



**HOUSING
VANCOUVER**

10 Year Affordable Housing Delivery and Financial Strategy

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1.0 Introduction

Housing Vancouver (2017-2027) sets out revised targets for achieving the ‘right supply’ of housing encompassing building type, tenure, and level of affordability for the entire housing continuum. This continuum encompasses below-market rental and co-operative housing, secondary rental, purpose built rental and ownership options, with 72,000 new units of housing targeted over the next 10 years. The core objectives for setting these new targets is to retain the diversity of incomes in the city, shift the current housing production toward rental housing in order to meet the greatest need and to set ambitious targets for housing for very low-income households, which are achievable with coordinated action from the City and partners. The revised targets align with the mission of the City of Vancouver to create a great city of communities that cares about our people, our environment, and our opportunities to live, work and prosper.

Housing Vancouver further sets ambitious new targets for social and supportive housing, identifying the need for 12,000 new units of social and supportive housing over the next 10 years. This represents an increase of over 50% from Vancouver’s previous target of 7,900 social and supportive units over 10 years. In recent years, the City has significantly stepped up investment in the provision of units for very-low-income residents and those currently or at risk of homelessness and has seen progress made since 2010 with 4,640 units of social and supportive housing approved. However, the need remains significant and lessons from the past decade have demonstrated that meeting our new enhanced targets will require sustained partnerships and re-focused approaches to affordable housing delivery.

This Affordable Housing Delivery and Financial Strategy (the Strategy) sets out the City of Vancouver’s strategic approach to delivering on the revised targets contained in Housing Vancouver over the next 10 years. Focus is given to the challenge of delivering the 12,000 units of social and supportive housing (including co-operative housing) as these units require the greatest subsidy and investment.

2.0 Purpose of the Strategy

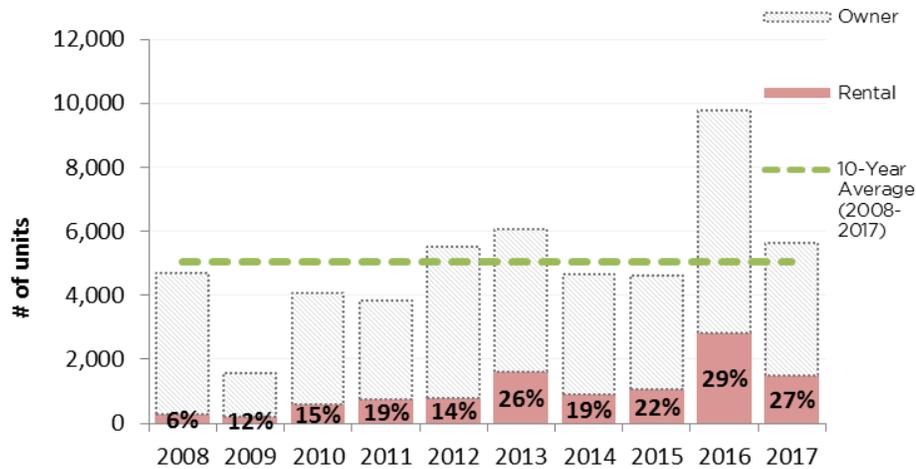
The purpose of the Strategy is to optimize the City’s contribution to affordable housing to achieve the revised Housing Vancouver targets and align our approaches with partners for the greatest impact in delivering units. The Strategy will inform our partners of the City’s strategic direction in delivering affordable housing over the next 10 years, clarifying future partnership opportunities. The Strategy proposes a new consolidated delivery structure in the form of a proposed Affordable Housing Endowment Fund (the Fund), supported by five key directions to shift our delivery mechanisms to achieve the 12,000 units of social and supportive housing (including co-op housing) over the next ten years.

Clarifying the Delivery and Financial Challenge and Policy Gap

Over the past decade, the City, in the face of growing housing needs and a lack of a coordinated strategy between various levels of government, has significantly increased its investment in affordable housing. To illustrate this point, capital funding (not including in-kind housing units secured) for affordable housing increased from \$18 million/year during the 2009 to 2011 Capital Plan to \$48 million/year during the 2015-2018 Capital Plan. Alongside this capital investment, the City has innovated and implemented

policies and programs to increase the supply of secured market rental housing. This includes provision of development incentives for the creation of 100% rental housing which has resulted in the City tripling its delivery of secured market rental units in the last five years; from an average of 350 rental units per year from 2008 to 2012 to 1,100 rental units per year from 2013 to 2017. More recently, the City has launched the Moderate Income Rental Housing Pilot Program which seeks to incentivize below-market rental housing.

Figure 1. Vancouver annual housing starts, 2008-2017



An examination of the rental rates for projects built in Vancouver over the past decade show that the City has been successful in increasing housing options for renter households (both individuals and families) earning \$50,000 to \$150,000/year. While this increased supply in rental housing has been welcome and has addressed the needs of many middle income households, the level of affordability that can be delivered in market rental homes continues to be a challenge for households in the lower-income bands. This includes families and individuals earning less than \$50,000/year, individuals who are currently homeless and those who are at risk of homelessness living in inadequate and unsafe conditions.

This may be driving a loss of income diversity in Vancouver: change in income distribution shows the share of renter households earning below \$30,000/year fell from 34% in 2005 to 28% in 2015. In addition, the 2018 City of Vancouver Homeless Count found 2,181 people identified as homeless (a 2% increase over 2017). These trends indicate a potential risk to the long-term diversity and resilience of the City, reinforcing the need to meet Housing Vancouver targets for the right supply of housing. This right supply includes homes affordable to households earning below \$50,000/year, and those who are homeless or at risk of homelessness. These households will require social and supportive housing options and/or rent supplements.

Figure 2. Detailed breakdown of Housing Vancouver social/supportive housing 10 year targets

Housing Type	Units
Social housing	5,900
Supportive housing	4,100
Co-operative Housing	2,000
Total	12,000

Social housing accommodates families, seniors, and singles who cannot afford market rental or ownership housing. Supportive housing provides homes for people who need supports in addition to safe, secure and affordable housing. Supportive housing is key to eliminating homelessness by helping people to stabilize their lives, enhance their independent living skills, and reconnect with their communities.

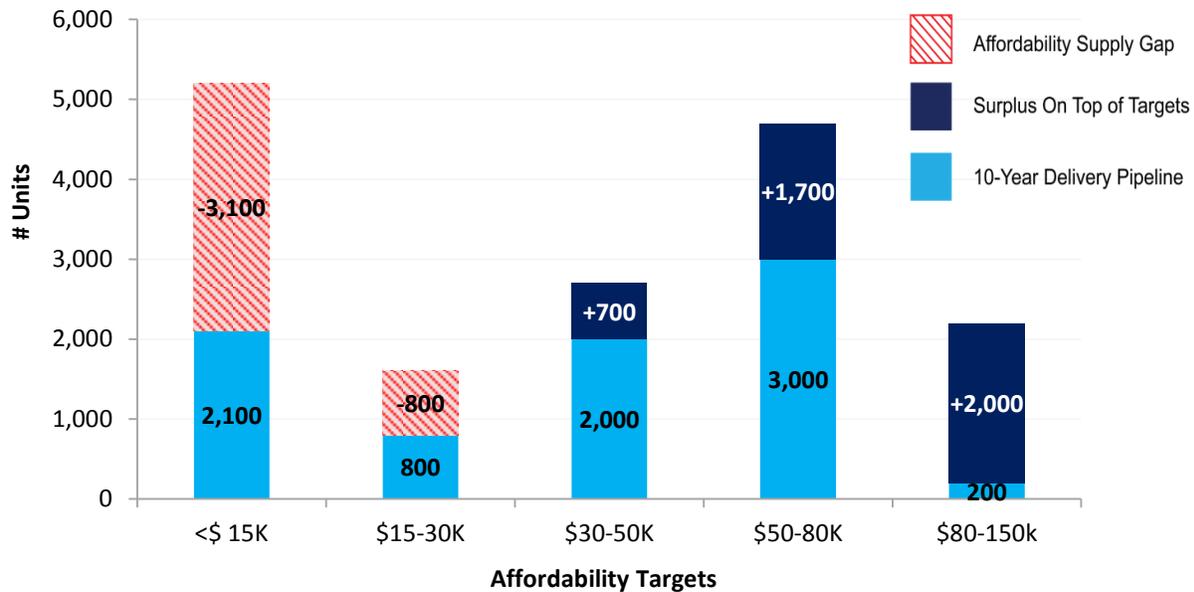
Social and supportive housing also requires additional investment and subsidies in order to be financially viable for development. The City has three primary delivery streams for social and supportive housing:

1. **City Land Contributions** – the City provides land at below-market rates for the development of affordable housing in partnership with other funding partners.
2. **Inclusionary Zoning** – the City allows for additional density for projects which provide a certain percentage of new residential development as social housing.
3. **Supporting Non-Profit Sector Projects** – the City provides capital grants and expedited processing for affordable housing projects owned and operated by non-profit housing providers in addition to additional density where supportable by policy.

