

# LATE DISTRIBUTION FOR P&E - April 22, 2010

Supports Item No. 6  
P&E Committee Agenda  
April 22, 2010



## POLICY REPORT SOCIAL DEVELOPMENT

*Note from Meeting Coordinator: Table 9 of Appendix A, on page 17, was amended on April 22, 2010 at 9:50 am.*

Report Date: April 20, 2010  
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Meeting Date: April 22, 2010

TO: Standing Committee on Planning and Environment

FROM: The Managing Director of Social Development in consultation with the Southeast False Creek and Olympic Village Project Manager, the Director of Finance, the General Manager of Business Planning Services and the Director of Real Estate Services

SUBJECT: Affordable Housing, Olympic Village, Southeast False Creek

### **RECOMMENDATION**

- A. THAT Council accept the recommendation of Option 1 and confirm that the 252 units of affordable housing in the Olympic Village, Southeast False Creek, are to be operated as:
- mixed income housing managed by a non profit operator with approximately 50% of the units being occupied by core-need households paying below market rents based on their incomes;
  - the remaining approximately 50% of the units to be occupied by households paying market rents which reflects the design, size and location of the units; with the tenants of the market rent units to be limited to households with a monthly income less than or equal to five times the market rent; with the operators focusing as much as possible on renting to tenants whose work is in Vancouver with an emphasis on those serving citizens of Vancouver in the areas of health care and public safety. ;
  - that over time, the mix of renters will be regularly adjusted to ensure that equity requirements do not change with any variation in interest rates, rents, operating costs, or vacancy rates;
- B. THAT, subject to the approval of Recommendation A and in order to achieve the outcome in Recommendation A, Council approve an increase in the City's permanent investment in the Olympic Village affordable housing of up to \$32.1 million to be allocated to the three SEFC affordable housing parcels 2, 5, and 9.
- C. THAT, subject to Recommendation B that Council approve the following elements to make up the \$32.1 million investment:

SEFC Community Amenity Contributions	\$6.3 million
SEFC City wide Development Cost Levies	0.5 million
Affordable Housing Reserve	4.0 million
Reallocation of City Wide Affordable Housing DCLs *	7.0 million
Reallocation of 2009-11 and prior year's Capital Budgets and Plan*	<u>14.3million</u>
TOTAL:	\$32.1million
*Subject to report back to Council	

- D. THAT, subject to approval of Recommendation A , B and C, Council direct staff to work with BC Housing to negotiate mortgage financing and to select not-for-profit housing agencies to operate the buildings and report back to Council for approval.

The General Manager of Community Services recommends approval of Recommendations A to D.

#### **(a) CITY MANAGER'S COMMENTS**

As the owner of the Olympic Village lands, the City was required to undertake responsibility for the construction of the affordable housing component of the Olympic Village. The business case was built on the assumption from the pre-design estimates that the 252 units would be built for \$64 million, with \$32 million of equity invested (\$30 million VANOC and \$2 million DCLs) and the remainder funded through mortgage financing with BC Housing (with rental income supporting a \$32 million mortgage). In November 2006 Council first gave the go ahead for the SEFC affordable housing based on this formula. However, the ultimate design, size and expedited timeline for the construction of the units resulted in significant overruns in construction costs. In December 2007, Council approved an increase of the total cost to \$95 million, and by December 2008, examination of the projected costs to completion revealed a final projected cost of \$110 million.

The significant challenge now faced by Council in considering this decision is the tension between their need to be fiscally responsible and their commitment to the City's goal of 20% affordable housing for new neighbourhoods. Staff and Council have been the recipients of much advice as to the final disposition of the affordable housing in the Village - with some expressing a concern that it is too expensive to retain as affordable housing and others emphasizing that the social planning goals are critical to our health as a city, despite the cost and that Council should stay the course of the 20% commitment.

The option recommended to Council in this report is one which is consistent with the City's housing policy, and the overall 20% goal in SEFC for affordable housing. Staff have recommended a mixed income model with approximately a 50%:50% ratio of core need residents and residents paying market rental. However we have recommended that the market rental portion better reflect the size, design and location of the units rather than a "City-wide average rent" which is the usual approach. Thus the equity required has been reduced from \$56 million (as reported by housing staff to Council in February 2009) for the same mixed income model down to \$32.1 million. This reduction is also in part related to a decrease in interest rates since the analysis was done one year ago. The market renters will be limited to households with a monthly income less than or equal to five times the market

rent and special efforts will be made to ensure that as much as possible we are targeting our local workforce, particularly those providing essential services to Vancouver citizens in the areas of health care and public safety.

The proposed sources for the allocation of funding to resource the \$32.1 million additional equity is the result of a balanced and thoughtful discussion by key senior staff and the City Manager. It represents a clear signal that the City can no longer fund its current real costs by leveraging future land use decisions and that provision for this expenditure should be made using current appropriate funding sources.

One other issue of concern which the City Manager wishes to bring to the attention of Council is the general assessment by Staff that the 20% goal for affordable housing on the private lands in SEFC is, under the current SEFC Financial Plan, not likely to be attainable due to the high cost of land. This needs further clarification and discussion with Council, but it is a critical piece of information as we present this report for discussion and recommendations.

The City Manager recommends acceptance of recommendations A through D.

### ***(b) COUNCIL POLICY***

Council requires that 20% of the units to be developed in new neighbourhoods be designated for the development of affordable housing and secured by the City through options to purchase. For the City owned lands within the area (the "SEFC ODP Area") covered by the Southeast False Creek Official Development Plan (the "SEFC ODP" - amended in 2006), Council determined that 20% of the units would be available for affordable housing, with a strong emphasis on units suitable for families and consideration also being given for low and moderate income singles, seniors and persons with special needs.

The policy discussions and decisions by Council were complex and took place over a number of years. Much of the background to these discussions is reflected in the Appendices A and B.

Key milestones leading to the current decision include:

November 2, 2006, Council considered a report regarding the financing and development of the Olympic Village affordable housing, and approved the following recommendation:

"THAT Council allocate VANOC's \$30 million contribution for the Olympic Village, plus the estimated \$2 million for replacement housing from the Development Cost Levies generated by Sub Area 2A of Southeast False Creek (SEFC) as a capital contribution to the 250 units of Affordable Housing to be developed in the Olympic Village, and instruct the Director of the Housing Centre and the Project Manager of the SEFC Project Office to report back to Council on the level of affordability that can be achieved once the costs to build the Affordable Housing have been determined."

It was estimated at the time that the total cost of the affordable housing would be \$64 million - the \$32 million would pay for half and a mortgage for \$32 million from BC Housing, supported by rental income, would complete the business case.

