



City of Richmond

Report to Committee

To: Planning Committee **Date:** August 20, 2019
From: Barry Konkin **File:** 08-4057-08/2019-Vol
 Manager, Policy Planning 01
Re: **Market Rental Housing Policy One Year Report Back**

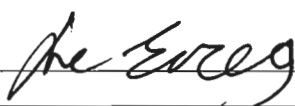

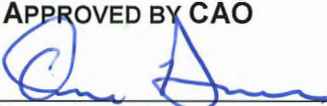
Staff Recommendation

That the report entitled, 'Market Rental Housing Policy One Year Report Back', dated August 20, 2019 from the Manager, Policy Planning, be received for information.

for 
 Barry Konkin
 Manager, Policy Planning
 (604-276-4139)

Att. 4

BK:je

REPORT CONCURRENCE		
ROUTED TO: Affordable Housing Development Applications	CONCURRENCE <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER 
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

At the July 9, 2018 Council meeting, staff presented the report titled ‘Market Rental Housing Policy’ dated June 13, 2018 from the Manager, Policy Planning. At that meeting, bylaw amendments to the Official Community Plan and Zoning Bylaw were introduced and given first reading to establish new measures to protect the existing supply of market rental housing, provide assistance to tenants at the time of redevelopment, and incentivize the creation of new market rental housing in Richmond. At the same meeting, the following referral was adopted:

That staff review the Market Rental Housing Policy in one year, and report back.

Following the September 4th, 2018 public hearing, both Official Community Plan and Zoning Bylaw amendments were adopted by Council, establishing the new Market Rental Housing Policy. This report responds to the above noted referral.

This report supports Council’s 2018-2022 Term Goal Theme #6 – Strategic and Well-Planned Growth:

6.5 *Ensure diverse housing options are available and accessible across the housing continuum.*

Analysis

Status of Rental Housing in Richmond

There continues to be strong demand for rental housing in Richmond. According to the 2016 census, there are an estimated 18,910 renter households in Richmond. The rental vacancy rate in Richmond remains extremely low, at 0.7%, and average rents continue to rise. Renters find housing in various forms of rental housing, including market rental, low-end market rental (LEMR) secured through development applications, cooperative housing and non-market housing. The rental housing stock also includes privately rented condominiums, single family houses, secondary suites and coach houses.

Between 2007 and 2019, the City’s policies for securing new rental housing have been successful, with over 2,159 rental housing units secured either through rezoning applications and/or through Housing Agreements. 1,222 of these units have received final occupancy. This includes:

- 798 low-end market rental units (LEMR);
 - 257 units have been built and have occupancy;
- 529 non-market, social housing units;
 - 449 units have been built and have occupancy;

- 37 non-market live-work rental units for artists (ARTS units);
 - All 37 units have been built and have occupancy; and
- 794 market rental housing units;
 - 479 units have been built and have been issued occupancy.

An additional 1,105 secondary suites and 27 coach houses on single-family lots have been constructed and approved for occupancy since 2007. Secondary suites and coach houses are rented privately and are not secured through Housing Agreements under existing Council policy. Additional information on secondary suites and coach houses in Richmond are provided below (2007 to 2019).

- 199 secondary suites and 46 coach houses on single-family lots have been approved through rezoning applications;
- 1,247 secondary suites and 33 coach houses have been issued Building Permits on single-family lots;
 - 1,132 of which have been built and have occupancy; and
- 23 secondary suites in townhouses have been secured through rezoning applications (i.e., received Third Reading and/or Council adoption since 2017). Final occupancy has not been granted yet for any secondary suites in townhouses.

Market Rental Housing Progress: Update since Policy Adoption

The Market Rental Housing Policy, adopted September 4, 2018, included 8 policy directions that, working in combination, would potentially:

- Protect the stock of existing market rental housing;
- Support tenants of market rental housing who may be displaced by redevelopment; and
- Incentivize the construction of new market rental housing.

Market rental housing is rental housing provided by the private sector and rented at prevailing market rates, and is part of the housing continuum.

New Market Rental Units Secured Through Development Applications

Since adoption of the Market Rental Housing Policy, development applications for two projects with market rental housing have been approved or have received Third Reading from Council:

- 6551 No. 3 Road (CF Richmond Centre), with 200 market rental units (CP 16-752923); and
- 7960 Alderbridge Way, 5333 and 5411 No.3 Road, with 115 market rental units (RZ 15-692485 and DP 16-740262).