In order to assess the existing capacity to deliver the increased social and supportive housing targets through these delivery streams, a potential 10-year pipeline of projects across the three delivery streams was compiled and analyzed. The first step of the analysis tested the ability to accommodate and deliver 12,000 units through current land use policies and development regulations. The analysis demonstrated that through the development of City land, support for non-profit sector projects and inclusionary policies contained in Community Plans and Sustainable Large Developments, the capacity exists to deliver the required number of units.

The second step of the analysis applied a financial lens to the 12,000 units, looking at both the affordability levels (i.e. the rental rates charged for the completed units) and the financing and equity required to achieve those levels of affordability. These affordability levels rely on market rent revenues from within the buildings to create subsidies, rather than external government operating subsidies, to enable more deeply affordable units. The analysis found that applying current affordability requirements – in other words, the levels of affordability we have been achieving over the past decade – resulted in a persistent gap in delivery of units affordable to lower-income families and singles on income assistance.

Figure 3. Estimated 10 year affordable housing pipeline forecast by income band under current affordability requirements



Conclusions drawn from this analysis are that if the City maintains its focused effort on social housing delivery, the new Housing Vancouver social housing supply targets should be achievable. However, achieving a shift towards the “right supply” – in this case the supply that is affordable to households with the lowest incomes – will require significant investment from partners, primarily senior governments. In light of this analysis, structuring the City’s delivery streams to maximize opportunities for investment from senior governments and other partners becomes imperative.

Factors Limiting Delivery of Social and Supportive Housing Supply

This Strategy sets out the approaches and financial models to increase and accelerate the delivery of a housing type which has been proven to be the most challenging to deliver. The challenges encompass both inherent complexities in delivering a specialized housing type and challenges specific to Vancouver’s housing market. These challenges highlight the need for additional subsidy and investment and include:

- Upfront equity required – To provide rental rates significantly below market from occupancy, social housing projects require significant upfront additional equity from partners on top of mortgage financing in order to enable construction.
- Long-term financial viability – The necessity of maintaining low rents impacts the revenue and future ability of projects to complete capital repairs which may require refinancing.
- Rising construction cost trends – Over the past three years, Vancouver construction costs have consistently increased, further adding to the cost of development and project viability challenges to deliver deeply affordable units.

- Coordination with social assistance programs – In high-priced markets such as Vancouver, individuals and families often require ongoing rent supplements and adequate shelter allowance as part of income assistance to enable them to access and maintain their housing.
- Economies of scale – To achieve operational efficiencies, a minimum number of social housing units (a minimum of approximately 25-30 units) are required which can be challenging to achieve on smaller and complex urban sites and on larger sites which often have competing social priorities. Encouraging a portfolio approach can mitigate the down-sides of smaller sites.

Housing Vancouver Objectives and Related Initiatives Supporting this Strategy

The Housing Vancouver 10 year plan will be implemented through two key documents, this Strategy and the 3-Year Action Plan, which includes over 110 actions to achieve the following objectives:

- **Shift toward right supply** – The new 10 year targets drive a significant shift toward rental housing along with aggressive social and supportive housing targets and new targets for ground-oriented housing forms.
- **Action to address speculation** – Introduce new approaches to address the impact of speculative demand on land and housing prices, including actions for both the City and senior governments.
- **Protect existing affordable housing** – Preserve affordability and retain the existing stock of rental and non-market housing while balancing the need to renew and expand aging buildings.
- **Align city processes with housing targets** – Housing Vancouver includes commitments to align city policies, processes, and tools in order to ensure City is best positioned to enable new supply and achieve targets.
- **Increase supports and protections for renters and those who are experiencing homelessness** – Implement strategies to address affordability, security of tenure, determinants of poverty, and housing instability.
- **Renew commitment to partnerships for affordable housing** – Align with partners across all sectors, particularly non-profit, co-operative, and Indigenous partners, while working to build new partnerships.

Many streams of related and ongoing work inform this Strategy, with a number of actions currently underway as part of implementing the Housing Vancouver 3-Year Action Plan. This body of supporting work can be roughly divided into initiatives to directly deliver on the enhanced unit targets and supporting initiatives that act as preventative upstream measures to alleviate affordability pressures in the housing system.

Figure 4. Related initiatives supporting the delivery of Housing Vancouver revised targets

Delivering on enhanced unit targets	Upstream measures mitigating affordability pressures
<ul style="list-style-type: none"> • Area Planning and Community Plans’ enabling policy to increase housing supply • Development incentives for secured rental and below-market rental housing • Pilot programs for affordable housing • Expediting and improving city processes for housing development • Capital Plan allocations for affordable housing 	<ul style="list-style-type: none"> • Strengthening protection and support for renters impacted by renovations or redevelopment • Retaining and renewing existing rental, co-operative and social housing • Measures to address speculative activity in future planning areas • Short-term rental regulations

3.0 City of Vancouver Affordable Housing Programs

The City has made progress on delivering housing along the continuum through established policies and programs and is beginning to shift delivery towards Housing Vancouver targets through the implementation of a number of new initiatives. It is expected that these initiatives will work in tandem with this Strategy and the actions contained in the Housing Vancouver 3-Year Action Plan to deliver on the full spectrum of Housing Vancouver unit targets.

Figure 5. Actions to deliver on Housing Vancouver 10 Year Housing targets across the full housing continuum

Housing Type	Policy Target(s)	Key Actions	10 Year Trend/Risk Factors
Condominiums	30,000 new	- Area/Community Plans - Major Project Sites	Condo development remains strong; the City has approved an average of ~4,200 units/year since 2014.
Townhomes, Infill & Rental Laneway Homes	10,000 new	- Making Room (expanding ground-oriented, multi-family housing options) - Recent Community Plans - Laneway Housing Program - Character Home Incentives	Low density development remains strong with an average of ~1,000 units/year since 2014.
Secured Market Rental Housing	20,000 new 58,000 preserved	- Recent and future Community /Corridor Plans - Rental Incentive Program - Moderate Income Rental Housing Pilot Program - Measures to retain rental housing stock	Market rental housing anticipated to remain feasible with inflating construction costs given the increase in rental incomes. Delivery of rental can be negatively impacted by rising interest rates, cap rates and land prices.
Social & Supportive Housing	12,000 new 25,000 preserved	- Affordable Housing Delivery & Financial Strategy - Capital Plan Contributions - Vancouver Affordable Housing Agency (VAHA)	Housing delivery streams may be impacted by rising borrowing rates and land prices in the case of land acquisitions.

4.0 Strategic Context and Drivers of Decision-Making

The key drivers of decision-making that were considered and inform the strategic directions outlined in this document include:

- Increased housing targets and constrained financial capacity of the City of Vancouver
- Optimizing the municipal tool kit and associated roles
- Re-engagement of senior levels of government for housing delivery
- Commitment from non-profit and private sector partners in a favourable investment climate

Increased housing targets and constrained financial capacity of the City of Vancouver

A core principle of the new Housing Vancouver Strategy, approved by Council in November 2017, is ensuring adequate housing supply to sustain a diversity of incomes in the City. Housing Vancouver has nearly doubled the target for social and supportive housing units over the City's previous housing strategy. This increase is in response to a growing urgent need, projected to be approximately 54,800 households over the next 10 years. At the same time, the City has been struggling to address housing need given its limited financial capacity and competing priorities, such as community facilities (community centres, childcare, cultural spaces, etc.) and the need for renewing aging infrastructure and amenities.

