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**MEMORANDUM**

February 15, 2019

TO: Mayor and Council

FROM: Irina Dragnea, Meeting Coordinator

SUBJECT: Changing Vancouver's Housing By-laws, Policies and Budgets to Achieve Real Housing Affordability

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On February 13, 2019, Vancouver City Council, at its meeting immediately following the Standing Committee on City Finance and Services, referred debate and decision on the following motion to the Regular Council meeting to be held on February 26, 2019, as Unfinished Business.

WHEREAS

1. The lack of rental housing available at rents affordable for low to average income earners in Vancouver is a primary cause of Vancouver's housing affordability and homelessness crisis;
2. Over 50 percent of Vancouver residents are renters, with 44 percent (more than 50,000 renter households) paying more than 30 percent of their income on rent and utilities and 25 percent paying more than 50 percent of their income on rent and utilities (source: Vancouver Courier May 8, 2018);
3. The standard definition of affordable housing used by the Canada Mortgage and Housing Corporation (CMHC) and BC Housing states that a household should pay no more than 30 percent of their gross income on rent;
4. The City of Vancouver offers incentives to build rental housing including the waiving of Development Cost Levies if proposed rents are at or below rents specified in the city's Rental Incentive Guidelines, currently ranging from \$1,496 for a studio to \$3,365 for a 3-bedroom unit on the East side and \$1,646 for a studio to \$3,702 for a 3-bedroom unit on the West side, the lowest of which would require a household income of \$59,840 to be affordable;
5. Vancouver's 2018 *Housing Data Book* reveals that 12 percent of Vancouver renter households earn less than \$15,000 per year; 18 percent earn between \$15,000 and \$30,000 per year, and 20 percent earn between \$30,000 and \$50,000 per year. Given that 50 percent of Vancouver renter households earn less than \$50,000 per year, affordable rents for half of Vancouver's renter

households should be, at the most, \$1,250 per month or less;

6. Vancouver has been primarily incentivizing and subsidizing rental housing only affordable for households at higher incomes. From 2006 to 2016, as a portion of all renter households, households earning below \$25,000 per year have dropped from 38 to 27 percent and renter households earning over \$100,000 per year rose from 7 to 19 percent (*City of Vancouver 2018 Housing Data Book*);
7. The *Vancouver Housing and Homelessness Strategy Reset* passed by Council on March 29, 2017 states that the City will change business practices and connect new and existing housing supply to local residents' incomes, family size and location, and the *Housing Vancouver Strategy* of November 28, 2017 focuses city efforts on the "right supply" of housing, but only states that new housing must be in line with the broad range of local incomes in Vancouver.

THEREFORE BE IT RESOLVED THAT Council direct staff to:

- i. Review all existing Vancouver housing programs to identify ways to meet Vancouver residents' needs for affordable housing at rates in line with the Canada Mortgage and Housing Corporation (CMHC) and BC Housing definitions of housing affordability (a household paying no more than 30 percent of gross household income on rent);
- ii. Report back in 2019, through the upcoming review of rental incentive programs (e.g. Rental 100), the development of a new incentive program for Community-based Housing, and the development of the governance model and implementation strategy for the Vancouver Affordable Housing Endowment Fund, on specific changes to our housing program goals and targets as well as changes to by-laws, policies and incentive programs that will incentivize and enable delivering the 'right' supply of housing to truly match residents' needs for affordable housing based on CMHC's definition of housing affordability; and
- iii. Propose for Council's consideration and incorporation into Vancouver's 2020 capital and operating budgets the funds needed to move forward on the housing program changes needed to achieve the delivery of the 'right' supply of housing to truly match residents' needs for affordable housing based on CMHC's definition of housing affordability.

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