

Affordable Housing

Regional Sustainability Strategy Policy Options Series | Fall 2010

If the price of housing and rental rates continue to increase, what does this mean for residents as they age and their lifestyle changes? Will there be enough resources to shelter and support the region's 1,200 homeless residents? When the "baby boom" generation moves out of the workforce, will housing be available and affordable for younger workers? Will people choose to live in communities elsewhere in BC because of our high housing costs? Or, will they be compelled to commute longer distances? Is this sustainable?

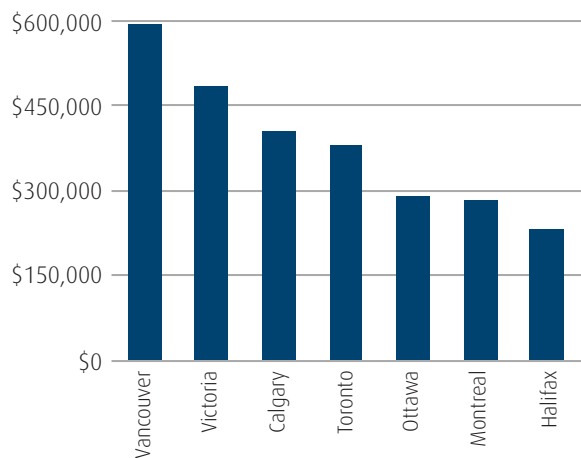
This is one of nine papers that aims to challenge our thinking about being a sustainable region. It describes the state of housing affordability in the region, summarizes affordable housing initiatives and highlights practices from other communities. The paper presents a set of three policy options for your consideration – the status quo, moderate change and significant change.

Your feedback is welcome.

A Regional Context

Residents of the region live in a highly desirable part of Canada. Between 1995 and 2009, the average resale price of a detached home in Greater Victoria increased from about \$242,000 to \$580,000 – an increase of 240%. As shown in Figure 1, across Canada, Metro Victoria had the second highest average resale price in 2008.

Figure 1: Average Resale MLS® Prices, 2008



Source: CMHC, Canadian Housing Observer, 2009



Even though mortgage rates are historically low, buying a detached home is less attainable than ever. Today, a mortgage lender would expect a household income of at least \$100,000 to qualify a purchaser for a detached home of \$580,000 with a downpayment of 10%. Table 1 shows that, at the median income, married couple families could afford a home priced below \$517,500; a single person could only afford to buy a home priced below \$139,000.

Table 1: Households by Ability to Afford Housing, 2009

Households	Median Income	Income Available for Rent (30%)	Maximum Purchase Price (10% down payment)
Married couple families	\$92,572	\$2,314	\$517,522
Unattached individuals	\$31,678	\$792	\$138,851

Source: Survey of Labour Income Dynamics (for income estimates); Adjustments to 2009 using BC Stats Labour Force Survey; CitySpaces Consulting (for affordability estimates).

In spring 2010, Canada Mortgage and Housing Corporation (CMHC) reported the average rent for a one bedroom suite in a rental apartment was \$809. Single persons would need an average hourly wage of at least \$16.50 without spending more than 30% of their gross income on housing. BC's minimum wage is \$8 and, as shown on Table 2, people working in several occupations would be unable to afford this amount of rent.

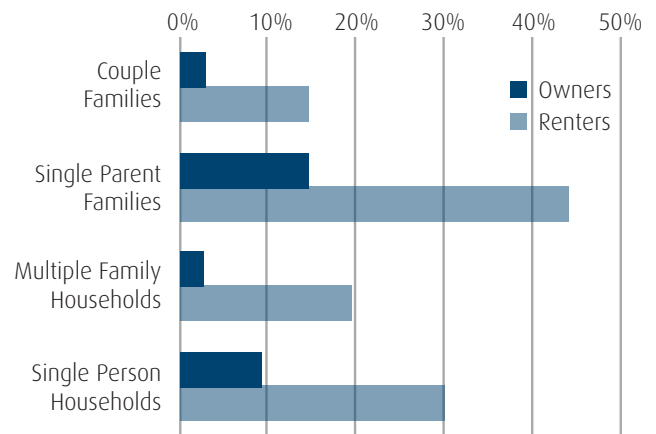
Table 2: Representative Wages for Vancouver Island and Victoria