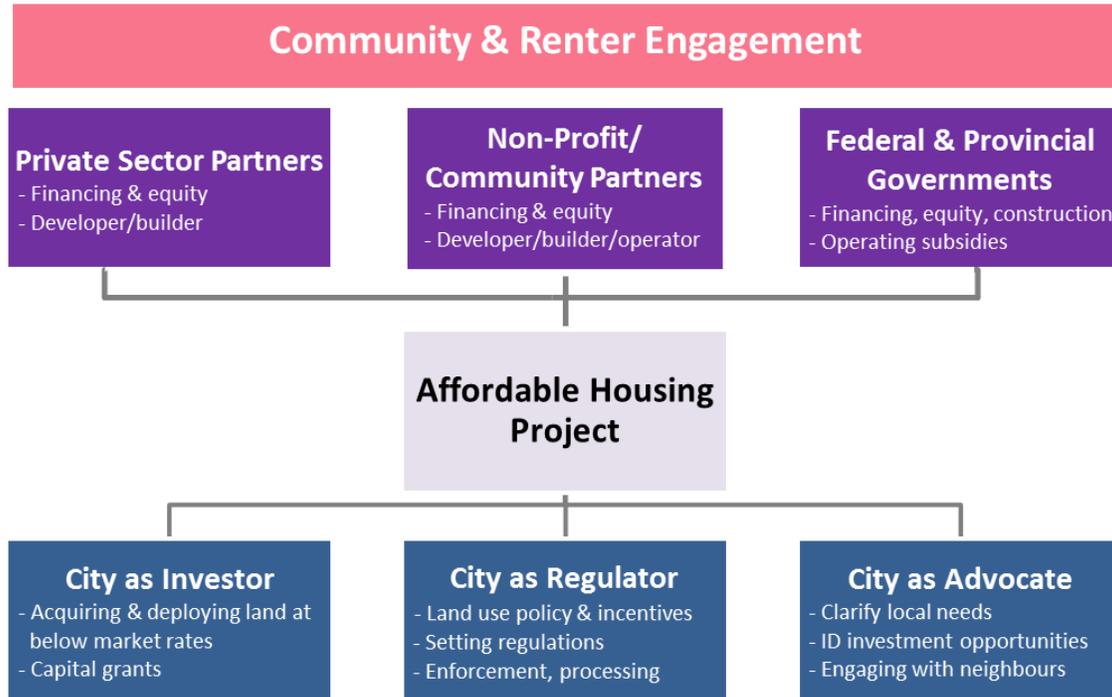
Over the past decade, the City has steadily increased its Capital Plan contribution for housing from \$18 million/year during the 2009 to 2011 Capital Plan, to \$30 million/year during the 2012 to 2014 Capital Plan and \$48 million/year during the 2015 to 2018 Capital Plan. Recently, Council approved a 4.24% property tax increase as part of the 2018 Capital and Operating Budget to balance the need to maintain and improve City services while making investments to meet future needs for a growing city. In developing this Strategy, it is recognized that the City is approaching a level of investment in affordable housing which requires trade-offs in service levels and capital investments for other critical infrastructure and amenities.

Optimizing the municipal tool kit and associated roles

The City is prepared to capitalize on three primary roles in housing delivery: the City can act as an equity partner through the deployment of city land and capital grants for affordable housing projects; as an advocate to identify local needs and investment opportunities for senior government partnerships and funding; and as a regulator to create policy to enable new development and redevelopment and to streamline development processes.

Implicit in the delineation of these roles is the need for coordinated partnerships, both with senior levels of government and community-based and private sector partners. With partner participation, the City is better able to focus on the roles and tools it is best suited to deliver on: providing regulatory oversight and enabling policy for new affordable housing developments, advocating for local housing needs to senior levels of government and contributing publicly-owned land for affordable housing development.

Figure 6. City and partner roles to enable affordable housing projects

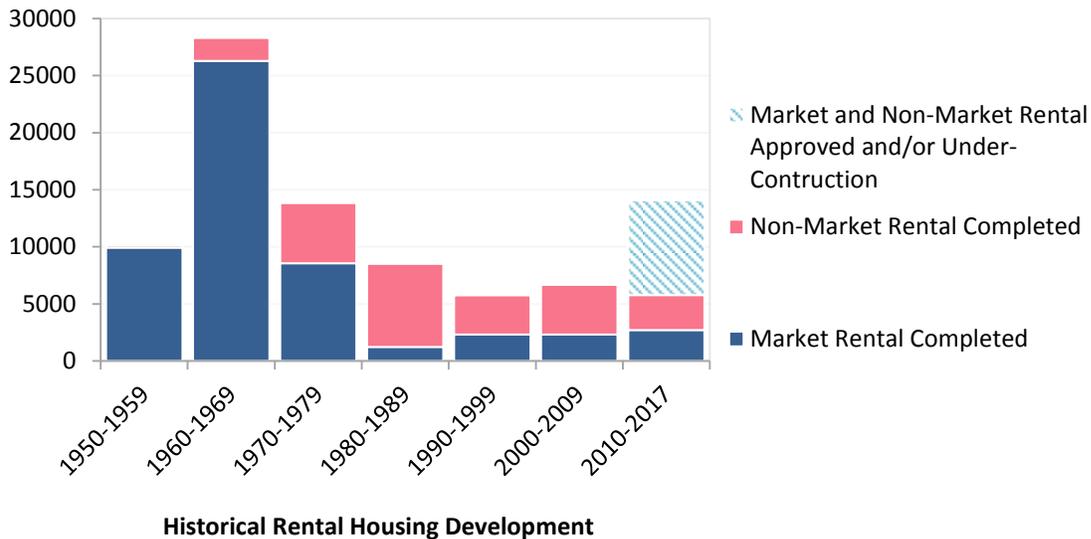


Re-engagement of senior levels of government for housing delivery

In previous decades, when Federal and Provincial government funding was available for the development of affordable housing, the City was an important partner by providing sites and contributing modest capital investment in projects to assist with viability. The result of this partnership was a significant increase in the number of non-market, co-op and purpose built rental housing delivered in Vancouver. This experience demonstrated the importance of senior government involvement in the development of housing for homeless, low- and moderate-income households.

The launch of a National Housing Strategy in November 2017 marked a significant change in policy after decades of advocacy to the Federal Government by housing groups and signaled a re-engagement for housing delivery at a national level. In February 2018, the BC Provincial government announced new directions for the delivery of affordable housing alongside new and increased funding commitments through a 30 Point Plan for Housing Affordability in BC. These changes present an opportunity for the City to re-focus the use of its regulatory authority, policy, land use, and investment tools to best optimize delivery of housing for lower-income households in partnership with senior governments, the non-profit/co-op sector and private development sector going forward.

Figure 7. Historic Delivery of Affordable Housing in Vancouver



Commitment from non-profit and private sector partners in a favourable investment climate

Vancouver’s non-profit housing and private development sectors have been engaged throughout the Housing Vancouver process, providing input that contributed to the final targets. The non-profit and co-op sectors have been advocates for meeting housing need in the city for decades and bring experience and significant assets to bear on the affordability crisis. The development industry has demonstrated willingness to work towards to Housing Vancouver targets, participating in the recent Moderate Income Rental Housing Pilot Program, which would see the development of new below-market rental units geared to moderate incomes between \$30,000 and \$80,000/year.

The City’s on-going support of these partners is important for delivering on the priorities and revised targets in Housing Vancouver, especially in light of a still favourable investment climate. Rising but still historically low interest rates and low apartment capitalization (cap) rates¹ currently make for a positive climate for delivery of below-market rental housing.

5.0 Funding Sources and Tools for Affordable Housing

The City enables development of new affordable housing through development cost levies (DCLs), community amenity contributions (CACs), and the provision of developable land at below market rent. The City uses its regulatory powers to create land use policy to enable development and density bonus provisions to assist with project viability. Of these tools, the provision of land comprises a significant City contribution to affordable housing projects; for example, the value of the seven sites deployed through the Vancouver Affordable Housing Agency (VAHA) in May 2018 is valued at approximately \$130 million.

The Federal and Provincial governments both have the mandate and resources to adequately fund social and supportive housing programs. Recent strategy and funding announcements from the Federal and

¹ Capitalization rates are a way of estimating the rate of return of an apartment building by investors, with the cap rate value calculated by dividing the net operating income divided by the cap rate).

Provincial governments have created new opportunities to capitalize on the City’s contribution of land for affordable housing and its regulatory role in creating enabling policy and expediting affordable housing projects through the development process.

