



Corporate NO: C383

Report COUNCIL DATE: Jan. 13, 1998

COUNCIL-IN-COMMITTEE

TO: Mayor & Council **DATE: December 5, 1997**

FROM: General Manager, Planning & Development **FILE: 2104-015**

SUBJECT: Revised Affordable Housing Policy

RECOMMENDATION

The Planning & Development Department recommends that Council:

1. Adopt a revised definition of Affordable Housing as presented in Appendix 1.
2. Endorse the following goals for affordable housing initiatives in Surrey:
 - (a) To facilitate affordable home ownership for moderate income families.
 - (b) To encourage the supply of appropriate affordable rental housing for low and moderate income households, including families and individuals with special needs.
3. Replace the existing Affordable Housing Implementation Strategy with the following revised Affordable Housing Policy as detailed in Appendix 2:

Primary Focus of Policy

- (a) Initiatives Which Reduce the Cost of Housing Development
 - (i) Amend Zoning By-law to facilitate more affordable housing forms.
 - (ii) Assess Development Cost Charges (DCCs) to reflect the size of habitable area.
 - (iii) Allow density bonusing for affordable housing development.

(iv) Revise development standards.

(b) Initiatives Which Facilitate the Supply of Affordable Housing

(i) Land bank in new Neighbourhood Concept Plan areas such as Clayton and South Newton, and unserved urban areas for future affordable housing projects.

(ii) Lease land at or below market rates to the Province, the private sector, and non-profit organizations for collaborative affordable housing partnerships, including co-operative housing, mixed income rental housing, and special needs housing.

Secondary Focus of Policy

(c) Initiatives Which Assist Access to Affordable Ownership and Special Needs Housing

(i) Collaborate with non-profit organizations to assist first time home buyers obtain loans.

(ii) Collaborate with non-profit organizations to provide grants to off-set the costs of upgrading legal suites for persons with physical challenges.

4. Direct staff to bring forward a plan for allocation of the Affordable Housing Statutory Reserve Fund.

5. Direct staff to bring forward appropriate revisions to No. O-24 of the Municipal Policy Manual to reflect the changes to the Affordable Housing Strategy.

BACKGROUND

Council has supported affordable housing initiatives and policies in Surrey since 1991, when the Guiding Principles for an Affordable Housing Policy were endorsed. In 1993 Council established an Affordable Housing Statutory Reserve Fund and adopted an Affordable Housing Implementation Strategy to facilitate the development of affordable housing for low and moderate income households. The policy was amended in 1994 to provide developers of residential applications with a choice of providing 20% of units as affordable housing or contributing \$750 per lot or unit to the Affordable Housing Statutory Reserve Fund.

In February 1997, Council passed a motion directing the Planning & Development Department to delete the requirement of an affordable housing contribution from developers, and to develop a revised affordable housing policy and a strategy for utilizing the Affordable Housing Statutory Reserve Fund. Beginning in May 1997, the Planning & Development Department consulted with a committee of stakeholders representing the Development Advisory Committee, the Social Planning Committee, and non-profit housing societies to develop a revised Affordable Housing Policy. The revised policy is attached as Appendix 2.

DISCUSSION

A. Proposed Affordable Housing Policy

The revised Affordable Housing Policy is based on:

1. Many of the ideas formulated by participants at the City's Affordable Housing Workshops (see Appendix 3).
2. Council resolutions in response to two Notices of Motion (see Appendix 4).
3. The affordable housing policies and implementation measures outlined in the Official Community Plan (see Appendix 5).

As discussed below, the proposed Affordable Housing Policy is comprised of two components: a definition of affordable housing, and two affordable housing goals with related strategies for implementation.

· **Definition of Affordable Housing**

The proposed definition of affordable housing is:

Appropriate housing which meets the needs of a variety of households in the low to moderate income range and where possible, costs less than 30% of household gross income. This definition applies to rent and ownership housing, and housing for families and individuals with special needs.

Affordability can be achieved by providing a number of units aimed at low to moderate income households at a minimum of 15% below the market price or rent of comparable units in the development, and by basing rents on provincial guidelines for mixed rental housing projects.

The ceiling of the moderate income range is guided by the median household income in Surrey as specified by the most up-to-date Census Canada data. In 1991 the median household income in Surrey was approximately \$45,000.

Census Canada data depicting 1996 income figures for Surrey residents is not yet available.

· **Affordable Housing Goals**

The proposed Affordable Housing goals are:

1. To facilitate affordable home ownership for moderate income families.
2. To encourage the supply of appropriate affordable rental housing for low and moderate income households, including families and individuals with special needs.

