



Community Housing
LAND TRUST FOUNDATION

**Linking Affordable Housing
Policies to Usage:
Case Studies of Municipalities in BC**

A report prepared for
The Community Housing Land Trust Foundation

November, 2001

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1.0 INTRODUCTION

The Community Housing Land Trust Foundation is a non-profit society established to acquire, create, and preserve affordable housing for future generations and to foster self-managed housing communities in British Columbia. The Land Trust was incorporated in 1993.

In 2000, the Land Trust successfully applied to the Affordability and Choice Today (ACT) program for funding to study the impact on the production of non-market rental housing of various tools enabled by BC's Local Government Act. The formal title of the study is "Linking Affordable Housing Policies to Usage: Case Study of Municipalities in BC." BC Housing also provided funding for the study.

The Housing Task Group of the Greater Vancouver Regional District struck a sub-committee to guide the study process. The members of the sub-committee, referred to throughout this report as the Advisory Committee, are:

- Sophie King
Director of Municipal Liaison
Urban Development Institute, Pacific Region
- Thor Kuhlman
Planner
City of New Westminster
- Juliette Proom
Senior Policy Analyst
Ministry of Community, Aboriginal and Women's Services
Province of British Columbia

Lumina Services Inc. of Vancouver was selected to write the report, in association with Urban Aspects Consulting Group Ltd. of Victoria.

The Community Housing Land Trust Foundation acknowledges, with grateful thanks, the financial support of both the Affordability and Choice Today (A-C-T) Program and The Ministry of Community, Aboriginal and Women's Services, as represented by the British Columbia Housing Management Commission.

Definition of Affordable Housing Used in this Report

The definition of affordable housing used throughout this report is non-market rental housing. Most non-market rental housing is social housing subsidized by

governments, but housing financed by the residents or by other means such as community contributions, can be removed from the for-profit market by such means as a Land Trust. Non-profit and co-operative housing are the two types of non-market housing most frequently found in Canada. The housing is owned and operated, on a break-even basis and usually with the help of government subsidies, by non-profit groups incorporated as either housing societies or housing co-operatives. The societies operate rental housing; the co-operatives manage housing for their own members.

Tools Assessed

The Advisory Committee selected four tools for inclusion in the study:

- **Comprehensive Development (CD) Zoning** refers to areas that are specially planned by local governments. They usually include more than one land use; e.g., residential and commercial. Comprehensive development zoning allows for flexibility in allocating densities for developments on specific sites. Because local government councils adopt density and amenity provisions during the rezoning process, it provides an opportunity for local governments to negotiate for public amenities and housing that will benefit the community. Over 40 local governments in BC are currently using comprehensive development zoning compared to 23 in 1996, indicating that it is gaining increasing acceptance as a tool for gaining housing and other community benefits from private development.
- **Density Bonusing** is a tool that enables local governments to allow developers to build to a higher density (or higher floor area ratio) in exchange for affordable housing units or amenities that benefit the community such as day care centres, recreational facilities, or community centres. A density bonus system is an incentive-based voluntary contribution rather than a compulsory requirement. Over 30 local governments in BC currently use the density bonus provisions of the Local Government Act.
- **Inclusionary zoning** refers to the ability of local governments to require the provision of affordable, rental and special needs housing in developments, usually large developments. Unlike density bonus schemes, inclusionary development requirements are usually mandatory. The differences between the use and the impact of inclusionary zoning and comprehensive development zoning can be difficult to discern, particularly where the development of non-market rental housing projects is involved. Generally however, comprehensive development zoning pertains to large, mixed use developments where

local governments negotiate with developers for community amenities, while inclusionary zoning refers to the mandatory provision of community amenities such as sites for affordable housing.

It must be recognized though, that there may be a fine line between community amenities that are negotiated with developers and amenities that are required of them. In the final analysis, the arrangement must work for both developer and local government or it will not proceed.

There are currently 15 local governments using inclusionary zoning compared to 10 in 1996.

- **Leasing at Below Market Rates** is possible for local governments that own land they wish to see developed for affordable housing. Leasing land at or below market rates is a tool that has been used by 20 local governments in BC.

These tools were selected because they are tied directly to the construction of new affordable housing. Other tools (secondary suites, standards of maintenance bylaws) were excluded from the scope of the study as they are either focused on protecting existing affordable housing, or they do not necessarily guarantee long-term affordable housing.

Communities Selected

The Advisory Committee selected the following communities for inclusion in the study: City of Burnaby, City of Richmond, City of White Rock, City of Chilliwack, District of Langford, and City of Prince George.

It is important to note that the City of Vancouver is governed by its own Charter, not the Local Government Act. However, because of its frequent use of tools that are identical to those enabled by the Local Government Act, it was included as one of the seven case studies.

General Methodology

The study had four primary components - a series of focused, one-on-one (or one-on-two) interviews with selected local government officials; consultation with community based affordable housing advocates; a fax-out/ fax-back survey of developers belonging to the Urban Development Institute, Pacific Region; and a review of planning tools used in other provinces to encourage

the development of non-market rental housing. The results of the four study components are discussed in greater detail following this introductory section.

2.0 LOCAL GOVERNMENT CONSULTATION

Interviews were held with municipal officials representing seven British Columbia communities, in the Cities of Chilliwack, Vancouver, Prince George, Richmond, Burnaby, White Rock and the District of Langford. All the interviews, except the Prince George one, were conducted in person and all lasted approximately an hour. The Prince George interview was conducted over the telephone.

2.1 Method

In the case of each of the local government officials to be interviewed, the senior person responsible for planning was contacted and informed about the background and purpose of the interviews. In most cases, that person decided to participate in the interview him or herself. In the cases of Burnaby and Prince George other officials were identified by the first contact as more suitable interviewees. In Chilliwack and Langford the Planning/ Development Director included a manager on their staffs in the interview.

The seven interviews were scheduled over the period of a month. The first interview was done on May 17 2001 and the last one was completed on June 22 2001. In some instances, the interviews were tape recorded, on the understanding that the tapes will be erased on completion of the report.

All interviewees clearly understood the purpose of the interview, the related issues and how their community related to them. An interview guide was prepared in advance of the interviews to ensure that the important issues were covered and to provide basic consistency of approach. In every case, it proved unnecessary and unproductive to adhere strictly to the sequence of questions in the guide. All applicable issues were covered in all interviews, though the interviewees were given the freedom to organize their accounts of situations in their communities as they saw fit and to discuss other issues they thought were important. A copy of the interview guide and records of the interviews themselves are included in the appendix.

2.2 Summary of Findings

UTILIZATION OF TOOLS IN COMMUNITIES INTERVIEWED			
Community/ Tool	CDZ or IZ	Density Bonus	Leasing
Chilliwack	○	○	○
Vancouver	●	●	●
Prince George	○	○	◐
Richmond	●	●	●
Burnaby	●	●	●
White Rock	◐	○	○
Langford	○	○	○

● extensive use ◐ some use ○ not used

2.3 Analysis of Interviews

The interviews are analyzed in relation to each of the tools made available to Local Governments through the Local Government Act.

2.3.1 Comprehensive Development (CD) Zoning:

As described in Chapter 1, CD zoning is a form of flexible zoning that essentially results in a unique zoning district. CD zoning permits local governments to customize zoning, to increase densities where desirable, to relax standard zoning restrictions, and to negotiate with developers in order to achieve broad community goals related to site amenities or to affordable housing.

Generally, CD zoning is used on very large, comprehensively developed sites, especially where a significant land use change is involved. Local governments work with developers interested in the redevelopment opportunities and the result may be favourable for the development of non-market rental housing.

CD zoning has been used in Vancouver, Burnaby and Richmond for the development of non-market rental housing. In Chilliwack, Prince George White Rock and Langford there have been few opportunities in recent years to obtain new affordable housing units via CD zoning. However, Chilliwack may use this device soon, as the District is planning several new medium density developments. They have used CD zoning in the past to obtain public recreation facilities and a daycare centre.

In Burnaby, CD zoning has been used for the development of large sites like the Oaklands, George Derby, Cariboo, and the Burnaby South school site. In that community, the result of CD zoning has been to reduce land costs sufficiently so that funding from BC Housing has been possible for non-market rental projects sponsored by local non-profit housing societies. Without the use of CD zoning, land costs would have been too high. However, it is important to recognize the importance of BC Housing funds in the equation.