Development applications for five projects consisting of 296 new and replacement rental units are currently under review by Planning staff, including:

- 5500 No.3 Road (former Cactus Club site), with 149 market rental units proposed (RZ 19-858804);
- 9900 No.3 Road and 8031 Williams Road, with 33 market rental units proposed (RZ 18-835532);
- 3426, 3440, 3360 and 3380 Sexsmith Road, with 27 market rental units proposed (RZ 18-836107);
- 9086, 9080, 9100, 9180 Odlin Road, 4440 and 4420 Garden City Road, with 17 market rental units proposed (RZ 18-807620); and
- 8671, 8731, 8771, 8831/8851 Cambie Road, 8791 Cambie Road/3600 Sexsmith Road, and 3480, 3500, 3520, 3540/3560 Sexsmith Road, with 70 market rental units proposed (RZ 18-836123).

The majority of these projects propose to take advantage of incentives offered through the Market Rental Housing Policy, including density bonus provisions, reduced parking rates, and the waiving of certain planning fees.

Attachment 1 provides a detailed summary of in-stream and recently approved development applications which have market rental housing units.

Additional development applications for non-market rental housing projects are currently in circulation and are being reviewed by staff (Attachment 2). Although rents for the proposed units would be restricted and the units wouldn't meet the definition of market rental housing, the proposed new rental units would add to the city's stock of rental housing and contribute to the housing continuum. Development applications under review by staff include:

- 6071 Azure Road (RZ 19-867223): proposes redevelopment of a market rental site that includes a total of 489 units as a mix of market condominiums, seniors' rental housing and seniors' assisted living. The application would require an OCP amendment as it does not currently reflect the Neighbourhood Residential designation or the Market Rental Housing Policy requirements.
- 8131 and 8151 Bennett Road (RZ 18-808220): proposes 142 units including LEMR units, low to moderate end rental, and middle income rental, as defined by BC Housing. The applicant intends to seek assistance from BC Housing's Housing Hub program.
- 8520, 8540 and 8560 Railway Avenue (RZ 18-833724): proposes a mix of 20 market townhouses and LEMR townhouses.
- 5491 No.2 Road (DP 19-866690): proposes 80 affordable rental units with rents restricted to meet the needs of residents receiving provincial income assistance, as well as households with low and low to moderate incomes.

All applications are under staff review and are subject to change.

Family-Sized Market Rental Units

The Market Rental Housing Policy established a minimum requirement of 40% family-friendly (two or three bedroom) units for all multiple family residential developments.

Two development applications were in-stream prior to adoption of the Market Rental Housing Policy (7960 Alderbridge Way, 5333 and 5411 No.3 Road; and 6551 No.3 Road). The average percentage of family friendly units between the two projects is 47%, for a total of 147 family friendly units secured through rezoning.

The average percentage of family friendly units for applications currently under review is 44% or 119 units (as the applications are under review by staff, not all information has been provided by all applicants). The policy requirement helps to address the need for rental housing that is suitable for families, which comprise approximately 40% of Richmond's renter households. Staff do not recommend any changes to the policy. Refer to Attachment 1 for details.

Built Universal Housing features

To qualify for the density bonus incentive under the Market Rental Housing Policy, market rental units are required to have built universal housing (BUH) features. BUH features are listed in the Zoning Bylaw 8500, and include wider doorways, easy to grasp handles and sufficient space in bedrooms to accommodate wheelchairs. These features facilitate universal access and use of the dwelling, particularly for people with physical disabilities.

For rezoning applications that have already been approved, 224 out of the total 315 units will have BUH features (71%). Although BUH for all market rental units is a requirement of the market rental housing density bonus, neither project utilized the density bonus.

All applications under review which propose to utilize the density bonus for market rental housing will comply with the requirement to provide BUH features in all market rental units. This includes four out of five applications, and a total of 273 units out of 295 units currently proposed. The fifth application is not proposing to use the density bonus under the Market Rental Housing policy, and therefore is not proposing to provide 100% of units with BUH features; this project proposes to include only 10 out of 33 units with BUH features. Staff will continue to work with applicants to achieve BUH features in new market rental units. Staff do not recommend any changes to the policy. For details on BUH in specific applications, refer to Attachment 1.

