

**POLICY REPORT
HOUSING**

Date: October 3 2001
Author/Local: Cameron Gray/7207
RTS No. 02257
CC File No.

TO: Vancouver City Council
FROM: The Director of the Housing Centre
SUBJECT: State of Social Housing in Vancouver

RECOMMENDATION

- A) *THAT Council confirm that its objectives for social housing in the city are to:*
- Maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of homelessness;*
- B) *THAT the Mayor on behalf of Council write the Minister responsible for BC Housing to advise that the City of Vancouver urges the continuation of the Province's Homes BC program, or a similar program that would achieve the City's social housing objectives, with annual funding sufficient for at least 600 units of social housing, which would be increased by equity contributions from other partners;*
- C) *THAT the Mayor on behalf of Council write the Minister responsible for BC Housing to advise that for each of the next 3 years the City of Vancouver, subject to annual approvals and funding availability, is prepared to buy sites for social housing funded through provincial programs for lease to non-profit sponsors for 60 years at 75% of the freehold market value with a total lease discount of \$2 million - \$3 million per year, and to provide capital grants of \$2 million - \$3 million per year, in order for the City of Vancouver to receive allocations of 300 - 400 social housing units per year (NOTE: if*

the Province stops funding social housing, or restructures municipal responsibilities, Council may need to reconsider its role, and its ability or willingness to provide resources for social or affordable housing);

- D) THAT the Mayor on behalf of Council write the Minister responsible for Canada Mortgage and Housing Corporation to advise that the City of Vancouver supports the recently announced federal capital grant program for rental housing and urge that it be used to augment BC Housing's social housing programs.*
- E) THAT Council approve \$10,000 from the Affordable Housing Fund to determine the feasibility of developing an inventory of rental housing in the City of Vancouver (purpose built and stratified rental housing) that will allow the functioning of the rental housing market in the City to be monitored and analyzed, for report back to Council in 2002; and*
- F) THAT Council approve a one-time \$10,000 grant to the BC Non-Profit Housing Assn. for the start up of a central registry to serve applicants for social housing with funding to be provided from the Affordable Housing Fund.*

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the foregoing.

COUNCIL POLICY

The CityPlan direction for Addressing Housing Costs is to:

increase the supply of subsidized and lower cost market housing throughout the city through the use of senior government programs, private sector incentives, and City regulations and subsidies. To achieve this, Vancouver will:

- maintain or increase the ratio of subsidized housing to market housing as the city grows;*
- continue current City initiatives supporting subsidized housing and explore new funding sources for this housing;*
- use incentives to encourage the private sector to provide lower cost housing or require a percentage of new units to be more affordable;*
- maintain a stock of rental housing;*
- ensure City regulations do not unduly increase housing costs; and*
- support actions to increase the housing supply, helping to minimize price*

increases due to scarcity.

Council policy is to:

- ***require that 20% of the units in new neighbourhoods be designated for non-market housing, with a priority for core-need households;***
- ***consider mitigation if the annual loss of rental housing in the West End, Kerrisdale and South Granville exceeds specified percentages;***
- ***use a percentage of Development Cost Levies to replace affordable housing lost through redevelopment; and***
- ***value a 60 year lease at 75% of freehold market value.***

Council's priorities for social housing are low and modest income families with children, seniors on fixed or limited incomes, Downtown lodging house residents, and the physically and mentally disabled.

PURPOSE

This report surveys the state of City's social housing in 2001 in the context of the supply of and the need for social and affordable housing in the City of Vancouver, the roles the different governments play in the provision of social housing, and the resources the City can make available for social housing. It seeks Council confirmation of the City's social housing priorities and confirmation of its current initiatives.

SUMMARY

As of September 1, 2001, there were 20,133 units of social housing occupied in the city, accounting for about 8.5% of the city's housing stock. Another 910 social housing units are under construction, and 1,289 units are funded and under development. Social housing serves households who cannot afford market rents. It is operated by government agencies, non-profit societies and co-operatives. Most of the funding for social housing has been provided by the federal and provincial governments.

The City has been involved in social housing for 50 years, primarily in providing sites. For the past 30 years the City has leased sites for non-market housing and today 37% of social housing units are on City-owned land. The City leases sites for 60 years and with a prepaid rent equal to 75% of freehold market value. The 25% lease discount represents the value of the freehold that the City will get back in 60 years.

Households should not have to pay more than 30% of their gross income on rent, and a household is considered to be in core need if it does. Twenty-five percent of all households

in the City are in core need. Most of them are renters. Many single-parent families, SRO residents, seniors on fixed incomes, and youth living on their own are in core need.

The federal government ceased funding new social housing in 1993, and the Province brought in its Homes BC programs in 1994. Since 1995 the City has been partnering with the Province (BC Housing) in providing social housing in Vancouver. From 1994 to 2001, the City has spent \$43.2 million to buy sites for social housing, with a total lease discount or net investment of \$15.8 million, and provided \$17.7 million in capital grants. In return the Province has provided funding for 3,800 units in Vancouver.

There are six recommendations. The first confirms the City's social housing priorities. The second asks the Province to continue funding social housing at its base rate of 600 units per year. The third recommends that the City continue its land purchase and lease program, and its capital grant program for social housing. Over the next three years, it is recommended that the City, subject to annual approvals, commit to \$2-3 million annually in lease discounts and the same amount in capital grants. The fourth supports the federal capital grant program for rental housing. The fifth explores the feasibility of developing an inventory of all purpose-built and stratified rental housing in the city, and the sixth is to assist in the development of a central registry for social housing.

Due to B.C.'s current fiscal and economic circumstances, there is a possibility that the Province may cease funding new social housing. As well, there has been some discussion of a new Community Charter that may restructure municipal responsibilities. If the Province cancels its programs or if restructuring results in increased costs to the City in other areas, the City may need to reconsider its role and the resources it provides for social and affordable housing.