In Vancouver, the use of the tools enabled by the Vancouver Charter has resulted in the provision of non-market rental housing, although generally, the term “Comprehensive Development” is reserved for smaller scale areas than those where Vancouver applies its 20% inclusionary policy (discussed in Section 2.3.3.)

CD zoning involves and requires close cooperation between city officials and the developer. Public involvement is essential.¹ In return for assisting the community to meet planning objectives, developers benefit from up-zoning and often from the improved probability of receiving funding from another level of government for the non-market housing component. In many cases, CD zoning or Inclusionary zoning has the effect of reducing the land costs.

Where a significant land use change is granted, there is a greater likelihood CD zoning and Inclusionary zoning will be used. It arises from community planning goals such as creating a variety of housing in each neighbourhood, and is to some extent, the cost of obtaining the zoning.

2.3.2 Density Bonusing:

To repeat the definition included in Chapter 1, density bonusing is a mechanism that allows zoning requirements to vary in exchange for community amenities such as day care centres and affordable housing, or land for affordable housing. Developers are allowed to add more floor space, from which they derive additional income, in exchange for the provision of the amenity in question. Density bonuses are a voluntary incentive-based tool, unlike inclusionary zoning, which is usually mandatory. Density bonusing is sometimes used in conjunction with other tools such as comprehensive development zoning but in other cases is used alone.

The most successful applications of density bonusing programs have been in major downtown areas, waterfronts, major highway locations and other important developed areas. In such areas, the increased densities provide significant benefits to the developer, without adversely affecting the surrounding environment or infrastructure.

¹ Burnaby does not apply density bonuses to Comprehensive Development projects as it feels it reduces the possibility of public acceptance of the proposed Comprehensive Development project in the extensive public consultation process.

In the United States density bonusing is often part of the zoning by-laws. This approach is referred to as "as-of-right" density bonusing. In Canadian cities density bonusing is usually a matter for negotiation between city officials and the developer. The advantage of the former is that projects can be planned with more certainty and that such certainty might give rise to more non-market housing being designed into projects at an early stage. Also, much professional time and project lead time is saved.

In BC, density bonusing has been used in Vancouver, Richmond, and Burnaby to help achieve the development of non-market rental housing, but the use of density bonusing on its own (i.e. separate from comprehensive development zoning or inclusionary zoning schemes) is not that common. In order create a significant enough benefit to the developer to mitigate the costs of providing affordable housing or other community amenities, projects typically must be very large and capable of absorbing the extra density (in a planning and neighborhood approval sense as well as an economic sense).

Burnaby automatically provides a density bonus for all non-market developments, but their experience reveals the limits of density bonusing as an approach to obtaining non-market rental housing units. In a recent example, the developer of a very large project in central Burnaby (two residential towers and large amounts of commercial space) provided four townhouse units at no cost to a non-profit housing society, allowing the society to charge extremely affordable rents and still break even. This is an excellent example of the benefits of density bonusing, but only four units were created.

White Rock is hoping to make good use of the density bonusing provisions of the Local Government Act when project proposals on the waterfront and other more valuable locations come before the municipality. There is a strong need in White Rock to increase the availability of non-market rental housing, especially for seniors.

Density bonusing in exchange for the provision of non-market rental housing units is more difficult to implement in communities where housing markets are soft and profit margins for new housing are low. This is currently the case in Prince George, Langford and Chilliwack. However, there are signs that the market situation might change over the next several years and density bonusing might prove useful.

2.3.3 Inclusionary zoning:

Like CD zoning, inclusionary zoning usually applies to larger developments. In these situations, inclusionary zoning can be an efficient tool for facilitating the development of non-market rental housing, typically by providing the sites on which non-market rental projects can be built. In Vancouver for example, Council requires that 20% of the units in major projects be designated for non-market housing, with a priority for core-need households, and also requires that

the non-market housing sites be made available at a price that allows the projects to be developed within the maximum budgets established by senior government non-market housing programs. At least half of the non-market units must be designed and developed for families. The 20% policy has been relaxed for major projects where economic feasibility or other public priorities do not permit the full 20% non-market housing requirement to be achieved. In these cases, payment-in-lieu may be accepted instead. A recent example concerns a project in the Coal Harbour area of Vancouver where the City recommended the acceptance of \$2 million in cash in lieu of the 20% unit requirement because of the unavailability of funding from BC Housing for the non-market component of the project.

This experience demonstrates one of the important features of inclusionary zoning – that it often results in the provision of affordable sites that are developed through the use of funding from senior levels of government, rather than the provision of affordable housing per se.

In Burnaby, non-market rental housing developed on large sites (usually via comprehensive development zoning in the case of Burnaby rather than inclusionary zoning) has in almost all cases occurred in conjunction with funding from BC Housing. This is also the case in Richmond.

In other communities, the development of non-market rental housing via inclusionary zoning is more difficult to achieve either because large developments are rare or because other concessions from the developer are considered to be of greater or equal importance. Inclusionary zoning has not yet been used in Chilliwack, Prince George, White Rock or Langford. In preparing the current OCP in Prince George a requirement for developers to set aside 5% of their property for non-market housing was considered but ultimately rejected as unworkable on economic grounds.

2.3.4 Leasing at Below Market Rates:

Municipalities that are fortunate enough to have significant land inventories in their possession are able to use land leasing as a tool for increasing the availability of non-market rental housing, as long as senior government funding is available. The extent to which they can depends on the following factors:

- price of land;
- availability of land;
- location and characteristics of land available for leasing;
- leasing conditions;
- senior government funding.

Four of the local governments involved in this study have used leasing at below market rates to facilitate the development of non-market rental housing – Vancouver, Burnaby, Richmond, and Prince George. Other local governments do not have large land inventories (e.g. White Rock and Langford) and are unable to use this tool, although they could buy land and then lease it out if they so desired. In addition, unused schools, community parking lots and the like could conceivably be considered for future leasing possibilities. It is also possible that when public facilities like community centres or municipal offices are redeveloped some portion of the land could be leased to provide non-market rental housing.

In many cases, the availability of leased land at attractive lease rates has been critical to the availability of funding from BC Housing.

2.4 Conclusions

Local Government Act tools are most useful to large urban municipalities experiencing development pressures such as Burnaby and Richmond. Smaller cities, especially those experiencing economic downturns, find the tools less useful.

However, it might also be concluded from the interviews that the value of the tools to communities depends less on their size than on their prevailing economic circumstances. All the communities that reported low utilization of the tools were experiencing current economic circumstances that did not support the building of large-scale housing or mixed-use developments. They were either communities like Chilliwack on the periphery of metropolitan areas, which nearly always see sharper declines in housing demand than more central areas during economic downturns, or communities like Prince George - resource dependant communities at the bottom of their economic cycle.

These sorts of communities tend to experience pronounced cycles in housing demand that follow changes in local economic circumstances. Upswings in housing demand tend to come suddenly and housing shortages lead to serious affordability gaps. The tools might then become valuable means of facilitating the provision of non-market housing when it is most needed.

Given the view that the tools need a moderately active housing market to work best, they may be thought of as insurance for all communities in the province: for Vancouver, Richmond and Burnaby, which, even during economic downturns, have some housing developments underway and ongoing acute affordability problems, the tools are nearly always operative. For Prince George, Chilliwack and Langford they are there to be used when needed.

In terms of the ability of the tools to create non-market rental housing, the availability of funding from BC Housing has been a critical ingredient. Without that funding, the tools by themselves can produce only very limited numbers of units.

A final and consistent message from small local governments is that they want tools that “think small” – that can help create one or two units of affordable housing as well as 50 or 100. In addition to promoting the construction of non-market projects, they want to be able to focus on converting or upgrading non-market housing units, wherever need and opportunity coincide.

More specific conclusions applicable to the individual tools are summarized below.

2.4.1 Comprehensive Development Zoning

CD zoning can be a very useful tool for local governments involved in the redevelopment of large sites where a variety of land uses are contemplated. The ability to negotiate the nature and mix of land uses on the site with the developer can result in innovative approaches to planning and zoning that are not possible with more conventional zoning mechanisms. As part of the negotiations, local governments can achieve a variety of community amenities including sites for affordable housing. The fact remains however, that to facilitate the development of significant numbers of non-market rental housing units, senior government funding is essential.