With the City providing the land for the affordable housing at no cost, and half the cost of construction paid for, it was hoped that a third to a half of the affordable housing units could

accommodate core-need households. In addition, Council approved a recommendation that the affordable housing on Parcel 9 be developed as a 'net zero' building (generating as much energy as it consumed over a year).

In March 2007, a Housing Table, established to advise VANOC and government partners (COV, Government of BC, Government of Canada) on the implementation of the Inner City Inclusivity(ICI) housing commitments for the 2010 Winter Games, presented 25 recommendations, 23 of which were approved on consensus, including a recommendation that:

"The Partners to secure funding for an operating subsidy that ensures that more than the current 10% of the 250 affordable housing units should accommodate core and deep core families and singles in the Southeast False Creek Olympic Village, following the Games. The proposed subsidy mix to be 40% deep core, 40% shallow, and 20% low-end-of-market."

On June 28, 2007 Council approved the recommendation, with staff advising that the range of affordability could not be determined until final project costs were known.

On December 13, 2007, Council (In Camera) approved the following recommendations related to the increasing costs to develop the affordable housing:

- A. "THAT Council approve an interim financing plan for the construction of the 250 units of affordable housing in three separate buildings on Parcels 2, 5 and 9 in SEFC Area 2A of up to \$63 million (bringing the total funding available for completion of these affordable housing buildings up to \$95 million); financing to be provided from the Capital Financing Fund ("CFF") with the expectation of recovery from BC Housing.
- B. THAT the City Manager be authorized to enter into legal agreements with Millennium Southeast False Creek Properties Ltd. ("Millennium") for the construction of the affordable housing at an estimated cost of up to \$95 million; source of funding to be:
  - i. \$32 million approved by Council as the City capital contribution to achieving the 250 units of affordable housing, and
  - ii. Up to \$63 million from the interim funding provided by Recommendation A.
- C. THAT the Project Manager for the SEFC Development and the Director of the Housing Centre report back for approval to proceed once the necessary agreements have been negotiated with BC Housing, to include selection of the non-profit housing providers, BC Housing financing and the affordability achievable in the 250 units of affordable housing in SEFC Area 2A."

It is noted that no agreement was ever negotiated with BC Housing.

On February 16, 2009, Council received a report outlining the updated projected cost to completion of the affordable housing in the Olympic Village. The report advised that the total capital cost, excluding land, for the 252 units was estimated at close to \$110 million. The

report analyzed the causes of the increase in cost over the preliminary pre-design estimate of \$64 million. The estimated cost of dedicating all the affordable housing to a mixed income model of 50% households with core needs and 50% market renters would require \$56 million in additional equity beyond the existing \$30 million VANOC contribution and the \$2 million in DCL funding already invested. Council instructed staff to report back on options for the affordable housing.

On June 18, 2009, Council formally approved the recommendation to increase the capital funding for the affordable housing in the Olympic Village by \$15 million to a total of \$110 million.

### **(c) PURPOSE AND SUMMARY**

This report presents Council with options for the affordable housing in the Olympic Village. The options provide Council with a range of considerations which reflect the challenge presented by the high construction cost of the affordable housing and the resulting need for the City to increase its planned equity investment in order to meet the commitments to affordability. The range of options considered includes:

- Option 1: Permanent mixed income housing managed by a non-profit operator;
- Option 2: Bridging options that allow Council to revisit in three to five years the disposition of the affordable housing following the completion of sales of the market development
- Option 3: Immediate conversion of the affordable housing to 100% market housing, with options such as:
  - o owned by the City and operated by either the private sector or the not-for-profit sector; or
  - o sold as a whole to institutional investors with the restriction that it be operated only as rental housing;
  - o conversion to market strata units and sold to individual purchasers

#### **Recommended Option: Option 1**

This report recommends that Council commit up to \$32.1 million in additional equity to enable half of the affordable housing units to be tenanted by core-need households (paying below market rent equal to 30% of their gross incomes) with the balance of the households paying market rents but restricted to those with a monthly income of no more than five times the market rents, with the market rent reflecting the size, design and location of the units. The report also recommends that an emphasis be given in the market rental program for workforce housing, with an emphasis on workers serving citizens in Vancouver in the areas of health care and public safety.

The mixed income option is recommended because it:

- aligns with the social sustainability and mixed income objectives in planning and zoning for the SEFC ODP Area, including the Olympic Village;
- delivers on the Inner City Inclusivity commitments made to the IOC and the community, in particular that 250 units of affordable housing would be developed in the Olympic Village; and

- Allows much needed affordable housing particularly affordable family housing to be delivered almost immediately, supporting the City's economic development objectives.

If Council approves non-profit operators for the affordable housing, it is recommended that the staff negotiate an agreement for financing with BC Housing and that the terms of any agreements, leases and/or operating agreements be brought back to Council for approval.

#### ***(d) BACKGROUND***

Since 1999, there have been numerous Council decisions relevant to the affordable housing in the Olympic Village. The detailed background of previous Council decisions is set out in Appendix A. The key decisions were:

- The 1999 Southeast False Creek Policy Statement confirmed that 20% of the units on the City's lands in the SEFC ODP Area would be affordable housing;
- The 2002 Bid Book for the 2010 Winter Games with the Inner City Inclusivity Commitment to develop 250 units of affordable housing in the Olympic Village;
- The SEFC ODP amended in 2006 included a 20% affordable housing requirement for the City's 50 acre parcel and 250 affordable housing units for the Olympic Village.
- The 2006 Development Agreement with Millennium for the development of the Olympic Village included a predesign estimate of \$64 million for 250 units of affordable housing;
- The 2006 commitment to provide the City sites in the Olympic Village for affordable housing at nominal cost (the value of this contribution valued at \$28 million) and to invest the \$30 million VANOC contribution to the Olympic Village, \$2 million in Development Cost Levies towards the cost of building the affordable housing, with the balance to be financed through a mortgage supported by tenants - estimated total construction cost \$64 million.
- In 2007, the cost of the affordable housing, then under construction, was estimated at \$95 million and construction financing from the Capital Financing Fund was approved to cover the costs beyond the City's \$32 million contribution; and
- In February 2009, in a report to Council, the final cost of the affordable housing was established at \$110 million.

#### ***POLICY CONTEXT***

The original intent for the affordable housing in the Olympic Village was that the buildings would be leased at no cost to non-profit housing societies and operated as mixed income housing for the 60-year term of the leases. It was anticipated, although never confirmed, that BC Housing was to oversee the operation as part of the affordable housing portfolio they administer through operating agreements with the non-profit housing societies governing eligibility, rents, operating budgets, etc. The expectation was that the projects in the Olympic Village, like most of the affordable housing in the City, would accommodate both core-need households (lower income households that cannot afford market rents) and households that can afford market rents and do not need subsidies.

