



CITY OF VANCOUVER

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ADMINISTRATIVE REPORT

Report Date: August 27, 2007
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TO: Vancouver City Council

FROM: The Director of the Housing Centre

SUBJECT: Metro Vancouver Regional Affordable Housing Strategy

RECOMMENDATION

THAT Council advise Metro Vancouver that it generally supports the July 7, 2007, Draft Regional Affordable Housing Strategy, subject to the commentary as set out in this report, and that Council specifically recommend to Metro Vancouver that it, in consultation with its member municipalities, develop a Regional Housing Action Plan to provide:

- the context for the development of municipal Housing Action Plans;
- a comprehensive analysis of housing demand and needs across the region;
- regional affordable housing targets by tenure (ownership, market rental, social and supportive housing), demographic (singles, families with children, seniors, youth, mentally ill, etc.) and cost (prices and rents) and income ranges; and
- possible implementation strategies e.g. land acquisition and banking for affordable housing, inclusionary zoning, bonusing, use of Development Cost Charges for affordable housing, regional and municipal housing trusts or funds, parking relaxations, fee waivers, etc.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

CITY MANAGER'S COMMENTS

Vancouver's is a regional housing market, and it is important that there be a regional approach to housing demand and needs, and to the development of affordable housing. Metro Vancouver is in the position to undertake, in consultation with its member municipalities, the detailed analysis, public consultation, and the development of tools and strategies to put in place a housing plan that will address the housing realities faced

by the region, and ensure that actions undertaken by Metro Vancouver's municipal members are co-ordinated and consistent. As well, Metro Vancouver is in the best position to develop and define a role for its member municipalities as regards their participation as partners with the Province and the Federal Government in the development of affordable housing. A Metro Vancouver Housing Action Plan needs to be developed and, given the affordability crisis and continuing population growth in the region, there should be little delay in commencing this work.

COUNCIL POLICY

The City's social housing priorities are low and modest income families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness.

Council policy is to maintain the stock of rental housing in the city.

The City's Homeless Action Plan calls for 8,000 units of social housing, including 3,600 units of supportive and transitional housing, to be developed in the city over the next 10 years. The City's Housing Plan for the Downtown Eastside calls for 10,000 units of housing affordable to low income singles to be maintained in the area, and that housing for low income singles be built throughout the city and region. The City's Supportive Housing Strategy calls for 450 new units of supportive housing for the mentally ill and addicted to be developed across the city over the next 10 years to accommodate Vancouver Coastal Health's clients.

PURPOSE AND SUMMARY

Metro Vancouver is finalizing its Regional Affordable Housing Strategy and is seeking comments to the latest (July 7, 2007) draft by October 12. This report recommends approval of the strategy subject to the commentary set out below. The proposed regional affordable housing strategy sets out essential actions that need to be undertaken to address the problem of affordable housing and homelessness in the region. However, it is high level and general, and the primary recommendation of this report is that Metro Vancouver develop a region wide Housing Action Plan to provide the context for the municipal Housing Action Plans and to supply the specifics and the detail required to co-ordinate and implement the regional strategy.

BACKGROUND

Metro Vancouver has been developing a regional affordable housing strategy over the past year. Last November, a discussion paper was circulated for municipal response. On February 27, 2007, Council considered the proposed regional strategy and approved a recommendation:

THAT Council strongly support the GVRD's initiative to develop a regional affordable housing strategy, and generally endorse the goals and actions set out in the GVRD's "Discussion Paper on a Regional Affordable Housing Strategy for Greater Vancouver" dated November 24, 2006, subject to the commentary set out in this report, and forward this report, and the motion approved by Council on November

28, 2006, to the GVRD's Housing Committee and Board of Directors for consideration.

A copy of the February 27, 2007, report to Council is on file with the City Clerks.