Occupations	Most Frequent Hourly Wage	Available Monthly Housing @ 30% Gross Income
BC Minimum Wage	\$8.00	\$390
Cashiers	\$10.43	\$508
Hotel Front Desk Clerks	\$12.42	\$605
Early Childhood Educators	\$15.30	\$746
Office Clerks	\$16.78	\$818
Bookkeepers	\$17.00	\$829
Nurse Aides	\$19.05	\$929
Elementary School Teachers	\$24.28	\$1,184
Registered Nurses	\$33.87	\$1,651

Source: Labour Market Information, Government of Canada

“Core Housing Need” is a measure that refers to households which are unable to afford shelter that meets adequacy, suitability, and affordability norms. Affordability, one of the elements used to determine core housing need, is recognized as a maximum of 30% of household income spent on shelter. Core housing need for various household types in the Capital Region is shown in Figure 2. Notably, 44% of single-parent renters were identified as being “in core housing need” in 2006.

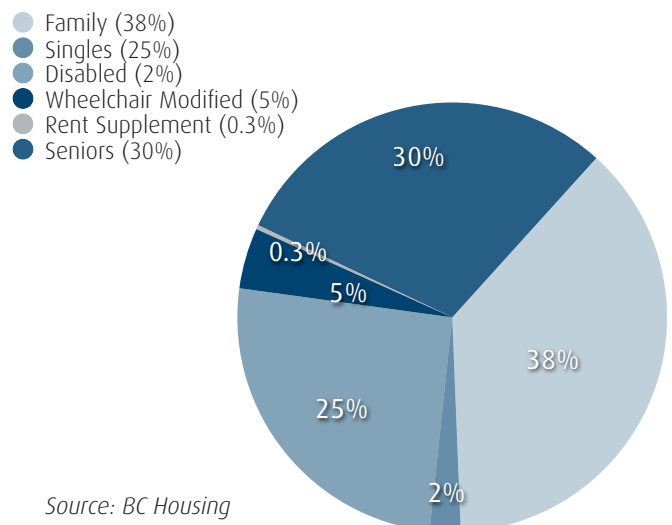
Figure 2: Percentage of Households in Core Housing Need, Capital Region (2006)



Source: CRD from 2006 Census of Canada

There is more demand than supply of subsidized housing in the Capital Region. In July 2010, for the region, excluding pending transfers, there were 1,249 active applicants on BC Housing's Registry and a total of 3,163 subsidized units, currently occupied. Figure 3 shows the breakdown by type of applicant – 38% of applicants are families.

Figure 3: Subsidized Housing Applicant Types, July 2010



Source: BC Housing



What's Been Driving Involvement in Affordable Housing?

In the early 1990s, after 60 years of bringing in programs to stimulate private housing and increase rental accommodation for low and moderate income households, the federal government fully disengaged from the delivery of housing. Responsibility shifted to provincial governments.

1992 | The BC government established a Commission on Housing Options. Its findings led to legislative changes, including the requirement for Official Community Plans (OCPs) to contain housing policies.

1993 | The *Municipal Act* (now the *Local Government Act*) was amended to give municipalities additional powers to secure affordable housing through density bonusing, comprehensive development zoning and housing agreements.

1994 | The *Municipal Act* was amended to give local government the authority to lease or sell municipal land at below market value to non-profit organizations.

2001 | The governments of BC and Canada entered into a bilateral agreement, which has been renewed and extended twice. Both levels of government commit to funding specific programs. These have included Independent Living BC, Community Partnerships, Homelessness, Seniors Rental Housing, and the Housing Renovation Partnership.

2004 | New legislation – the *Community Charter* – gave municipalities greatly expanded powers. It sets out clear authority for a municipality to provide a property tax exemption for non-profit organizations and strengthens the powers of a municipal council to adopt standards of maintenance for rental housing.

2006 | The province launched its provincial housing strategy, Housing Matters BC. It committed to existing and new programs to meet housing needs and challenged local governments to become directly involved in facilitating new affordable housing.

2006 | The *BC Building Code* was amended to make it easier to create secondary suites in existing homes.