2.4.2 Density Bonuses

Density bonusing can be successful where development is considered attractive both from an economic perspective and from a community acceptance point of view. Where either developers or the public or both do not want added density, density bonuses are not effective. In large centres facing development pressures density bonuses can result in the creation of non-market rental housing, although senior government funding must be available if significant numbers of units are to be created. If such funding is not available, it is still possible to achieve the construction of non-market rental units but in very small numbers as the experience of Burnaby illustrates.

Additionally, the calculation of density bonuses is complex and time consuming and may exceed the level of expertise or the staff availability of some local governments. In the US, density bonus provisions are often regulated – they are considered to be “as-of-right” rather than negotiated on a case by case basis. It is difficult to imagine that “as-of-right” density bonusing would gain easy acceptance in British Columbia. In our smaller cities, negotiated agreements allow for more flexibility in dealing with changing circumstances and marginal situations. On the other hand, negotiating every project's density bonusing deal from beginning to end creates uncertainty for the developer, can raise questions of equity, and is time consuming.

2.4.3 Inclusionary zoning

The experience in Burnaby, Richmond, and Vancouver demonstrates that inclusionary policies can provide affordable sites, which can become leverage to use in combination with other measures to produce affordable housing. In almost all cases in BC, these “other measures” have been funding from BC Housing.

Although the inclusionary zoning examples in this report have occurred in large urban centres, inclusionary zoning could also work in smaller centres to produce non-market rental housing, as long as senior government funding were available.

Where senior government funding is not available, cash-in-lieu can be a sensible way to proceed although there seems to be some confusion about whether or not cash-in-lieu is legal under the terms of the Local Government Act. It would be useful for the Ministry of Community, Aboriginal and Women’s Services to clarify this issue.

2.4.4. Leasing at Below Market Rates

Local governments that own land have made very effective use of this tool to facilitate the development of non-market rental housing, generally by using the mechanism as leverage to trigger funding from BC Housing.

Without funding from BC Housing, leasing at below market rates does not provide sufficient economic benefit to permit the development of non-market rental housing.

3.0 CONSULTATION WITH AFFORDABLE HOUSING ADVOCATES

Advocates in three centres – the Lower Mainland (Lower Mainland Network for Affordable Housing), Prince George (Active Support Against Poverty), and Victoria (Capital Families Association) – were consulted about their views on the effectiveness of the Local Government Act tools at encouraging the development of non-market affordable housing.

In general, housing advocates view the tools as an essential piece of the affordable housing puzzle and as a way of making scarce public dollars go farther. They recognize the tools' limitations in terms of the markets in which they can be effective, but applaud their use in those markets – for example, in high growth areas and/or in areas where local governments either own or otherwise have access to land. In these situations, affordable housing activists strongly support the use of tools enabled by the Local Government Act as a way of encouraging the development of non-market rental housing. They point to examples provided by Burnaby, Vancouver, and Prince George, in which the provision of local government owned land at favorable terms persuaded BC Housing to approve applications for Homes BC funding for housing societies in these communities. In an environment characterized by very limited subsidy funds for affordable housing projects, the willingness of local governments to participate in funding these projects is very helpful in terms of obtaining Homes BC funding.

Housing advocates expressed other views during the interview process that, while not strictly related to the four tools included in this report, are relevant to the broader issues raised in this report. Those views are included in the appendix.

4.0 DEVELOPER SURVEY

In order to gain the perspective of the development industry on the use of the tools considered in this report, a survey was administered to developers. It was anticipated that developers would have useful knowledge and opinions about how to encourage the provision of more non-market housing in British Columbia through the use of tools enabled by the Local Government Act.

4.1 Method

A short questionnaire was designed for distribution to the developer members of the Urban Development Institute, Pacific Region. There are just over 100 members in the Vancouver, Victoria, and Okanagan chapters.

The questionnaire sought to find out from BC residential developers:

- how much, if anything, they knew about the incentives (tools) in the Local Government Act;
- whether they had encountered any of them in projects they had built or planned;
- how effective they found the various incentives and their application by local governments to be;
- what more or what else could be done to encourage the building of more non-market rental housing.

The questionnaire was distributed by the Urban Development Institute itself in order to encourage completion by its members. Completed survey forms were returned to the Institute for subsequent analysis by the report's authors.

A copy of the questionnaire is included in the appendix.

4.2 Analysis of Returns

Eight completed questionnaires were received. The respondents, all highly placed representatives of the industry, were:

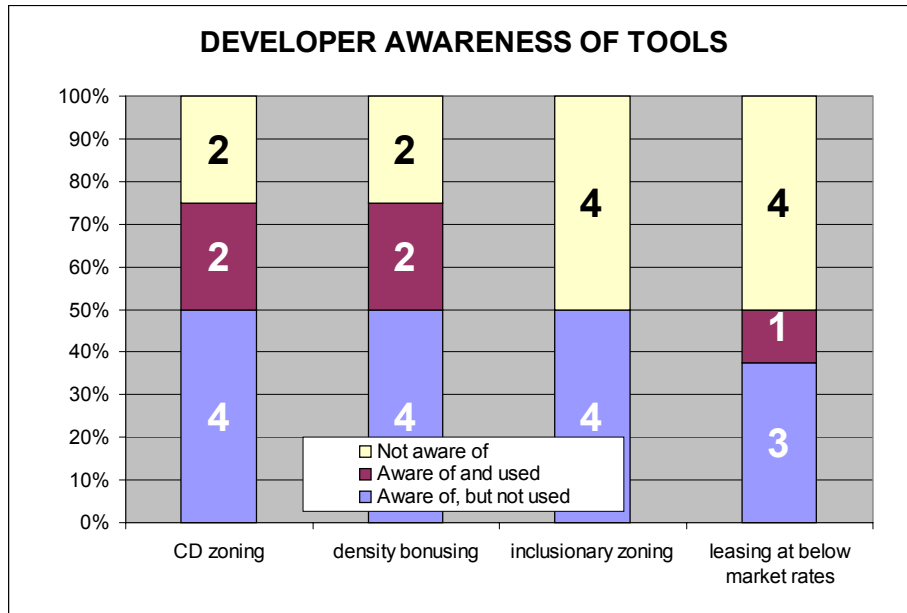
- D. Walsh - President Grosvener Capital, Vancouver
- Henry Kamphof - Exec. Director, Capital Region Housing Corporation, Victoria
- Herman Rebnueris - President Cottage Grove, Victoria
- Brian Martin - VP Bosa, Burnaby
- Gerald McGavin - Chairman British Pacific Properties, West Vancouver
- Robert Pearce - Senior VP Aspac Developments, Vancouver

- S. Todman - Property Manager Aberdeen Holdings, Kelowna
- Mike Jacobs - VP Emil Anderson Construction, Kelowna

4.3 Summary of Findings

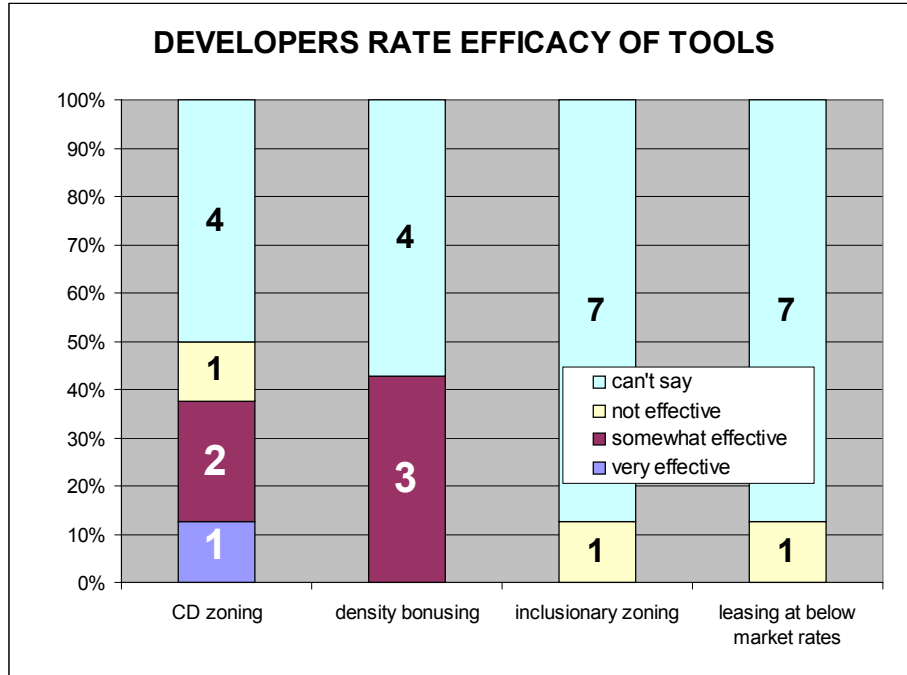
Awareness of Tools

Only two of the respondent's companies, CRHC of Victoria and Bosa of Burnaby had ever considered building "affordable" housing aimed at low or moderate income households. However, the case of the Capital Region Housing Corporation is unique because it is a non-profit housing organization whose mandate is to assist in the development and management of low and modest cost rental housing, home ownership, or the repair of inadequate housing.