DRAFT REGIONAL AFFORDABLE HOUSING STRATEGY

Metro Vancouver's "Draft Regional Affordable Housing Strategy" is on file with the City Clerk and can be accessed from the Metro Vancouver website.

<http://www.gvrd.bc.ca/growth/HousingDiversity.htm>.

This report provides a commentary on the goals and actions proposed in the draft strategy. Each action proposed in Metro Vancouver's draft strategy is "quoted" followed by the staff commentary in italics.

"Key Goals, Objectives, Strategies and Actions

This section sets out the key goals and objectives which provide the foundation for the strategy. They include:

Goal 1 Increase the supply and diversity of modest cost housing

Objectives Increase the supply of affordable housing at key points along the housing continuum including:

- Entry-level ownership opportunities
- Low end of market rental housing
- Non-market housing; and
- Emergency and transitional/supportive housing

Identify partnership opportunities to allow low income families and individuals to advance along the housing continuum"

This goal is consistent with and supports the City's housing objectives which are to ensure that housing is available in the city to accommodate the range of incomes in the region, and to sustain the city of Vancouver's role as the region's 'downtown' and it's primary employment destination. The only qualification would be that it is not just low-end of market rental that is in short supply but rental housing at all rent levels. Increasing the supply of higher cost rental housing, and in fact the supply of new market housing whether rental or ownership, should take some of the pressure off the low end of market rental housing.

"Goal 2 Eliminate homelessness across the region

Objectives Enhance the continuum of housing and supports for those who are homeless
 Improve the affordability of rental accommodation for low income renters as a means of preventing economic eviction and homelessness"

Supportive housing and improving access to market rental housing are priorities for both the regional homelessness plan and for the City's Homeless Action Plan, both of which are based on the 3-ways to home: affordable housing (especially supportive housing), adequate income (especially welfare rates that allow access to market rental housing) and access to services (especially outreach to mental health and addictions services).

“Goal 3 Meet the needs of low income renters

Objectives Expand the supply of affordable rental housing
 Maintain the viability of the existing rental housing stock”

The City shares Metro Vancouver’s concern with the future of rental housing, though not just for low income renters. Renter’s incomes are half the incomes of owners, and the lack of new rental supply or tax incentives to support the existing (and aging) supply presents the city and region with a growing rental housing crisis. The objective of expanding the supply of rental housing, which will play an important role in ensuring long-term affordability, is supported. It is important to recognize, however, that any increase in the supply of rental housing, unless it is subsidized or specifically targeted to households falling at the lower end of the income continuum, is likely to be at the higher end of the rental spectrum as new housing is typically more expensive than older housing. Consequently, maintaining the viability of the existing market rental housing stock, which is relatively affordable, is also crucial to maintaining affordability in the city and region.

In June Council approved controls on the loss of rental housing pending a comprehensive study of the rental market (conventional and unconventional). As the housing market is regional, it is important that Metro Vancouver and its member municipalities be included in the study. Metro Vancouver staff have expressed an interest in participating in the study e.g. possible funding partnership and membership on a steering committee. The scope of the study and a possible partnership will be discussed with Metro Vancouver and its member municipalities, along with other potential partners such as BC Housing and CMHC, this fall.

“Success in achieving these goals is dependent on a number of specific actions and directions - some which can be taken directly by the Metro Vancouver and others which are dependent on the commitment and support of key partners as well as senior levels of government.”

<p>“GOAL</p>	<p>1</p>	<p><i>Increase the supply and diversity of modest cost housing</i></p>
<p>STRATEGIES</p>		<p>Increase the supply of affordable housing at key points along the housing continuum including:</p> <ul style="list-style-type: none"> -Entry-level ownership opportunities; -Low end of market rental housing; -Non-market housing; and, -Emergency and transitional/supportive housing. <p>Identify partnership opportunities to allow low income families and individuals to advance along the housing continuum.</p>

ACTIONS

Proposed Metro Vancouver Actions

- 1.1 As part of the Regional Growth Strategy, Metro Vancouver will set targets in consultation with member municipalities for the number of new affordable housing units required by 2016.”