Figure 8. Funding sources to create social and supportive housing projects

Development Input	Source
Developable land at below-market rate	City of Vancouver, Metro Vancouver, Provincial Government, Federal Government, Community Non-Profit Organizations, Indigenous Organizations
Density bonus provisions	City of Vancouver
Financing	Canada Mortgage and Housing Corporation (CMHC), BC Housing, Financial Institutions
Capital grants and investments	Patient Capital, BC Housing, CMHC, Charities/Foundations, City of Vancouver
Operating subsidies/rent supplements/shelter allowance	Provincial Government, Federal Government

Federal Government: a new National Housing Strategy and new funding for affordable housing

The Federal Government through CMHC provides insurance for mortgages and direct subsidies (capital grants, low-cost financing, forgivable loans etc.) for construction of new affordable housing projects and renewal of existing projects. Through the new National Housing Strategy a number of new initiatives and funding programs have been announced, including:

- **Co-Investment Fund** (launched May 2018) – Provides \$4.7 million in grants and \$8.65 billion in loans for both new construction and repairs to existing below-market and social housing projects.
- **Canada Community Housing Initiative** (endorsed by the Federal and Provincial governments in April 2018) – Provides \$4.3 billion (with Provincial cost matching) for renewal of existing social housing projects and the creation of ~50,000 new social housing units.
- **Provincial Territorial Priority Funding** – Provides \$1.1 billion (with Provincial cost matching) to address distinct housing priorities, including affordability, repair, and construction.
- **Canada Housing Benefit** – Provides \$2 billion (with Provincial cost matching) for a targeted cash benefit for low-income households in social housing, on wait lists, or in market rental.

Provincial Government: a new 30-Point Plan and new funding streams for affordable housing

The Provincial Government is responsible for funding income support programs, homeless support programs and services, as well as regulating and funding social housing. Recently, the Provincial Government has released a 30-point plan for housing affordability, outlining new investments and funding programs for affordable housing in British Columbia as a part of BC Budget 2018. These new initiatives include:

- **Social Housing** – \$445 million over 3 years to create 5,000 new mixed-income social housing units and increase rental affordability in 4,900 existing and planned social housing units.

- **Supportive Housing** – \$170 million for 2,500 supportive housing units and corresponding operating funds.
- **Temporary Modular Housing** – \$291 million over 2 years to build 2,000 temporary modular supportive housing units (including \$66 million capital funding committed for 600 units in Vancouver).
- **BC Housing Hub** – \$20 million over 3 years to expand the BC Housing Hub to increase the supply of affordable housing for middle income households (\$50,000 to \$100,000/year).

6.0 Economic Viability and Key Risk Factors for Delivering Affordable Housing

In developing this Strategy, an external consultant was contracted to test the economic viability of developing social housing, below-market rental housing, and market rental housing projects in light of potential macro-economic changes impacting the housing market. A number of variables were examined to determine the impact on the delivery of these units, including:

- Rental rates
- Land values
- Construction costs
- Interest rates
- Capitalization (cap) rates
- Strata sales prices

Key findings and risk factors identified

Focus on rental is appropriate to meet future housing needs but urgency is required

There is an opportunity in today’s climate of low interest rates and cap rates for developers to realize profits on rental housing projects. However, the viability of even market rental is vulnerable to changes in construction costs and increases in interest and cap rates over the next 10 years. Focusing on delivering rental housing now will further diversify the housing stock into the future as buildings age, creating future affordability. Viability of rental projects could be further enhanced through implementation of GST waivers for rental housing at the national level.

Rents continuing to rise faster than incomes will negatively impact almost all income bands

Affordability for households in the Housing Vancouver income bands is vulnerable to rising rents. Continued rent escalation at 4% would result in creating housing cost burden for low-income singles (<\$50,000/year) to afford studio and one-bedroom units and low-income families (<\$80,000/year) to afford 2 and 3 bedroom units. Rising rents coupled with minimal income increases will have further knock-on effects as higher income households (\$150,000/year), currently assumed to be served by the ownership market, will likely move into rental putting further pressure on availability of units.

Significant increases in borrowing rates will negatively impact deeper affordability projects

Non-profit/co-op led projects and deeper affordability projects on city land are vulnerable to increases in borrowing rates over the next 10 years. This is because access to low-cost financing upfront during construction and upon project completion is essential to offset part of the upfront equity gap of projects seeking to provide deep affordability (and hence lower rental revenues) from day one. This demonstrates the importance of making low-cost predictable financing available for affordable projects such as the recently announced Federal Co-Investment Fund.

Provision of City land and increased density alone will not eliminate equity gap for social housing
Even with the contribution of city-land at below-market rent, there is still a need for significant upfront equity and ongoing rent subsidies to ensure the project is viable over the long term. The upfront equity requirement will increase with rises in borrowing rates and construction costs.

Impacts on Strategic Direction for delivery of social and supportive housing

Given the lack of control over macro-economic factors, the Strategy will need to incorporate flexibility and resiliency into its guiding principles to mitigate potential future risks. Housing Vancouver's intentional focus on driving a significant shift towards rental housing is appropriate to meet current and future housing needs, however an examination of economic risk factors highlights the need to act urgently to complete these projects.

In developing this Strategy it is acknowledged that delivery models should incorporate the ability to adjust rental rates over the long-term to mitigate against potential future increases in the cost of construction and/or financing. There will also be a need to be nimble and shift delivery emphasis between streams depending on changing market conditions.

The impact of changing market conditions (e.g. rising interest rates and rental rates), which increases costs to construct, on reaching Housing Vancouver unit targets will be delivery of fewer units affordable to individuals and households earning <\$30,000/year, including homeless individuals and those on income assistance/old age security. Therefore, it will be even more important to secure predictable partnerships with senior levels of government and the non-profit sector, to enhance the resilience of the affordable housing program in order to meet the unit targets over the long term.

7.0 Future Delivery of Affordable Housing in Vancouver

Over the past decade, the City has been successful in adopting new policies, tools, and approaches to increase rental housing options affordable to middle income single and family households (\$50,000 to \$150,000/year). The City has been challenged in meeting the needs of lower income households, including individuals and families on income assistance and those currently or at risk of homelessness, given its limited financial capacity to deliver these types of units and the need to deliver other essential services to Vancouverites.

Through the Housing Vancouver process and experience delivering affordable housing projects, we have confirmed that alignment between all partners in the housing system is essential to fund and deliver housing options for incomes <\$50,000/year. There is currently a new opportunity for alignment between all levels of government with the re-engagement of the Provincial and Federal governments to dedicate significant investments for social and supportive housing, as well as affordable rental housing. This opportunity is augmented by willing non-profit and private sector partners that bring their expertise and resources to bear on addressing the housing crisis.

Our Strategic Direction for the next 10 Years

This 10-year delivery and financial strategy lays out a clear direction for addressing the ambitious targets set out in Housing Vancouver to address an urgent and chronic housing crisis and take advantage of a favourable partnership context.

Through this Strategy, the City is refocusing its affordable housing policies, programs, investments and delivery mechanisms to optimize delivery of Housing Vancouver affordability and unit targets and to both align with new senior government funding programs and capitalize on partner contributions. Working together with these partners, the City will seek to meet the financial challenge identified above: to deliver housing at deeper levels of affordability for lower-income households and residents who are experiencing homelessness within the City's fiscal capacity. The new approach will focus on the provision of City land and modest capital grants to leverage strategic partnerships and funding contributions from senior governments and community partners. Concurrently, the City will continue to use municipal tools to protect existing affordable housing and enable the creation of rental and ownership options affordable to moderate income residents.

The City has recently taken on a more active role in monitoring both existing and new affordable housing projects to ensure affordability is maintained, and this will continue going forward. In 2015, the City established the Partner Agreements division in Arts, Culture, and Community Services to provide oversight and management of the City's contractual relationships with co-ops and non-profits operating housing on City Land, as well as to monitor new housing agreements and leases delivered through inclusionary housing policy and as a result of the development of City-owned land. This increased focus on oversight and management of contractual relationships to ensure desired outcomes are achieved will be a key element of implementing this Strategy.

In order to facilitate this refocused effort, this Strategy proposes a new delivery model that will take advantage of the affordable housing land bank the City has built over the past several decades, and the policy innovation and technical capacity that has been developed in recent years. Through the creation of a new Affordable Housing Endowment Fund (the Fund), the City will seize the opportunity to consolidate all City-owned non-market housing assets into a single portfolio with a clear mandate to preserve and grow the City's affordable housing stock in a sustainable way to serve Vancouver citizens over the long-term. This will be a foundation to move the City toward a sustainable state to continue to participate in the future delivery of housing affordable to lower-income residents.

Guiding Values and Principles for the Strategy

This strategy is guided by the values articulated in Housing Vancouver:

- **Diversity** – Housing should respond to the diversity of people and households who call Vancouver home.
- **Security** – Housing is about 'homes first' and security of tenure, and is an important foundation for a sense of belonging in the city.
- **Affordability** – All residents should have access to housing options within their means that meet their needs.
- **Connection** – The right mix of homes supports resilient community, with strong connections between people, places and communities.
- **Equity** – Housing should promote equitable access to jobs, education, and other opportunities for economic prosperity for people of all ages, incomes and backgrounds.