Bosa and CRHC were the only responding companies that had actually built non-market rental housing using the tools. Bosa has benefited from CD zoning and density bonusing and CRHC has used density bonusing and leasing at below market rates.

Effectiveness of Tools



4.4 Analysis of Results

4.4.1 Comprehensive Development Zoning

CD zoning was positively received by those survey respondents who were aware of it and who had been involved in CD developments.

4.4.2. Density Bonusing

Those developers who had used this tool were very positive about its effectiveness as a mechanism for creating affordable housing.

4.4.3 Inclusionary zoning

In spite of the fact that the use of inclusionary zoning is quite widespread in the Lower Mainland, there was little developer awareness of this tool. None of the for-profit developers felt able to comment on the effectiveness of inclusionary zoning as a mechanism to create non-market rental housing, perhaps not surprising in view of the predominance of the non-profit sector in the development of non-market rental housing.

4.4.4. Leasing at below Market Rates

Leasing at below market rates has been very useful for the non-profit Capital Region Housing Corporation in terms of the production of non-market rental housing but other (for-profit) developers are not in a position to utilize this tool.

4.5 Conclusions

CD zoning and density bonusing received a positive rating from some of the respondents. One respondent regarded the tools as useless and indicative of a low level of commitment to non-market housing. Others would like to see them simplified and made more accessible and better known.

Some respondents called for lowering of DCC's as a way of encouraging the development of more non-market rental housing. Other suggestions included tax credit programs, GST breaks and permit fast-tracking.

It seems readily apparent that the existence and potential application of the tools vis-à-vis the creation of non-market rental housing are not well known among the development community in BC. However, this is not very surprising in view of the fact that for-profit developers rarely become involved in the building of non-market rental housing.

5.0 PLANNING TOOLS USED IN OTHER PROVINCES

Research and evidence from other provinces about the usefulness of the tools studied in this report is extremely limited because only BC and Ontario make use of them to any significant extent. To make matters more difficult, in Ontario there is no systematic monitoring of the impact of the tools on the production of affordable housing, so it is impossible to draw substantive conclusions about their usefulness in that province. However, two recent reports, one published by CMHC² and the other by the Ontario Professional Planners Institute³ provide some information about tool usage in Ontario cities.

5.1 Comprehensive Development Zoning

The CMHC report includes comprehensive development zoning under the general heading of “Performance-based Planning (PBP) and other Flexible Planning Approaches.” In order to explore the relationship between PBP and comprehensive development zoning, a brief description of PBP follows.

Performance based planning emerged in the US in the 1970’s, providing a way of regulating land use on the basis of actual impacts rather than on predetermined standards of what appropriate land uses should be. A PBP approach could provide flexibility to developers and encourage innovation. PBP does not require developers to produce or pay for affordable housing, but it can help create conditions that will encourage the private sector to produce more affordable housing in one of four ways:

1. PBP can enhance housing choice, which may improve housing affordability. Housing may be allowed in commercial or industrial areas, or over stores.
2. PBP may deflect Nimby pressures.
3. PBP emphasizes the design of new projects, which may make affordable housing more attractive.
4. PBP provides a vehicle for the negotiation of developer exactions such as density bonuses or linkage fees.

² Municipal Planning for Affordable Housing

³ T

In Canada, the report cites the use of PBP-type principles in a few cities, especially those where new urbanist communities have been developed - Calgary, Markham, and Bois Franc near Montréal. New urbanist communities usually include mixed housing types, smaller setbacks, and other unconventional design principles that require a flexible approach to zoning.

The report also makes reference to the BC experience with comprehensive development zoning, which it describes as making use of several of the principles of PBP, including increased flexibility in allocating density and achieving a mix of land uses on particular sites. The report notes that much of the new affordable housing being constructed in the Lower Mainland is occurring on CD sites.

5.2 Density Bonusing

The CMHC report notes that an incentive such as density bonuses requires a high degree of economic activity and a strong real estate market, and is most often used in central cities, especially in commercial cores. Outside of BC, the only Canadian use has been in Toronto, where the land for 6,000 non-profit housing units was acquired through density bonusing over a 17 year period from 1982 to 1999. The City started to accept cash-in-lieu of land in 1986 when suitable sites became more difficult to find and has raised \$19 million through the use of this mechanism.

5.3 Inclusionary zoning

As is the case with the other tools, the only use of inclusionary zoning outside BC has occurred in Ontario, although as mentioned at the outset, there is no systematic monitoring of the impact of Inclusionary zoning so it is difficult to quantify the effects such policies have had on the production of affordable housing.

In Ottawa, at least 25% of all housing produced in each municipality over a five year period of time must be affordable, where affordable is defined as housing for which a household pays no more than 30% of its annual income. Affordable home ownership is targeted to households up to the 60th income percentile and affordable rental up to the 30th income percentile. In 1997, 83% of the ownership housing produced in Ottawa-Carleton and 88% of the rental housing produced was affordable, proportions that have been standard in the area since the early 1990's.

Although the City of Toronto has debated the merits of inclusionary zoning on several occasions throughout the 1990's, it has yet to adopt such a policy.

6.0 CONCLUSIONS

- The Local Government Act tools are most useful to large urban municipalities experiencing development pressures such as Burnaby and Richmond. Smaller cities, especially those experiencing economic downturns, find the tools less useful.
- However, the value of the tools to communities really depends less on their size than on their prevailing economic circumstances. All the communities that reported low utilization of the tools were experiencing current economic circumstances that did not support the building of large-scale housing or mixed-use developments.
- Given the perspective that the tools need a moderately active housing market to work best, they may be thought of as insurance for all communities in the province. For Vancouver, Richmond and Burnaby, which, even during economic downturns have some housing developments underway and ongoing acute affordability problems, the tools are nearly always operative. For Prince George, Chilliwack and Langford they are there to be used when needed.
- In terms of the ability of the tools to create non-market rental housing, the availability of funding from BC Housing has been a critical ingredient. Without that funding, the tools by themselves can produce only very limited numbers of units.
- Local governments want tools that “think small” – that can help create one or two units of affordable housing as well as 50 or 100. In addition to promoting the construction of non-market projects, they want to be able to focus on converting or upgrading non-market housing units, wherever need and opportunity coincide.
- Very few people really understand the difference between comprehensive development zoning and inclusionary zoning. It would be useful if the Ministry of Community, Aboriginal and Women’s Services produced a guide to “Innovative Zoning Practices” that would, among other things, clearly explain the difference between the two.
- There appears to be some uncertainty about whether or not cash-in-lieu is possible under the terms of the Local Government Act. If it is not, serious consideration should be given to expanding the provisions of the Act to include it. This will become particularly important if funding from BC Housing becomes less available in the future.

At the time of writing, the possibility of reduced funding from BC Housing is a very real one. All government ministries are undergoing a “core review” as part of a more general exercise in rethinking the functions of government. The role of municipalities in the creation of affordable housing will become more significant in the future than it is today. The effective use of the tools described in this report, along with the formation of community based partnerships, will help to meet the growing need for affordable housing in an environment of reduced spending on the part of senior governments.

APPENDIX ONE RECORD OF INTERVIEWS

Summary of the Results

Q 1 In a sentence or two, what is your overall impression of the efficacy of the Local Government Act in encouraging the building of more affordable housing in your community and in other communities?

The responses to this question indicate clearly that the tools work best in very urbanized settings where land costs are high and development pressures significant. Where land is cheap and abundant, where house prices are falling, and where vacancy rates are rising, they do not work nearly so well. Of course in these situations there is much less need for non-market rental housing in any case.