Municipal targets should to be based on regional targets. Metro Vancouver has yet to develop region-wide targets, and these need to be developed before municipal targets are developed. There should be an iterative process of refining the regional targets as they are allocated across the region’s municipalities, but a first cut at the global targets is required before local targets can be estimated. The allocation of the regional targets across the municipalities is not a simple task. The existing allocation of various types of housing across the region and the capacity to accommodate the expected growth in the regional population over the next couple of decades need to be taken into account, and questions such as the availability of tenure choice, dispersion of supportive and other non-market housing, ensuring families with children can live near places of employment, matching household incomes to job opportunities, provision of amenities and services, etc. need to be considered.

- 1.2 “Require, as part of the Regional Growth Strategy that municipalities develop Housing Action Plans setting out specific strategies and objectives for meeting established targets through such actions as:

- Amending existing bylaws to permit increased density in areas appropriate for affordable ownership and rental housing.
- Incorporating smaller more affordable housing design into neighbourhood planning including suites, smaller lots, coach houses, row houses, townhouses as well as higher density developments.
- Adopting inclusionary housing policies or density bonus provisions as a means of securing additional affordable rental or ownership housing stock.
- Reducing parking requirements for affordable ownership or rental housing for developments with good access to public transit.
- Identifying City-owned sites which are appropriate for affordable housing and which could be leased at or below market value to non-profit housing organizations.
- Identifying sites suitable for affordable housing in neighbourhood and area planning processes.”

In the same way that Metro Vancouver needs to establish regional housing targets through an iterative process with its member municipalities, it needs to develop a Regional Housing Action Plan through an iterative process with municipalities. The fact is the housing market is regional and a regional response is required. The development of municipal Housing Action Plans should be supported, and developing one for the city of Vancouver is an opportunity to implement the City’s emerging EcoDensity principles, but Metro Vancouver has an important role in developing and defining the regional context for them.

A Regional Housing Action Plan is required to ensure that municipal Housing Action Plans are co-ordinated and consistent. The draft Regional Affordable Housing Strategy is high level and does not provide the ‘how much or the how to’ that a Regional Housing Action Plan needs to provide. For example, it is important that increases in density that may be considered in Vancouver through the City’s planning initiatives e.g. neighbourhood centres, EcoDensity, etc. relate to increased densities that may be proposed on the north shore or south of the Fraser. Any densities that may be proposed will imply

built forms that will imply in turn demographics to be accommodated; higher densities will imply higher built forms e.g. new towers, that will attract higher income households without children e.g. empty nesters, whereas lower densities may imply recycling of existing housing and infill e.g. duplexing of single family homes and the development of coach houses, which may attract middle income or starter families.

Inclusionary zoning is an initiative that would benefit from regional co-ordination. Issues such as whether to seek the power to oblige developers to provide affordable housing in any new development rather than providing incentives e.g. bonus density as currently permitted; how to determine the increase in real estate value resulting from planning e.g. rezoning decisions; the percentage of any increase in value to be invested in public benefits e.g. affordable housing; etc. should all be regionally co-ordinated and consistent responses developed. Metro Vancouver should be given the resources to undertake the research and to develop a regional inclusionary zoning strategy and model by-laws to avoid the duplication of effort and inconsistent results which may arise if municipalities are each left to develop their own approach. These issues would logically be addressed through the development of a Regional Housing Action Plan.

- 1.3 Design and deliver a community outreach initiative to demonstrate the benefits and opportunities of promoting increased density and diversity to create modest cost housing.

Community outreach should be regionally co-ordinated and undertaken across the region at the same time. Metro Vancouver should work closely with its member municipalities through a steering committee/technical team structure to prepare community education and consultation materials. Growth and density are sensitive issues as they can mean neighbourhood and city-wide change, and a different way of living. Consultation needs to be an informed dialogue that all communities whether geographic e.g. municipalities and neighbourhoods, or of interests e.g. business and labour, young and old, cultural and ethnic, can actively participate in.