· **Strategies for Implementation**

The affordable housing goals can be implemented through a number of interrelated strategies which are summarized below and outlined in detail in Appendix 2. The strategies are based on initiatives which reduce the cost of housing development; initiatives which facilitate the supply of affordable housing; and initiatives which assist access to affordable ownership and special needs housing.

Initiatives Which Reduce the Cost of Housing Development

- Amend Zoning By-law to facilitate more affordable housing forms.
- Assess Development Cost Charges (DCCs) to reflect the size of habitable area.
- Allow density bonusing for affordable housing developments.
- Revise development standards.

Initiatives Which Facilitate the Supply of Affordable Housing

- Land bank in new Neighbourhood Concept Plan areas such as Clayton and South Newton, and unserved urban areas for future affordable housing projects.
- Lease land at or below market rates to the Province, the private sector, and non-profit organizations for collaborative affordable housing partnerships, including co-operative housing, mixed income rental housing, and special needs housing.

Initiatives Which Assist Access to Affordable Ownership and Special Needs Housing

- Collaborate with non-profit organizations to assist first time home buyers obtain loans.
- Collaborate with non-profit organizations to provide grants to offset the costs of upgrading legal suites for persons with physical challenges.

B. Primary Focus of Policy

The “Initiatives Which Reduce the Cost of Housing Development”, and the “Initiatives Which Facilitate the Supply of Affordable Housing” are proposed as primary strategies for implementation, for the following reasons:

1. They are within Surrey's regulatory authority and mandate.
2. Work is underway on the “Initiatives Which Reduce the Cost of Housing Development”.
3. A large number of people benefit from the “Initiatives Which Reduce the Cost of Housing Development” without using the Affordable Housing Statutory Reserve Fund.
4. The City has experience in land banking and extending leases to non-profit organizations.
5. Land banking is a proactive method of providing an equitable distribution of affordable housing and building inclusive neighborhoods while mitigating the Not in My Backyard (NIMBY) syndrome.

C. Secondary Focus of Policy

The "Initiatives Which Assist Access to Affordable Ownership and Special Needs Housing" are regarded as secondary strategies for the following reasons:

1. The Municipal Act does not authorize the City to provide loans or grants to individuals. The City could incorporate a subsidiary corporation under Section 216(1) of the Municipal Act for the purpose of extending loans or grants to purchasers requiring financial assistance to secure affordable housing. The incorporation of such a company would be subject to approval of the Inspector of Municipalities. However, the direct provision of loans is not one of the baseline services of the city, and it entails considerable administrative costs.

An alternative to the aforementioned approach would be for the City to engage a non-profit organization to administer such a program on its behalf. However, the disposition of the Fund and the affordable housing program would then be handled by a third party, without direct input from Council.

2. The Affordable Housing Fund will be depleted over time if the City provides grants.

D. Use of Affordable Housing Statutory Reserve Fund

Based on the revised Affordable Housing Policy, the Affordable Housing Statutory Reserve Fund would be used primarily to acquire land for long term lease for qualified projects, including, ownership, co-operatives, and mixed income rental housing. A plan to allocate the Affordable Housing Statutory Reserve Fund with criteria will be developed for review and approval by Council. The Plan will also include partnership opportunities to increase the benefits of the City's investment in affordable housing projects.

E. Benefits of Proposed Policy

The proposed policy has several benefits over the existing policy:

- The definition of “Affordable Housing” specifies the inclusion of housing for individuals with special needs.
- The definition of “Affordable Housing” provides clarity towards the maximum price or rent of a unit.
- The Policy places more emphasis on initiatives that reduce the cost of housing development, and encourage the development of affordable housing units.
- The Policy enables the City to directly assist households to enter the housing market and to address the needs of individuals with specific housing requirements.
- The Policy clarifies how financial assistance could be extended to qualified first time home purchasers and individuals with specific housing requirements.

CONCLUSION

The revised Affordable Housing Policy outlined in this report proposes a new definition for “Affordable Housing”, and establishes affordable housing goals and initiatives aimed at reducing the cost of housing through changes in regulations and development fees. The revised Policy also sets out initiatives to reduce land cost and to facilitate market entry by first time home purchasers through the use of the Affordable Housing Statutory Reserve Fund. The proposed Policy has been reviewed by the City Solicitor and is considered sound.

The Planning and Development Department recommends that Council adopt the revised Affordable Housing Policy, and direct staff to bring forward a plan for allocation of the Affordable Housing Statutory Reserve Fund. The Planning and Development Department also recommends that staff be directed to bring forward revisions to No. O-24 of the Municipal Policy Manual to reflect changes to the Affordable Housing Strategy.

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