Private Outdoor Space

Through the City's development application review, staff are working with applicants to ensure liveable and accessible open space is available to all future residents. Due to the increased associated construction costs, most applicants for market rental housing are citing challenges with providing private outdoor space in the form of balconies. Where private balconies are not feasible, staff will continue to work with applicants for rental housing projects to ensure a suitable ratio of open space per resident is provided, for example, through common outdoor amenity space in courtyards and on roof tops.

Rental Unit Ownership

The Market Rental Housing Policy currently does not specify the minimum number of rental units to be owned and managed as a block. This is particularly relevant where a mix of strata and rental housing is proposed within a single building or development. LEMR units are typically required to be owned in blocks of units, with the size of the block based on a case by case basis on the total number of units or the configuration of the development. For example, developments with fewer than 12 LEMR units are typically required through a Housing Agreement to maintain all LEMR units under single ownership.

Units may be dispersed throughout a development or clustered to facilitate management. Clustering of LEMR units is only accepted where the units are managed by a non-profit organization.

For market rental housing units, staff have been reviewing the ideal block for ownership and clustering of market rental units to ensure the units are available to the rental market (i.e. do not become owner occupied units) and to facilitate management of rental units.

Rezoning application 18-807620 (9086, 9080, 9100, 9180 Odlin Road, 4440 and 4420 Garden City Road), includes a mix of strata units and affordable rental units, along with 17 market rental units located in two buildings. The applicant has agreed to locate a mix of eight units in each and that the units located in each building must be maintained under a single ownership. Eight units is considered a reasonable number of units to be owned and managed under one entity, while also representing approximately half of the total number of market rental units in the development.

Staff will be following up with recommendations on stratification of rental units and the minimum number of rental units to be owned in the forthcoming report on Residential Rental Tenure Zoning.

Rental Housing Policy Context in British Columbia

The Ministry of Municipal Affairs and Housing released its Rental Housing Review Recommendations and Findings in December 2018. To be addressed over three phases, the recommendations focused on additional protection and resources for existing tenants, including changes to the *Residential Tenancy Act*, better access to information and resources, and enhanced renter's rights. The recommendations do not address construction, funding or incentives for new rental housing.

The National Housing Strategy is a 10-year, \$40-billion program led by the Canadian Mortgage and Housing Corporation (CMHC) and targets housing for middle and low income Canadians. CMHC has introduced several new programs to assist with the development of new rental housing and the repair of existing rental housing, while continuing to offer financial support through mortgage insurance (Attachment 3).

BC Housing primarily focuses on the provision of affordable housing and has various programs in place for at-risk communities. HousingHub was introduced in 2018 with a focus on middle income British Columbians with average incomes ranging from \$70,000 to \$150,000 annually,

depending on the community (Attachment 4). HousingHub works with industry groups to facilitate partnerships with suitable land, equity, low-cost financing and development expertise to create affordable rental and home ownership options. The program has \$7 billion available between 2018 and 2028 (Attachment 3). Planning staff are currently reviewing a development applications at 8131 and 8151 Bennett Road (RZ 18-808220) which intends to apply for assistance through the program.

The City is using a full toolbox, inclusive of policies, regulatory approaches, City-owned land, partnerships and advocacy, to increase the supply of affordable and market rental housing in Richmond. The City also recognizes that increasing the supply of affordable housing requires dedicated sources of capital funding, which must be provided by all levels of government. Accordingly, the City works to provide land and capital contributions towards affordable housing projects, which are intended to leverage significant sources of funding from the provincial and federal governments. Staff continue to work with BC Housing and staff from the Government of Canada to advocate for sources of funding for affordable housing developments in Richmond.

The City is currently playing a leadership role in partnership with the Pathways Clubhouse Society of Richmond and BC Housing to secure 80 affordable new housing units for low and moderate income at 5491 No.2 Road (DP 19-866690). Staff have also initiated conversations with BC Housing and the Canada Mortgage and Housing Corporation (CMHC) to advocate for specific funding commitments to respond to existing Council direction regarding permanent supportive housing in Richmond. Further information regarding this project will be brought forward to City Council in fall 2019.

Other Municipal Approaches

As rental vacancy rates remain low across the region and affordability remains a concern, numerous other municipalities in the Lower Mainland have been implementing measures to protect, encourage and secure new rental housing. City staff are monitoring the latest best practices across the Lower Mainland, and the Province.