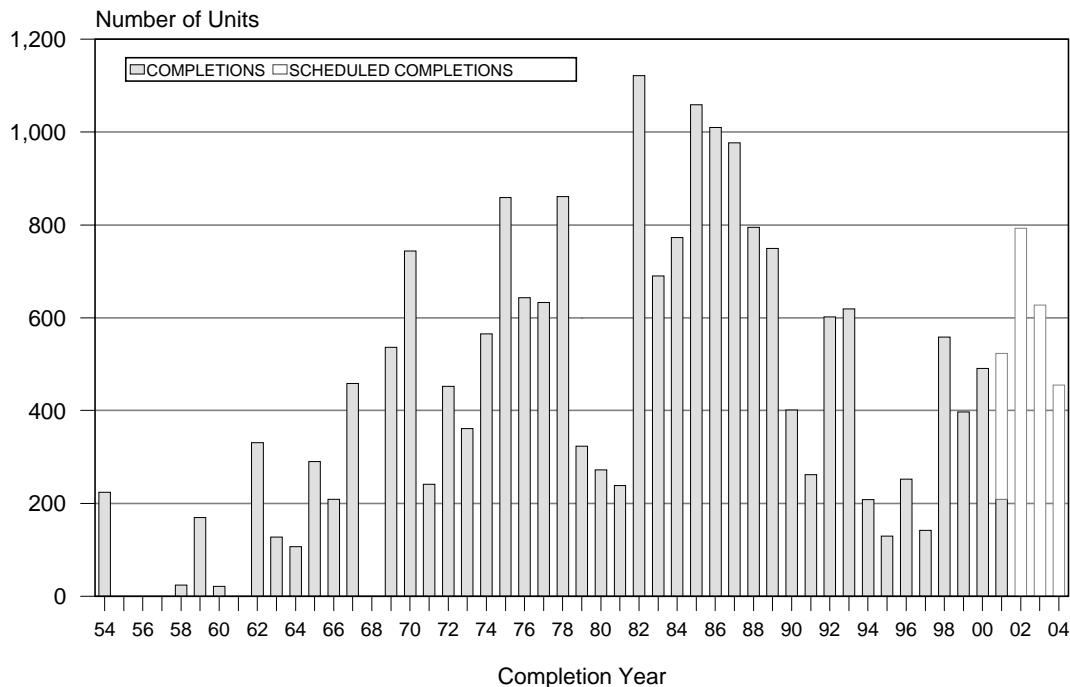
DEFINITIONS

Over the years a variety of terms have been used for housing intended to meet the needs of low and modest income households, and to complement the private market. For this report, **affordable housing** refers to any housing that provides some degree of relative affordability. **Social housing** serves households who struggle to pay market rents (**core-need households**), most whom have low incomes, and social housing is sometimes called **low-income housing**, though not all low-income housing is social housing. Social housing is built to modest design criteria and under restricted budgets and has also been called **low-cost housing**. Social housing is funded and **subsidized** through government programs, and operated by **non-profit** societies and government agencies. The economics of social housing are not driven by market imperatives, and it meets needs the market cannot satisfy (and hence is **non-market housing**).

BACKGROUND

Since the end of World War II, housing affordability has been an issue in the Vancouver region. For most of the past half century, the region and the City of Vancouver in particular, have experienced low vacancy rates and high rents. Government responded first by building housing for returning veterans, then in the 50s and 60s by building public housing for low income families and funding non-profit housing for seniors. Beginning in the 70s funding was made available for non-profit housing co-operatives and for urban natives. More recently, housing for low-income singles, households at risk of homelessness, and seniors requiring support have been added to the program inventory. Figure 1 illustrates the annual production and Figure 2 the cumulative supply of social housing in the city.

Figure 1 Non-Market Units Completed Each Year, City of Vancouver

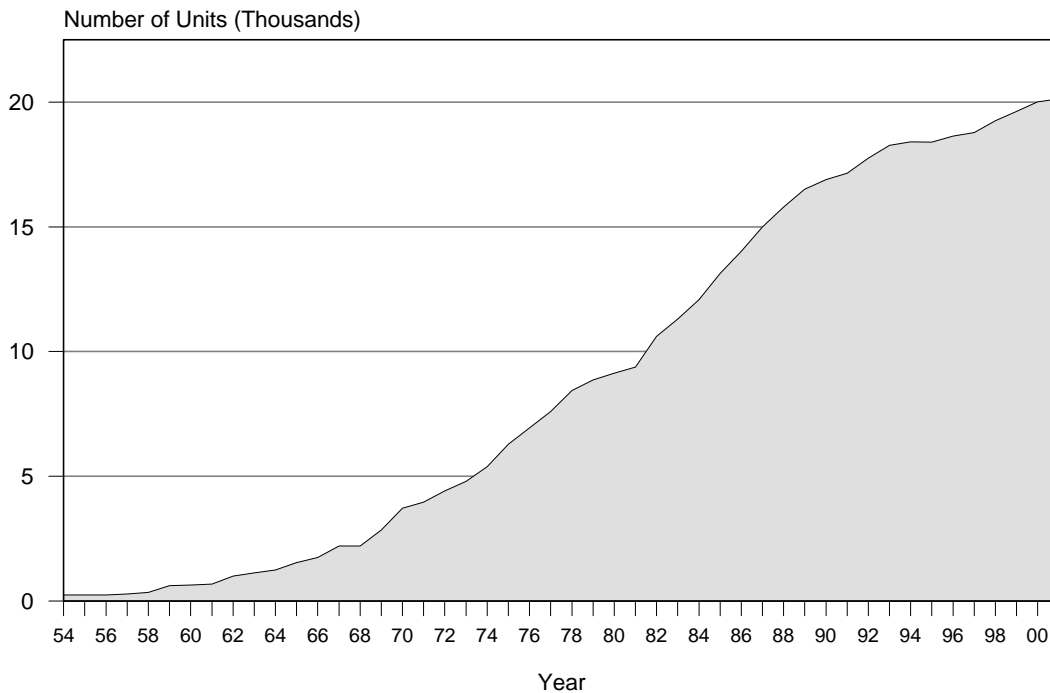


NOTE: GROSS COMPLETION, NOT NET COMPLETION DATA. THE WOODWARDS UNITS HAVE BEEN ASSIGNED TO 2004 AS A COMPLETION YEAR

Social housing has been funded by all three levels of government. The Federal Government, through Canada Mortgage and Housing Corporation (CMHC), provided most of the funding until 1993 when it ceased funding new social housing. Most social housing has been 100% financed, with senior governments providing on-going subsidies to cover any operating shortfalls. CMHC continues to subsidize social housing projects built in BC before 1994.

Prior to the withdrawal of Federal funding for new social housing, the Federal Government was funding two thirds and the Province one third of the cost. When the Federal Government announced it was going to stop funding new social housing, the Province set up

Figure 2 Total Stock of Non-Market Housing, City of Vancouver



NOTE: BASED ON NET CHANGE IN UNITS. STOCK AS OF DECEMBER 31 EACH YEAR, EXCEPT FOR 2001, WHICH IS AUGUST 31.

the Commission on Housing Options (COHO) to review the role of the Province. The Province decided to continue funding new social housing at the same level it had previously. It set as priorities for social housing, low and modest income families, and the homeless and those at risk of becoming homeless. The Province currently spends \$125 million subsidizing the existing stock of social housing. The Province's base allocation has been 600 new social housing units per year which adds approximately \$5 million annually to the Province's operating budget.

The City role in social housing has been to provide sites and capital grants for individual projects. In the 50s and 60s the City sold land at less than assessed value to non-profit sponsors of social housing. Since the early 70s the City has leased sites to non-profit sponsors of social housing. In 1980 the City established the Affordable Housing Fund to provide capital grants to projects which would not have been viable otherwise. More recently, the City has entered into annual partnerships with the Province to develop social housing. In return for capital grants, the City has been able to direct provincial funding for new social housing to City priorities.

Council's current social housing policies date from the City's housing symposium on May 8, 1989. Council adopted policies related to the supply of housing, such as the redevelopment of under-utilized industrial areas and the development of housing above

shops, and policies related to social and affordable housing. The social housing policies that Council adopted are attached as Appendix A. They set out social objectives - the City should be socially and economically diverse; priorities for social housing - downtown lodging house residents, seniors on limited incomes, single parent families with children, and the disabled; neighbourhood objectives - social housing should be dispersed throughout the city; production targets - 10,000 units of social housing should be developed over the next decade; and the City's role in providing sites for social housing - the City should continue its land purchase and lease program for social housing.

On May 19, 1994, Council considered a report on the state of social housing. It reviewed the accomplishments since the May 1989 symposium and the consequences of the withdrawal of Federal funding. It advised that the development of 400 units per year would achieve the City's basic objective of maintaining the proportion of social housing in the city.

On June 6, 1995, Council adopted CityPlan: Directions for Vancouver, which included policies related to affordability (Addressing Housing Costs). These provide the current framework for the City's social and affordable housing initiatives.

