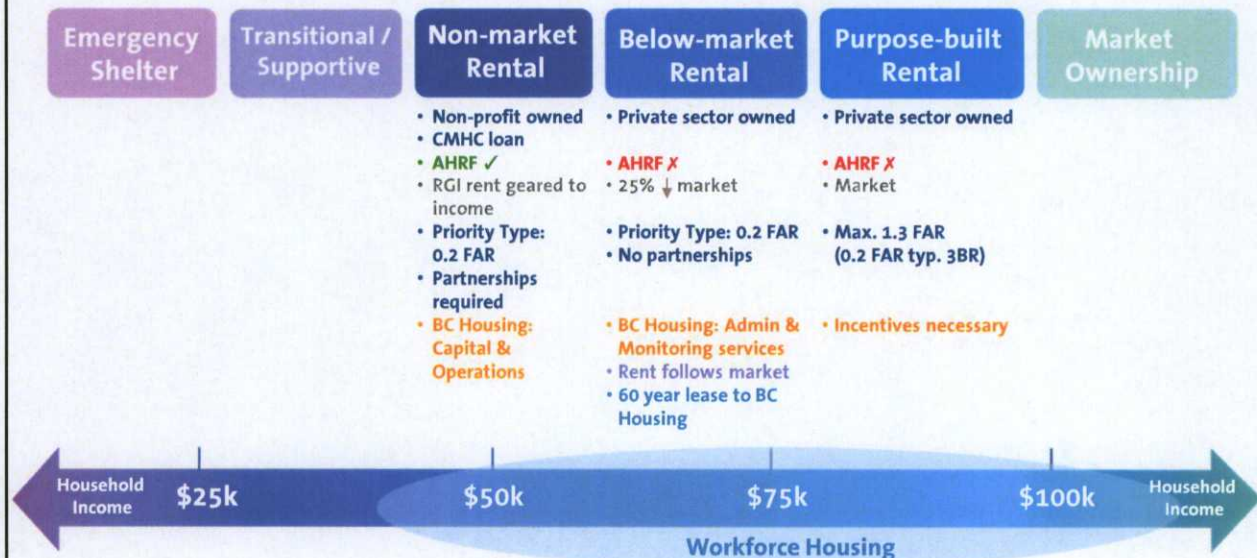
Non-Profit Partner	Rental Housing Units		AHRF requests
	Non-Market	Below-Market	Total
Vancouver Resource Society	12	0	\$456,000
43 Housing / SHARE	100	0	\$3,854,738
Affordable Housing Society	0	49	\$980,000
	112	49	\$5,290,738
	161		

2020

	Rental Housing Units		AHRF requests
	Non-Market	Below-Market	Total
various	300+		\$8M +

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Below-Market Rental Option (Housing Continuum)



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BC Housing – Community Housing Fund

- **First round:** ~\$30 million for three projects;
- 2019 progress:
 - \$3.85M grant support from the AHRF for 100 non-market rental units at Burquitlam Park;
- 2020 anticipated:
 - Hoy Creek; and
 - Affordable Housing Societies at 3100 Ozada Ave
- **Next round:** Spring of 2020 (expected);
- **Issue:** Very limited land owned by non-profits with land ready for redevelopment.



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Housing Needs Assessment Report

Part 1: Collection & Reporting by Metro Vancouver

- Estimated completion by Spring of 2020; and

Part 2: Staff initiated Tri-Cities funding application to Province;

- Receive by Council and consider information when developing housing policies.



Emerging Opportunities & 2020/2021 Work Program

Committee noted interest in revisiting the following items in the near future:

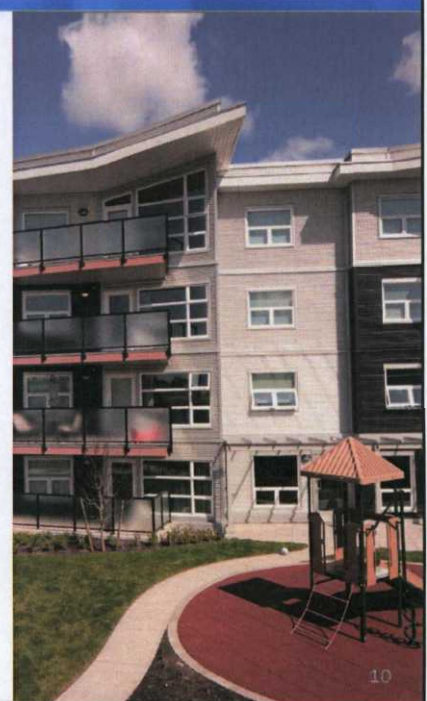
- Tenant Relocation Assistance Policy Guideline;
- Rebalancing Priority Unit Types; and
- Rental incentives for wood-frame developments.



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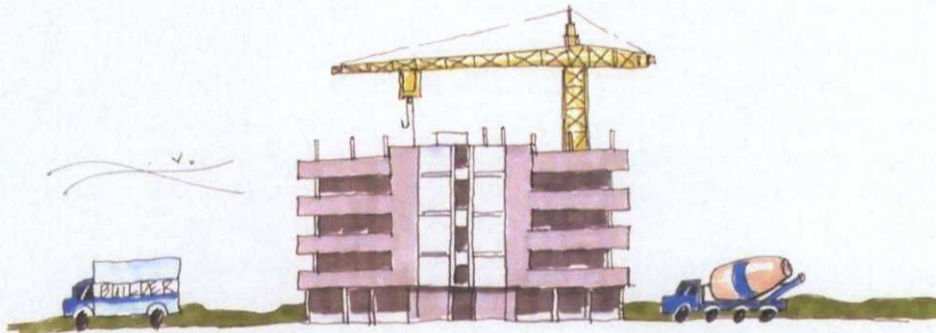
Next Steps

- Staff to continue assisting with rental housing delivery; and,
- Based on feedback, prioritized issues will be brought forward in a workshop format in the spring of 2020.



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Thank you!



Coquitlam 11



Coquitlam 12