Q 2 In retrospect and in consideration of current funding levels, would you modify your definition of “affordable housing” from the one used in the 2000 report prepared by the Ministry?

Twenty-three local governments in BC have adopted a formal definition of affordable housing, including Burnaby, Chilliwack and Vancouver but not the other four local governments included in our survey. However, the presence or absence of a formal local government definition is not critical for purposes of this study because it focused exclusively on non-market rental housing.

Q 3 I have given you a list of tools taken from the “Planning for Housing” report that your government was using in 2000. Is it up to date and if not what changes should be made?

The tools in use in 2000 are those that are included in the table on page 3 of this report. Although some local governments are considering the use of additional tools in the future (discussed under Q 7), the list as it appears on page 3 is accurate.

Q 4 With reference to the tools in use, why did your government opt to employ the tools it did and conversely, why did it reject others?

The answer to this question was in most cases quite obvious. For example, local governments with land could, and very often did, choose to lease land at below market rates to encourage the development of non-market rental housing. Local governments that do not own land could not make use of this tool. In areas where development pressures exist, local governments are in a position to negotiate with developers for concessions that make economic sense to both parties in the negotiating process – the developer and the local

government. In areas where there is no pressure for development or where development is on a small scale, tools such as density bonusing and inclusionary zoning do not work.

Q 5 Can you tell me something about the actual implementation of these tools and the projects that were built as a result?

In three of the local government areas involved in the study, no non-market rental housing has been developed as a result of the tools (Chilliwack, White Rock, and Langford).

In the other four cases, the tools have resulted in the development of several thousand units of non-market rental housing, built almost exclusively in conjunction with Homes BC funding.⁴ The following table provides details on the number of non-market rental units that have been developed as a result of tool usage. Note that in most cases, the numbers are estimates only – it is not an easy task for most local governments to define precisely how many non-market rental units, as they are defined in this report, have been developed as a consequence of tool usage. The process is made even more complicated because of the nature of the Homes BC program and preceding social housing programs – most Homes BC projects are mixed income (60% rent-geared-to-income and 40% market), although many in certain areas such as the Downtown Eastside are 100% rent-geared to income, and earlier social housing programs involved a wide array of income mixing provisions. For purposes of this report, an attempt has been made to include only rent-geared-to-income units, but the numbers in the table should be considered estimates only.

Tool	Prince George	Burnaby	Vancouver	Richmond
CDZ or IC		216	1,000	
Density Bonus		56	(see below) ⁵	
Leasing	60	150	2,000	100

⁴ HOMES BC is the provincial government's comprehensive housing program. The program provides construction financing, operating subsidies and rent supplements to non-profit, co-op and private housing providers who develop or operate affordable housing for low- and moderate-income British Columbians.

⁵ Note that the City of Vancouver density bonus units are included in the leasing total – these are units that have been developed in conjunction with large scale developments on City-owned land such as the Collingwood development.

Homes BC funding is a critical ingredient in the process of developing non-market rental units. In some cases, local governments have been willing to lease land at half the market rate in order to facilitate the development of Homes BC projects, but insufficient funding has been available from BC Housing to permit these projects to proceed.

A very few units have been created in Vancouver without funding from BC Housing, but there are not many of them (as an example of how these units can be created, the City may acquire four “free” units as a result of the approval of a larger project, units which it rents on a rent-g geared-to-income basis).

Q 6 Again, with reference to the choice of tools you made, would you make the same selection today, given the benefit of hindsight?

The answer to this question was an overwhelming “yes”.

Q 7 What future initiatives to increase the supply of affordable housing are being considered by your community?

Most local governments interviewed during the study are actively using the tools of interest to the Advisory Committee and the study team. However, one local government that has heretofore not used density bonusing for non-market rental housing has recently added it to the list of amenities that qualify for extra height and/or density bonusing.

Q 8 Apart from the legislation of tools that we have already discussed and recognizing that funding is likely to remain tight, can you think of ways that the senior levels of government can help improve the situation in our municipality with respect to affordable housing?

The key informants suggested the following areas be addressed to improve the ability of local governments to foster the development of affordable housing. Note that not all the suggestions relate to the four tools focused on in this report.

- The state of the existing rental stock is a serious concern to many local governments who do not believe they have the necessary tools to deal with the inevitable results of a continuously aging stock. One of the key informants suggested the formation of Local Housing Councils that would have the responsibility for managing and maintaining the current stock of non-market rental housing and for acquiring additional units when circumstances were favorable (for example in declining real estate markets when prices are low).

- Senior government funding is necessary if local governments are to deal effectively with the need for non-market rental housing. Tools such as those provided in the Local Government Act are not able to address low income housing needs without senior government funding for housing programs.
- Amend the Local Government Act so that developers can be charged affordable housing levies, as Vancouver is able to do under the terms of its Charter. Funds raised in this way could be used, as an example, to address the problems of the existing rental stock.
- Amend the Local Government Act so that local governments can accept cash-in-lieu in cases where density bonuses are being considered. The cash-in-lieu proceeds should be targeted exclusively for non-market rental housing.

2.1: RECORD OF INTERVIEW NO. 1

Name of Interviewees:	Peter Monteith
and:	Kim Fowler
Title of Interviewees:	Director of Development
and:	Manager of Development Services
Local Government:	City of Chilliwack
Location of Interview:	Chilliwack City Hall
Telephone No.	604-793-2966
and:	604-793-2968
Email Address:	monteith@chilliwack.com
and:	fowler@chilliwack.com
Date of Interview:	2001-05-17
Type of Interview:	In Person

Peter Monteith and Kim Fowler were asked about their overall impression of the efficacy of the Local Government Act in encouraging the building of more affordable housing in your community and other communities. Mr. Monteith thought that the "tools" had been of little benefit to Chilliwack. Unlike Prince George where he had worked previously, the City of Chilliwack has little land to use as leverage with developers. He thought further, that current policy places too much emphasis on building non-market, rental projects, rather than mixing in non-market rental units in essentially market-oriented projects.

Land is too cheap in Chilliwack to make most of the incentives work. Moreover, there is significant public resistance in Chilliwack to increasing densities. There is no likelihood of seeing buildings over four stories built in Chilliwack in the near future. The City is planning to develop a 50-acre parcel for mixed residential (including some non-market rental housing) once it is removed from the Agricultural Land Reserve.

Mr. Monteith said that one factor that helped the affordability situation in Chilliwack was the precipitous decline in prices of apartment and townhouse condominiums. Some households that previously rented found it possible to purchase a home.

Ms. Fowler feels that community groups, church organizations and other NGO's are an excellent avenue for providing non-market rental housing in Chilliwack. They need a good deal of coordination however, and she would like to see senior governments play a larger role in supporting them. Local NGO's know local needs and circumstances, but they lack resources and expertise necessary to develop projects. Local governments could provide

some guidance, but lack the resources to do the big job of coordination and where necessary, enforcement.

One difficulty with church-built seniors housing projects is that they sometimes restrict occupancy to members of the church. This is not permitted under the terms of public assistance, but without provincial or federal government monitoring and enforcement, it can occur anyway.

Mr. Monteith felt that local developers could be encouraged to build non-market rental housing with direct financial incentives, but in the current situation, it might only serve to adversely impact the local housing market.

Ms. Fowler suggested that education of developers at the provincial level as to the potential profitability of including some non-market rental housing in smaller communities, as part of their overall development activity, might result in more and better non-market rental housing being built.

Mr. Monteith said a good deal could be done to increase the stock of good non-market rental housing by upgrading existing sub-standard buildings. Some flexibility in the application of building codes, without compromising public safety, would make it possible to make old but sound rental housing into livable accommodation.

A base-line provincial (or national) standard of acceptable housing needs to be arrived at, with enough flexibility to allow for differing local circumstances.

Though problematic, secondary suites in single-detached houses are and will continue to be reservoir of affordable rental accommodation. Chilliwack has shown some flexibility in interpreting the code with respect to kitchen facilities.

More local discretion over the allocation of funds and more local power to independently raise revenues would foster creativity in Chilliwack and other small cities in providing and adapting local solutions to local housing problems.