2007 | The Homeless Needs Survey identified over 1,200 residents as homeless or at risk of being homeless in the region. 75% are from the region, 16% from elsewhere in BC.

2008 | The province announced a range of new and expanded measures to help break the cycle of homelessness and indicated that funding would be directed to local governments that enter into a “Memorandum of Understanding” with BC Housing.

30 Years of Affordable Housing

The CRD has been directly involved in housing for low and moderate income renters since the Capital Region Housing Corporation was established in 1982. It now manages a portfolio of almost 1,300 rental units in 44 projects with a value of more than \$230 million. Across the region, there are almost 3,200 subsidized units that house families, seniors and single people.

Over the last three decades, the CRD and member municipalities have become increasingly involved in affordable housing – through policies, bylaws, property tax exemptions, advocating for legislative change and funding non-profit initiatives.

A few highlights include:

1993 | Municipal official community plans began to include policies for affordable, special needs and rental housing. The OCPs of all member municipalities now include housing policies.

2003 | The Regional Growth Strategy was adopted. One of its eight key goals was to improve housing affordability.

2004 | In recent years, member municipalities have undertaken affordable housing strategies. In 2004, Langford was the first to require residential developers to create affordable homes for ownership.

2005 | The Regional Housing Trust Fund was established. Ten municipalities in the Growth Management Planning Area now contribute to this fund annually. Since its inception, the fund has contributed to the construction or acquisition of more than 300 affordable housing units.

2007 | The Regional Housing Affordability Strategy was adopted. Its goals are to: increase the supply of affordable housing, reduce the number of people in core housing need, especially low income renters; and to reduce the number of homeless people and support their transition to independent living.

2007 | The Report of the Mayor's Task Force on Breaking the Cycle of Mental Illness, Addictions and Homelessness was released.

2008 | The Greater Victoria Coalition to End Homelessness was established with primary funding by the CRD.

2009 | BC Housing and the City of Victoria entered into a Memorandum of Understanding to build new and upgraded housing units.

2009 | The City of Victoria initiated a homeowner grant program towards the construction costs of new secondary suites.

2010 | The Capital Regional Hospital District partnered with BC Housing and non-market housing providers to address three key regional priorities – a campus of care for seniors, housing for the homeless and affordable housing. The Hospital District provided a 3.3-hectare land parcel in Saanich.

Between the mid-1990s and 2010, 11 municipalities changed their bylaws to permit a range of secondary suite housing options in single detached neighbourhoods.



A Community of Shared Interests

There are many agencies and organizations that have a stake in ensuring that there are housing choices to meet the needs of current and future residents. Some consider it from the viewpoint of economic sustainability – ensuring there is housing that is affordable for the future workforce; others from the perspective of social sustainability – ensuring everyone in our region has safe housing with caring support when needed. Here are some of the partners that the CRD works with:

- Non-profit housing providers
- Vancouver Island Health Authority
- Victoria Coalition to End Homelessness
- Victoria Real Estate Board
- Victoria Homebuilders Association
- CRD Housing Action Team
- United Way
- Victoria Foundation
- Social service providers

What's Happening Elsewhere?

Progressive North American communities have adopted strategies to generate a wide range of housing choice – tenures, types, sizes, and costs – and to address unique local housing issues. Overall, local government strategies are founded on a broad vision and sound policies. They include priorities and ways and means of achieving them, including density bonuses, inclusionary zoning, tax exemptions, trust funds and partnerships.

There is much to be learned from what is happening elsewhere. CMHC, Canadian Housing and Renewal Association, the US Department of Housing and Urban Development and Housing California are excellent resources.

Affordable Home Ownership | Ottawa ON

Clarence Gate is a 30-unit, downtown “not-for-profit condo”, facilitated by a neighbourhood-based Affordable Housing Development Corporation. Nineteen units were sold to lower income households. The tenure model protects the equity of homeowners and ensures future resales are at affordable prices. The City reduced development charges and permit fees.