The City's current cash equity investment in the affordable housing totals \$110M and consists of:

- \$2 million in Development Cost Levies generated from the market development in the Olympic Village,
- \$30 million received from VANOC for delivery of the permanent facilities in the Olympic Village, which funds were expected to be used to deliver viable mixed income projects that could operate without on-going subsidies, and
- construction financing of \$78 million from the Capital Financing Fund.

Note: this does not include land valued at \$28 million (\$100/buildable sq. ft.)

The \$32 million VANOC and DCL cash investment was originally expected to cover 50% of the cost of the affordable housing projects; the other half was to be financed through mortgages with the mortgage payments and operating costs to be paid out of the rental revenue.

In general, these units are both larger and more expensive than our usual affordable housing. The costs represented in Table 1 are much higher than originally anticipated and higher than comparable projects. The increase in the cost to build the affordable housing from the pre-design estimates of \$64 million to the actual cost of \$110 million has significantly changed the business case for the affordable housing.

**Table 1: Cost of the Affordable Housing Units (excluding land)**

Parcel	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
2	\$349,000/unit	\$430,000/unit	\$573,000/unit	N/A
5	\$316,000/unit	\$433,500/unit	\$615,500/unit	\$745,000/unit
9	\$370,000/unit	\$582,000/unit	N/A	N/A
Average	\$345,000/unit	\$482,000/unit	\$600,249/unit	\$745,000/unit

As a result of the increased cost to build, City equity beyond the originally planned \$32 million needs to be permanently invested if the projects are to be viable as mixed income non-profit housing. The options presented below fulfil, to a greater or lesser extent the commitments to affordable housing in the Olympic Village and require a range of investment.

### ***OPTIONS***

Staff from the SEFC Project Office, the Housing Centre, Real Estate, Finance, Business Planning, and Law have examined numerous options for the Olympic Village affordable housing. The options represent a continuum which reflects the broad discussion in the public in regard to Council's challenge of endeavouring to honour social policy commitments while being fiscally responsible. The legal issues associated with each option are outlined in a separate confidential memorandum.

- Option 1: Permanent mixed income housing managed by non-profit operators that creates the affordable housing originally contemplated by Council and opportunities for promoting workforce rental housing to support economic development.
- Option 2: Bridging options that allow the use of the units for mixed income housing in the interim while allowing determination of the final use of the 252 units after a 3 to 5 year period during which the City could build other less expensive affordable housing options.

Option 3: Immediate options that allows the recovery of equity from the project for investment in affordable housing elsewhere.

### Option 1: Permanent Mixed Income Housing Managed by Non-Profits Operators

This option provides permanent, mixed income housing, managed by Non-Profit Operators aligned with the affordable housing contemplated in the SEFC ODP. The analysis of this option assumes that approximately 50% of the households are in core-need, that their average income is 70% of the core-need income threshold, and that they will pay 30% of their gross household income as rent. This allows a mix of shallow and deep core-need households to be accommodated (Table 2). An additional equity investment of up to \$32.1 million from the City would remain in the project (Table 3). Over time, the mix of renters will be regularly adjusted to ensure that equity requirements do not change with any variation in interest rates, rents, operating costs, or vacancy rates.

The remaining 50% of the units would be market rental. The rental rates will reflect the size, design and location of the units and the units will be limited to families with a monthly income less than or equal to five times the market rent. There will be an emphasis on local workforce, especially workers providing services to Vancouver citizens in the areas of health care and public safety. This focus reflects a number of important Council priorities including economic development goals and Greenest City goals.

The buildings would be leased to non-profit housing sponsors who would secure mortgage financing supported by rents.

The 2010 core-need income thresholds (for the Vancouver region) are set out in Table 2. The estimated market rents for the affordable housing units in the Olympic Village are also provided.

**Table 2: 2010 Core-Need Income Thresholds**

Unit Type	Moderate core need Income Threshold	Rent paid	Core need Income threshold	Rent paid	Market Rents
1-Bedroom	\$35,000/year	\$875/month	\$24,500/year	\$612/month	\$1601/month
2-Bedroom	\$42,500/year	\$1062/month	\$29,750/year	\$744/month	\$1902/month
3-Bedroom	\$51,000/year	\$1275/month	\$35,700/year	\$892/month	\$2096/month
4-Bedroom	\$55,000/year	\$1375/month	\$38,500/year	\$962/month	\$2368/month

Using these rents and assuming a 5.0% mortgage rate the analysis indicated the equity required for each of the affordable housing buildings as set out in Table 3.

**Table 3: Equity Requirements - Mixed Income Non-Profit Rental Housing**

Parcel	Project Cost	Existing Equity	Supportable Mortgage	Additional Equity
2	\$38,000,000	\$12,000,000	\$16,600,000	\$9,400,000
5	43,700,000	12,800,000	18,500,000	12,400,000
9	28,300,000	7,200,000	11,800,000	10,300,000
<b>Total</b>	<b>\$110,000,000</b>	<b>\$32,000,000</b>	<b>\$45,900,000</b>	<b>\$32,100,000</b>

Table 3 concludes that the additional equity required for Option 1 is \$32.1 million. This equity provision drops to approximately \$28.6 million if the number of units that are permanently affordable is reduced to 40% of the units.

It is proposed that staff work with BC Housing to secure favourable financing and to select not-for-profit housing agencies to operate the buildings.

## **Option 2: Bridging Options**

The bridging options analysed by staff assume that the final disposition for the long term use of the Olympic Village affordable housing can be made in 3 to 5 years. These options allow the City to work to develop an equivalent number of more reasonably priced alternative affordable housing in other locations and then recover equity from the sale of Olympic village units at the end of the bridging timeframe. All of these options would require a rezoning and a Public Hearing.

### **Option 2 a): 100% Market Rental Parcels 2 and 9, Temporary Core Need Housing Parcel 5.**

In this option, the units in Parcel 5 (101 units, 40% of all affordable units) would be subsidized and available to core need households for 3-5 years; all units in Parcels 2 and 9 would be designated market rental for the same timeframe (leases clearly defined with 3-5 year timeframe). The City's estimated net costs to carry the units during this timeframe would be between \$5.4 million (3 years) and \$9.0 million (5 years). At the end of the bridging term, the City would either sell all the units or seek financing to continue 100% of them as permanent market rental requiring a further equity investment of \$13.1 million. In both of these scenarios, the core need households from Parcel 5 would be relocated at the end of the bridging term into alternative subsidized housing at other locations. Preliminary discussions with non-profit and co-operative housing representatives have revealed significant reluctance to manage a core need household rental project for a 3 to 5 year period due to the relocation challenge.

