

## MEMORANDUM

November 29, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager  
Paul Mochrie, Deputy City Manager  
Lynda Graves, Administration Services Manager, City Manager's Office  
Rena Kendall-Craden, Civic Engagement and Communications Director  
Katrina Leckovic, City Clerk  
Neil Monckton, Chief of Staff, Mayor's Office  
Alvin Singh, Communications Director, Mayor's Office  
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FROM: Patrice Impey  
General Manager, Finance, Risk and Supply Chain Management

SUBJECT: Draft 2020 Capital and Operating Budget for Council consideration – follow-up answers

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Following the recent Council briefings on Draft 2020 Capital and Operating Budget, a number of questions and requests relating to the budget were submitted by Councillors.

The purpose of this memo is to document the questions and requests, and to provide responses available at this time. Our staff is working on providing responses to other outstanding questions. The remaining responses will be shared with you prior to December 3<sup>rd</sup> presentation of Draft 2020 Budget for Council consideration.

Please note that the page numbers noted below are referring to the published version of the Appendix 1 – Draft 2020 Budget Book that was distributed via email, and also in hard copy on Monday, November 25<sup>th</sup>.

## I. Questions – Housing

**1. Advancing new affordable housing projects (pg. 30): Can we speed up the TGD2S place since its already sitting there in good condition?**

The City has purchased Ross House and will be issuing an RFP for a non-profit operator to run with a focus on TGD2S community.

**2. Protection of existing low income housing. (pg. 31) What does this consist of? How is existing low income housing protected?**

Funding is for additional shelter space and set up of the Navigation center. This was incorrectly characterized, and relates to work on providing spaces for those experiencing homelessness.

**3. Implement new Community Housing Incentive Program (pg.31) - Is there any way to get more money to put in this??**

We are due to implement this program in the next two months with \$25 million recently allocated (\$8 million from DCL and \$17 million from EHT funding collected to date). Staff will provide an annual report back to Council and would recommend that any additional allocations are considered based on the outcomes resulting from this initial investment. If the outcomes support additional support for this program future EHT Revenue could be considered for allocation to continue the program.

**4. Replacement of city owned single room occupancy buildings (pg.32) - Can't we focus on creating new low income units BEFORE getting rid of old ones? I know some of them aren't great, but are better than the street. If we have to relocate tenants to other buildings that's housing that people who are homeless can't get.**

SRO's are an outdated form of housing and a key priority is to replace with self-contained units. Many buildings are old with high maintenance costs. We are exploring options to deliver new homes in new buildings with lower maintenance costs.

**5. Equity budgeting (pg. 103): Given that we're missing all our housing targets for lower income people, I think this equity thinking means we have to find out how to put more \$ into housing for them. Where could we get more \$ to boost the Community Housing Incentive Program? Could we start applying an equity lens to decisions about development?**

In creating the CHIP program we did use an equity lens, refocused grant program to deliver shelter rate and HILs rate units, as opposed to LEM units.

**6. Capital Budget section talks about 569M in CAC's over the 4 years. (pg. 110) How can we direct more of this revenue into housing for people earning under \$50K?**

\$569M is for "in-kind CACs", i.e. projects built by developers and turned over to the City once the projects are constructed. \$400M (out of \$569M) is affordable housing (1,200 to 1,600 units). The remaining \$169M are community facilities like the planned community centre/library/childcare at Oakridge Centre.

As these are not cash, and these will be delivered by developers as part of rezoning within this capital plan, these cannot be redirected at this point.

**7. Under non-market rental (pg.119), the table is confusing. How much is allocated for what?**

The non-market rental housing section includes \$546 M over the 4-year period as follows:

- City-owned & City-operated housing: \$15.5 M for Replacement of City-operated residences and Maintenance & renovations programs;
- City-owned & partner operated: \$400 M as the estimate for new housing units to be delivered through development (1,200 to 1,600 units) secured through voluntary in-kind Community Amenity Contributions (CACs) and inclusionary zoning;
- Non-City-owned housing on City-owned land: \$87M for Land Acquisition for affordable housing and \$15M Grant program to preserve affordability as part of co-op/non-market housing lease negotiation;
- Non-City-owned housing on non-City land: \$26.6 M for grants (\$25 M CHIP program + \$1.6 M for Chinatown Housing program).

Additional details are included in Appendix A.