The City of Richmond adopted its first Affordable Housing Strategy in 2007. Through the Strategy, Richmond was among the first municipalities in the region to have a comprehensive low income rental housing program. The 'Storeys' development, which provides housing for diverse groups in need, evolved from the program. The project was recognized for its innovation with an award of excellence from the Planning Institute of BC in 2018. An update to the Affordable Housing Strategy was adopted by Council in March 2018.

In September 2018, the City of Richmond also adopted the Market Rental Housing Policy, which supplemented existing OCP policies for protecting rental housing with additional policies to protect the stock of existing rental housing, support tenants of rental housing who may be displaced by redevelopment, and incentivize the construction of new market rental housing. This report responds to a Council referral to report back after one year on the Market Rental Housing Policy.

A report back on other municipal approaches to rental housing, including a comparison with Richmond approaches, will be included in the forthcoming report on Residential Rental Tenure Zoning. Planning staff will also continue to work closely with Affordable Housing staff to strengthen the City's housing policies across the housing continuum.

Financial Impact

None.

Conclusion

At the July 9, 2018 Council meeting, staff were directed to review and report back in one year on the Market Rental Housing Policy. The Market Rental Housing Policy was adopted on September 4, 2018 following a public hearing. Since adoption of the Market Rental Housing Policy, Richmond City Council has approved a total of 315 new market rental units through rezoning applications. Development applications for another five projects consisting of 296 new market rental units are currently under review by Planning staff. The majority of projects that are underway are taking advantage of the incentives introduced through the Market Rental Housing Policy, and are meeting requirements for family friendly units and Built Affordable Housing features.



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- Att. 1: Summary of Market Rental Housing Approved or in Circulation since September 4, 2018
- Att. 2: Summary of Non-Market Rental Housing Applications in Circulation
- Att. 3: Summary of CMHC Funding Programs through the National Housing Strategy
- Att. 4: Housing Hub Provincial Rental Supply Program Framework

Summary of Market Rental Housing Approved or In Circulation since September 4, 2018

	Address (Project Name)	Type of Application (File Number)	Status	Total Number of Multi-Family Units	Number of Market Rental Units	Notable Features
Approved or at Third Reading						
1	7960 Alderbridge Way, 5333 and 5411 No.3 Road (‘South Street’)	Rezoning and Development Permit (RZ 15-692485 and DP 16-740262)	Adopted	824	Total: 115 BUH: 24 Family friendly: 67	<ul style="list-style-type: none"> • mixed rental and strata housing • utilized market rental housing parking rate + 10% reduction for TDM • waived affordable housing requirements, public art rate and community planning contribution costs for the market rental floor area • includes approximately 38 LEMR units
2	6551 No. 3 Road (‘CF Richmond Centre’)	OCP Amendment (CP 16-752923)	3 rd Reading December 19, 2018	2,200	Total: 200 BUH: 200 Family friendly: 80	<ul style="list-style-type: none"> • mixed rental and strata housing • utilized market rental housing parking rate + 25% reduction for TDM for market rental floor area • waived affordable housing requirements and public art rate for market rental floor area • includes approximately 150 LEMR units
Total Market Rental Units Approved:					315	
Under Review						
1	5500 No.3 Road (‘former Cactus Club site’)	Rezoning (RZ 19-858804)	In circulation	149	149 BUH: 149 Family friendly: 63	<ul style="list-style-type: none"> • mixed-use project with ground level retail and 100% market rental • intend to utilize the market rental housing policy density bonus • intend to utilize market rental housing parking rate • anticipate waiving affordable housing requirements, public art rate and community planning contribution costs • application being fast tracked (applies to 100% market rental projects only)
2	9900 No.3 Road and 8031 Williams Road	Rezoning (RZ 18-835532)	In circulation	33	Total: 33 BUH: 10 Family friendly: 14	<ul style="list-style-type: none"> • mixed-use project with ground level retail and 100% market rental • OCP amendment required to re-designate 8031 Williams from Neighbourhood Residential to Neighbourhood Service Centre • intend to utilize market rental housing parking rate • anticipate waiving affordable housing,