The principles for this Strategy, guiding decision-making for policies and resources under each delivery program, include:

1. Prioritize delivery models that are best positioned to achieve deeper levels of affordability for lower-income households, individuals who are homeless, and those in need of housing supports through leveraging of government, non-profit/community-based, and private sector partnerships and funding.
2. Ensure flexibility and resiliency in housing delivery models to enable a greater number and type (i.e. size and location to meet needs of intended residents) of affordable housing units within the City's fiscal capacity, being mindful of the need for financial viability into the future.
3. Optimize the City's regulatory and oversight roles as well as municipal tools to prioritize affordable housing projects through the development process and ensure ongoing consistent application of policies, regulations and programs.
4. Be a strong advocate and partner in advancing growth and capacity of community, non-profit and co-op housing partners to address the specific client needs they specialize in and contribute to the resiliency of Vancouver's non-market housing sector.

Consolidating City Housing Assets into a new Affordable Housing Endowment Fund

The City has developed a number of innovative responses to the housing crisis, including new policy approaches, regulatory incentives and requirements, and housing delivery streams. However, through the Housing Vancouver process, it became clear that these responses would benefit from a more consolidated and coordinated approach across City Departments. Further, review of other jurisdictions, most notably the City of Vienna, revealed that strong alignment of goals, programs, and decision-making is a key element of successful housing models.

Within the City of Vancouver, the delivery of non-market housing and the management of non-market housing assets are distributed across a number of business units. The non-market assets – including land, buildings, and Air Space Parcels (social housing components within larger private developments) – are managed across three separate governance structures. These include the Capital Fund (CF), the Property Endowment Fund (PEF) and, to a lesser degree, the City of Vancouver Public Housing Corporation (VPHC). In the case of the CF and PEF, where the majority of the assets are held, affordable housing delivery is not the core mandate of these funds: the growth and preservation of affordable housing must be considered alongside other civic priorities for limited funding. As a result, while these funds have accumulated significant non-market housing assets, housing decisions have been made on a transactional or project-by-project basis. This approach has limited the City's ability to maximize affordability and social outcomes through potential economies of scale, portfolio optimization, and clarity of purpose and decision-making.

To enable consolidation and optimization, this Strategy includes the creation of a new Affordable Housing Endowment Fund (the Fund) into which all non-market housing assets will be transferred. The total assets to be transferred to this new Fund include over 200 non-market housing assets with an assessed value of approximately \$2 billion.

The Fund is intended to become the consolidated portfolio for the delivery of non-market housing in the City of Vancouver. In addition to holding existing non-market housing assets, the Fund will enable a portfolio approach to optimize the preservation of those assets balanced with the need to grow the non-market housing stock in the City. The Fund will benefit from dedicated land use policies and funding sources to acquire new assets to benefit Vancouver residents. These sources are expected to include:

- Revenue from development contributions (DCLs and CACs);
- Emerging sources of revenue, such as the Empty Homes Tax;
- Non-market housing assets secured through inclusionary housing requirements and rezoning; and
- Revenue generated through the assets held in the Fund, such as lease payments and surplus sharing from non-profit and co-operative housing associations.

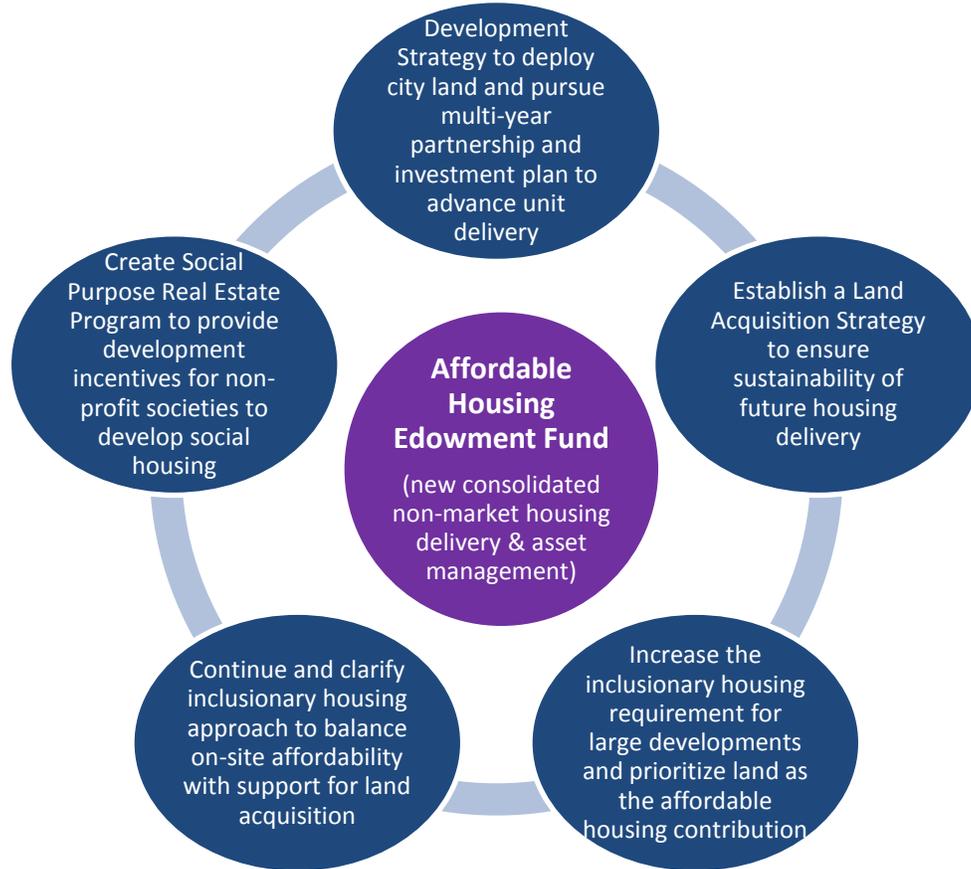
Through the combination of existing assets and dedicated revenue streams identified above, the Fund will have the resources, capacity and focus required to support the growth and preservation of the City's affordable housing portfolio. To create the Fund, staff will develop a governance structure, oversight function and performance measures to be reported on as part of ongoing monitoring of this Strategy.

Enhanced Approaches to Social and Supportive Housing Delivery

This Strategy identifies five key enhanced approaches for the delivery of the 12,000 units of social and supportive housing aligned with Housing Vancouver target income bands over the next 10 years and facilitated through the new Affordable Housing Endowment Fund:

1. Implement a Development Strategy that relies on deployment of an average of four city sites with a capacity for 500 to 600 units of social and supportive housing each year and engage senior levels of government in a multi-year partnership and investment plan to advance the delivery of these units.
2. Establish a Land Acquisition Strategy to prioritize securing City land for new social housing to ensure sustainability of the delivery of housing options for lower-income residents and individuals who are experiencing homelessness, into the future.
3. Increase the inclusionary housing requirement for large development sites, prioritizing the provision of unencumbered dirt sites as a contribution to the Land Acquisition Strategy, while retaining flexibility to consider alternate policy options for complex sites.
4. Continue and clarify approach to inclusionary housing city-wide to balance on-site affordability levels with reinvestment of lease payments to preserve and grow the housing portfolio, including contributions to the Land Acquisition Strategy.
5. Create a new Social Purpose Real Estate Program that combines development incentives and capital grants for non-profit and co-op housing societies and faith-based organizations to deliver increased social and supportive housing outcomes.

Figure 9. Key areas for change under Strategy to deliver 12,000 social/supportive housing units over 10 years



- 1. Implement a Development Strategy that relies on deployment of an average of four city sites with a capacity for 500 to 600 units of social and supportive housing each year and engage senior levels of government in a multi-year partnership and investment plan to advance the delivery of these units.**

The provision of City land for social housing is a critical element of this Strategy, with 5,900 new homes (including modular housing) anticipated to be delivered through this stream over the next 10 years – approximately 49% of the 12,000 unit target. The City therefore has a significant role to play, and this delivery stream will be the most significant source of the 12,000 new social and supportive units.

Financing and equity requirements for housing projects are driven by development costs and the level of affordability required: deeper levels of affordability (i.e. lower rents) results in lower mortgage capacity to finance the initial construction costs. To achieve the deeper levels of affordability required by Housing Vancouver, a greater amount of upfront cash and/or patient equity from partners will be required on top of land equity contributed by the City.