- 1.4 Identify sites across the region which are owned or controlled by Metro Vancouver which are suitable for the development of affordable housing and make these sites available at or below market value.

Metro Vancouver should provide an inventory of all its holdings in the city of Vancouver (and in the other municipalities) so that each site can be evaluated as to its housing potential, and a determination made whether they are surplus or whether they can be redeveloped at a higher density to provide housing as well as provide the services for which they are currently used. In the February 13, 2007, report to Council, regarding Metro Vancouver's affordable housing discussion paper, the comment was made that, instead of relying on sites already owned by government, a site acquisition and land banking strategy should be developed. Often sites already owned by government are not well located for housing and they are typically owned by agencies that need the funds generated from selling the sites for their own purposes.

“Proposed Municipal Actions

- 1.5 Develop Official Community Plans, Regional Context Statements and Housing Action Plans which demonstrate the actions taken to increase the supply and diversity of affordable housing at key points along the housing continuum.”

A comprehensive Housing Action Plan for the city of Vancouver would be one of the ways to implement the outcomes from the City’s EcoDensity initiative. Neighbourhood housing plans are a next step to implement City-Plan’s community visions. A city-wide Housing Action Plan for Vancouver will need to be developed in consultation with neighbourhoods as well as city-wide communities, and should be developed iteratively in the same way that a Regional Housing Action Plan would be developed iteratively with Metro Vancouver’s member municipalities. Logically, the first cut of a regional plan would be followed by a first cut at the city-wide plan that would be followed by a first cut of the neighbourhood plans. A couple of iterations would probably be required to develop comprehensive plans (regional, municipal and neighbourhood) that are consistent across the region and which can be implemented at the neighbourhood level. This is no small task, and growth must be accommodated while it is underway, but the outcome should be a regional consensus regarding the distribution of housing supply and affordability, and a capacity to absorb growth over the next couple of decades so that the full range of the region’s households (size, income, etc.) can be accommodated in housing and neighbourhoods that offer choice, liveability and affordability.

“Proposed Provincial Actions

- 1.6 Make funding available to support the development and implementation of Housing Action Plans at the municipal level.”

Provincial funding to cover the cost of developing a city of Vancouver Housing Action Plan would definitely be welcome. However, Provincial funding to implement regional and municipal Housing Action Plans is absolutely essential. Municipalities have limited resources and cannot develop affordable housing without senior governments providing most of the funding. At present, the City of Vancouver is able to acquire sites and make them available for long term leases at nominal prepaid rents, but the sites will remain vacant without Provincial funding to cover the cost of building the social and supportive housing and subsidizing its on-going operation.

A proposal in Metro Vancouver’s earlier discussion paper on affordable housing was for Metro Vancouver to work with the Province to develop a comprehensive partnership that would define what municipalities, including Metro Vancouver, would contribute to the development of housing e.g. increased densities, reduced parking requirements, and in particular to the development of social and supportive housing, e.g. fee waivers or free or discounted sites in return for provincial funding commitments. It is important that the relationship between the Province and municipalities be defined so that roles and expectations are clear. At present the roles are not well defined and this is resulting in some reluctance on the part of municipalities to participate in the development of affordable housing. A key to municipalities participating will be a provincial commitment to long term (multi-year) funding for affordable (especially social and supportive) housing.

“Proposed Federal Actions

- 1.7 Respond to the call from the Federation of Canadian Municipalities (FCM) for the development of a National Affordable Housing Strategy.”