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	Address (Project Name)	Type of Application (File Number)	Status	Total Number of Multi-Family Units	Number of Market Rental Units	Notable Features
						public art rate and community planning contribution costs <ul style="list-style-type: none"> • application being fast tracked (applies to 100% market rental projects only)
3	3426, 3440, 3360 and 3380 Sexsmith Road	Rezoning (RZ 18-836107)	In circulation	464	Total: 27 BUH: 27 Family Friendly: TBD	<ul style="list-style-type: none"> • mixed rental and strata housing • intend to utilize density bonus • anticipate waiving affordable housing, public art rate and community planning contribution costs for market rental housing floor area • includes approximately 50 LEMR units
4	9086, 9080, 9100, 9180 Odlin Road, 4440, 4420 Garden City Road	Rezoning (RZ 18-807620)	In circulation	174	Total: 17 BUH: 17 Family Friendly: 10	<ul style="list-style-type: none"> • mixed rental and strata housing • located in West Cambie Area Plan (WCAP) and required to include 5% affordable housing, 7.5% modest rent controlled units, and 2.5% market rental units • intend to utilize market rental housing density bonus to include 12 additional market rental units • includes approximately 9 LEMR and 15 modest rent controlled units • 40 rental units total • intend to utilize market rental housing parking rate for market rental floor area • anticipate waiving public art and community planning contribution costs for all market rental floor area
5	8671, 8731, 8771, 8831/8851 Cambie Road, 8791 Cambie Road/3600 Sexsmith Road, and 3480,3500,3520,3540/3560 Sexsmith Road	Rezoning (RZ18-836123)	In circulation	1,222	Total: 70 BUH: 70 Family Friendly: 32	<ul style="list-style-type: none"> • mixed rental and strata housing • intend to utilize density bonus • anticipate waiving affordable housing, public art rate and community planning contribution costs for market rental housing floor area • includes approximately 135 LEMR units
Total Market Rental Units In Circulation					296 (note that this number may be subject to change during the review process)	

Summary of Non-Market Rental Housing Applications in Circulation


	Address (Project Name)	Type of Application (File Number)	Status	Total Number of Multi-Family Units	Number of Rental Units	Notable Features
1	6071 Azure Road	Rezoning (RZ 19-867223)	In circulation	489	Total: 195 BUH: TBD Family friendly: 25	<ul style="list-style-type: none"> • mix of seniors' rental (117 units), assisted living (78 units) and strata housing (294 units) • OCP amendment required to re-designate site from Neighbourhood Residential to Apartment Residential
2	8131 and 8151 Bennett Road	Rezoning (RZ 18-808220)	In circulation	142	Total: 142 BUH: 127 Family friendly: 77	<ul style="list-style-type: none"> • mixed rental and institutional uses • rental is proposed as low end market rental (LEMR) (20 units), low to moderate income rental (72 units) and middle income rental (50 units), in accordance with BC Housing definitions
3	8520, 8540 and 8560 Railway Avenue	Rezoning (RZ 18-833724)	In circulation	20	Total: 7 BUH: TBD Family friendly: 5	<ul style="list-style-type: none"> • mix of market townhouses (13 units) and low end market rental (LEMR) townhouses (7 units) • 0.2 FAR density bonus proposed to accommodate LEMR units • anticipate exemption from Affordable Housing contribution for all units, and from the public art contribution for LEMR units only • intend to use Affordable Housing parking rate for LEMR units
4	5491 No.2 Road	Development Permit (DP 19-866690)	In circulation	80	Total: 80 BUH: 80 Family friendly: 20	<ul style="list-style-type: none"> • residential rental only with rents restricted to income assistance (16 units), low income rates (40 units), and low to moderate income rates (24 units).
Total Rental Units Proposed:					424 (note that this number may be subject to change during the review process)	

Summary of CMHC Funding Programs through the National Housing Strategy

Program Name	Launch Date	Summary
National Housing Co-Investment Fund	May 2018	<ul style="list-style-type: none"> • provides low-cost repayable loans and capital contributions to create new or repair existing affordable housing that covers a broad range of housing needs • targets a spectrum of housing needs, from shelters to mixed use affordable/market rental housing to affordable homeownership. \$13.2 billion in funding available over 10 years.
Rental Construction Financing Initiative	April 2017	<ul style="list-style-type: none"> • provides low-cost insured loans to encourage the construction of rental housing. • specifically for rental apartment buildings that target middle-income individuals and are within areas across Canada where the need is clearly demonstrated. • \$13.75 billion in funding available over 10 years.
Affordable Housing Innovation Fund	September 2016	<ul style="list-style-type: none"> • provides repayable or forgivable loans and financial contributions to encourages new funding models and innovative building techniques to support the next generation of affordable housing in Canada. • \$200 million in loans available
Federal Lands Initiative	July 2018	<ul style="list-style-type: none"> • helps transfer surplus federal lands and buildings to be developed or renovated into affordable housing. • targets a spectrum of housing needs, from shelters to mixed-income rental housing to affordable homeownership. • eligible applicants receive the properties at a discount or at no cost. • more than 84 government properties are currently being reviewed to be made available for affordable housing projects.
Mortgage Loan Insurance		<ul style="list-style-type: none"> • mortgage loan insurance products to support the construction, purchase and refinancing of multi-unit residential rental properties, ranging from market rental housing to student housing. • provides access to preferred interest rates, lowering borrowing costs for multi-family residential properties, including renewal projects. • lower premiums where units are made affordable.
Seed Funding		<ul style="list-style-type: none"> • interest-free loans and non-repayable contributions to develop and preserve affordable housing • supports costs for predevelopment activities of new affordable housing supply as well as completing preservation activities related to the sustainability of existing housing projects