**8. Why does the City have to pay \$3.2 m for Vanness TMH (pg. 120)? Is that site preparation? I thought the province funded them.**

These costs relate to site preparation and soft costs, all of which is recoverable from CMHC and BCH through a contribution agreement. CMHC is covering approximately \$3m and BCH covers the rest. Any costs incurred to remediate the land will be born by the City.

**9. Section on VAHA (pg. 163) says VAHA's mandate is to deliver 2500 affordable housing units by 2021. Is there a definition of what's "affordable" for this? Is it 30% at HILs?**

There is no clear target affordability for VAHA projects, but the current pipeline of VAHA projects is aiming to provide a range of affordability from shelter, HILs and LEM. The mix of affordability depends on the economics of each project and third party funding secured.

**10. P. 18 appendix B: \$16.7m for VAHA for rental housing?? What is this for?**

This funding has been earmarked for the acquisition of sites for NMH development to be delivered by VAHA.

**11. The City news release says we've collected net about \$40M from EHT and that we're spending about \$27M. What's happening to the other \$13M? Can we use that for more affordability in social housing?**

Please refer to Page 7 of the EHT Annual Report (Appendix C to the Council report) which outlines the \$40m allocation. The news release highlighted the key projects only, and not the full spend.

**12. Pg. 7 says co-op lease grant program to minimize displacement of tenants. Are co-ops displacing tenants?? If so under what conditions and why?**

The breakeven housing charges for a co-op might increase to the point where they are still “affordable” by our standard definitions but may not feel affordable to a particular household who have arranged their lives under a lower monthly payment. Based on income testing tenants might have to pay higher rent, those tenants may explore options to move out of the Co-op.

**13. Highlights of City Services (p. 26) says 3640 social and supportive housing units are committed: Where are they, how much \$ have we put into them and what are the rents?**

- In 2017 and 2018, a cumulative of 3,640 social and supportive housing units were approved
- As of Q3, 2019 this figure has increased to 4,169 units. Year-end 2019 figures and related information will be released in the Spring of 2020, in the 2020 Housing Vancouver Annual Progress Report and Data Book
- Further information on the 2017 and 2018 approvals (3,640 units) can be found in the [2019 Housing Vancouver Annual Progress Report and Data Book](#):
- Affordability breakdown - page 19 of [2019 Housing Vancouver Annual Progress Report and Data Book](#)

Figure 1.1.2. Total housing units approved between January 1, 2017 and December 31, 2018 by housing type and income bands served

Building Type	Housing Type	Renter				Renter & Owner	Owner	Total
		<\$ 15K/yr.	<\$ 15-30K/yr.	\$30-50K/yr.	\$50-80K/yr.	\$80-150k/yr.	>150k/yr.	
Apartment	Supportive and Social	962	85	776	1,206	611		3,640
	Purpose-Built Rental			0	957	896		1,853
Infill	Condos				765	4,290	3,283	8,338
	Laneways (Rental)				608	692		1,300
Townhouse	Coach Houses					-	-	-
	Townhouse					89	186	275
Total (2017-2018)		962	85	776	3,536	6,578	3,469	15,406
2-Year Target		1,040	320	900	4,700	5,240	2,200	14,400
% of 2-Year Target		93%	27%	86%	75%	126%	158%	107%

\*Note coach houses unavailable for reporting in 2017 and 2018

- Location of approved units - page 26 of [2019 Housing Vancouver Annual Progress Report and Data Book](#)