OBJECTIVES OF SOCIAL HOUSING

The primary purposes of social housing are:

- to provide safe and secure housing for households who cannot afford market rents or who have other needs not met by the housing market; and
- to increase the overall supply of affordable housing to ensure that the social diversity essential to a healthy city is sustained.

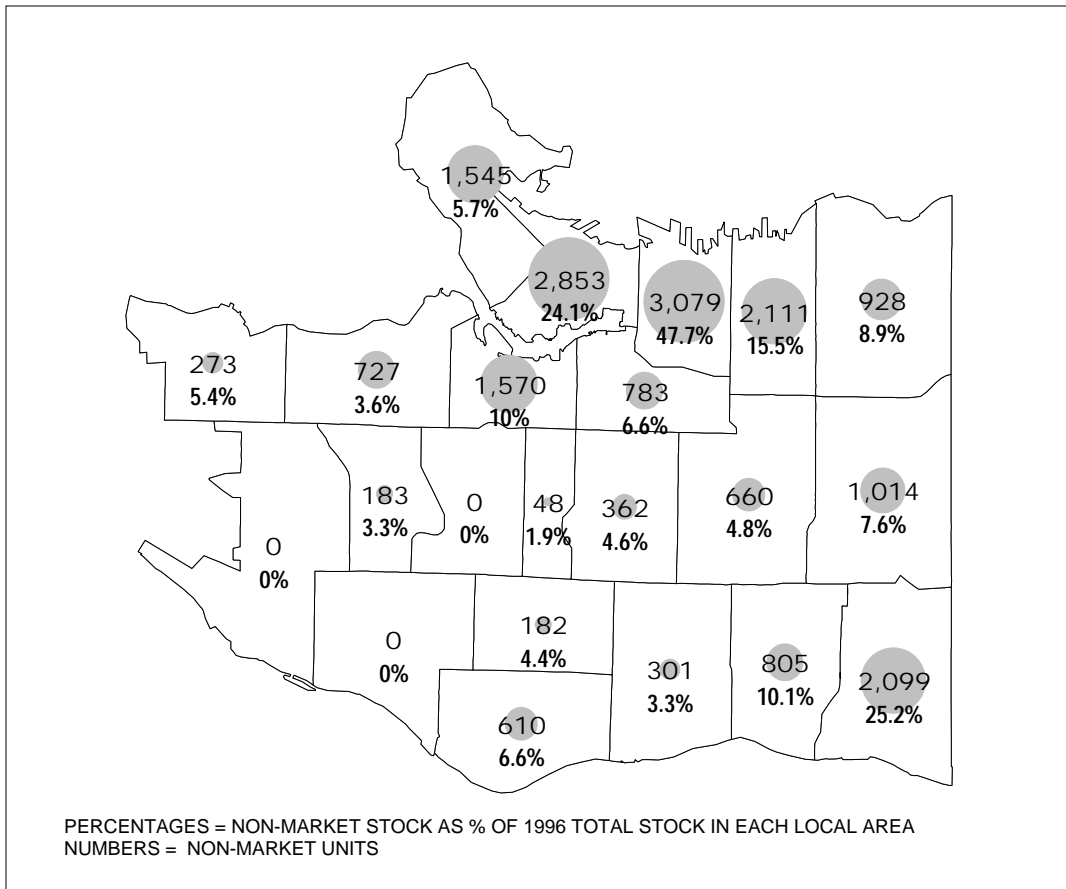
Safe, secure and affordable housing is essential to productive participation in society and the economy. It provides the stability necessary for children to achieve self-confidence, acquire social skills, and realize opportunity. A diversity of housing ensures that the economy has access to the full range of skills required to realize its potential, that low and modest income workers can live as well as work in the city, and seniors or others who experience declining incomes or increasing need can remain in the city.

SOCIAL HOUSING STOCK IN VANCOUVER

The first social housing project in Vancouver was Little Mountain, which started construction in 1953. By September 1, 2001, there were 368 occupied social housing projects in the City containing 20,133 units. This is about 8.5% of the housing stock in the city and between 14 - 15% of the city's rental stock. One hundred and twenty-nine projects (7,441 units) are on City-owned land.

Most neighbourhoods in the city contain some social housing, though most has been built in neighbourhoods where the need is greatest, land is zoned for multiple residential development, and land prices are relatively low. Figure 3 shows the distribution of social housing by neighbourhood.

Figure 3 Non-Market Housing Stock by Local Area, September 1, 2001

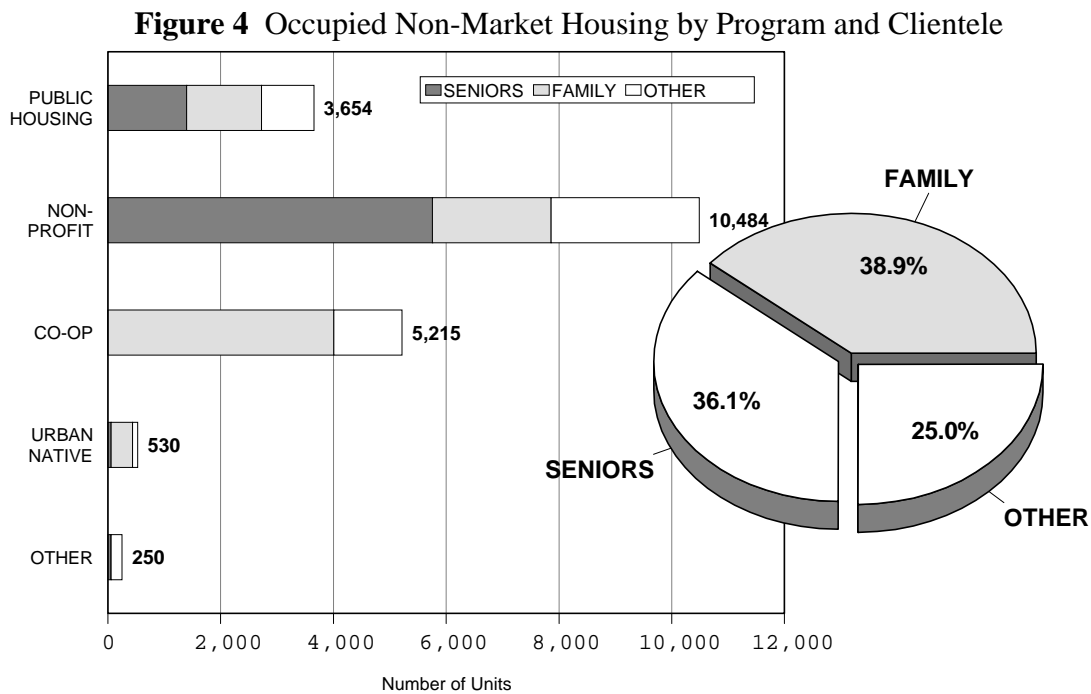


Over the past 50 years, social housing programs have evolved to address changing needs and priorities. There are five basic programs:

- public housing that is owned and operated by government agencies (BC Housing, the Greater Vancouver Housing Corporation and the City of Vancouver Housing Corporation) that provides housing to low-income families and seniors;
- non-profit housing operated by non-profit societies and charities that provides housing primarily for low and modest income seniors but for some families as well;
- non-profit co-operative housing, which is housing operated by its residents and which primarily serves low and modest income families and some seniors;
- urban native housing operated by aboriginal non-profit societies which primarily serves low and modest income native families; and

- housing for low-income singles and others at risk of homelessness such as the mentally and physically disabled and those with substance abuse problems.