PROVINCIAL **RENTAL SUPPLY**



PROGRAM FRAMEWORK

May 2018

INTRODUCTION

In 2018, the Province of British Columbia announced the creation of the HousingHub, through which BC Housing partners with non-profit and for-profit sectors, faith groups, and other levels of government to identify and advance innovative approaches to locate, use, or repurpose land in communities where affordability is an issue.

The Provincial Rental Supply program is delivered by BC Housing through the HousingHub, with an aim to increase the supply of affordable housing for middle-income households across British Columbia. Units will typically be situated toward the independent range of the Housing Continuum. Increasing the supply and range of affordable housing options can promote self-sufficiency and help households move along the Housing Continuum (Figure 1).

Developments must be able to operate without any ongoing operating subsidies or other funding from BC Housing. Where projects involve supports or services to residents, additional funding from other project partners will be necessary.

This program framework outlines the overall program intent, goal, principles, target populations, core elements, standards and guidelines, monitoring and reporting requirements, and defines the roles and responsibilities of project partners in the delivery and management of the Provincial Rental Supply program.

Figure 1: Housing Continuum



PRINCIPLES

The following principles guide how BC Housing implements and administers the Provincial Rental Supply program, and our relationship with partners and government.

- 1. Affordable housing is established in communities where there is demonstrated need**
- 2. Sustainability**
 - a) Developments will be financially sustainable without additional financial assistance from BC Housing.
 - b) BC Housing considers environmentally sustainable practices a priority and encourages commitments to this end.
- 3. Consistency with regional and community priorities and plans**
 - a) Community and local/regional government support for the project should be evident.
 - b) Projects should be consistent with any Official Community Plans and strategies.
- 4. Project partners are expected to maximize their equity contribution to projects**

5. Transparent and accountable operations

- a) BC Housing will employ fair and consistent processes when evaluating and selecting projects.
- b) Project partners will maintain reliable and consistent records and fulfil reporting obligations to BC Housing.

PROGRAM PURPOSE

Goal: Increase the supply and range of affordable and appropriate rental housing options for middle-income households across British Columbia.

Objective: Create affordable rental housing in communities with housing need across British Columbia.

Outputs:

1. Interim construction financing for eligible project partners.
2. Take-out financing for eligible non-profit project partners.
3. New affordable rental units created in communities with housing need.

Outcomes:

1. More middle-income households living in affordable, appropriate housing.
2. Affordable housing is operated successfully over the expected life of the developments without operating subsidies or supplemental funding from BC Housing.

Indicators:

1. Number of new units created for eligible households.

FUNDING

Partner Contributions

Partnerships are an essential component of the Provincial Rental Supply program. BC Housing will partner with non-profits and private developers, faith groups, property owners, and federal and local governments, to locate, use, develop or redevelop land in communities where affordability is an issue. Partner contributions may include capital funding, land or other equity contributions.

Financing¹

BC Housing may provide interim construction financing for the development of affordable housing, including new construction, acquisitions and redevelopments. Interim financing may be approved up to 100% of the cost to complete the project.

BC Housing may also help eligible non-profit housing partners obtain take-out financing. BC Housing will make arrangements with NHA approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have Canada Mortgage and Housing Corporation (CMHC) loan insurance.

BC Housing will typically require the following security registered on title:

- Execution and registration of BC Housing's standard mortgage security package, and

¹ Financing is subject to BC Housing's Lending Criteria.

- A Section 219 restrictive covenant.

Security considerations will vary from project to project and will include a long-term operating agreement if CMHC-insured take-out financing is provided.