A National Affordable Housing Strategy is needed and the City should work with Metro Vancouver and FCM to encourage the Federal Government to bring all the partners involved in housing across Canada together to develop a National Affordable Housing Strategy. While the primary responsibility for housing has been devolved to the provinces, the Federal Government continues to have a major role in housing. A key role is the collection and allocation of tax revenue. The Federal Government receives half of all tax receipts in Canada and should commit to providing block funding of at least \$1 billion per year (in addition to what they already spend) to affordable housing for at least the next five years, conditional upon Provinces and other partners providing matching funding. As well, the Federal Government, through the income tax act, can provide incentives to empower the market to provide affordable and in particular market rental housing. A Federal priority should be reforms to the income tax act to encourage the development of market rental housing and the maintenance of the existing rental housing stock. A National Affordable Housing Strategy is not a Federal Affordable Housing Strategy, and should set out the roles of all the partners (federal, provincial, municipal, for-profit/private sector, the non-profit/community sector) in the development of affordable housing and the response to housing needs across Canada. Any national housing strategy must be supported by adequate long-term and stable funding.

“Proposed Actions for the Greater Vancouver Transportation Authority (GVTA)

- 1.8 Expand the opportunities for the development of affordable housing around major transit nodes and under-utilized sites.”

Through the City’s neighbourhood centres program, planning around the major transit nodes in the city, such as the RAV stations along Cambie, will soon be underway, and increased densities will be explored through the public consultation process. However, opportunities to increase transit use to support existing and growing neighbourhood centres is also important. Neighbourhood centres are being identified through the City’s community visions program, and the City’s EcoDensity initiative may identify additional centres or opportunities to expand on those already identified. It is just as important for the GVTA to provide increased service to the existing and emerging neighbourhood centres as for densities to increase around existing and proposed transit stations and nodes.

	“GOAL	2	<i>Eliminate homelessness across the Region</i>
	STRATEGIES		<p>Enhance the continuum of housing and supports for those who are homeless</p> <p>Improve the affordability of rental accommodation for low income renters as a means of preventing economic eviction and homelessness</p>

Proposed Metro Vancouver Actions

- 2.1. Continue to support the Regional Steering Committee on Homelessness.
- 2.2. Promote support for emergency shelters and transitional/ supportive housing across the region.
- 2.3. Advocate for increased funding from senior levels of government for the provision of 5,000 new supportive and transitional housing units across the region over the next 10 years.
- 2.4. Advocate for senior levels of government to ensure that appropriate services and supports are in place to help families and individuals who are homeless gain access to permanent stable housing.”

Metro Vancouver’s support for the Regional Steering Committee on Homelessness has been key to the successful development and implementation of the regional homeless action plan, “Three Ways to Home”, and the continuation of Metro Vancouver support is strongly supported. The development of a continuum of housing throughout the region, including shelters and transitional and supportive housing for the homeless and those at risk of homelessness, is also strongly supported. The emphasis on supportive and transitional housing is appropriate and 5,000 units over the next ten years should be considered a minimum, given that the City’s Homeless Action Plan called for 3,600 units (3,200 supportive and 400 transitional) to be developed in the city of Vancouver over the next decade.

While access to affordable housing is key to solving homelessness, many of those who are homeless also require services and supports. This requires partnerships across a number of different government ministries and agencies e.g. Health Authorities as well as service providers in the community. Access to appropriate services and supports (adequately funded) are essential if lasting and permanent solutions to homelessness are to be found.

“Proposed Municipal Actions

- 2.5. Demonstrate through local Housing Action Plans and Regional Context Statements the specific actions taken to address homelessness.”

The City’s Homeless Action Plan sets out a 10-year plan for ending homelessness in Vancouver, and the actions it sets out would be incorporated into a Vancouver Housing Action Plan. The City has already acted on some of the directions, e.g. developing a supportive housing strategy to locate supportive housing for the mentally ill and the addicted throughout the city, and supported the development of the

Vancouver Homelessness Funding Model. Eliminating homelessness will require senior government funding to build and operate the housing and to fund the support services. The City can facilitate the elimination of homelessness but only the senior levels of government can solve it.