Figure 4 shows the breakdown of social housing in the city by program and the breakdown by household type. Overall, 36% of social housing units serve seniors, 39% serve families, and the remaining 25% serve the physically disabled, the mentally ill, youth and other needs.



The Homes BC program, through which the Province funds social housing today, has five components:

- Family and (as a lower priority) seniors housing where 60% of the households are in core-need, and pay a rent equal to 30% of their incomes, and 40% pay market rents;
- Transition housing for the homeless or those at risk of homelessness. This is housing for those who need some support, have little or no income, and who need time before they can move into fully independent housing;
- Supportive housing for seniors who need limited services to maintain their independence, such as one meal a day plus home care;
- Housing for low-income singles living in SROs; and
- Multi-service housing which combines shelters and transition housing for the homeless.

Since the Homes BC programs were introduced in 1994, 61 projects with 3,841 units have been funded in Vancouver. Thirty-two projects (1,742 units) are occupied; 13 projects (910 units) are under construction; and 16 projects (1,189 units) are under development. Appendix B lists all the city projects funded under Homes BC programs, maps their location, and summarizes their status.

When all the projects funded to date are completed, there will be a total of 397 social housing projects and 22,330 social housing units in the city. Since 1989, when Council established a target of 10,000 new social housing units in the next decade, 5,019 units have been built, an average of around 410 units per year. This is 9.4% of the total number of new units that have been built in the city since 1989.

Not all of the non-market projects completed represent net additions to the non-market stock. Some projects, such as Haida Court and Hooper Apartments, are redevelopment projects replacing older non-market projects on the same sites. Since 1989, 16 projects with 586 units have been demolished. Other projects, such as the Sunrise Hotel and Mole Hill, involve the conversion of existing market rental buildings to non-market.

NEED

Affordable housing continues to be an issue in the city and Vancouver region. In the city (region), 25% (20%) of all households are in core housing need. They are living in “sub-standard” housing and would have to pay more than 30% of their gross income to rent suitable (appropriate size) and adequate (reasonable state of repair) accommodation in the region. Groups with the highest percentage in core need are renters, single-parent families, households headed by someone under the age of 30, and seniors (see Table 1).

TABLE 1

TYPE OF HOUSEHOLD	CITY		REGION	
	TOTAL	RENTERS	TOTAL	RENTERS
All Households	25%	36%	20%	36%
Seniors	25%	46%	22%	50%
Under 30 years	35%	38%	31%	37%
Lone-Parent	38%	52%	37%	54%

SOURCE: *Housing in Canada Electronic Data Series*, CMHC 2000

In 1996, approximately, 17,000 households (8%) in the city had to pay more than 50% of their income on rent. These households are at risk of becoming homeless. Depending on the season, it is estimated that between 300-600 people are living outside on any night.

The 2001 incomes households must earn in order to rent a suitable and adequate market unit in the region (Core Need Income Thresholds or CNITS) are:

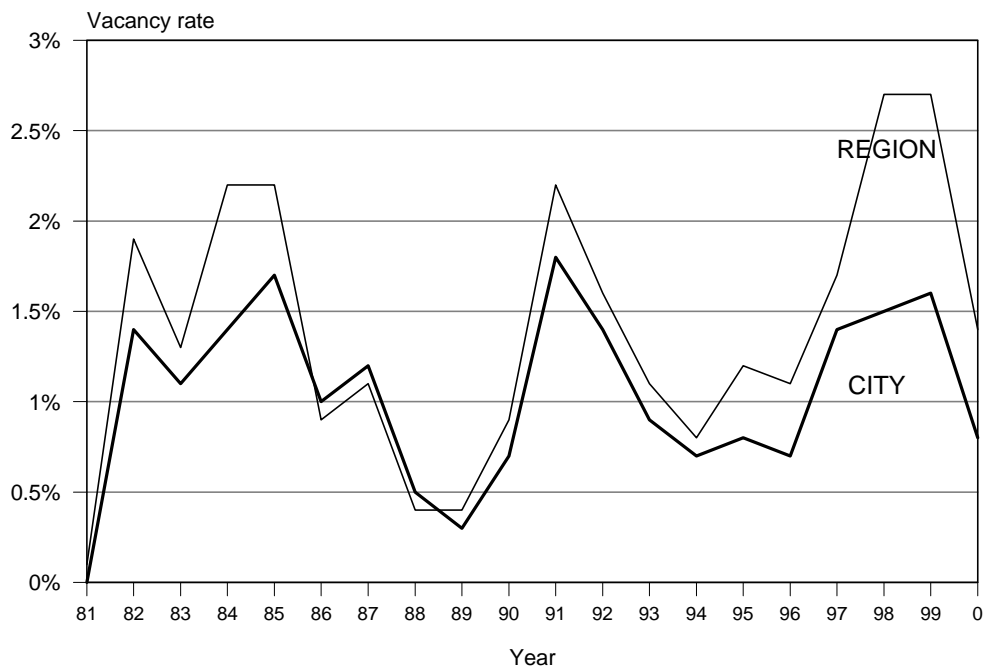
- \$28,500 for households requiring a 1-bedroom apartment;
- \$35,000 for households requiring a 2-bedroom apartment;
- \$41,000 for households requiring a 3-bedroom apartment; and
- \$45,000 for households requiring a 4-bedroom apartment.

Households earning less than these incomes are core-need households. The estimated median household income in the Vancouver region is \$46,000. The annual income of someone working full time at minimum wage is \$15,800.

CMHC surveys about half the rental stock in the region each year. According to CMHC's October 2000 survey, the average rent for a 1-bedroom unit was \$733 per month in the city (\$695 in the region), \$1,034 (\$891) per month for a 2-bedroom units, and \$1,291 (\$1,022) for a 3-bedroom unit. This means that a single person on minimum wage would pay 56% of their income for the average one-bedroom unit in the city and 59% for a West End unit.

In October 2000, vacancy rates in the city (region) were 0.8% (1.4 %). A vacancy rate of at least 2% is the required for a balanced market. As Figure 5 shows, the city's (region's)