Sustainable Housing | CMHC

EQuilibrium™, a national sustainable housing demonstration initiative led by CMHC, brings the private and public sectors together to develop homes that are a model for sustainable living. EQuilibrium™ homes are designed to address occupant health and comfort, energy efficiency and renewable energy production, resource conservation, reduced environmental impact and affordability. (http://www.cmhc.ca/en/inpr/su/eqho/eqho_008.cfm)

Transitional Youth Housing | Toronto ON

Eva's Phoenix in Toronto is a conversion of a former fire truck repair shop. It houses 50 youth who can stay up to a year. Ten houses with five bedrooms are organized along a central main street. Community facilities include a recreation room, laundry, small food market and workshops where young people learn job skills. The City provided land and a financial grant.

Shared Ownership | England UK

The shared ownership scheme, facilitated through the national government, covers newly built, leasehold homes. A qualified purchaser can buy a share between 25% and 75% of the home's value. A non-market housing association owns the remaining share and the individual rents this share. Shared ownership is geared to key workers in the public sector and first-time buyers.

Infill “Pocket Housing” | Winnipeg MB

A housing model for creating small apartment buildings, on narrow infill lots in Winnipeg's inner city. Designed to resemble detached houses rather than Single Resident Occupancy (SRO) units, each provides eight small, affordable suites for single residents. The City provided the land and the housing is operated by a non-profit housing group. (<http://www.cmhc.ca/en/inpr/graw/hoawpr/upload/Pocket-Housing-Nov12.pdf>)

Community Land Trusts (CLTs) | USA

CLTs are a form of shared-equity homeownership in which a trust owns the land and leases the property, usually for a 99-year term. One of the oldest and largest CLTs is located in Burlington, Vermont, where a diverse portfolio of almost 500 resale-restricted homes has been developed since the trust was founded in the 1980s.

Supportive Housing Partnership | Vancouver BC

The BC government (\$205m), City of Vancouver (8 properties) and Streethome Foundation (\$20m) are partners in providing more than 1,000 new supportive housing units in Vancouver for previously homeless people. A major source of funding is the proceeds from the sale and redevelopment of Little Mountain, an older, large-scale housing project. Non-profit housing providers will operate the new housing.

Streets to Homes | Toronto ON

Streets to Homes has been operated by the City of Toronto since 2005. This strategy targets unsheltered homeless people, and provides them with government subsidized permanent housing with follow-up supports. To mid-2009, approximately 2,400 people had moved directly from living on the street into permanent housing units and 91% have remained housed.

Density Bonusing

This is widely used in large cities to generate affordable housing, a contribution to an affordable housing fund, or restrictions on resale prices or rental rates. In Burnaby, the Community Benefit Bonus Program facilitates affordable housing in the town centre. Many communities in BC are using density bonusing.

Accessory Dwellings Units (ADUs)

Known as laneway housing, backyard cottages, garden suites, granny flats, or coach and carriage dwellings, ADUs are small, detached units on the same lot as the principal home. Benefits include more affordable rental housing, increased density where there are existing amenities and infrastructure, income for homeowners, and an option to a typical secondary suite. Increasingly popular, regulations are being modified in many communities to facilitate ADUs. In BC, North Vancouver, Delta, Kelowna and Vancouver promote this housing form. In the US, Santa Cruz California is regarded as a leader in regulation, design and funding. (<http://www.cityofsantacruz.com/index.aspx?page=1150>)

Inclusionary Zoning

This practice emerged in US greenfield communities where low and moderate income households were priced out of the housing market, usually resulting in a workforce that had to commute from other communities. Regionally, the City of Langford has pioneered this practice. Hundreds of local governments in the US and an increasing number in Canada now require new market development to provide between 10 and 25% of affordable housing or a financial equivalency. There is no direct public expenditure. The inclusionary Housing Toolbox is a great reference. (http://www.icfi.com/Markets/Community_Development/doc_files/inclusionary-housing-toolbox.pdf)

Policy Options: Where Are We Now?