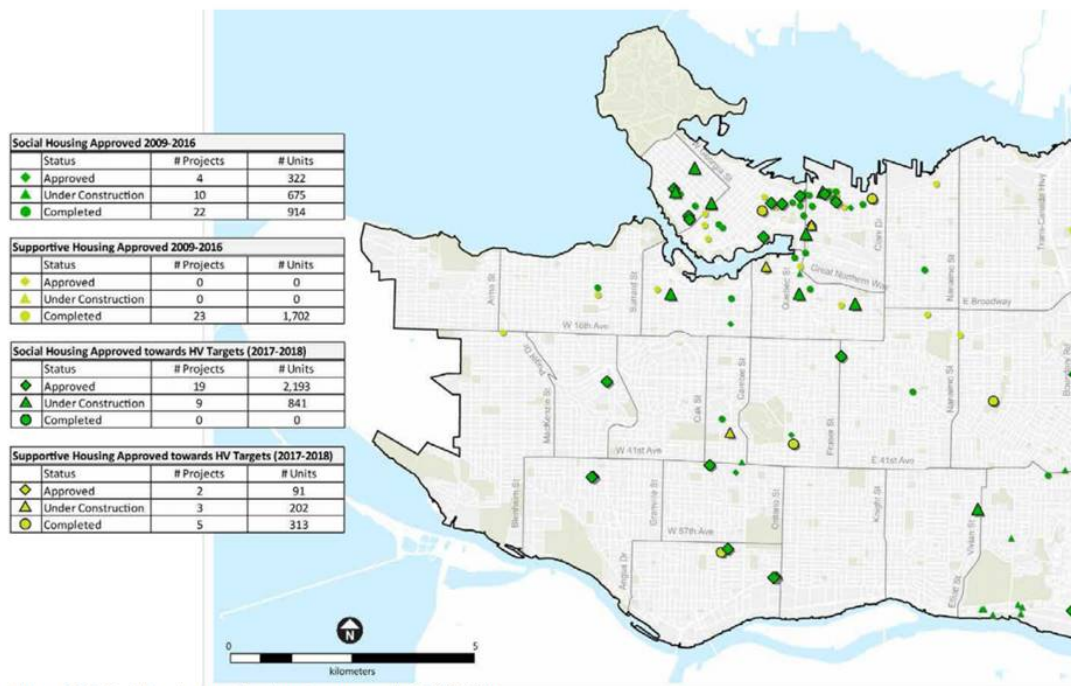


Figure 1.1.8. Social and supportive housing approvals, 2009-2018

14. Where could we get more money for CHIP? CACs? DCLs?  
Primarily from EHT.

- 15. Deep emission retrofits (pg.154): I hope rent control is required as part of any grants for this. Is staff looking at that?? Renovated buildings mean owners can get more for rent so without vacancy control tenants will be vulnerable to evictions.**

\$4.1m is being allocated with this budget to support the Deep Emission Building Retrofits Program. This funding is proposed to be used in a variety of forms, including grants to building owners for energy retrofits. Where those grants are being considering for rental buildings, participants will be required to sign an agreement not to use the improvements and/or upgrades incentivized under the program as a basis for future rent increase or tenant evictions. In some cases these retrofits will result in lower energy costs and may help in keeping rents down. In all cases these will result in better air quality, more comfortable homes and lower emissions.

## **II. Questions – Action on Climate Change**

- 16. Climate change section (pg. 41) Do we have any idea how much GHG reduction we'll see with any of these expenditures?**

We have created and will be sharing with Council a document summarizing actions related to climate change response. Please refer to this document for details.

## **III. Questions – Development and permitting**

- 17. Enhanced service delivery for development and permitting (pg. 27) Didn't we already increase staffing in this area a lot? Do we still need more? What will happen if we don't have more?**

### Addressing Council Priorities and Ongoing Challenges

While service levels are seeing improvements there are still a number of challenges that staff will be facing over the next several years. Furthermore, staff will continue to prioritize efforts to deliver key Council Priorities:

- Affordability and the Housing Crisis

Based on the current volume of rezoning enquiries and market direction, significant increases in the number of applications for Social, Affordable and Rental projects are forecasted. These are typically complex projects located outside of Community Plan areas, where limited policy direction exists regarding higher density forms of development. Moreover, area stakeholders and neighbourhood residents are often not anticipating change and concerned about the potential impacts of these proposed applications. This environment of uncertainty normally requires increased time and effort in the processing of these applications, with the need for multiple iterations of design and more extensive engagement with the community and stakeholders.

To enable and support the successful delivery of the Council Priorities around affordable housing, staff are proposing to add a new team to the Rezoning Centre with a focus on delivering priority housing initiatives from inception through to enactment of the zoning. This will allow for enhanced customer service working with both the community and housing providers including non-profit organizations and governmental agencies. Engineering is proposing to regularize two key positions in order to provide secured, dedicated and senior support for affordable housing initiatives.

In 2018 some of the new positions in the original ask of 75 were reprioritized to support affordable housing and commercial renovations. In doing this we repurposed some previously planned additional buildings and trades inspectors. As a consequence, we were unable to keep up with the volume of inspections needed to ensure that permitted development could be occupied. To address this, we funded several temporary positions outside of the fee review. We now recommend regularizing these positions.

- Deliver Quality Core Services that Meet Residents' Needs

To support this Council Priority, staff recommend expanding the One-Stop Model at the Services Centre by providing the full time presence of Development Planning staff. This proposal recommends adding two new positions to be responsible for assisting walk-in customers, phone calls, and providing technical advice and/or design approvals for a variety of applications and permits in real time to Services Centre customers

- Increasing Complexity and Demand for Rezoning Services

The number of anticipated rezoning applications for 2019 is approximately 110. This is a significant increase over the average for the past 5 years. The forecasted additional volumes are expected from recently adopted Community Plans (e.g. Cambie Corridor, Grandview Woodland), affordable housing initiatives (e.g. MIRHPP and social housing), and market rental housing projects. New Housing initiatives will continue to drive demand well past 2020.