Figure 5 Vancouver Vacancy Rates, 1981 - 2000

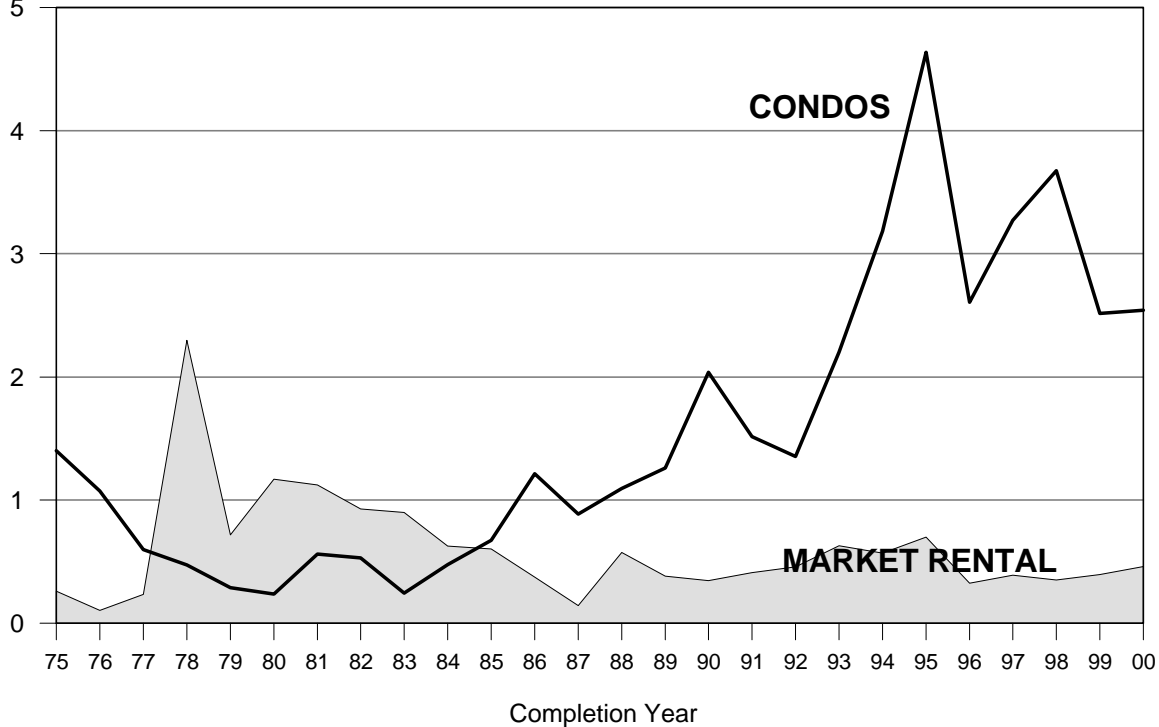


SOURCE: CMHC RENTAL MARKET REPORT

vacancy rate averaged around 1.0% (1.4%) over the last 20 years, fluctuating with economic conditions. The region's population is expected to grow at 1.4% per year. Long-term vacancy rates will continue to be low and rents will continue to be under upward pressure.

Most affordable housing is rental housing, and most core-need households live in older rental housing. About half of the market-rental stock in the city is over 30 years old and relatively little purpose-built (unstratified) rental stock has been built since the mid 80s, as Figure 6 shows. A significant proportion of recently completed condo units are not owner-occupied, but instead are rented out by their owner-investors. There is not much known about this market, though CMHC is undertaking some initial research.

Figure 6 Market Housing in the City of Vancouver: row and apartment completions
UNITS (000s)



It is recommended that \$10,000 from the 2002 capital allocation for the Affordable Housing Fund be used to undertake initial review of the rental housing market and the overall rental housing supply in Vancouver (RECOMMENDATION E). The review will explore the feasibility of developing an inventory of all the purpose-built rental stock in the city, so that the rate of change can be accurately tracked, and an inventory of all condominium projects in the city, the percentage that are rented, and how this sub-market functions. This funding will allow a complete program and budget to be developed and presented to Council and other potential funders in 2002.

PRIORITIES

The City’s social housing objectives, established in 1989 are:

“Maintain and expand housing opportunities in Vancouver for low and moderate income households, with priority being given to Downtown lodging house residents, elderly people on fixed and limited incomes, the physically and mentally disabled, and single parent families with children”.

For the foreseeable future, the downtown single room occupancy (SRO) hotels and rooming houses will continue to be lost and replacement housing for the residents, most of them singles on very low incomes, needs to be provided if increased homelessness is to be avoided. Since 1991, 1,520 SRO units have been lost and replaced with 1,355 social housing units for singles. A priority is to increase the supply of housing for low-income singles outside the downtown (and the city). Most of the rooming house stock that once existed outside the downtown has been lost, and it needs to be replaced if choice is to be available. In 1998 the City published a draft “Housing Plan for the Downtown Eastside, Chinatown, Gastown and Strathcona” which addresses policy issues such as the amount and distribution of low-income housing, the amount of SRO replacement that should be built, etc. The draft plan will be discussed as part of the Vancouver Agreement process.

Housing affordable to low and modest income families with children continues to be in short supply. As Table 2 illustrates, in CMHC’s market-rental universe there are very few 3 or more bedroom rental units in the city and region. Most of the larger rental units affordable to low and modest income families are provided in social housing projects.

TABLE 2

Type of Housing	CMHC Market-Rental Universe, October 2000		Non-Market Housing, Sept 2001
	City	Region	City
Rooms	Excluded		1,401
Studio Units	8,431	3,194	5,428
1-Bedroom Units	37,623	28,818	5,411
2-Bedroom Units	9,421	17,816	4,403
3 or more-Bedroom Units	668	4,240	3,491
Total	56,143	54,068	20,133

There is a good supply of smaller rental units for seniors, though not much is affordable to core-need seniors, especially to those on old age security with incomes of only \$10,000 per year. If the income and rent limits for the Province's Shelter Assistance for Elderly Renters (SAFER) program were increased, the lack of affordability faced by many seniors would be much reduced. However, as SAFER is an entitlement program, this is unlikely to happen. The current limits were established in 1991. There is a serious lack of affordable supportive housing for seniors who no longer can live fully independently and who need some support, such as limited meal service and home care, to remain as independent as possible. The Province phased out Personal Care over the last decade, and supportive housing is needed to fill this need.

In addition to these three priorities, there are smaller groups with specific needs who are at risk of homelessness. These include persons with mental illness, physical disabilities or substance abuse issues. Many of the homeless in Vancouver today suffer from these problems, and providing shelter, transition and supportive housing is important if they are to have any chance of getting off the street and leading stable lives.

It is recommended (RECOMMENDATION A) that the policy setting out the City's priorities for social housing be confirmed, and updated to read:

Maintain and expand housing opportunities in Vancouver for low and modest income households, with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled, and others at risk of being homeless.

OPPORTUNITIES

In addition to identifying the need and setting the priorities for social housing, the City creates opportunities to develop social housing. Most of these opportunities have been created through comprehensive planning initiatives. These range from the creation of new neighbourhoods such as Champlain Heights, False Creek, Fraser Lands, and Coal Harbour to neighbourhood rezoning and redevelopment such as Downtown South and Triangle West.

As the new neighbourhoods are developed or older neighbourhoods redeveloped, social housing has been built at the same time as market housing. Income mix has been established in neighbourhoods progressively. Over the past decade, the downtown peninsula accounted for 46% of all new apartment units completed in the city, and the new social housing in the city shows a similar concentration. Thirty-nine non-market projects with 3,267 units have been built in the downtown, accounting for 42% of the net increase in non-market housing over the decade. This concentration is likely to continue as it will take several years yet for the residential capacity in the downtown to be built out.

Much of the remaining social housing opportunities in the downtown are in the new neighbourhoods under development around False Creek and along Coal Harbour. These opportunities were created by the City's policy of requiring that 20% of the units in these neighbourhoods be designated for social housing (or other non-market housing if senior government funding is not available). Since the 20% policy was introduced in 1988, a capacity of 2,540 units of non-market housing has been created across the city of which half (1,320) units have been built or are under development.

The other major opportunity for social housing is in Downtown South which was rezoned for high-density residential housing in 1990. Half the DCLs collected in Downtown South are allocated to housing to replace the 1,400 SRO units that were in the area when it was rezoned. To date 658 replacement units have been built or funded.