“Proposed Provincial Actions

- 2.6. Continue to provide funding for outreach services to connect those who are homeless to income, health and other supports as well as make funding available to increase the inventory of supportive/transitional housing units across the region.
- 2.7. Ensure that emergency shelters have access to sufficient funding and resources to move people from homelessness to permanent housing.
- 2.8. Through the Vancouver Coastal Health Authority and Fraser Health Authority develop a region-wide Mental Health and Addictions Strategy.
- 2.9. Establish a Provincial Rental Tax Credit similar to those in Ontario and Manitoba.
- 2.10. Increase the shelter component of income assistance to reflect the cost of housing in Greater Vancouver.
- 2.11. Regularly up-date provincial rent assistance programs to take into account inflation as well as to reflect local housing needs and market conditions.”

Adequate income is recognized as one of the “Three Ways to Home” for the homeless. Consequently, the proposed provincial actions can be supported. However, the development of a provincial tax credit for low income renters and the increase in the shelter component of welfare assume that households will be able to find suitable and appropriate housing at the maximum rent levels set by these programs. One of the challenges of demand-side programs in tight rental conditions or in the absence of new supply is the increased competition for available units. Both a low income tax credit and the shelter allowance programs increase effective demand as they increase the ability for low income renters to compete in the rental market. With vacancy rates below 1% in the city and the region and little new rental housing under development, these programs have the potential to drive up rents even further. Therefore, while these actions can be supported within the context of the Regional Affordable Housing Strategy, the priority action for the Province should be to increase funding for the development of new affordable housing, whether by the non-profit or the for-profit sectors, especially for those that cannot afford market rents.

“Proposed Federal Actions

- 2.12 Continue to provide funding to address homelessness including make additional funding available to increase the inventory of supportive/transitional housing across the region.”

The Federal Government’s funding for homelessness initiatives through the Supportive Community Partnerships Initiatives and the Homelessness Partnerships Initiatives has been most welcome. These programs supported the development of the region’s homelessness plan and the development of an effective community based implementation process. However, these programs have been time limited and their success has depended on the partnership with the Province as well as with others including municipalities. Rather than continuing to fund separate programs to address homelessness, the Federal Government should provide block grants to the provinces to enhance and expand the provincial supportive housing and homelessness initiatives. There is no reason for the current duplication of programs which is inefficient and confusing. Almost all the projects funded by the Federal Government’s homelessness initiatives have required participation from the Province of BC (mainly through BC

Housing), and, with the devolution of the responsibility for housing to the provinces, the Federal role should be one of providing funding to enable and encourage the provinces rather than developing and administering programs of its own. Only if a province refuses to be a partner, which is not the case in BC, should the Federal government undertake its own programs.

“GOAL	3	Meet the needs of low income renters
STRATEGIES		<p>Expand the supply of affordable rental housing.</p> <p>Maintain the viability of the existing rental housing stock</p>

ACTIONS

Proposed Metro Vancouver Actions

- 3.1 Increase the GVHC portfolio to 5,000 units by 2015 through increasing the densification of existing properties, the management of units acquired through municipal processes and the creation of new supply subject to the availability of senior government funding.
- 3.2 Subject to municipal and GVHC agreement on financial feasibility, GVHC will manage properties acquired through municipal processes.
- 3.3 Develop partnerships to enable the provision of on-site services or linkage to support services in the community for GVHC tenants as well as explore potential opportunities to encourage entry-level ownership.
- 3.4 Establish and manage a Regional Affordable Housing Trust Fund.
- 3.5 Waive development cost charges for non-profit rental housing, supportive housing and other forms of rental housing where affordability is secured for a minimum of 20 years.
- 3.6 Revise the method of calculating regional development cost charges to account for variations in size with the purpose of reducing costs for smaller units and lots.
- 3.7 Include in the Regional Growth Strategy a requirement that municipalities adopt measures to prevent the loss of existing rental housing stock including strata conversion policies, replacement policies for loss of rental housing stock and legalization of secondary suites.”