2.2: RECORD OF INTERVIEW NO. 2

Name of Interviewee:	Larry Beasley
Title of Interviewee:	Director of Current Planning
Local Government:	City of Vancouver
Location of Interview:	Van-City Building at 12 th Ave and Cambie Street
Telephone No.	604-873-7698
Email Address:	larry_beasley@city.vancouver.bc.ca
Date of Interview:	2001-05-18
Type of Interview:	In Person

Larry Beasley, as the City of Vancouver's Director of Current Planning, said he was not as familiar with details of the City's numerous non-market rental projects as are the staff of the City of Vancouver Housing Centre. Also, he was not completely familiar with the "tools" in the Local Government Act. Vancouver, of course, has its own charter. However, Mr. Beasley could and did speak about the City's policy and accomplishments in relation to non-market rental housing. The city in fact, has used and is using all the tools in the Local Government Act.

The City owns a considerable amount of land and has used it on many occasions to lever the building of non-market rental housing. In large projects involving ten acres or more, land has to be set aside to provide for 20% of the units to be non-market rental. False Creek (north and south shores), Chaplain Heights, Coal Harbour and Collingwood Village are all examples of where this rule has been or is being applied.

The city buys a portion of the land from the developer at 25% of the land cost, which it in turn leases to a non-profit sponsor for 60 years. To make such projects even more attractive to potential funding agencies the City sometimes contributes money to it from its Social Capital Fund.

Vancouver O.C.P.'s define non-market housing broadly. This provides the City with considerable latitude to negotiate with developers to included low-income and low to mid-income housing in their projects.

Density bonusing is widely used in Vancouver. Non-market housing developers are often the main beneficiaries of density bonusing.

Like other cities, Vancouver gives priory to applications in the approvals process to those that include non-market housing. However, unlike other cities, Vancouver will sometimes assign a city employee to be a facilitator for

a project with a significant non-market rental component to ensure quick approval.

Non-market housing project and heritage projects are the only types of projects that receive "Green Door" treatment from the City. Green Door treatment is more than facilitation. It means the project goes to the front of the line. The facilitator and the Green Door programs are very new and are expected to reach maturity in a year or two.

The City is the biggest landholder in the city. The land is held in a portfolio called the Property Endowment Fund and is managed to make money for the City. Land is set aside for non-market rental projects and sometimes instead, money generated by the Property Endowment Fund is used to purchase land for non-market rental projects.

Mr. Beasley feels that senior governments could help the situation by recognizing that non-market housing is needed and that government involvement is required. It is not a partisan issue, but a reality of urban life in Canada.

2.3: RECORD OF INTERVIEW NO. 3

Name of Interviewee:	Ed Chanter
Title of Interviewee:	Manager of Long Range Community Planning
Local Government:	City of Prince George
Location of Interview:	n/a
Telephone No.	250-561-7746
Email Address:	EChanter@city.pg.bc.ca
Date of Interview:	2001-05-22
Type of Interview:	Telephone

Mr. Chanter said Prince George has experienced significant economic contraction in recent years. The rental accommodation vacancy rate has risen as people have left the city for employment prospects elsewhere. While there are still people in need of better affordable housing, the situation makes it difficult to employ tools to increase the supply of non-market housing, without adversely affecting the market itself.

Prince George has had some successes in encouraging the provision of non-market housing. In recent years they have seen the construction of three non-market rental projects, each about 30 units in size. In a project on 15th and Erwin involving the Elizabeth Fry Society and BC Housing, the City of Prince George leased city-owned land at 75% of its assessed value for 60 years. Similar arrangements were involved in the building of projects at Davis and Auspica and one near Rainbow Park. Significant neighbourhood opposition had to be reckoned with in the latter two cases.

Another non-market rental project is being planned for city property in the downtown core.

The city had a good deal of success with a motel, Jacob's Motel, near City Hall that was converted to permanent, non-market, rental accommodation. Neighbourhood opposition, which was strong at the outset, evaporated. Mr. Chanter said there is a lot of potential to convert other older buildings in Prince George. Converting is usually cheaper than building new non-market rental projects and generates less public opposition.

The City owns a substantial amount of land. Current low land prices makes it difficult for the City to use tools that involve City owned or controlled land as an incentive to build non-market rental housing. Prince George landlords who are suffering high vacancy rates want the government to subsidize private

landlords to allow them to offer their units to lower income tenants. Some buildings are 40% empty during the summer, when university students leave.

The City of Prince George is presently talking to BC Housing about building non-market housing on City owned land some time in the future. The incentive to the City is to create local employment as much as to create non-market housing that might be needed when the economy improves.

The draft OCP to come before City Council this month proposes to legalize secondary suites in all single-family dwellings. They will need to pass a building code inspection. The hope is that existing illegal suites will be brought up to code standards.

There is a concern that duplexes are being converted to four and six-plexes. Some that have been discovered were found unsafe and unsanitary.

About 15% of households live in trailers and other manufactured homes. Some of these are rental and relatively inexpensive.

In summary, Mr. Chanter said that there are a lot of housing choices at the low-cost end of the market. Rather than build new non-market projects, the Provincial Government's emphasis should be on working with the City of Prince George to identify existing, privately owned buildings in which non-market housing might be acquired.

Mr. Chanter feels that there would be some advantage in having ongoing local expertise in some sort of Local Housing Counsel that would manage and maintain non-market rental housing stock in Prince George and which would acquire additional housing stock for future use when market cycles were favored such acquisitions.

2.4: RECORD OF INTERVIEW NO. 4

Name of Interviewee:	David McLellan
Title of Interviewee:	General Manger, Urban Development Division
Local Government:	City of Richmond
Location of Interview:	Richmond City Hall
Telephone No.	604-276-4083
Email Address:	dmclellan@city.richmond.bc.ca
Date of Interview:	2001-05-23
Type of Interview:	In Person

Mr. McLellan's overall impression of the tools provided in the Local Government Act is that they had all been anticipated by the City of Richmond and in various ways, all used to advantage.

The City of Richmond has always taken a proactive approach to the provision of non-market housing. They seek out opportunities to add to the supply of non-market rental housing and find creative means by which to bring it about.

Richmond has undergone a rapid transition in the last 10 to 15 years, from a quiet middle to lower-middle income community to a dynamic middle to upper-middle income suburb and active commercial centre. This has increased the need for non-market rental housing. On the one hand, housing costs in Richmond have increased significantly. On the other hand, the number of relatively low paid employees of Vancouver's ever-expanding airport and other service industry workers in Richmond have increased greatly.

In the early 1990's, a number of non-market housing projects were built with cash-in-lieu payments for larger market-oriented developments. The City of Richmond used the cash to buy land suitable for development of non-market housing. Terra Nova co-op was built on land leased from the City. A non-market rental project, now managed by GVHC, was built on City owned land on General Currie Road.

The redevelopment of Steveston has included non-market housing, much in the way that it was in False Creek in the 1960's and 70's. Reconfiguring road allowances in Steveston resulted in bonus land becoming available for non-market rental housing.

The City of Richmond acted directly as the developer of Odlinwood subdivision and made provision for a non-market townhouse development, which is nearing completion.

Richmond's OCP provides for creative institutional projects, e.g. churches that have underutilized land can build non-market rental housing on it, often with the City's help. This was done by a Dutch Reform church on No.2 Road and a United church on No. 1 Road at Blundell Road. In the case of Beth Tikva Synagogue land adjacent to their parking lot was purchased by the City to provide access to a new non-market rental project, built on land previously occupied by the synagogue's school. GVHC manages the facility.

One way the market responded to the affordability issue was by downsizing units built in the municipality. For example, new townhouses in Richmond have become some of the Lower Mainland's smallest.

In the 1960's and 70's the Kiwanas and other service clubs took the lead in the provision of non-market housing. These days, proposal calls for non-market housing do not work very well. The City prefers to identify approach suitable developers and other parties directly to initiate cooperative development ventures.

The City's policy on secondary suites in single-family houses is still firm. They are not allowed, for the most part.

2.5: RECORD OF INTERVIEW NO. 5

Name of Interviewee:	Bev Grieve
Title of Interviewee:	Manager of Long Range Community Planning
Local Government:	City of Burnaby
Location of Interview:	Burnaby City Hall
Telephone No.	(604) 294-7430
Email Address:	grieve@city.burnaby.bc.ca
Date of Interview:	2001-05-29
Type of Interview:	In Person

Ms. Grieve's overall impression of the tool kit is that it has been very useful. Compared to the situation for local government employees involved in non-market housing ten years ago, significant progress has been made. In the 1980's getting non-market housing built meant pushing the boundaries of what was legal. Having legal authority in the Local Government Act is a step forward in legitimizing the provision of non-market housing, by all reasonable means.