Initial analysis of the equity gap requiring partner funding to deliver 5,900 at Housing Vancouver enhanced affordability levels is approximately \$1.1 billion over 10 years, and the land equity to be contributed by the City is valued at approximately \$1.2 billion.

Figure 10. City land portfolio estimated deployment timeline over 10 years to achieve new Housing Vancouver unit and affordability targets*

Metric Projections	Years 1-5	Years 6-10	Total
Number of sites anticipated to be deployed	35	20	55
Approx. number of units at Housing Vancouver affordability levels**	2,400	3,500	5,900
Land equity contribution (2018 - \$Ms)***	\$500	\$700	\$1,200
Anticipated partner investment required (2018 - \$Ms)	\$450	\$650	\$1,100

* Timeline is subject to change, dependent on project complexity and unanticipated delays that may arise through the development process.

** Unit total includes modular housing units and associated sites, and estimates of additional units that could potentially be delivered through the redevelopment of existing non-profit and co-op housing current on city-leased sites.

*** The City’s land equity contribution of \$1.2 billion represents a market-oriented valuation estimate of the City-owned land – existing and anticipated – on which the 5,900 units will be located. New land will be secured as Community Amenity Contributions through rezonings, as well as through: i.) existing purchase option agreements, and ii.) where necessary, purchases on the open market. The City’s Draft 2019-2022 Capital Plan (Capital Plan) includes \$75 million for the acquisition of new land. As the finalized Capital Plan is implemented, the \$75 million allocation will be adjusted, if required, to supplement the City-owned land portfolio.

The City’s land portfolio includes sites of varying sizes, locations, existing zoning, and level of readiness to proceed. Delays in the delivery of affordable housing projects are often attributed to the uncertainty inherent in securing upfront cash equity and financing that may come from a variety of sources, including government programs, private and philanthropic donations, non-profit equity, and financial institutions. Working toward a multi-year partnership and investment plan through engagement with senior levels of government will mitigate risks of uncertain funding and financing for projects by establishing a partnership for stable, predictable multi-year funding to enable projects to proceed in a timely manner.

Another key partnership opportunity for the deployment of City land for affordable housing is the 2016 MOU signed with the Metro Vancouver Aboriginal Executive Council (MVAEC) that formally established working relationships with 25 urban Indigenous agencies. The MOU outlines seven principles to guide development and delivery of services for the urban Indigenous population. This MOU and the emergence of the MST Development Corporation provide new opportunities to partner with both urban Indigenous agencies and local First Nations to support their vision for housing and wellness on their lands and/or for their communities.

As the City advances its equity framework to be developed through the work of the Healthy City Strategy and other social policy efforts (e.g. Women’s Equity Strategy, TGV2S Inclusion Strategy), additional housing population priorities may be reflected in City targets and projects.

- 2. Establish a Land Acquisition Strategy to prioritize securing City land for new social housing to ensure sustainability of the delivery of housing options for lower-income residents and individuals who are experiencing homelessness, into the future.**

Vancouver’s population is projected to grow to 740,000 by 2041, an addition of 108,514 over the 2016 population of 631,486.² Responding to the diverse needs of a changing population while maintaining the existing diversity in the city in the face of high land values and costs of living will continue to be a challenge. A key factor in ensuring the city meets future housing need will be the provision of an adequate supply of publicly-owned land that can be provided at below-market cost for affordable housing projects.

The current City land portfolio designated for affordable housing has been acquired through direct purchases and as part of social housing requirements for large development sites. Applying a needs-based methodology based on Housing Vancouver unit targets demonstrates that approximately four sites per year are required to meet the first 10 year targets. Going forward in developing a land acquisition strategy, this methodology will be used to establish acquisition goals for future housing delivery.

Consideration of partnerships and regional coordination will also be important when developing a land acquisition strategy as housing and labour markets are fundamentally regional in scope and linked to infrastructure and rapid transit investment. The Metro Vancouver Regional Affordable Housing Strategy and Regional Homelessness Strategy provide a foundation for regional collaboration on housing issues.

The Land Acquisition Strategy, developed in concert with the Affordable Housing Endowment Fund, will establish appropriate internal funding and decision-making mechanisms as well as preferred acquisition characteristics, ranking criteria for acquisitions that balance the use of public money to compete with market land prices and investors. It will rely on securing land through regulatory approvals processes, as well as strategic acquisitions to support key partnership projects.

Action items to develop this acquisition and development strategy will include:

Action	Detail
Establish preferred acquisition characteristics	<ul style="list-style-type: none"> • Specific characteristics of desired sites that are appropriate for intended tenants (e.g. proximity to transit, amenities) • Consider opportunities for co-location with and adjacency to other needed social services/facilities
Establish ranking criteria for acquisitions	<ul style="list-style-type: none"> • Establish criteria to guide decision-making regarding land purchases • Ensure value for money by balancing the use of public money with the need to compete for land with market land prices and investors • Focus on strategic locations for sites, e.g. which can assist partner projects
Identify sources of land	<ul style="list-style-type: none"> • Coordinated with Non-Profit Lease Framework and future planning programs • Sources include direct purchase and inclusionary housing requirements

² Census 2016, Statistics Canada and Metro Vancouver Regional Growth Strategy Projections 2006-2041.

<p>Identify sources of funding</p>	<ul style="list-style-type: none"> • Long-term goal of sustainable City funding for land acquisitions recognizing the need for other funding sources as affordable housing projects themselves delivering affordability cannot be the primary vehicle for funding acquisitions • Focus on need to maintain existing project’s affordability, while realizing a return on land where appropriate to continue to invest in and grow the housing portfolio • Sources include CAC and DCL contributions, , new sources of revenue (e.g. pre-paid lease payments, surplus sharing, Empty Home Tax revenue)
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3. Increase the inclusionary housing requirement for large development sites, prioritizing the provision of unencumbered dirt sites as a contribution to the Land Acquisition Strategy, while retaining flexibility to consider alternate policy options for complex sites.

The inclusionary housing policies for Sustainable Large Developments (sites over 2 acres) currently require an affordable housing contribution of 20% of residential floor space for affordable housing, with significant flexibility in how that affordable housing is delivered. In adopting Housing Vancouver, Council directed staff to do the following:

Increase the City’s inclusionary housing policies through a review of the Sustainable Large Sites Policy for major project sites to better reflect Housing Vancouver targets, including the need for social housing and housing for ‘Missing Middle’ households, while providing flexibility in delivery to ensure financial viability and the delivery of other community amenities (Housing Vancouver 3-Year Action Plan, Action 3B, Expand and enhance the use of inclusionary housing policies).

To respond to this direction, the inclusionary housing requirements for Sustainable Large Developments will be increased to require that a minimum of 30% of residential floor area is set aside for affordable housing. The policy will be structured to include two key components, including a minimum 20% social housing target and a 10% moderate income housing target, as detailed below:

20% social housing target

The minimum 20% policy will continue to prioritize the delivery of social housing for households with low and moderate incomes. In order to contribute to the overall Strategy, the priority for delivery of the minimum 20% social housing requirement is to secure the transfer of unencumbered dirt sites to the City to accommodate a minimum of 20% of the site’s residential floor space as social housing. This approach contributes to the City’s land acquisition strategy and enables senior government funding to assist with project delivery and to deepen affordability. The City may also contribute funding towards the construction of the housing on the lands, depending on the availability of funding through the Community Amenity Contribution or other sources and the ability to deliver the overall public benefits strategy for the development.

If it can be demonstrated that providing dirt sites is not possible due to project context, consideration will then be given to an alternative delivery option. An example of a context that would make it challenging to deliver dirt sites would be that a portion of the site is high density, mixed use development and separating out a largely residential land parcel is not possible. In cases such as these,

where securing land to accommodate the full 20% requirement is not possible, consideration will be given to delivery of all or a portion of the 20% floor space requirement as turn-key social housing, with ownership transferred to the City in the form of an Air Space Parcel.

10% moderate income housing target

In addition to the minimum 20% requirement, a further 10% of residential floor space will be required to be delivered as an alternative form of affordable housing, primarily targeted to households with moderate incomes. Housing Vancouver describes target incomes for moderate income rental housing as \$30,000 to \$80,000 /year. This requirement is anticipated to be delivered as privately-owned rental housing with units secured at moderate income rental rates. However, should the required legislative changes be made to enable consideration of affordable home ownerships (AHO) options, the City will revisit the affordable housing requirement criteria to determine under what circumstances AHO would be considered. Housing Vancouver generally identifies a gap in affordable ownership options for households with incomes between \$50,000 and \$150,000 per year, with the higher end of the income spectrum referencing larger units for families with children.