Opportunities to develop social housing outside the downtown will be created through Neighbourhood Visioning which is implementing CityPlan across the city. In the future more social housing will be developed outside the downtown than has recently, including in neighbourhoods where little or none exists now. It is important that opportunities for both market and social housing development be created as long as the Vancouver region continues to grow.

A specific opportunity is represented by older social housing projects, many of which under utilize their sites. Some older social housing sites have been successfully redeveloped in the past decade. As there is no land cost, and where market housing can cross subsidize the social housing redevelopment, social housing can be built at substantial savings.

THE ROLE OF GOVERNMENT

A major issue, since the constitutional discussions which led to the withdrawal of federal funding for new social housing and the on-going devolution of social housing to the Provinces, has been the role and responsibilities of the various levels of government.

Federal Role

The Federal role in the provision of social housing is much diminished from what it was, but it still plays a role and may play a larger role in the future. The main Federal affordable housing program today is CMHC's Residential Rehabilitation Assistance Program (RRAP) which provides grants for the maintenance and upgrade of older housing. Of most importance to the city is rental and rooming house RRAP which is being used to upgrade downtown SROs (e.g. the Sunrise and Heritage Lotus House hotels).

A recent Federal program that impacts affordable housing is Human Resources Development Canada's (HRDC's) Supporting Community Planning Initiatives (SCPI) program. It is a three year program that will see \$8 million invested each year in the Vancouver region for projects that address homelessness. Social housing on its own does not qualify, but shelters and transition housing supported by services do, both of which are part of the affordable housing continuum.

The Federation of Canadian Municipalities (FCM) has undertaken a major push for a national affordable housing program. The FCM is urging the Federal Government to introduce tax incentives and capital grants to encourage the development of rental housing (market and non-market) across Canada. The Federal Government recently announced a capital grant program for the development of rental housing. It would provide \$90 million in matching funds to B.C. over the next four years. An agreement may be announced at the next federal/provincial ministers' meeting in November. Such a program may be very useful in Vancouver if partnered with Provincial and City funding for social housing. It is recommended that the City support this federal initiative (RECOMMENDATION D).

Provincial Role

Since 1995 BC and Quebec have been the only provinces funding new social housing in Canada. The City has worked closely with BC Housing to achieve shared objectives. BC Housing introduced flexibility into the Homes BC program to address issues specific to the city, such as the need for mixed income family housing projects, housing for SRO residents, and multi-service housing for the homeless. This has enabled the City to achieve its objectives to include mixed income family housing in new neighbourhoods, such as around False Creek, along Coal Harbour and on the Fraser; and housing to replace the downtown SROs that have been or are likely to be lost to redevelopment.

Given current financial conditions, it is possible that the province may cease funding new social housing. At the least, the new Provincial Government will review the current BC Housing program (Homes BC). The Homes BC program was established seven years ago and a review is appropriate. Gaps that need to be addressed include co-ordination of support services, supportive and assisted housing for low and modest income seniors, housing for youth at risk, units for large families e.g. aboriginal, foster and refugee and immigrant families, and co-ordination between non-profit sponsors e.g. shared waiting lists, training, etc. In general, however, the programs have worked well for the city, and a complete overhaul of the programs is probably not required.

It is recommended that the Province continue to fund the Homes BC program, or a program which can achieve similar results, at least at the base level of 600 units per year (RECOMMENDATION B). With equity contributions from other partners, more units than 600 could be funded. Between 800 and 900 units were funded in previous years. With this level of funding the City received average allocations of 380 units per year, close to the 400 per year that would be sufficient to maintain social housing at its current 8.5% of the total housing stock in the City.

Without the Homes BC program, or something like it, it will be impossible to achieve the City's social housing objectives. Should the Province cease funding new social housing or restructure municipal responsibilities, with the result that the City faces new responsibilities in general, and possibly higher costs, the City may need to reconsider its role and its ability or willingness to contribute resources for social and affordable housing.

One initiative currently underway is to create a central registry of non-market housing. The multitude of non-profit societies that operate social housing provides choice and a high level of service, but it makes applying for housing confusing and frustrating for anyone seeking social or affordable housing. Over the past year the BC Non-Profit Housing Assn. has been working with three of the largest non-profit housing operators (BC Housing, the Greater Vancouver Housing Corporation, Affordable Housing Society) to initiate a pilot registry that will test the software etc. before other housing providers are invited to join. They have asked the City to provide a grant of \$10,000 towards this pilot, the total cost of which is \$200,000 with BC Housing providing the bulk of the funding. A central registry would be invaluable in assisting households in need of social or affordable housing, and it is recommended that a grant of \$10,000 be provided from the Affordable Housing Fund to the BC Non-Profit Housing Assn (RECOMMENDATION F).

Regional Role

The GVRD has limited responsibilities in the area of affordable housing. Its role is primarily co-ordination among member municipalities. GVHC, the GVRD's social housing sponsor, is active in developing and operating projects throughout the region. Like other social housing sponsors the GVHC makes use of funding provided by senior government, which today means the Province.

In recent years the GVRD has been more active in the co-ordination of affordable housing issues. A Housing Task Group of staff from member municipalities has been established to oversee the housing component of the region's Livable Region Strategic Plan. A major initiative was the development of the Regional Homelessness Plan required for the region to receive SCPI funding. This plan was completed earlier this year and is now being

presented to the region's municipalities for approval. To date, it has been adopted by four member municipalities, including the City.

There is increased awareness of affordable housing issues among member municipalities. This is important as the region grows and most of the increase in population occurs outside the City of Vancouver. The city represents 28% of the population, 45% of the rental housing, and about 49% of the social housing in the region. As the region's downtown, it is to be expected that the City of Vancouver will have a higher percentage of medium and high density housing, rental housing and social housing. However, it is important that more social housing be built outside Vancouver, in particular housing for those who have few options other than the city's downtown SROs e.g. low-income singles, many of whom have mental illness or addiction issues; youth at risk; and women and children without stable housing.

City Role

The City's role in the provision of social housing has been to buy sites and then to lease them to non-profit sponsors for 60 years, although some leases have been as short as 40 years. The City charges 75% of freehold market value for a 60-year lease. This reduces the cost of projects so that social housing can be built in the City of Vancouver where land is more expensive than elsewhere in the region. Through the 80s, the City also provided capital grants where the lease discount alone was insufficient to ensure a project was viable.

From 1995 to 1999 Council entered into annual partnerships with BC Housing for the development of social housing. The City contributed \$2-3 million annually in capital grants to Homes BC projects, allowing BC Housing to stretch its base funding so that 380 social housing units have been funded per year in the City of Vancouver.

In 1999/2000 the Province increased its funding for social housing to 3,000 units. Special allocations were made for projects in support of the Vancouver Agreement and projects that address homelessness. In 1999/2000, twelve hundred units were funded in Vancouver and the City provided lease discounts of \$6.4 million and a total of \$7.2 million in capital grants.

The City's resources are limited. The City buys sites through the Property Endowment Fund (PEF). The PEF receives 75% of the freehold value of the site initially, and will recover the lease discounts when the properties revert to the City at the end of the lease term, but in the meantime the lease discounts consume PEF cash flow. Over the next three years, the PEF can probably afford to buy up to \$10 million worth of sites per year for lease to non-profit sponsors at a lease discount of \$2-3 million per year.