The tool kit has made a tangible difference in Burnaby. The City of Burnaby has always been active in finding ways to make non-market housing possible, but often good strategies, like CD zoning schemes, ran afoul of the concern about whether the City really had the authority to act in those ways. The tool kit gave clear authority to the City.

Most suburban municipalities look to Vancouver for examples of how non-market rental housing might be encouraged. However, in most cases, the tools need to be applied differently in different communities.

The City of Burnaby has asked the Provincial Government to modify some of the tools to make them more workable in Burnaby's circumstances. Burnaby wants to be able to charge developers affordable housing levies, much as Vancouver does. Burnaby has become urban and less suburban in recent years and feels it needs some of the same powers Vancouver has to better manage its growth. Older, but sound, affordable housing stock is under threat of redevelopment and there is no easy way to replace that housing elsewhere once it is demolished. Ms. Grieve estimates that as much as 40% of affordable housing stock in the City is under threat of replacement in the next five to ten years.

Another desired change is for the City to have the option to take cash in lieu in cases where density bonusing is considered. This would give the City more

flexibility in dealing with developers and in ensuring the provision of non-market rental housing. The legislation or regulations should require the cash in lieu proceeds to go only to the provision of non-market rental housing.

Inclusionary zoning has been a huge success in Burnaby. Large tracts of publicly owned land, such as the Oakalla Prison site, George Darby Hospital and Burnaby South School allowed for 20% or more of the new housing units to be built for non-market rental housing. What helped considerably was the applicability of Federal and/or Provincial Government programs at the time of development.

Land leasing worked well in the past, but presently good sites that are easy to develop are hard to find. Some projects on sites with leases at 50% of market value have not been approved by BC Housing. One remaining city-owned site on the Caribou lands will become available for leasing when it is serviced.

School spaces are no longer a constraint to development. Most schools in Burnaby's growth areas have caught up with demand.

Ms. Grieve was asked which tools work best and what (yet unmentioned) changes might be made to make them more useful. She said that they all work well, depending on the context in which they are used. For example, bonusing works well on smaller sites, but inclusionary zoning works best in the case of large projects. Adera's site in Edmonds is a good example. While they were rejected by BC housing for non-market rental housing, they included market rental with subsidized daycare attached. The daycare feature had the effect of including tenants who might not have been able to live there otherwise. BC Housing has rejected a number of private projects in Edmonds, which might have been good opportunities to add to Burnaby's non-market rental stock.

What would be useful would be to see some tool or program that would result in more purpose-built rental housing built. There is very little new rental stock. More realistic perhaps, would be some program that would allow for the revitalization of the numerous older apartment buildings in Burnaby that constitutes the bulk of more-affordable rental housing. Perhaps tax treatment of such properties should be examined to possibly encourage renovation and better maintenance of older but sound rental stock. A RRAP type program may help too.

New urbanism principles may well be applied to older areas by municipalities. Capital and beautification projects by local government in old established areas may foster renewed respect for older buildings by owners.

Illegal secondary suites are subject to enforcement on demand policy. New suites in new houses are not much of a concern. New suites in older homes are a slight concern, but old suites in old houses are the major worry. Recent revisions to the Building Code have made compliance easier. Public education

on safety issues with secondary suites, like Coquitlam's video, is a step in the right direction.

The poverty rate in Burnaby is accelerating. Poverty is not as noticeable as it is in Vancouver, but it is a growing problem. People with mental illnesses, mentally handicapped people, street youth and others have a difficult time finding adequate shelter they can afford. Sponsoring groups have helped mentally handicapped people with accommodation, but the other groups are in need of similar assistance. Ms. Grieve would like to apply the tools to these types of problems if she can. One small thing Burnaby is doing for mentally handicapped residents is to rent houses it owns on a year to year lease to sponsoring groups.

Money generated by Casinos in Burnaby has given the City a way of renovating historical buildings, while in some cases, also providing non-market rental housing.

2.6: RECORD OF INTERVIEW NO. 6

Name of Interviewee:	Tom Leathem
Title of Interviewee:	City Planner
Local Government:	City of White Rock
Location of Interview:	White Rock City Hall
Telephone No.	604-541-2100
Email Address:	tleathem@city.whiterock.bc.ca
Date of Interview:	2001-05-27
Type of Interview:	In Person

Mr. Leathem said until recently, the City of White Rock had not really addressed the problem of making more non-market rental housing available in White Rock. Therefore, the City had not explored the tools available to them. He feels that there is a lot that could be done with the existing tools. The old OCP for White Rock, which was passed in 1995, made mention of the need to include non-market rental housing in the City's future development, but did not elaborate on how that objective would be accomplished. The one area that did get priority during the last five years was special needs seniors housing, which was permitted everywhere in the City.

On May 14 2001, the City of White Rock adopted a new OCP. The new OCP places significantly more emphasis on the provision of affordable and special needs housing. It also makes specific provision for encouraging the development of non-market rental housing and the increase of rental stock in general.

The City of White Rock owns no land that could be used as an incentive to build non-market housing. The only possible opportunity might exist if it were feasible to include some non-market housing in the redevelopment of White Rock's community centre.

In drafting the new OCP, a Housing Task Force was created by the City. It will submit its recommendations to Counsel in December 2001. The seven members represent various local interests in White Rock's housing development policy.

White Rock has had a density bonusing incentive in place for some time in its town centre. But non-market rental housing was not a component of it. Now it has been added to the list of amenities that qualify for extra height and/or density bonusing.

White Rock does not have growth pressures such as surrounding South Surrey does. But it is expected that the Task Force will discover that there are many housing needs that have not been adequately recognized. The general perception of White Rock is that it is a community of well-off retirees. Aging in place for the elderly, is likely to emerge as a major priority.

The ratio of rental to ownership housing has remained relatively static over the last five years. This is largely because there has been very little development of any kind for the last three years. When the housing market recovers however, it is likely that a number of dormant applications for higher priced condominiums will be reactivated and could significantly alter the balance between ownership and rental stock in the city. These pending permit applications will be given further impetus when the City reduces its DCC's this summer. DCC's in White Rock are relatively high now. They were raised during the last building boom to help pay for costly infrastructure programs, which are now complete. On the other hand, the lowering of the DCC's will also make the building of non-market rental projects more viable.

The City of White Rock tried to secure a portion of a few market-oriented projects for non-market rental housing. In exchange, the developers received the Planning Department's backing for their rezoning applications. Unfortunately, insufficient provision for reporting, monitoring and enforcement was provided by the agreement signed by the City and the developers. The problem may go beyond the agreements to the relevant covering legislation.

Non-market rental housing developed in cooperation with church groups and the like have been successful. However, no new housing of this type has been built for some time.

There are indications that although the population of White Rock has been declining over the last decade, younger families are moving into the city at a faster rate than anticipated. White Rock schools are full.

Secondary suites are still big issue in White Rock. They are not allowed, but in view of the aging-in-place thrust, the whole matter is likely to be re-examined by the Task Force. Moreover, residents of White Rock have made it clear that they do not want the boundaries of single-family and multi-family neighbourhoods significantly changed.

The volume of multi-family development, indeed all building applications is so small at the moment that there is no queue, thus no way of giving Vancouver-style "green door" treatment to projects with a non-market component. The door is wide open and the floor slopes inward.

There is an Affordable Housing Society in White Rock. But it has only built projects in South Surrey. Affordable, vacant land, suitable for multi-family

developments, let alone non-market ones is almost impossible to find in White Rock. Marine Drive and the Town Centre offer the only opportunities for multi-family development.

CD zoning is used a lot in White Rock and it works well, especially in infill situations. It provides flexibility when it is needed and may prove useful in the future in providing non-market rental housing.

Inclusionary zoning has not been used in White Rock, but may be examined for possible future application by the Housing Task Force.

2.7: RECORD OF INTERVIEW NO. 7

Name of Interviewees:	Rob Buchan
and:	Matthew Baldwin
Title of Interviewee:	Director of Development
and:	Junior Planner
Local Government:	District of Langford
Location of Interview:	District of Langford Hall
Telephone No.	250-478-7882 250-478-7882
Email Address:	robbuchan@district.langford.bc.ca
Date of Interview:	2001-06-22
Type of Interview:	In Person

Rob Buchan asked Matthew Baldwin to sit in on the interview as he is involved and has been for a number of years in the planning activities related to zoning and affordable housing policies in Langford.

