



More Homes, More Affordability:
City Sites for Affordable Rental Housing

Council Briefing

May 15th, 2013

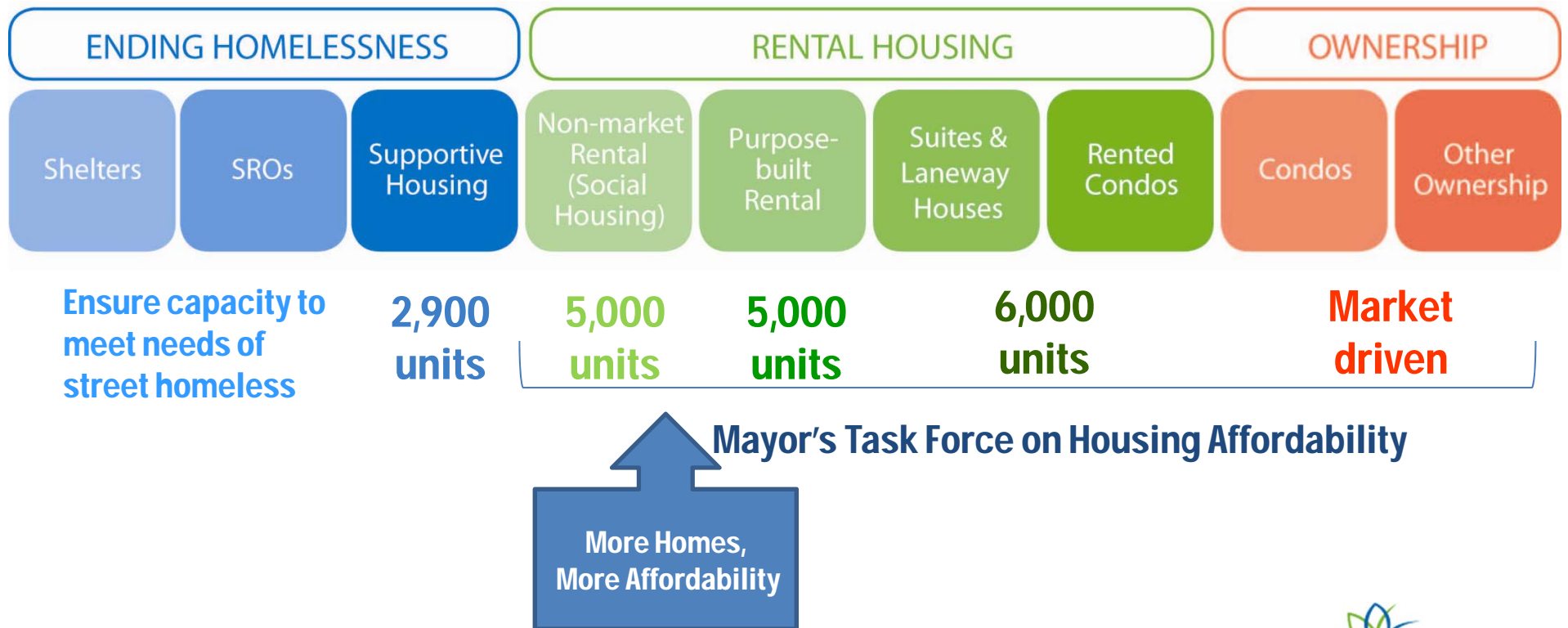
Direction from the Mayor's Task Force on Housing Affordability

Recommendation 2:

Enhance the City's and the community's capacity to deliver affordable rental and social housing

- *to lease land at a nominal fee to facilitate the creation of new social housing and new affordable rental housing.*
- *City owned land should be brought forward to test the level of affordability that can be created by the non-profit and private sectors working together using City sites*

Housing Continuum



City-Sites RFEOI Overview

- City issues RFEOI offering six sites at a nominal value to create affordable rental housing
- 19 submissions were received, all were evaluated by inter-disciplinary staff team
- The Community Housing Land Trust Foundation (the “Land Trust”) led a proposal team of non-profit and private partners on four of six sites
- The proposal was the highest ranked and further due diligence on Land Trust proposal was undertaken October 2012 to April 2013

SITES CONTEXT MAP



The Community Housing Land Trust Foundation

- The Land Trust is a non-profit charity qualifying as a grant recipient under the Vancouver Charter
- Established by the Co-op Housing Federation of BC to acquire, create and preserve affordable housing
- Land Trust private partners include:
 - Vancity, Terra Housing, DYS Architecture, COHO Management Services, Performance Construction and Colliers
- Land Trust non-profit partners include:
 - Tikva Housing Society
 - Sanford Housing Society
 - HFBC Housing Foundation
 - Fraserview Housing Coop

Strengths of Land Trust Proposal

- *Faster Delivery/Lower Costs*: one lessee, architect and contractor will lead to a quicker delivery of units, lower costs through design, development and construction efficiencies
- *Equity Contribution*: the consortium will contribute over \$3.8M in equity
- *Deeper Affordability*: an internal subsidy enables greater portfolio-wide affordability
 - All of the units will be not-for-profit rental/co-op housing
- *Efficiency*: as a result of the portfolio approach, the City will only have one party to negotiate with.

Deliverables

355 units of rental housing in the hands of the non-profit sector

Affordability secured and will increase over time

Opportunity to deepen affordability in projects, create new projects in Vancouver and/or share in surplus revenue over time.