This new approach described above clarifies the City’s policy priorities and outlines a standard approach to affordable housing delivery on these sites. However, the diversity of sites, levels of complexity, existing uses and context, and diversity of site owners/proponents necessitates a degree of flexibility in the application of the policy. As such, the General Manager of Planning, Urban Design and Sustainability may recommend alternative approaches to Council when there is clear rationale in the context of the project and it has been determined that an alternate approach would contribute to the goals outlined in this Strategy.

This overall policy shift is aligned with the Strategy priority to ensure the continuing availability of City-owned land for future affordable housing developments and will be a source of land and/or a source of funding for a Land Acquisition Strategy. Securing land contributions in this way will open opportunities to secure funding beyond City sources, leverage partner funds to deepen affordability, and better meet Housing Vancouver income targets. In order to maintain a resilient approach, this prioritization will be subject to re-evaluation should the current senior government funding and investment program environment shift significantly

Actions to implement this policy shift include:

Action	Detail
Update the 20% affordable housing policy for Sustainable Large Developments	<ul style="list-style-type: none"> Coordinated with ongoing work to update/revise the Rezoning Policy for Sustainable Large Developments
Establish long-term asset management plan and legal mechanisms for monitoring and oversight for units secured through inclusionary zoning	<ul style="list-style-type: none"> Coordinated with the creation of the VHT and the Non-Profit Lease Framework to determine appropriate City enforcement mechanisms for monitoring and oversight, including report requirements, income testing, and asset management plans

4. Continue and clarify approach to inclusionary housing city-wide to balance on-site affordability levels with reinvestment of lease payments to preserve and grow housing portfolio, including contributions to the Land Acquisition Strategy

Recent community plans (e.g. Downtown Eastside, West End, and Cambie Corridor) make use of inclusionary housing policies and zoning as a tool to deliver needed social housing alongside new market residential development. Inclusionary policies require a certain percentage of the new development to be social housing, usually delivered turnkey to the City in an Air Space Parcel (ASP), in exchange for additional density. The social housing requirements under inclusionary zoning range from 20-30% of floor space with higher affordability requirements in place in the DTES.

The City's standard delivery model for inclusionary units includes the following steps:

1. The City secures the delivery of the social housing in an ASP as a condition of rezoning and/or development permit approval.
2. The City secures ownership of the ASP from the developer upon completion.
3. The City, guided by Council policy, determines the targeted level of affordability for each project.
4. The City selects a non-profit housing operator from a pre-qualified shortlist to operate the building and maintain the asset.
5. The ASP is managed by the non-profit operator on a long-term leasehold basis for a standard term of 60 years. The non-profit operator makes a pre-paid lease payment to the City in an amount that is determined based on the ability of the project to sustain a mortgage at the pre-determined level of affordability.

Under this delivery model, the City contributes the full cost, through the allocation of value created by increased density, of delivering these inclusionary units. The pre-paid lease approach is the most effective way to generate additional funding to invest in land acquisition in the Affordable Housing Endowment Fund or to deepen affordability on other sites. Going forward, the Fund will enable the City to take a portfolio approach for all inclusionary housing units acquired through inclusionary zoning, enabling a more coordinated and intentional approach to optimize this stream to deliver on Housing Vancouver targets.

This strategy proposes two key approaches to the use of inclusionary housing policies, reflecting the role of inclusionary housing units within a larger portfolio approach to delivering the social housing targets identified in Housing Vancouver.

1. In areas covered by the City's standard social housing definitions that anticipate mixed-income social housing projects (e.g. West End and Cambie Corridor), the City will continue to use the standard practice outlined above, balancing the depth of affordability with the need to generate funding that can be put toward the overall portfolio.
 - Inclusionary requirements will continue to be identified in Community Plans or other planning documents (e.g. Official Development Plans), currently ranging from a minimum of 20% to 30% of residential floor space.
 - Inclusionary housing units will be built to the City's specifications and transferred to the City in Air Space Parcels. These ASPs will be leased to pre-qualified non-profit housing operators wherever possible, with pre-paid leases determined in accordance with the targeted level of affordability.

- Unless otherwise specified in Community Plans or other planning documents, the targeted level of affordability will reflect the Housing Vancouver income targets for social housing, with a focus on households in the \$30,000 to \$50,000 and \$50,000 to \$80,000/year income ranges. However, more households with very low incomes will be served in these buildings when contributions are available from senior governments and community partners to support the deeper levels of affordability required to meet their needs. These contributions could be in the form of preferential mortgage rates and terms, low-cost patient equity, capital grants, or operating subsidies or rent supplements to subsidize lower rent revenue.
2. In the Downtown Eastside (DTES) areas where the City's policies and regulations require deeper levels of affordability, the City will introduce an option for non-profit ownership of the ASPs secured through inclusionary housing policies and zoning. This option is already underway in the Downtown Eastside Oppenheimer District, and this policy shift will enable the City and partners to trial it in other areas of the DTES. The introduction of an ownership option for non-profit housing societies in the DTES will serve as a pilot to test how project viability can be improved while delivering significant affordability. This policy option will further work towards the Strategy principle of partnering to grow the capacity of the community/non-profit based housing sector. An ownership option may enable non-profit societies to better leverage their assets to enable new projects or deeper affordability across their own portfolios.
- In the DTES Local Area Plan, and specifically in the Hastings (M-1) and Kiwassa (I-2) areas, continue to meet all LAP requirements for the inclusion of social housing, while introducing an option for non-profit ownership.
 - In the Hastings (M-1) area, where the requirement outlines a range of a minimum of 20% to 30% of units to be secured as social housing, the requirement to transfer a minimum of 20% of units turn-key to the City will be retained, but non-profit ownership will be considered where a minimum of 25% of units can be delivered as social housing. This approach serves to maintain the land value encumbrance of the 20% minimum requirement, limiting speculative land value increases in the area. It also reflects the potential for a modest equity investment by non-profit housing societies, which has the potential to increase the achievement of social housing within the target range of 20% to 30% set out in the Plan. The ability to consolidate site requirements is also currently considered and provides an additional flexibility that may assist in delivery of more units.
 - In the Kiwassa (I-2) area, where the inclusionary requirement is fixed at a minimum of 20%, non-profit ownership will be considered for projects, with a focus on those that significantly exceed the minimum level of affordability set out in the DTES Plan, or are made more viable through this flexibility.
 - The minimum affordability level will continue to reflect the targets in the Plan and requirements of City regulations for the area, with a minimum of one-third of the units affordable to households on Income Assistance or other forms of social assistance, one-third targeted to incomes below the HILs and one-third at the Low-End of Market.

- As these inclusionary requirements are part of the City’s regulatory approvals process, the City will exercise discretion through the rezoning process in determining the circumstances and requirements around third-party ownership of the social housing assets. A new framework for non-profit ownership of inclusionary assets will be developed, including affordability requirements, operating requirements, surplus allocation, a process for vetting qualifications of societies, and legal mechanisms to re-purchase and to secure and monitor affordability into the future, such as the City’s new legislative authority to zone for tenure.

Inclusionary policies and zoning are relatively new tools used in Vancouver: as of December 2017, 21 inclusionary housing projects have been approved under inclusionary policies and zoning totaling approximately 1,500 social housing units for low- and moderate-income families and individuals. Initial analysis of inclusionary projects delivered in relatively high value locations shows that these projects are not only financially viable but also have the potential to generate significant rental revenue, creating an opportunity to apply the revenue from these projects as a funding source for a Land Acquisition Strategy to enable more affordable housing projects for lower-income residents. Conversely, inclusionary projects in the DTES are already delivering a deeper level of affordability and lend themselves to testing direct ownership and management by the non-profit sector on a pilot basis. It is anticipated that the inclusionary housing program will continue to evolve as the City and its partners continues to learn through implementation.

Actions to implement these policy shifts include:

Action	Detail
Establish framework for Non-Profit ownership of social housing units	<ul style="list-style-type: none"> • Framework to address terms under which ownership will occur, including affordability levels, operating requirements, surplus allocation, a process for vetting qualifications of societies, and legal mechanisms to purchase, and to secure and monitor affordability into the future.
Establish long-term asset management plan and legal mechanisms for monitoring and oversight for units secured through inclusionary zoning	<ul style="list-style-type: none"> • Coordinated with Non-Profit Lease Framework to determine appropriate City enforcement mechanisms for monitoring and oversight, including report requirements, income and asset testing, and asset management plans.