The GVHC is one of the largest non-profit housing operations in the region. It is important that it be active and realize the full potential of its assets and capacity. Expanding its portfolio, providing administration for affordable housing developed through municipal processes e.g. through bonusing and inclusionary zoning, and developing innovative responses to the need for affordable housing, are all positive roles the GVHC could play. It is important to recognize, however, that the GVHC is only one of many non-profit providers of affordable housing, and that Metro Vancouver and its member municipalities need to work with them all, and in particular with the Non-Profit Housing Assn. and the Co-operative Housing Federation of B.C., in all these initiatives. As regards a Regional Affordable Housing Trust Fund, the terms of the fund, the revenue sources, and the allocation priorities and procedures need to be developed in consultation with Metro Vancouver’s municipal members, and should probably be part of the implementation strategy in a Regional Housing Action Plan.

“Proposed Municipal Actions

- 3.8 Demonstrate through local Housing Action Plans and Regional Context Statements the specific actions taken to expand the supply of affordable rental housing as well as preserve and maintain the existing stock.”

In June Council approved revised Rate of Change regulations for purpose built (unstratified) rental housing. These were put in place to secure the stock of older rental housing in particular as this stock is home to most of the low and modest income households in the city. The current regulations are interim and subject to a report back by the end of 2009 on the results of a comprehensive study of the market rental universe (purpose built rental housing, secondary suites, investor owned condos, etc.). It is important that this study be undertaken at the regional scale as the housing market is regional. As noted earlier under Goal 3, it is hoped that Metro Vancouver will be a partner in this study, along with the other major actors in the housing development and property management. The results of such a study would be important inputs into a regional Housing Action Plan.

“Proposed Provincial Actions

- 3.9 Provide access to on-going stable funding for new affordable housing initiatives including a housing supply program for low income families and seniors.
- 3.10 Amend the Local Government Act to provide municipalities with the ability to collect a development cost levy for the purpose of creating affordable rental housing.
- 3.11 Amend the Local Government Act and GVS&DD Act to permit regional development cost charges to be waived for non-profit rental housing, supportive housing and affordable housing that is secured for a minimum of 20 years.”

The importance of the Province providing long term funding and developing stable affordable housing programs to meet the needs of all demographic groups cannot be over emphasized. The lack of a program for developing new housing affordable to and designed for families with children (larger ground oriented units) is particularly problematic given the high rents for larger units and the limited supply e.g. market rental townhouses.

The proposal to allow all municipalities to raised funds for affordable housing through Development Cost Charges is of the utmost importance to the City of Vancouver which is currently the only municipality with that right. It is essential that all municipalities have the same powers to participate as partners in the development of affordable housing. It is only through its ability to use Development Cost Levies to develop ‘replacement’ housing that the City has been able to acquire sites that can be leased to non-profit housing providers at no cost.

In the February 2007 report, it was noted that DCC’s should only be waived for affordable housing if DCC funds can be used for replacement housing. Affordable housing is exempt from the City’s DCLs because DCLs are used to fund replacement housing, and charging affordable housing DCLs just increases the demand on the DCLs. Exempting affordable housing from DCCs would be akin to exempting affordable housing from property taxes, which has traditionally been avoided for equity reasons, though property tax exemptions are now being considered by the City for supportive housing.

“Proposed Federal Actions

- 3.12 Work with the Provincial government and other housing partners to develop a low income tax credit to stimulate the construction of new affordable rental housing.
- 3.13 Make operating surpluses from the operations of Canada Mortgage and Housing Corporation available to fund new affordable housing initiatives.
- 3.14 Reduce or eliminate taxes which act as a disincentive for new rental housing construction and/or which reduce affordability.
- 3.15 Make enhancement to the Rental Rehabilitation Assistance Program (RRAP) to improve access to these programs for high cost urban areas such as Greater Vancouver.”