The CRD's Regional Housing Affordability Strategy, adopted by the CRD Board, presents three ambitious goals and sets specific targets to be achieved by 2011 and 2016. **The Status Quo is where we are now.**

Goal	Targets by 2011	Status Quo
Increase supply of affordable housing.	Increase proportion of small, single-detached lots to 30% of total new single-detached lots created annually.	Municipalities implement through policy, zoning and subdivision. Private market response dictated by market demand.
	Increase cumulative share of attached dwellings to 60% of all units created since 2001, when equivalent figure was 49%.	Municipalities implement through OCPs, area plans and rezonings. Private market response dictated by market demand.
	Achieve 10% annual increase in production of new rental units of all types.	Regional Housing Trust Fund. Several partnerships' initiatives among non-market housing and social service providers, VIHA, municipalities and others. Partnership projects heavily dependent on BC Housing priority programs and operating subsidies. Private market response dictated by market demand. Victoria Secondary Suite Grant Program.
Reduce number of people in core housing need, especially low income renters.	Achieve 25% reduction in number of households in core housing need from 2001, when total was 18,535.	Several partnerships' initiatives among non-market housing and social service providers, VIHA, municipalities and others. Partnership projects heavily dependent on BC Housing priority programs and operating subsidies.
Reduce number of homeless people; support transition out of homelessness.	Achieve 10% annual increase in production of new rental units of all types.	Several partnerships' initiatives among non-market housing and social service providers, VIHA, municipalities and others. Partnership projects heavily dependent on BC Housing priority programs and operating subsidies.
	By 2016, reduce number of homeless people by 50% from 2005, when the figure was 700.	Greater Victoria Coalition to End Homelessness initiatives.

Policy Options: Where Could We Go?

To achieve affordability targets as quickly and as effectively as possible, the CRD and member municipalities could take more directive approaches. **Two policy options are presented — Moderate Change and Significant Change***.

Moderate Change	Significant Change
<p>Adopt policies that encourage infill and densification along major transportation corridors.</p> <p>Set affordable housing development targets within fully serviced areas and increase density in areas appropriate for affordable homeownership and rental housing.</p>	<p>Adopt incentives to encourage multi-residential along major transportation corridors and non-profit housing in major centres.</p> <p>CRD to request municipalities to partner in adopting 10-year affordable housing plans, recognizing various income groups and housing needs.</p> <p>Set affordable housing targets (ie. 25%) for non-market housing in re-development projects.</p>
<p>Adopt bonus density transfer policies to promote redevelopment of urban core vacant areas.</p> <p>Adopt policies to encourage development of multi-residential, where appropriate services exist.</p> <p>Identify publicly-owned properties for non-profit housing.</p>	<p>Inventory rental accommodation and under-utilized buildings appropriate for rehabilitation programs.</p> <p>Pool owned sites for the region’s Land Banking and Housing to partner with other governments for affordable housing.</p>
<p>Municipal annual contributions to Regional Housing Trust Fund to increase moderately.</p> <p>Capital Region Housing Corporation to adopt a housing acquisition and development plan, emphasizing lower income households.</p> <p>Review zoning and development standards to remove regulatory barriers to affordable housing.</p>	<p>Implement annual regional housing levy through property taxation.</p> <p>Housing Secretariat to partner with the Greater Victoria Coalition to End Homelessness and municipalities to adopt a regional affordable housing procurement plan.</p>
<p>CRD to advocate for improvements to the Rental Assistance Program.</p> <p>CRD and municipalities proactively promote uptake of the Rental Assistance Program.</p> <p>Introduce incentives for secondary suite development and adopt policies to preserve existing lower-cost rental housing.</p>	<p>Revise development cost charges (DCC) calculation methods to encourage smaller and affordable unit development.</p> <p>Partner with other levels of government to provide tax credit incentives to create additional secondary suites in new and existing units.</p>
<p>Adopt inclusionary zoning for affordable housing in any multi-residential development.</p>	<p>Adopt inclusionary zoning with minimum targets for affordable housing in all housing developments of 10 units and more.</p> <p>Establish 5-year affordable housing targets in major centres.</p>
<p>Consider reducing or waiving development fees on projects for homeless people.</p> <p>Establish Housing Reserve Funds to assist in securing increased funding from other governments.</p>	<p>CRD and municipalities assemble local funds to lever with senior levels of government to develop and operate 650 units of housing as identified by the Greater Victoria Coalition to End Homelessness</p>

*The Significant Change approach builds upon and enhances the options presented under Moderate Change. The effect is often cumulative, with policies under Moderate Change generally assumed to be included under Significant Change.