Timely creation of new units to meet Housing targets

Unit Breakdown

355 TOTAL UNITS

	Site Three	Site Four	Site Five	Site Four & Five	Site Six (Market)
Operator	Katherine Sanford	HFBC	Fraserview Co-op	Tikva	Fraserview Co-op
Number of Units	48	114	79	32	82
Unit Mix	1 BDRM	1 BDRM	1,2,3 BDRM	3BDRM townhouses	3 BDRM

Affordability Test

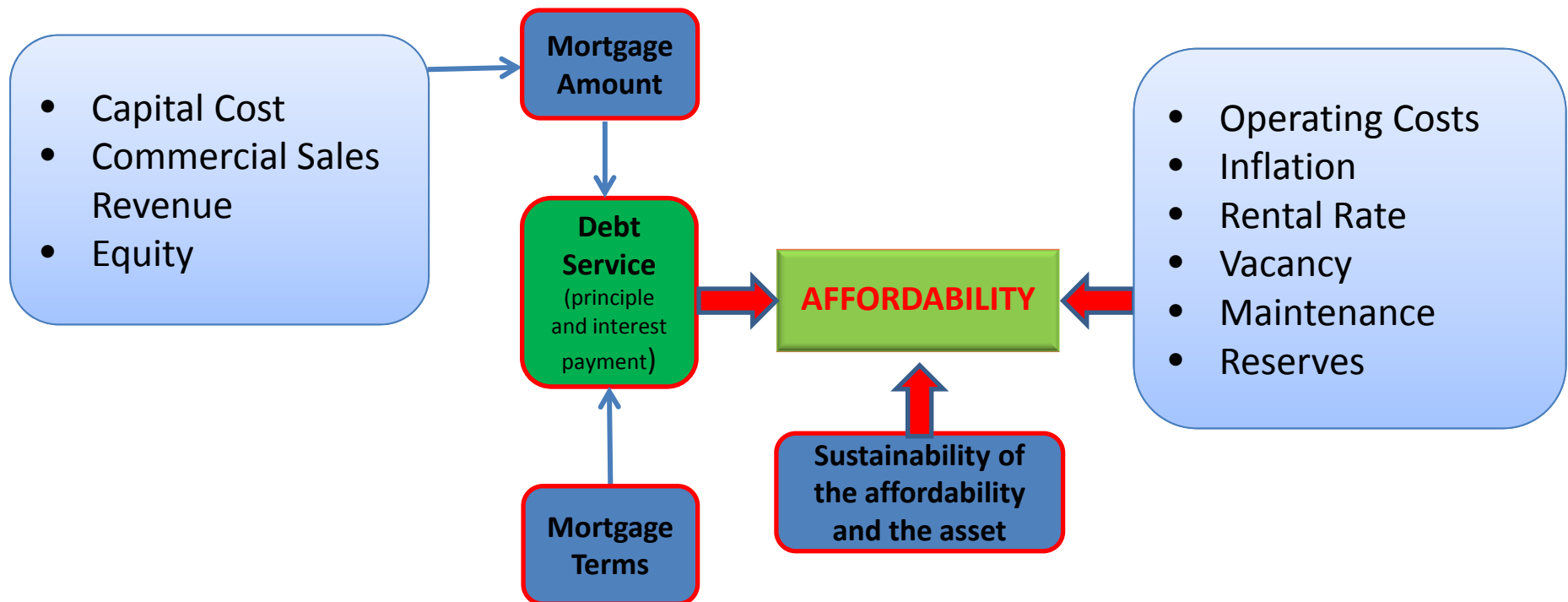
- affordability for non-market units in the portfolio (Sites 3, 4 , 5): rents will be set below the BC Housing *Housing Income Limit* (HILs)
- Land Trust average rents well below HILs

Unit Size	BC Housing Housing Income Limit	Maximum Rent	Land Trust Average Rent
1 Bedroom	\$38,000	\$950	\$769
2 Bedroom	\$46,500	\$1162	\$945
3 Bedroom	\$55,500	\$1387	\$1038

Affordability Drivers

Construction Phase

Operation Phase



Range of Rent Affordability

Adjusting some of the key drivers produces a range of affordability

	Target Affordability (Land Trust Proposal)	Upper Range of Affordability (Sensitivity Analysis)
Market	82 units of full market	82 units of full market
High end of Core Need Income: 1 bed: \$38,000 2 bed: \$46,500 3 bed : \$55,500	273 units at 20% below high end of core need	273 units at high end of core need

Financial Considerations

- The value of the City's contribution is ~ \$23.6M consisting of:
 - The value of the nominal lease @ \$22M
 - DCL exemption of approximately \$500K
- Approximate value: \$63K per unit
- Surplus sharing model is proposed where, after providing for reserves, revenue is divided equally between the Land Trust and the City
 - The Land Trust's share of any surplus is to be invested in affordable housing in the City of Vancouver.

Risks and Mitigations

RISK	MITIGATION
Preliminary stage in process. Development and operating costs are estimates.	“Gates” where risk and costs are assessed and both parties are able to reasonably withdraw
Project financials (construction cost, interest rate) increase during development resulting in higher rents, lower affordability.	More units are rented at market for the short term; surplus is deferred.
Soil remediation risk on Kingsway site may result in increased City costs	Remediated sites increase in value; remain in PEF ownership; management of project
Commercial units (CRU) do not yield expected revenue. Greater financing required to cover shortfall.	More units rented at market for the short term; surplus is deferred.

Timelines

Milestone	Dates
Memorandum of Understanding	April 2013
Development Permit Application	August 2013
Building Permit Application	November 2013
Construction Start	Early 2014
Completion	Late 2015

A **home** for everyone