As well, the City has only limited sources of funds for providing grants for social housing. The City has provided \$2.5 million in each of the last two capital plans (1997-9 and 2000-2) for affordable housing. The City is able to use Development Cost Levies to replace affordable housing lost to redevelopment, and through its 20% policy has been able to generate additional opportunities. As the flow of DCLs is a function of the market, and capital plans must be approved by the voters every three years, funding can only be approved annually. Through these funding sources, however, the City can probably provide \$2-3 million in capital grants to social housing projects each year for the next three years.

It is recommended that the Province and BC Housing be advised that, subject to annual review and approval, the City is prepared to provide lease discounts of \$2-3 million per year for the next three years (\$7-8 million in total) and capital grants of the same amount in support of Homes BC or a similar program which would generate 300 - 400 units of new social housing in the city each year (RECOMMENDATION C).

CONCLUSION

Vancouver's long history of high rents and low vacancy rates is likely to continue. The supply of social housing is an important safeguard for the city's households who struggle paying market rents. It is recommended that Council continue its social housing policies and initiatives, including providing lease discounts and capital grants, and urge the Province to continue funding social housing, which is essential if the City is to achieve its social housing objectives. It is also recommended that Council begin work on an inventory of market rental housing, which provides the bulk of the affordable housing in the City, and assist in the development of a central registry for social housing.

* * * * *

General Mgr./Dept. Head:

Report dated: October 3, 2001

Author: Cameron Gray

Date:

Phone: 7207

Concurring Departments:

Financial Planning - Ken Bayne - 7223

This report has been prepared in consultation with the departments listed to the right, and they concur with its contents

APPENDIX A

On May 8, 1989, Council adopted the following social housing policies:

- A. THAT Council adopt the following community development objectives as the basis of the City's social housing policy:
- 1) Foster the social development of Vancouver as home to a wide variety of people with many different racial, ethnic, cultural backgrounds and social, economic lifestyles.
 - 2) Facilitate the provision of a wide range of housing forms and shelter costs to meet the housing needs of existing and future Vancouver residents of all backgrounds and lifestyles.
 - 3) Maintain and expand housing opportunities in Vancouver for low and moderate income households, with priority being given to Downtown lodging house residents, elderly people on fixed and limited incomes, the physically and mentally disabled, and single-parent families with children.
 - 4) Encourage the distribution of acceptable housing forms and affordable shelter costs equally among all residential neighbourhoods of Vancouver rather than concentrating them in a few areas.
- B. THAT the City Manager be requested to report back on maintaining future support for non-market housing, based on past support optimizing the number of units available to the City from the Federal and Provincial Governments, but excluding the False Creek rezoning developments by Concord and Bosa Bros, Marathon and Fraser Lands.
- FURTHER THAT the total social housing stock in Vancouver, in the next decade, be increased by 10,000 units, one-third to be targeted to moderate income renters.
- C. THAT the City continue its land purchase and lease-back program for non-market, but not for profit agencies.
- F. THAT the City Manager, in consultation with the Directors of Planning, Social Planning and Finance, explore with G.V.R.D officials the feasibility of an expanded regional role in the delivery of social housing whereby costs would be shared on a regional basis similar to present funding arrangements for hospitals and transit services.
- G. THAT the City Manager be requested to report back to Council on proposals and mechanisms for developing social housing requirements on mega-housing projects.

Homes BC Projects Funded Since 1994

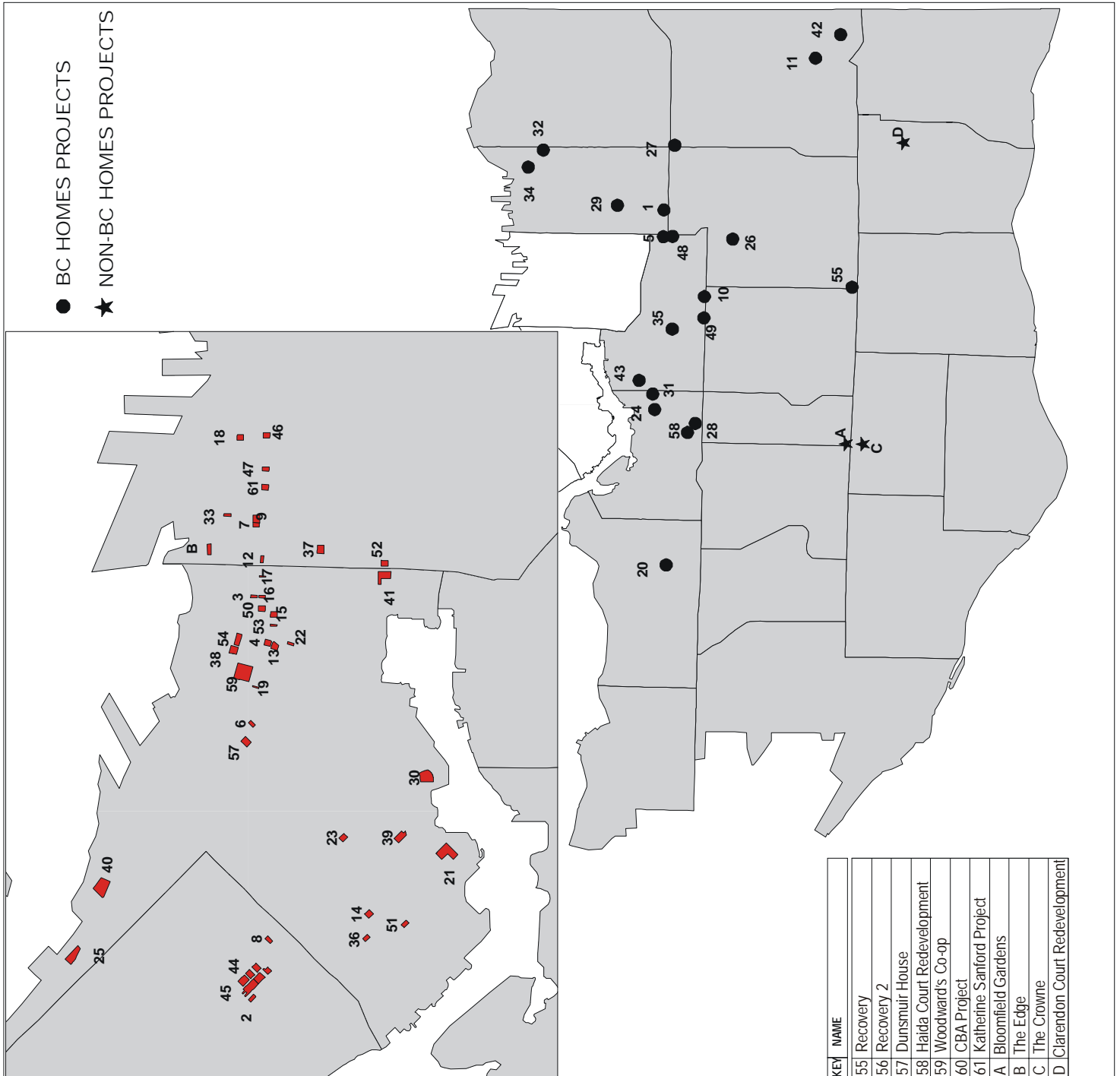
ALLOCATION YEAR	NAME	ADDRESS	UNIT TYPE			TOTAL	SITE OWNER
			SENIORS	FAMILIES	OTHER		
Homes BC Projects							
8. COMPLETED							
1994	Friendship Court	1600 E. 8th Ave.	-	-	19	19	Province
1994	Hooper Apartments	1188 Pendrell St.	-	-	31	31	Non-Profit
1995	Bridge Housing	100 E. Cordova St.	-	-	48	48	Province
1995	New Portland Hotel	20 W. Hastings St.	-	-	86	86	City
1996	Spirit Way	1293 E. 10th Ave.	-	14	-	14	City
1996	VanCity Place	326 W. Pender St.	-	-	50	50	City
1997	St. James Place	340 E. Cordova St.	27	-	-	27	Non-Profit
1997	The Bonaventure Apts	1041 Comox St.	-	3	27	30	Non-Profit
1998	Cordova House	368 E. Cordova St.	-	-	66	66	Province
1998	Katherine Sanford House	561 E 16th Ave.	-	-	18	18	City
1998	Vanness Park	3278 Vanness Ave.	-	21	9	30	City
1995	Bruce Eriksen Place	380 Main St.	-	-	35	35	City
1997	J. C. Leman Building	27 W. Pender St.	-	-	98	98	City
1997	Seymour Place	1221 Seymour St.	-	-	136	136	City
1998	Main & Hastings Proj.	40 E. Hastings St.	-	-	84	84	Province
1998	Sunrise Hotel	101 E. Hastings St.	-	-	52	52	Province
1998	Washington Hotel	177 E. Hastings St.	-	-	84	84	Province
1999	Main & Hastings Soc. Project	668 Powell St.	-	-	61	61	City
1999	Regal Place Hotel	146 W. Hastings St.	-	-	39	39	GVHC
1994	Arbutus Co-op	2250 W. 10th Ave.	-	29	24	53	City
1994	Roundhouse Co-op	1267 Marinaside Cres.	-	123	14	137	City
1994	The CBA Manor	32 W. Pender St.	27	17	-	44	City
1994	The Wellspring	415 Nelson St.	-	-	90	90	City
1995	City Vista	671 W 8th Ave.	-	26	-	26	City
1995	Coal Harbour Co-op	599 Nicola St.	-	87	12	99	City
1995	Lion's Millenium Place	3655 Clark Dr.	-	-	39	39	Non-Profit
1995	Muir Manor	2588 Nanaimo St.	-	30	4	34	City
1995	St. George's Place	2938 Laurel St.	-	10	9	19	Non-Profit
1995	The Marjorie White Building	1640 Graveley St.	-	17	1	18	City
1997	Quayside Family Housing	1010 Pacific Blvd	-	93	-	93	City
1999	Gylmn Manor	520 W. 7th Ave.	-	-	49	49	City
1999	Kiwassa	2320 Franklin St.	-	28	5	33	City
		32	54	498	1,190	1,742	
7. UNDER CONSTRUCTION							
1995	Sommerville Place	377 Powell St.	-	-	31	31	City
1999	Katherine Sanford (Triumph St)	2111 Triumph St.	-	-	15	15	Province
1999	GVHC Project	2626 Watson St.	-	-	39	39	GVHC
1999	Mennonite Project	1265 Granville St.	-	-	63	63	City
1996	Lore Krill Co-op (East)	239 E. Georgia St.	-	42	55	97	Province
1996	Lore Krill Co-op (West)	65 W. Cordova St.	-	10	96	106	City
1998	Yaletown Edge	201 Alvin Narod Mews	-	59	1	60	City
1999	Affordable - Coal Harbour	1299 W. Hastings St.	-	113	-	113	City
1999	City Gate Co-op	188 Milross Ave.	-	92	10	102	City
1999	Collingwood Village Co-op	3501 Euclid Ave.	-	75	4	79	City
1999	Lookout (Yukon St)	2088 Yukon St.	-	-	37	37	City
1999	Mole Hill - Phase I	Various	-	15	53	68	City
2000	Mole Hill - Phase II	Various	-	22	78	100	City
		13	-	428	482	910	