### **Option 2b): 100% Market Rental Parcels 2 & 9; Permanent Core Need Housing for Parcel 5**

This option differs in that Parcel 5, which is 101 units and represents 40% of the total number of units, would become permanently available to core need households.

It is anticipated the City's net costs to carry the units in Parcels 2 and 9 as market rental would be between \$3.24 million (3 years) to \$5.4 million (5 years). At the end of the bridging term, the City would sell the units in Parcels 2 and 9. \$20.5 million in equity is required to conserve Parcel 5 as permanent core need housing.

Option 2 a) ) could include providing units for temporary use in Parcel 5 to sponsors of non-profit rental projects and/or or co-operative housing projects that need to undergo substantial renovations to address building envelope failure resulting in the need to temporarily relocate a household. Generally, these households will be in core-need and subsidized. This possibility would align with the temporary use of parcel 5 but , although there is significant risk of unforeseen bridging costs to the City due to the difficulty in coordinating the timing of tenant moves.

### Option 3: 100% Permanent Market Housing

Option 3 consists of 3 options for the Olympic Village units that permanently move away from the provision of a mixed income model for affordable housing at the Olympic Village site.

The suboptions are:

- the conversion of the affordable housing to 100% market rental housing, owned by the City and operated by either the private sector or the not-for-profit sector;
- sale of the buildings as market rental projects to an institutional investor(s); or
- immediate sale of the affordable housing units as market strata units to individual purchasers.

All of these options would be accompanied by a commitment by the City to build replacement affordable housing at another site. All of these options would also require a rezoning and a Public Hearing. As noted in Table 7, the units will require an upgrade to prepare them for sale as market units.

The most significant challenge with Option 3 is the relinquishing of 252 units of mixed income housing, which is occupancy ready, for future opportunities which will take from 3-5 years to bring on stream. This is problematic given the significant shortage of available affordable housing in the City. Land must be identified and purchased (all appropriate sites owned by the City have been committed to the Province in the 14 site MOU). Costs such as interest rates and land prices are on the rise. Agreement must be reached with BC Housing or another government partner to assist in financing the construction of such projects (Table 7 outlines the net revenue to the City which will not be sufficient to cover both land purchase and construction). In general, this option does not provide the City with the certainty and immediacy of our housing goals.

#### Option 3 a): 100% City Owned Market Rental Housing

The additional equity required for the affordable housing in the Olympic Village to be operated indefinitely as market rental housing either by the City or by a non-profit housing society is set out in Table 4. Assuming a 5.0% interest rate, approximately \$13.1 million in additional equity would be required and the City would then arrange the long term financing for the buildings with the rents supporting the carrying costs.

Table 4: Equity Requirements - Market Rental Housing

Parcel	Total Cost	Existing Equity	Supportable Mortgage	Additional Equity
2	\$38,000,000	\$12,000,000	\$23,190,700	\$2,809,300
5	\$43,700,000	\$12,800,000	\$26,181,100	\$4,718,900
9	\$28,300,000	\$7,200,000	\$15,478,700	\$5,621,300
Total	\$110,000,000	\$32,000,000	\$64,850,500	\$13,149,500

A measure of the affordability that could be achieved by the market rental housing option without changing the City's equity requirement is set out in Table 5.

**Table 5: Market Rental Affordability**

Unit Type	Monthly Market Rent	Annual Household Income @30% on Rent	Annual Household Income @20% on Rent
1-Bedroom	\$1,601	\$64,040	\$96,060
2-Bedroom	\$1,902	\$76,080	\$114,120
3-Bedroom	\$2,096	\$83,840	\$125,760
4-Bedroom	\$2,368	\$94,720	\$142,080

**Option 3 b): Sale of the Buildings to an Institutional Investor(s) as Rental Buildings**

An alternative to retaining the buildings in City ownership but retaining the market rental options would be for the City to sell the buildings as 100% market rental projects to an institutional investor(s) that operates rental housing portfolios. A real estate analysis suggests that based on current capitalization rates of between 4.5% and 5.0%, the total value of the three parcels as rental projects ranges from \$85 million to \$92 million (versus the cost to build of \$110 million). From the proceeds, the City would retire the \$78.5 million of financing provided from the Capital Financing Fund leaving a net return to the City in the range of \$6.5 to \$13.5 million.

**Option 3 c): Immediate Strata Sales of the Affordable Housing Units**

Table 6 sets out an analysis based the characteristics of the units and on weaker or stronger market conditions at \$600 and \$800/sq.ft. of average net floor area by unit type and the household incomes required to qualify as purchasers at those prices, assuming 10% down, a mortgage rate of 5% and a 25-year amortization period.

**Table 6: Range of Average Selling Prices and Qualifying Incomes**

Unit Type	Avg. Unit Size (net sq. ft.)	Price at \$600/net sq. ft.	Qualifying Annual Income	Price at \$800/net sq. ft.	Qualifying Annual Income
1 - Bedroom	640 sq. ft.	\$384,000	\$ 89,000	\$ 512,000	\$118,000
2 - Bedroom	906 sq. ft.	\$543,600	\$125,000	\$ 724,000	\$165,000
3 - Bedroom	1223 sq. ft.	\$733,800	\$168,000	\$ 978,400	\$221,000
4 - Bedroom	1480 sq. ft.	\$888,000	\$204,000	\$1,184,000	\$270,000

The gross and net revenue that would be generated from the sale of the units are set out for each of the 3 projects in Table 7.

**Table 7: Potential Gross and Net Sale Revenue, and Potential Net Income**

Parcel	\$600/net sq. ft.	\$800/net sq. ft.
2	\$ 48,000,000	\$ 64,000,000
5	\$ 52,500,000	\$ 70,000,000
9	\$ 27,000,000	\$ 36,000,000
Total Gross Sales Revenue	\$127,500,000	\$170,000,000
Less 10% Conversion Costs*	\$12,750,000	\$17,000,000
<b>Total Net Proceeds</b>	<b>\$114,750,000</b>	<b>\$153,000,000</b>
Less Repayment of CFF Loan	\$78,500,000	\$78,500,000
Less Required DCL Payments (potentially available for affordable housing on alternate site)	\$ 7,700,000	\$ 7,700,000
<b>Net Income</b>	<b>\$ 28,550,000</b>	<b>\$ 66,800,000</b>

*\*Anticipated gross revenue is reduced by a 10% allocation for marketing and minor upgrades*

From the net proceeds, the City would retire the \$78.5 million of financing provided from the Capital Financing Fund. In addition, \$2.0 million of affordable housing DCLs invested in the buildings would have to be reassigned to the alternative affordable housing which is inherent in this option. City wide and Area Specific Development Cost Levies that apply in Southeast False Creek would have to be paid however these would in turn become available for reinvestment in affordable housing. This leaves a net return to the City in the range of \$28.5 million to \$66.8 million all of which would be applied to alternative affordable housing.