The Federal Government needs to reconsider the tax environment for rental housing, in particular market rental housing. Much of the purpose built rental housing in Canada, which is now the most affordable market housing in Canada, was built using Federal tax incentives. The housing market has changed with the advent of condominium ownership, but that only means that tax incentives are all that more important so that market rental housing continues to be built and maintained in the face of competition from condominium development and ownership. A comprehensive Federal review of the taxation of rental housing is a priority or affordability will continue to erode and the burden on the tax payer to directly fund social and replacement housing will grow.

The source of funding for the Federal investment in affordable housing, as noted in February, is less important than ensuring that the Federal government recognizes that they have a role to play in making housing investments that will help to meet the housing needs of Canadians. The danger of focusing on CMHC’s surpluses, for example, is that the conversation will detour into a conversation about the surpluses instead of a conversation about the need for Federal investment in affordable housing. The Federal Government has the capacity e.g. surpluses, to invest a minimum of \$1 billion/year for at least 5 years into affordable housing. That is all that really matters.

RRAP should be reviewed for its relevance in high cost markets such as Vancouver. One option would be for the Province of BC to take on the administration of RRAP, as other provinces have, and provide the enhanced budgets itself. If the Province had control over RRAP, then it would be easier to partner RRAP funds with other programs, with an opportunity to develop partnerships with municipalities e.g. secondary suite upgrade programs. In general, the more the Province takes on the development and administration of current Federal affordable housing programs, the more locally effective they will be.

“Performance Measures

This strategy focuses on working in partnership with member municipalities and other key stakeholders to increase the supply of modest cost housing at key points along the housing continuum. It also includes specific strategies targeted at addressing the needs of low income renters as well as strategies designed to put into place permanent solutions to the problem of homelessness. The success of the strategy will be evaluated on the following:

Goal 1 Increase the supply of modest cost housing

- The number of new affordable purpose-built rental housing units created
- The number of new subsidized housing units added
- The number of entry-level ownership opportunities created that are affordable to households at or below 120 per cent of the median income for the region

Goal 2 Eliminate homelessness across the region

- The number of households spending 50 per cent or more of their income on housing
- The number of people living on the streets or staying in emergency shelters
- The number of transitional/supportive housing units created

Goal 3 Meet the needs of low income renters

- The number of new GVHC units created
- The net new supply of affordable rental housing

Adaptive Management

Housing affordability is influenced by a broad range of social and economic forces including interest rates, inflation and income growth. It can also be affected by the decisions of senior levels of government related to taxation, immigration, the provision of housing assistance and other policies which make up part of the social safety net.

The specific strategies and actions set out in this document recognize these various interdependencies while focusing on specific steps and actions that the Metro Vancouver and member municipalities can take to move us closer to our vision of ensuring that there is an adequate supply of housing to respond to the full range of incomes and needs across the region. At the same time we recognize that our success will be dependent on our ability to build and maintain effective partnerships with the housing supply sector, the non-profit housing sector as well as senior levels of government.”

FINANCIAL IMPLICATIONS

There are no financial implications that can be determined at this time. Potential financial implications relate to property tax exemptions and the use of Development Cost Levies for the development of affordable (including social and supportive) housing. The development of a Housing Action Plan will require resources. Staff will report back should Metro Vancouver approve the draft strategy's recommendation that municipalities develop Housing Action Plans.

CONCLUSION

Metro Vancouver has produced a draft Regional Affordable Housing Strategy and has asked for municipal responses by October 12. The regional strategy consists of high level goals and actions, one of which is that each of its member municipalities develop a Housing Action Plan.

This report provides a commentary on the regional strategy and recommends that Council support the initiative. It also recommends that Council request Metro Vancouver to develop a Regional Housing Action Plan that would provide the analysis of housing needs, targets, implementation strategies and the context for the development of the municipal Housing Action Plans.

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