The interview started with clarification of Langford's definition of affordable housing, as this was not provided in the survey response. It in fact does not have an official definition and there is no reference in the OCP. Although the municipality does have some non-market housing, affordable housing is considered to be market housing that is affordable. Philosophically, it involves trying to make housing more affordable by intelligent use of planning tools. It was noted that the municipality has facilitated social housing projects. However, as it is a relatively new municipality it does not have a land base/supply which can be used to for social housing, unlike some other municipalities. Being "land poor" prevents using planning tools that are geared to a land base.

With regard to the efficacy of the Local Government Act in encouraging the building of non-market rental housing, the municipality finds the zoning tools very effective.

Information on the tools identified in the 2000 survey was still current. In fact there are a number of projects under construction including rental housing over shops/commercial in the downtown core. These include 400 square foot bachelor suites.

Comments on use/rejection of tools as options include:

- ❑ Although Housing Agreements are effectively used in some municipalities, Langford has not had occasion to use them to date as the opportunity has not presented itself, although it does not negate the idea of the tool being used in the future.
- ❑ At this point, Langford does not anticipate a project that will involve inclusionary zoning. Nor does it expect to get involved in projects involving municipal leasing of land given the lack of land base. It was noted that the municipality had played a role brokering zoning to create a lot for a Habitat for Humanity home, as part of a partnership between the land owner and Habitat for Humanity.
- ❑ So far the municipality has not had to address the conversion of rental accommodation to strata title.
- ❑ Small lot zoning is being used extensively and the municipality is fine-tuning its regulations. Development Permit Guidelines for Intensive Residential Development Permit Areas are being drafted in an attempt to bring town housing on to the market. The guideline will be detached townhouses at a density of one unit per 285 square metres. Since Langford adopted the RS1 Bylaw in 1998 there have been 6 small lot developments for a total of 124 units.
- ❑ Langford introduced a Secondary Suite Bylaw, which it feels has been beneficial in legalizing the stock of new housing built with secondary suites being built to code. This is considered an important source of affordable rental housing given the projected doubling of the population in 25 years. Since the introduction of the Bylaw the following numbers of units have been built annually: 44 (1999); 32 (2000); to date 8 (2001). With regard to legalization of existing suites, there have only been 3 applications since the Bylaw was introduced.
- ❑ Langford supports increased density through the Secondary Suite Bylaw , small lot zoning and residential development over retail/commercial

The municipality has no regrets with regard to any of the tools it has implemented, and has nothing that it is formally considering at this point in the way of future initiatives.

In a final comment with regard to how senior governments can assist municipalities apart from the legislation of tools discussed, Langford suggested that “loosening up the funding for a range of things, such as servicing, etc ” would be helpful.

APPENDIX TWO

Housing Advocates

As indicated in the body of the report, housing advocates had a number of things to say about the provision of affordable housing that were not directly related to the four tools considered in the report. Since they are very relevant to the broader issues associated with the provision of affordable housing in British Columbia, those comments have been included in this section.

- Housing advocates are of the view that publicly owned land should be transferred at low or no cost by local governments in order to encourage the development of affordable rental housing. Leasing at 75% of market value for 60 years, which is common, is viewed as equivalent to market, not below market, and therefore of reduced effectiveness in terms of enhancing affordability.
- In concert with many local governments, housing advocates are very concerned about preserving the existing rental stock in situations where land is much more valuable than buildings and development pressures are intense. In many cases, the buildings in question were built under the terms of MURB tax incentives and their quality may be questionable.⁶
- In terms of increasing the total stock of affordable rental housing, housing advocates strongly support the legalization of secondary suites as of right throughout the province.

Other recommended mechanisms include:

- effective demolition control and condo conversion bylaws
- alternative enforcement standards so costly and time consuming court appearances are not required of local government officials
- encouraging health regions to become more involved in the development of affordable housing, for example by making land owned by health regions available for affordable housing purposes

⁶ MURB stands for Multiple Unit Residential Building, a tax incentive program designed to encourage investment in rental housing. The program resulted in the building of thousands of rental units across the country in the last 70's and early 80's.

- allowing development cost levies to be used to fund the replacement of affordable rental housing, as is now permitted under Vancouver's charter.
- facilitating the establishment of affordable housing funds
- countering Nimby more effectively – Nimby attitudes are becoming more entrenched and more difficult to deal with.
- rental market monitoring (many local governments do not have a complete understanding of the nature, magnitude, and functioning of their rental markets)
- allowing more innovative ways for local governments to deal with local issues, perhaps via a community charter mechanism.

**INTERVIEW GUIDE - Interviews with Local
Government Employees Responsible for
Affordable Housing Initiatives, to:
*Determine the Impact of the Local Government
Act Tools on the Development of Affordable
Housing in British Columbia***

We need your help to explore ways of getting more affordable housing built in your community and in other communities. Of particular interest to us is your perspective of and experience with the "tools" provided to BC municipalities in the Local Government Act, designed to facilitate the building of more affordable housing - specifically, CD zoning, density bonusing, inclusionary zoning and rezoning, and leasing at below market rates. What works, what doesn't, what can be made to work and what ideas do you have? These are questions we need to find answers for. So let me ask you, first some general questions followed by more specific ones:

- Q.1 In a sentence or two, what is your overall impression of the efficacy of the Local Government Act in encouraging the building of more affordable housing in your community and other communities?
- Q.2 In retrospect and in consideration of current funding levels, would you modify your definition of "affordable housing" from the following that you used in the 2000 report? *(include definition for each municipality from 2000 report)*
- Q.3 I've given you a list of tools taken for the "Planning for Housing "Report of all the tools that your local government was reportedly using in 2000 for encouraging the provision of affordable housing. Is it up to date? If not, what changes should be made?
- Q. 4 Looking at the (revised) list, why did your local government opt to employ the tools it did? And conversely, why did your local government reject others?
- Q.5 Can you tell me something about the actual implementation of these tools and the projects that were built as a result?

- Q.6 Again, with reference to the choices of tools you made, would you make the same selections today, given the benefit of hindsight? Why...why not?
- Q.7 What future initiatives to increase the supply of affordable housing are being considered by your community that are not reported in the "Planning for Housing" report?
- Q.8 Apart from the legislation of tools we have already discussed and recognizing that funding is likely to remain tight, can you think of ways that the senior levels of government can help improve the situation in your municipality with respect to affordable housing?

Developer Survey

Are you a residential developer? If so, we would appreciate your taking a few minutes to answer the questions below about whether or not you have built non-market rental housing, and whether local government incentives influenced your decision one way or another. Lumina Services Inc. is an independent research company that has been recruited to assist the Advisory Committee explore the usefulness of various local government incentives in encouraging more non-market rental housing to be built. All answers will be treated as strictly confidential.

Q.1 Has your company ever considered building non-market rental housing aimed at low or moderate income households? **(CIRCLE)** Yes..... 1 no..... 2

IF YES, In which BC municipalities? **(WRITE IN)** _____

Q.2 The BC *Local Government Act* includes provisions designed to facilitate the building of more non-market rental housing. Local governments are encouraged through the act to use one or more of a variety of mechanisms, including CD zoning, density bonusing, inclusionary zoning and rezoning, and leasing at below market rates to increase the stock of non-market rental housing. Are you 1. aware of these mechanisms, but have not used them, 2. aware of them and have used them, or 3. not aware of them at all? **(CIRCLE)**

	Aware of, but not used	aware of and used	not aw- are of
CD zoning	1	2	3
density bonusing	1	2	3
inclusionary zoning and rezoning.....	1	2	3
leasing at below market rates	1	2	3

Q.3 Based on your experience or knowledge of local government mechanisms for encouraging the building of non-market rental housing, how effective would you say the incentives are in interesting you and other developers in building more non-market rental housing? **(CIRCLE)**

	very effective	somewhat effective	not effective	can't say
CD zoning	1	2	3	4
density bonusing	1	2	3	4
inclusionary zoning and rezoning.....	1	2	3	4
leasing at below market rates	1	2	3	4

Q.4 Are local governments you know using these mechanisms to encourage the building of more non-market rental housing to best advantage? If not, how do you think local governments can utilize them more effectively? **(WRITE IN)** _____