There are several places and means of achieving this:

- buying scattered sites throughout the City and proceeding to build on those sites,
- building out the affordable housing required on the City's lands in the SEFC ODP Area adjacent to the Olympic Village,
- building out some of the sites the City has targeted for affordable housing in other new neighbourhoods,

#### Legal Issues:

A detailed legal memorandum has been presented to Council in camera. In general, the legal issues relate to our complex contractual arrangements as Olympics host city, landlord and lender to the developer of the market project, as a purchaser of construction services from the developer, and to our role as land use regulator of the Olympic Village.

#### Financial Implications:

**SEFC Financial Plan:** SEFC was designed to be a sustainable community with a "self-contained" financing plan that could be exported to other large scale developments. As such, the costs of the public amenities were to be paid for exclusively by levies on all of the development within the SEFC ODP area over the development period estimated to be 15 to 18 years. These amenities included parks and public realm, community centre, childcare and other infrastructure.

It was through the allocation of density on the public (City-owned) lands that the City assured that 20% of the units could be dedicated for affordable housing. Through rezoning of the private lands, a \$42 million CAC would be generated which was hoped would allow the purchase of sufficient sites on the private lands to achieve a similar 20% affordability target (something which staff feel is unlikely to be achievable due to the high cost of land in SEFC).

The plan for affordable housing in the Olympic Village was based on the expectation that senior governments would provide construction funding and financing under their normal housing programs. So far, the only funding obtained from external partners is the \$30 million provided to the City by VANOC . Normally, it is only through the donation of land that the City contributes to the development of affordable housing - versus paying for construction. However in the case of SEFC, Council did create a policy exception to allow one third of the City Wide DCL's anticipated from the SEFC area to be committed to SEFC specific affordable housing. So far, that has generated \$2.5 million in DCL revenue of which \$2 million already forms part of the \$32 million in equity invested in the Olympic Village affordable housing.

In identifying which specific funding sources are appropriate to permanently fund the required equity in the affordable housing in SEFC, staff have applied a number of considerations:

- Identification of funding sources that are currently available and avoiding the pledge of future funding (e.g. DCL or CAC income) from land use decisions
- Avoidance of a significant impact on the Operating Budget.
- Wherever possible to identify funding sources that are related to the provision of affordable housing and preferably those sources currently available related to the delivery of amenities within the SEFC ODP.

Applying the objectives set out above to the available funding sources, the recommended sources for funding of the equity shortfall in the SEFC Affordable Housing for Option 1 would include:

**1. Redirect \$500,000 of City-Wide DCLs and \$6.3 million of CACs . from the SEFC ODP Area:**

As of Dec 31, 2009 there was \$0.5 million of DCLs and \$6.3 million of CACs held or receivable in the near future which are not already committed to affordable housing uses in the SEFC ODP area. These funds are specifically related to the provision of affordable housing in the SEFC ODP area and can be allocated to a portion of the funding requirement. This allocation will leave a projected \$15 million of affordable housing City-wide DCLs and \$24 million of CACs still to be earned from development in the SEFC ODP Area over the coming years. It is important to note that this contribution would decrease the funding ultimately available for further land purchases in the ODP area for affordable housing.

**2. Redirect \$4.0 million from the Affordable Housing Fund:**

As noted the Affordable Housing Reserve holds funds designated for affordable housing projects on a City wide basis. Currently there is a balance in the fund of \$9.28 million of which \$4.0 million can be reprioritized to contribute to funding the additional equity required for the Olympic Village affordable housing.

3. **Reallocate \$7.0 million in non- SEFC City-Wide DCLs for Affordable Housing:**  
The 2009-2011 Capital Plan includes proposed funding for affordable housing from City Wide DCLs of \$22.0 million. Of this amount, \$7 million from the 2009 Capital Budget remains unspent from the allocation designated for the purchase of land for supportive housing outside the Downtown Eastside. These funds could be reallocated.
4. **Reallocate funding from Prior Year and 2009-2011 Capital Plan and Budgets.**  
Of the approximately \$522 million of City Funding in the 2009-11 Capital Plan, \$157 relates to Sewer and Water borrowing authority which cannot be reallocated and \$41 million relates to City Wide DCLs which are restricted by the DCL by-law to uses other than affordable housing. Of the balance of approximately \$324 million, \$90 million was budgeted in 2009 and \$78 million in advance of the 2010 Basic Capital Budget, leaving approximately \$156 million available for potential reallocation in 2010 and 2011. Staff are also reviewing any unspent funding from prior capital budgets to identify opportunities to provide the balance of the funding necessary for the Olympic Village affordable housing. It is proposed that approximately \$14.3 million of Capital Funding from the past unspent or present Capital Plans be allocated to the SEFC affordable housing. Staff will report back to Council on the specific capital reallocations and potential impacts.
5. **SEFC Olympic Village Return on Investment :**  
Any realized future return on the PEF's role in developing the SEFC lands could be directed to replenish the reserves or capital budgets used to support Option 1.

In summary, it is recommended the funding required to achieve the recommended option be provided by:

SEFC Community Amenity Contributions	\$6.3 million
SEFC City wide Development Cost Levies	0.5 million
Affordable Housing Reserve	4.0 million
Reallocation of City Wide Affordable Housing DCLs*	7.0 million
Reallocation of 2009-11 and prior year's Capital Budgets and Plan*	14.3 million
TOTAL:	\$32.1million

\*subject to report back to council

### ***RISK ANALYSIS***

The Recommended Option (Option 1) has the most certainty but it requires the largest equity commitment of all the options. Costs can be determined with some confidence, and there is no requirement for rezoning or ODP amendment as the option aligns with the SEFC ODP. There is some urgency to decisions as interest rates, on which the analysis of all options is constructed, are rising, which will change the financial modelling and result in a requirement for more equity, or a significant shift in the ratio of core need residents to market renters. There is also a risk that attracting market renters for expedited occupancy may be a challenge given the large volume of rental stock coming on stream all at once in this location. Council can offset this risk by the certainty in regard to the amount of equity to be provided and by agreeing to flexibility on the income mix in the affordable housing. The long term risk in Option 1 is the need to prevent erosion of rental rates.

Option 2 carries the most uncertainty for both financial modelling and for delivering on the replacement affordable housing. It also carries significant risk in regard to the dislocation of the core need residents in Option 2A where they require relocation. Renting to market renters for a 3-5 year time-frame also carries uncertainty and could interfere with rapid absorption of available market rental units, thus affecting our costs. Rezoning and ODP amendment is also required in this option. The recovery of value from the SEFC affordable housing units on sale in 3-5 years is susceptible to future market conditions which may or may not be favourable. At this point, things are stable but the global economy remains uncertain.