The Cambie Corridor Townhouse application volumes are projecting higher than previously forecasted based on the current applications and the interest expressed by the development community. These applications follow a condensed process; however, complexity is impacting staff resources more than originally anticipated.

To help meet this new demand, staff has proposed the addition of two technical positions who will be dedicated to streamlining application intake, distribution and handling initial case file management and production. This will assist in improving processing times, work flow and coordination between divisions and departments and reporting and monitoring performance outcomes that improve and enhance customer service targets and manage client expectations.

More complex infill and development projects lead to more complex infrastructure needs. There is increased focus on reducing long term risk by focusing on the quality of

infrastructure delivered to the City by developers. Quality and project management procedures are being enhanced for the delivery of infrastructure by developers to increase coordination, quality control and oversight. More regular updates will be provided to policies and bylaws, such as the Parking By-law, to keep them in line with current industry approaches. Engineering is proposing to add one position, regularize two other senior positions, and re-class six to address this. Engineering will continue to monitor this challenge in conjunction with delivering on Council priorities.

- Delays in Fire Related Occupancy Inspections

With processing times improving in a number of permit streams, the demand for fire related inspections to keep in line with the pace of throughput has significantly increased. Over the last two years, multiple coordinated occupancy inspections were being scheduled by various groups resulting in conflicting requests for inspections. Moreover the demand for phased-in occupancy for new construction projects is increasing the number of site inspections and as a result the number of multiple final occupancy inspections per premise is also increasing.

The current workload is managed by one re-assigned resource (working 4 days a week) conducting all fire related inspections generated from building and development related applications. In 2018, a total of 660 inspections relating to building, development, rezoning and trades were scheduled for this one resource which is resulting in a backlog of 8-10 inspections a week on a consistent basis. This results in delays, or further re-assignment of resources from Fire or simply an inability to conduct the inspection.

Delays are further exacerbated as inspections become more complex over time. The updated building and fire bylaws allow for increased number of alternative solutions for various construction projects which increases the complexity for inspecting buildings and ensuring fire bylaw compliance. Also with the rise in the number of 6 storey wood frame buildings, the need for multiple inspections due to high risk of fire during construction phase is also increasing. The lack of capacity to deal with inspections is resulting in delays and potential unsafe practices during construction.

Simple occupancy inspections take approximately 2.25 hours per inspection with the more complex inspections requiring up to a full day (6-8 hours). With the increase in the number of permits requiring more complex inspections the amount of time spent on each of the inspections is increasing. Staff are proposing an additional resource to better manage the existing workload.

- Transitioning to Online Services

As a result of our transition to more online services, staff has identified the need to improve the quality & consistency of information online and to assist customers in navigating and managing their online accounts. One temporary position was created in 2017 to focus on technical training of our internal teams, with a second temporary position to help customers manage their online accounts, e.g. password resets, permit transfers between accounts and other technical challenges with using the system. Staff



recommends regularizing these two positions and adding a new fee-funded temporary position to further support this effort.

All these positions are funded through User Fees, so cutting budgets here will not result in any reduction in Property Taxes.

#### IV. Questions – General

##### 18. Major Capital projects (pg. 7) - It takes \$2 m to design a pool?

\$2 M is approximately 13% of the total \$15 M allocated to the construction of the Marpole Outdoor Pool in the current capital plan. Typically we budget in the range of 10-15% of estimated construction costs for consultant fees depending on size and complexity of the project.

The \$2 M budget is intended for design costs that include the following:

- Public engagement as required for functional programming and design of outdoor pool;
- Architectural, landscape and engineering consultant services for schematic and detailed design, with approved budget available for continuation of services with the same consulting team through construction;
- Site studies including environmental soils assessments, geotechnical reports, archeological reports, arborist reports, etc.;
- Permitting requirements (development permit, building permits, First Nations permits);
- Off-site costs (including fees/studies/designs addressing site utility servicing, traffic, bike lanes, parking, etc.);
- Staff Project Management fees; and
- Design contingencies.

If you have any questions please feel free to contact me at [Patrice.impey@vancouver.ca/](mailto:Patrice.impey@vancouver.ca/) 604.873.7610.



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