PROJECT ELIGIBILITY

BC Housing will consider proposals for funding through an open proposal call for submissions. The evaluation of submissions will be based on proponent and project eligibility, need and demand, lending criteria and available financing. The following minimum eligibility requirements must be met²:

1. The site must be suitable for affordable housing.
2. Housing must be for middle-income households. The project partner must own and control a mortgageable interest in the property.
3. The project partner will demonstrate present and future need and demand for affordable rental housing in the target community. Project partners should refer to the Need and Demand Study Document template for the recommended approach (see <https://www.bchousing.org/publications/housing-need-demand-template.pdf>).
4. The project partner must present a clear business case for the project, including demonstrated ability to maintain affordable rents over time, and demonstration that developments will be sustainable without operating subsidies or grants for capital repairs/replacements from BC Housing.
5. Project partners are encouraged to bring equity to the project such as cash, grants, municipal concessions or land.

While all project partners must meet the minimum eligibility requirements, BC Housing may apply additional criteria or prioritize projects based on available equity contributions, financing and other determining factors as indicated below:

- Greater need and demand/community impact
- Greater affordability
- Municipal and community support
- Larger equity contribution
- Geographic location

KEY PROGRAM ELEMENTS

Tenant Eligibility

The program targets middle-income households, with income thresholds for eligibility as follows:

- **Units with two or more bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families with children, as determined by BC Housing from time to time.³
- **Units with less than two bedrooms:** Middle-income households are those whose gross household income does not exceed the 75th income percentile for families without children, as determined by BC Housing from time to time.⁴

² BC Housing may require additional guarantees or security in certain cases as it deems appropriate.

³ BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (With Children)*.

⁴ BC Housing determines this figure using data released by Statistics Canada - Income Statistics Division: *T1 Family File – Custom Tabulation British Columbian Couple Families (Without Children)*.

For projects involving a mix of unit sizes, the corresponding income threshold will be applied to each unit.

Rents

Rents must be affordable for eligible tenants, as determined by BC Housing⁵, and remain affordable for a minimum period of ten (10) years⁶.

The rent structure will vary depending on the characteristics of the particular project, the tenant population served, and whether or not funding from other partners is layered into the project.

All units in the development must be rented at or below market, and at rents affordable for eligible households considering the location and average household income for the area.

Design Guidelines

Projects are encouraged to meet or exceed the BC Housing Design and Construction Guidelines (<https://www.bchousing.org/partner-services/asset-management-redevelopment/construction-standards>). Provincially funded units must meet high standards of environmental sustainability, including low greenhouse (GHG) emissions. Certifications may include LEED, R2000, Passive House, BC Energy Step Code or other equivalent.

ROLES AND RESPONSIBILITIES

BC Housing

- Evaluating project proposals.
- Facilitating financing.
- Providing technical assistance and advice.
- Monitoring and evaluating the success of the program.

Project Partners

- Coordinating the design and construction of developments.
- Day to day operations and management of the housing, including the provision of property management services.
- Identification and selection of tenants, including verification of their income.
- Periodic reporting to BC Housing.
- Ensuring the financial viability and long term operating success of the housing.

MONITORING AND REPORTING

Monitoring ensures program compliance and minimizes risk to all stakeholders: residents, project partners and BC Housing.

BC Housing's main interests are:

- Targeted households are being housed.
- Affordable rents are maintained.

⁵ Housing is considered affordable for a household when 30% or less of the household's gross income goes towards paying for housing.

⁶ Longer-term affordability requirements and operating agreements will apply in the event of take-out financing.

- Construction standards and value for money are met.
- Developments are financially viable with no operating subsidies from BC Housing.
- Buildings are maintained to an appropriate standard for their expected lifespan.
- Project partners meet legal and contractual obligations.

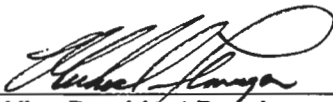
From time to time, the project partner is required to submit a report, using a template provided by BC Housing, addressing key requirements such as:

- Current financial statements.
- Current rent levels.
- Household incomes at move-in.

An on-site visit by BC Housing staff may occur from time to time, particularly where operational or financial issues arise.

SIGN-OFF

The Program Framework requires final sign-off by the Vice-President Development and Asset Strategies, and the Vice-President Corporate Services and Chief Financial Officer.



Vice President Development and
Asset Strategies



Vice President Corporate Services and
Chief Financial Officer