Option 3 also includes the need for rezoning and amendment of the SEFC ODP. In addition, immediate liquidation of the units as strata units may result in lower overall prices within the Village, potentially putting the City at risk as the lender to the developer. The estimated return on a sale of the parcels as purely market rental buildings will provide a lower return of equity than the sale of individual units, as outlined in the report.

As noted none of these options will provide sufficient funding to achieve a one-for-one replacement of the 252 units in the Olympic Village without additional investment of equity.

### **(e) CONCLUSION**

The cost of the 252 units of affordable housing in the Olympic Village is \$110 million. Of this amount, \$78 million has been financed by the CFF. The rest has been funded by City equity - \$30 million from the VANOC contribution and \$2 million from DCL's. If it is to be viable as mixed income housing (approximately 50% core need/50% market rent) a further \$32.1 million of permanent equity is needed with the balance to be financed through a mortgage. The City can either find a source for the additional equity or find an alternative use for the housing.

It is recommended that Council confirm that the 252 affordable housing units in the Olympic Village will be mixed income housing managed by non-profit operators and commit \$32.1 million in additional City investment to ensure that approximately 50% of the units can accommodate core-need households. The source of funding would be from a combination of: SEFC Community Amenity Contributions and Development Cost Levies; Affordable Housing Reserve; reallocation of City Wide Affordable Housing DCL's; and reallocation of 2009-2011 and prior years' Capital Budgets and Plan.

\* \* \* \* \*

**APPENDIX A****OLYMPIC VILLAGE AFFORDABLE HOUSING - BACK GROUND INFORMATION**

The affordable housing in the Olympic Village occupies three buildings located on Parcels 2, 5 and 9 as shown on Figure 1. Parcel 2 is primarily a family project, Parcel 5 is a mixed family and non-family (singles, couples without children, seniors) building and Parcel 9 is a primarily a non-family project.

Figure 1

Area 2A Affordable Housing Parcels

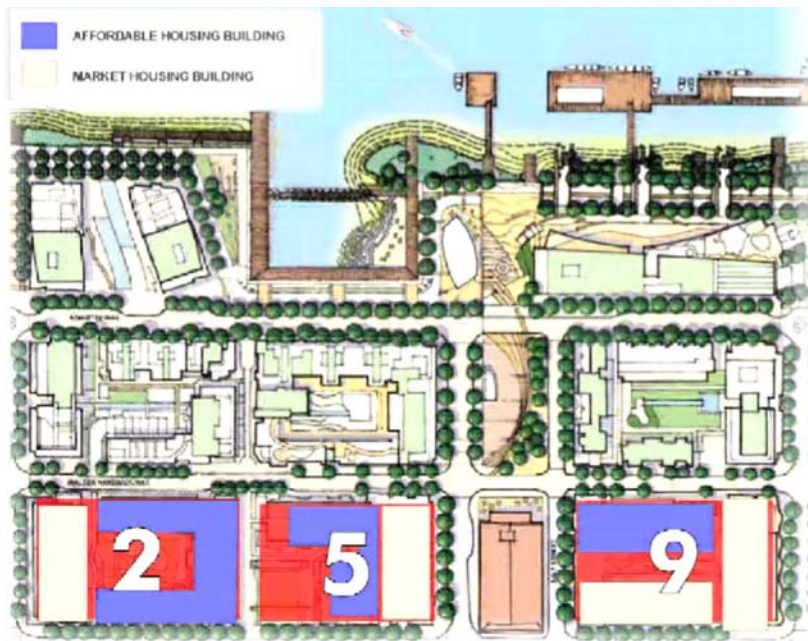


Table 8 summarizes the building statistics for the 3 projects.

**Table 8: Building Statistics, Olympic Village Affordable Housing**

	Parcel 2	Parcel 5	Parcel 9	Total
1 Bdr @ avg net size	7 @ 733 ft <sup>2</sup>	59 @ 628 ft <sup>2</sup>	61 @ 642 ft <sup>2</sup>	127 @ 640 ft <sup>2</sup>
2 Bdr @ avg net size	60 @ 904 ft <sup>2</sup>	12 @ 861 ft <sup>2</sup>	6 @ 1012 ft <sup>2</sup>	78 @ 906 ft <sup>2</sup>
3 Bdr @ avg net size	17 @ 1204 ft <sup>2</sup>	17 @ 1223 ft <sup>2</sup>	0	34 @ 1214 ft <sup>2</sup>
4 Bdr @ avg net size	0	13 @ 1480 ft <sup>2</sup>	0	13 @ 1480 ft <sup>2</sup>
Total Units	84 units (33%)	101 units (40%)	67 units (27%)	252 units
Total Net Area	79,980 ft <sup>2</sup>	87,410ft <sup>2</sup>	45,217 ft <sup>2</sup>	212,107 ft <sup>2</sup>
Total Gross Area	103,263 ft <sup>2</sup>	110,907 ft <sup>2</sup>	62,154 ft <sup>2</sup>	276,324 ft <sup>2</sup>
Bldg Efficiency	77.5%	78.8%	72.7%	76.9%
Res Parking	90 spaces	82 spaces	24 spaces	196 spaces
Visitor Parking	10	10	9	29
Car Share	1	1	1	3

Table 9 sets out the cost to build the projects (See Table 1 for the cost per unit). These include construction costs and fees and other design costs but no land cost.

**Table 9: Total Cost to Build the Affordable Housing Projects (excluding land)**

Parcel	Total Cost	Cost/Gross Ft <sup>2</sup>
2	\$38,000,000	\$368 *
5	\$43,700,000	\$394 *
9	\$28,300,000	\$455 *
TOTAL/AVERAGE	\$110,000,000	\$398

**\* Note from Meeting Coordinator: These figures were amended on April 22, 2010, at 9:50 am.**

#### BACKGROUND - 1999 TO 2009

In October 1999 Council approved the Southeast False Creek Policy Statement which confirmed the City's policy that 20% of the units in the new neighbourhood proposed for the City's lands in Southeast False Creek be developed as affordable housing.

The Bid Book submitted to the International Olympic Committee (IOC) in 2002 for the 2010 Winter Games included Inner City Inclusive (ICI) Commitments, in particular leaving an affordable housing legacy, and in the Bid Book the City advised that 250 units of non-market housing would be developed in the Olympic Village as a legacy of the games.

On July 26, 2004, Council amended the policies for the development of the City's lands in Southeast False Creek to increase the percentage of non-market (now called affordable housing) from 20% to 33%.

On March 1, 2005, Council approved an Official Development Plan for Southeast False Creek that required that 33% of the units on the City's lands be developed as affordable housing.