Homes BC Projects Funded Since 1994

ALLOCATION YEAR	NAME	ADDRESS	UNIT TYPE			TOTAL	SITE OWNER
			SENIORS	FAMILIES	OTHER		
IN PROCESS							
1999	Union Gospel Project	361 Heatley Ave.	-	-	81	81	City
2001	YWCA-Sheway	533 E. Hastings St.	-	-	12	12	City
2000	Lu'Ma Native-1254 E.8th	1254 E. 8th Ave.	-	16	6	22	City
2000	St. Elizabeth Home	335-349 E. 16th Ave.	-	-	10	10	Non-Profit
1998	Segal Place	63 E. Hastings St.	-	-	97	97	City
2000	Mennonite& Wings Project	1321 Richards St.	-	-	98	98	City
2000	Portland Project	1005 Station St	-	-	80	80	City
2001	Pennsylvania Hotel	412 Carrall St.	-	-	43	43	GVHC
2001	Stanley/New Fountain	35 W Cordova	-	-	41	41	GVHC
2001	Recovery	5616 Fraser St	-	-	36	36	City
2001	Recovery 2	Undetermined	-	-	29	29	
2001	Dunsmuir House	535-573 Homer ST	-	-	180	180	Non-Profit
2001	Haida Court Redev.	2929 Laurel St	36	9	-	45	Province
2001	Woodward's Co-op	101 W Hastings St.	-	275	-	275	Province
2000	CBA Project	Undetermined	90	-	-	90	
2000	Katherine Sanford Project	475 E Hastings	40	-	-	40	
		16	166	300	713	1,179	
	TOTAL HOMES BC PROJECTS	61	220	1,226	2,385	3,831	

Housing Agreement Projects

1996	Bloomfield Gardens	5650 Oak St	-	-	6	6	Non-Profit
1997	The Edge	275 Alexander St.	-	-	30	30	City
1999	The Crowne	5770 Oak St.	4	-	-	4	City
1997	Clarendon Court Redev.	6450 Clarendon St.	100	-	-	100	Non-Profit
		4	104	-	36	140	



KEY	NAME
1	Friendship Court
2	Hooper Apartments
3	Bridge Housing
4	New Portland Hotel
5	Spirit Way
6	VanCity Place
7	St. James Place
8	Bonnaventure Apartments
9	Cordova House
10	Katherine Sanford House
11	Vanness Park
12	Bruce Eriksen Place
13	J.C. Leman Building
14	Seymour Place
15	The Oasis
16	Sunrise Hotel
17	Washington Hotel
18	Bridget Moran Place
19	Regal Place Hotel
20	Arbutus Co-op
21	Roundhouse Co-op
22	CBA Manor
23	The Wellspring
24	City Vista
25	Coal Harbour Co-op
26	Lion's Millennium Place
27	Muir Manor
28	St. George's Place
29	The Marjorie White Building
30	Quayside Family Housing
31	Glynn Manor
32	Morah Davis Gardens
33	Sommerville Place
34	Katherine Sanford (Triumph St)
35	GVHC Project
36	Mennonite Project
37	Lore Krill Co-op (East)
38	Lore Krill Co-op (West)
39	Yaletown Edge
40	Affordable - Coal Harbour
41	City Gate Co-op
42	Collingwood Village Co-op
43	Lookout (Yukon St)
44	Mole Hill (Phase I)
45	Mole Hill (Phase II)
46	Union Gospel Project
47	YWCA - Sheway
48	LU/MA Native - 1254 E 8 Ave.
49	St. Elizabeth Home
50	Segal Place
51	Mennonite & Wings Project
52	Portland Society Project
53	Pennsylvania Hotel
54	Stanley/New Fountain