On March 7, 2006, Council amended the Official Development Plan for Southeast False Creek (SEFC ODP) so that:

"affordable housing is to comprise at least 20% of the housing in Sub-areas 1A, 2A, and 3A combined, and, in Sub-areas 1A and 3A combined, the objective, subject to finding alternative funding sources, is to increase this ratio to 33%".

"Affordable Housing" as defined in the SEFC ODP "means dwelling units designed to be affordable to persons who make up a core need household where such persons pay more than 30% of their combined gross annual income to rent an adequate and suitable rental unit, including utilities, to meet the basic housing needs of the household at an average market rent".

On April 4, 2006, Council selected Millennium Properties Ltd. (Millennium) to be the City's private partner in the development of the Olympic Village.

On August 31, 2006, the City and Millennium entered into a Lease Agreement, including a Development Agreement, that sets out the terms and conditions under which Millennium will design and construct the buildings in SEFC Area 2A. Millennium agreed to build the affordable housing for the City at the cost of construction plus 8% to cover design fees and other soft costs. The affordable housing units along with the market units were then used by the Vancouver Organizing Committee (VANOC) to accommodate the athletes participating in the

2010 Winter Games. In the Development Agreement the cost to build the affordable housing was estimated at \$64 million (excluding the cost of the land).

On October 17, 2006, Council approved the CD-1 By-law for the Olympic Village and required as a condition of enactment of the zoning that the developer:

“execute agreements, satisfactory to the City Manager and the Director of Legal Services, ensuring development of a total of at least 19,788 m<sup>2</sup> (213,000 sq. ft.) of floor area on Parcels 2, 5 and 9 for Affordable Housing as defined in the Southeast False Creek Official Development Plan, such proposed floor space to be sufficient to accommodate 250 Affordable Housing units of which 125 must be designed for families with children.”

Council also approved an increase in the allowable floor space in the Olympic Village in return for a commitment for the development of 110 units as modest market housing and for the commitment that all the buildings achieve a LEED®Gold standard of environmental performance.

On November 2, 2006, Council considered a report regarding the financing and development of the Olympic Village affordable housing, and approved the following recommendation:

“THAT Council allocate VANOC’s \$30 million contribution for the Olympic Village, plus the estimated \$2 million for replacement housing from the Development Cost Levies generated by Sub Area 2A of Southeast False Creek (SEFC) as a capital contribution to the 250 units of Affordable Housing to be developed in the Olympic Village, and instruct the Director of the Housing Centre and the Project Manager of the SEFC Project Office to report back to Council on the level of affordability that can be achieved once the costs to build the Affordable Housing have been determined.”

It was estimated that the \$32 million would pay approximately half the cost of building the affordable housing. With the City providing the sites for the affordable housing at no cost, and half the cost of construction paid for, it was hoped that a third to a half of the affordable housing units could accommodate core-need households. In addition, Council approved a recommendation that the affordable housing on Parcel 9 be developed as a ‘net zero’ building (generating as much energy as it consumed over a year).

In the fall of 2006 a Housing Table consisting of representatives from the private and non-profit housing sectors was established to advise VANOC and the three government partners on the implementation of the Inner City Inclusivity (ICI) housing commitments for the 2010 Winter Games. In March 2007, the Housing Table presented 25 recommendations, 23 of which were approved on consensus, including a recommendation that:

“The Partners to secure funding for an operating subsidy that ensures that more than the current 10% of the 250 affordable housing units should accommodate core and deep core families and singles in the Southeast False Creek Olympic Village, following the Games. The proposed subsidy mix to be 40% deep core, 40% shallow, and 20% low-end-of-market.”

On June 28, 2007, Council considered the report of the Housing Table and the accompanying staff commentary and approved the Housing Table’s consensus recommendations. Staff advised that the percentage of core-need households could not be determined until the final

capital costs for the affordable housing were known and further discussions had taken place regarding possible subsidies or other contributions from the Province and/or Federal Government to the support the affordability objectives for the project.

On December 13, 2007, Council (In Camera) approved the following recommendations related to the development of the affordable housing:

- A. "THAT Council approve an interim financing plan for the construction of the 250 units of affordable housing in three separate buildings on Parcels 2, 5 and 9 in SEFC Area 2A of up to \$63 million (bringing the total funding available for completion of these affordable housing buildings up to \$95 million); financing to be provided from the Capital Financing fund ("CFF") with the expectation of recovery from BC Housing.
- B. THAT the City Manager be authorized to enter into legal agreements with Millennium Southeast False Creek Properties Ltd. ("Millennium") for the construction of the affordable housing at an estimated cost of up to \$95 million; source off funding to be:
  - i. \$32 million approved by Council as the City capital contribution to achieving the 250 units of affordable housing, and
  - ii. Up to \$63 million from the interim funding provided by Recommendation A.
- C. THAT the Project Manager for the SEFC Development and the Director of the Housing Centre report back for approval to proceed once the necessary agreements have been negotiated with BC Housing, to include selection of the non-profit housing providers, BC Housing financing and the affordability achievable in the 250 units of affordable housing in SEFC Area 2A."

On February 16, 2009, Council considered a report regarding the cost and affordability of the affordable housing in the Olympic Village. It advised that the total capital cost, excluding land, for the 252 units was estimated at close to \$110 million and analyzed the causes of the increase in cost from the preliminary pre-design estimate. Council instructed staff to report back in April on options for the affordable housing.

On June 18, 2009, Council approved a recommendation to increase the capital funding for the affordable housing in the Olympic Village by \$15 million to a total of \$110 million.

## APPENDIX B

**AFFORDABLE HOUSING POLICY CONTEXT: SOUTHEAST FALSE CREEK****Southeast False Creek Policy Statement**

Planning for the redevelopment of Southeast False Creek commenced in 1997. As the last undeveloped waterfront in False Creek, there was great public interest in the project and a desire on the part of the public and Council that its redevelopment achieve a range of public objectives, with sustainability emerging as a key goal. The City's 50 acres was also a major asset of the City's Property Endowment Fund (PEF) and consequently financial viability was another key goal. The process that followed included much debate over urban form (towers versus mid-rise buildings), short term financial return versus long term sustainability, the amount of parks and the degree of affordability. In October 1999 Council adopted the Southeast False Creek Policy Statement which includes:

**"A VISION FOR SOUTHEAST FALSE CREEK**

*SEFC is envisioned as a community in which people live, work, play and learn in a neighbourhood that has been designed to maintain and balance the highest possible levels of social equity, livability, ecological health and economic prosperity, so as to support their choices to live in a sustainable manner."*

And specific policies related to housing mix:

- 1. On the land north of 1st Avenue, sites should be reserved for non-market housing programs to build a minimum of 20% of the total units. These programs are to be funded by senior governments or by public-private partnerships that can achieve a similar result.*
- 2. Two-thirds of the non-market units should be suitable for families with children. A portion of these units could be targeted to families with younger children and to single-parent families. The remaining one-third of the non-market units should focus on low- and moderate income singles, seniors and persons with special needs. Funding needs to be provided from the provincial government to achieve this policy.*
- 3. A minimum of 35% of the total units on the land north of 1st Avenue should be suitable for families with children. Consider using some DCL (Development Cost Levy) funds for this housing.*
- 4. A variety of housing forms should be offered in SEFC, including cluster housing, row housing, and town homes, as well as mid- and high-rise apartment towers. Innovative forms of housing should also be explored, including rooming houses with small suites for singles and co-housing for families with children.*
- 5. Housing types should be mixed throughout the study area to contribute to the social mix in SEFC.*

*6. A mix of tenures should be considered for the 20% allocation of social housing including non-profit, co-op, rental and life-lease.*

*7. Some housing types should be designed to be capable of supporting ground-oriented, home-based childcare enterprises.*

*8. Special-needs housing should be integrated into the community and linked to appropriate outreach services and facilities.*

### ***Demonstration Projects***

*9. The City should explore creative financial strategies to achieve affordable housing in the current climate of reduced senior government subsidies.*

*10. The City should investigate incentives for rental housing.*

*11. Aging-in-place communities for seniors should be considered, including congregate housing and licensed care.*

The SEFC Policy Statement also included a set of principles to guide the overall development (Appendix A) including:

### ***7) Housing Diversity and Equity***

*Promote opportunities for housing for a range of income groups along with social and physical infrastructure that is accessible to the whole community, especially to children.*

On July 26, 2004, Council amended the Policy Statement to, among other changes, reduce the return to the PEF from the development of the City's SEFC lands and to increase the degree of affordability<sup>1</sup>:

*C. THAT the publicly owned land on Southeast False Creek generate a return to the Property Endowment Fund sufficient to recover the costs of servicing and preparing the site for development (estimated at \$56 million in the current Official Development Plan submission); and*

*THAT the contribution from the Property Endowment Fund as owner of Southeast False Creek lands to neighbourhood specific public amenities in Southeast False Creek be limited to the net development revenue generated by the value of the land (estimated at \$50 million) plus the normal developer's risk margin/profit (estimated to be \$12 million based on the current Official Development Plan submission); and*

*THAT the costs of broader City-wide public amenities that may be developed in Southeast False Creek be funded from traditional capital funding sources including*

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<sup>1</sup> Note that during the rezoning phase, "non-market housing" to serve the lower third of incomes was replaced with "affordable housing", and "affordable housing" to serve the middle third of incomes was replaced with "modest market housing".

*City-wide Development Cost Levies and Community Amenity Contributions and the capital planning process or from non-City funding.*

*D. THAT Council confirm the following choices included in Section B of the Workbook (attached as Appendix A to the Policy Report dated July 14, 2004, entitled "Choices and Directions for the Planning of Southeast False Creek") as amendments of the Southeast False Creek Policy Statement:*

*(i) THAT Council establish a target of 1/3 (non-market)/ 1/3 (affordable)/ 1/3 (market) housing policy for the SEFC City-owned Lands.*

#### Southeast False Creek Official Development Plan (SEFC ODP): City Lands

Following the adoption of the SEFC Policy Statement, planning commenced on the development of the SEFC ODP, the first stage in the rezoning process leading to commencement of redevelopment. The SEFC ODP first approved in March 2005 confirmed the Policy Statement's vision and principles. As regards housing mix, the ODP included the following overall sustainability principle:

*2.2.7 Development is to promote opportunities for housing for a range of income groups along with social and physical infrastructure that is accessible to the whole community, especially children.*

The March 2005 SEFC ODP established specific requirements for the development of Southeast False Creek including requirements related to the provision of affordable housing to accommodate the lowest third of household incomes and modest market to accommodate the middle third of incomes. The ODP included requirements for 33% of the units to be developed as affordable housing and 33% as modest market housing.

The new Council elected in November 2005 reinstated both the earlier financial objectives (in February 2006) for the financial return to the PEF and the earlier affordable housing objectives (in March 2006). The financial objective for the PEF was increased by \$50 million (the value of the property under the previous industrial zoning) plus recovering the costs of servicing its lands. Council directed that the SEFC ODP be amended to require that 20% affordable housing be developed on the City's lands and to eliminate the requirement for modest market housing in Sub-area 2A where the Olympic Village was to be built:

*THAT the Southeast False Creek Official Development Plan be amended to:*

- reduce the minimum affordable housing requirement from 33% to 20% across the entire site, but maintain the objective of continuing to aim for 33% affordable housing units.*
- remove the requirement to have modest market housing in sub-area 2A, while retaining the 33% requirement in sub-areas 1A and 3A.*

The current version of the SEFC ODP that was approved by Council on October 17, 2006, includes the following requirements for housing mix and affordable housing on the City's (PEF's) lands:

*Social sustainability*

*3.2 The intent of the following objectives is to accomplish a high level of social sustainability by considering equity, social inclusion, security, and adaptability in all decisions:*

*3.2.1 Meeting basic needs*

*Appropriate, affordable housing*

*In order to encourage a balanced community with a broad social mix and access to housing by all income distribution groups:*

*(a) affordable housing is to comprise at least 20% of the housing in areas 1A, 2A, and 3A combined, and, in areas 1A and 3A combined, the objective, subject to finding alternative funding sources, is to increase this ratio to 33%; and*

*(b) modest market housing is to comprise up to 33% of the housing in areas 1A and 3A combined, subject to finding alternative funding sources, and, in area 2A, the objective is to achieve a ratio of 33% by working with developers to achieve solutions.*

*The creation of affordable housing is to occur primarily through government funded programs.*

*In order to achieve affordable accommodation for families, the further aim is to achieve a household mix of 35% for families within areas 1A, 2A, 3A and 3B, and 25% for families within areas 1B, 2B, and 3C.*

*Although there are no specific goals for other households including seniors and disabled persons, the general aim is to achieve a balanced household mix by accommodating a full range of age and social groups, and household types and needs.*

In 4.3.1, Residential mix on the City's lands, requirements were imposed regarding the percentage of units be suitable for families:

*(j) with respect to the affordable housing units in areas 1A, 2A, and 3A, priority is to be on family housing, with 50% of the affordable units to be suitable for families with small children, and integration of the units into each residential area; and*

*(k) 25% of the market housing in areas 1A, 2A, and 3A, and 25% of the modest market housing in areas 1A and 3A, are to be suitable for families with small children.*