5. Create a new Social Purpose Real Estate Program that combines development incentives and capital grants for non-profit and co-op housing societies and faith-based organizations to deliver increased social and supportive housing outcomes.

The City currently provides support for non-profit led affordable housing projects through provision of capital grants on a first-come-first-served basis and, more recently, through the Social Housing or Rental Tenure (SHORT) pilot program to expedite affordable housing projects through the development process. Current grants typically make up less than 5% of the total cost of a project and as such have a minimal impact on affordability over the long term. However, at an average cost to the City of \$15,000 to \$20,000 per unit, the grants are the most cost-effective way for the City to contribute to social housing projects.

The timing of the grants and ability to leverage partner funds also help to reduce the equity gap for affordable housing projects.

Going forward, the Strategy seeks to shift towards more pro-active and targeted support to non-profit led affordable projects. This will be achieved by combining City investments for non-profit affordable housing projects under a Social Purpose Real Estate Program. The Program will include the following elements:

- **Housing Infrastructure Grant (HIG) Program** – The grant amount set aside in the draft 2019-2022 Capital Plan represents a doubling of the average grant amount to \$30,000 per unit (depending on unit type). Through the further development of the HIG Program, the City will seek to more intentionally align grant allocations with the housing needs and targets identified in Housing Vancouver. For example, larger grants may be targeted to projects that achieve deeper affordability, particularly where City grants can leverage partner funding. Granting criteria will more specifically seek to align with goals to build capacity and scale in the community/non-profit based housing sector, ensuring grants are targeted to organizations with sustainable growth objectives. The City will also examine the timing for the allocation of City grants to determine when they can have the greatest impact on project viability and affordability.
- **Incentive Program to develop new or redevelop existing non-profit sites** – The City will develop a new program targeted to the non-profit sector that will be similar to the current Secured Market Rental Program, which provides clear incentives such as additional density, DCL waivers, and parking relaxations for projects where 100% of the residential floor space is rental housing. A key change will be a shift towards density bonusing through district schedules where appropriate in order to reduce the additional development time added by requiring rezoning. For example, staff are proposing a density bonus structure in the RM-4 district where 94 existing non-profit housing projects are located. This will enable these projects to be renewed without requiring a time-consuming and costly rezoning process. The development of this program will also be coordinated with ongoing work to enable faith-based organizations to redevelop Places of Worship to enable the delivery of affordable housing while ensuring retention of existing community-serving uses.

Non-profit, co-ops, and faith-based organizations have significant land assets and often have strong values alignment on affordable housing with the City. However, many of these organizations lack experience and understanding of development processes. Some non-profit housing societies are building their capacity in this area, bringing on in-house development staff, a move the City supports. For other societies, activating existing assets will require additional development support. Some of this support may come through BC Housing's newly launched Housing Hub, and through stronger coordination of the community-based housing sector through Housing Central. In developing this program, the City will work with partners to consider what further support is needed to enable more housing to be delivered in line with the Housing Vancouver Strategy.

- **Enhance the City's ability to prioritize non-profit housing projects, including continued support for the SHORT Program** – Consultation with the non-profit sector, the Provincial Government, and other partners has identified long review processes as adding significantly to the challenges and cost of delivering affordable housing projects. These partners identify better prioritization

and expediting of projects that address the goals of Housing Vancouver as a key role the City can play.

This Strategy identifies prioritized and expedited development approvals for social and rental housing projects as a core mandate for the City. While partnerships are required to fund and deliver the projects, the City is the only organization with jurisdiction of land use and development approvals within its boundaries. The City has taken dramatic steps in recent years to act on this responsibility, increasing permit fees to add development processing staff and launching the SHORT pilot program with a goal of cutting approval times in half for social housing projects. There is support for applying lessons from this pilot program to optimize a fast track for affordable housing projects which will be permanent in the future.

This work has significant operating budget implications for the City that will be addressed through the further development of the program and the 2019 Operating Budget. The City will also explore improved prioritization processes through the re-organization of the Planning, Urban Design and Sustainability Department, with the reformed Rezoning Centre representing an initial opportunity.

Actions to implement this policy shift include:

Action	Detail
Update Housing Infrastructure Grant criteria	<ul style="list-style-type: none"> Criteria to be developed to inform decision-making for targeting greater grant amounts to projects which achieve Housing Vancouver goals Criteria to consider opportunities for building non-profit housing sector capacity and scale
Establish Incentive Program to develop new or redevelop existing non-profit sites	<ul style="list-style-type: none"> Coordinated with other city-wide density bonusing initiatives and Places of Worship study work program
Evaluation of SHORT Program	<ul style="list-style-type: none"> Complete one year pilot program and conduct comprehensive evaluation (including operating budget implications) to inform future action to prioritize affordable housing projects

Anticipated Outcomes from the Affordable Housing Delivery and Financial Strategy

The directions outlined in this Strategy are anticipated to deliver the 12,000 units of social and supportive housing set out in Housing Vancouver over the next 10 years at the affordability levels required to maintain income diversity in the City. These projections are based on existing known projects which could deliver social and supportive housing within the 10 year pipeline with exact delivery years subject to variations in development process and timeline as is the case with all development projects. Specific affordability mix within each project is also subject to change due to financial viability at the time the project is brought forward. However, affordability levels will be guided by the new Housing Vancouver targets and, as such, each project will contribute to the targets for household incomes contained in Housing Vancouver.

Figure 12. Anticipated 10 year delivery of social and supportive units by delivery program

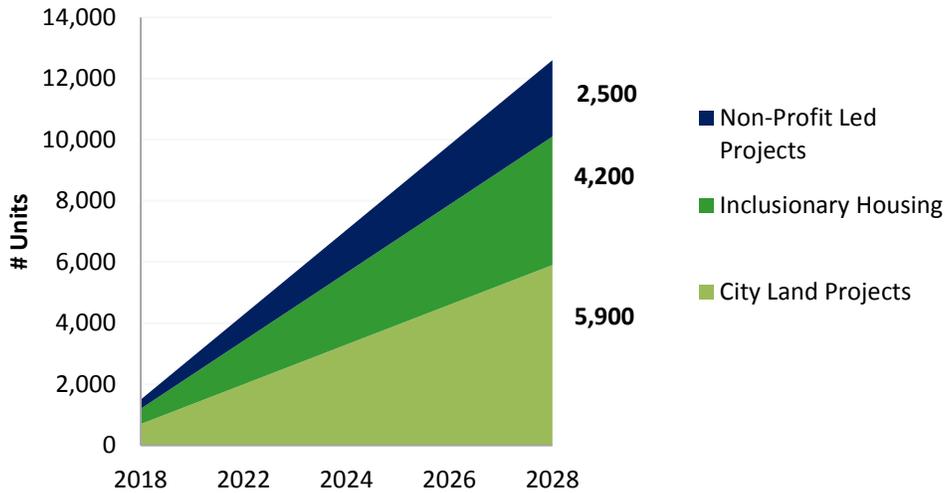


Figure 13. Projected 10-year unit outcomes in existing pipeline and preliminary contribution estimates

Program delivery stream	10 Yr. unit outcome	Estimated value (2018 - \$Ms)	Potential funding sources (\$Ms)				
			City contributions	Partner contributions		Project-level financing	Total funding sources
				Land Equity	Cash Equity		
City Land Deployment /Land Acquisition Program*	5,900	\$2,600	\$1,200	-	\$1,100	\$300	\$2,600
Social Purpose Real Estate Program**	2,500	\$1,200	\$50	\$570	\$480	\$100	\$1,200
Inclusionary Housing Program	4,200	\$1,200	\$1,200	-	-	-	\$1,200
Total	12,600	\$5,000	\$2,450	\$570	\$1,580	\$400	\$5,000

* City Land Deployment/Land Acquisition Program unit outcome includes modular housing units. City contributions for this Program represents a market-oriented valuation estimate of the City-owned land, existing and anticipated, on which the 5,900 units will be located. New land will be secured as Community Amenity Contributions through rezonings, as well as through i.) existing purchase option agreements, and ii.) where necessary, purchases on the open market. The City’s ‘Draft 2019-2022 Capital Plan’ (Capital Plan) includes \$75 million for the acquisition of new land. As the finalized Capital Plan is implemented, the \$75 million allocated will be adjusted, if required, in order to supplement the City-owned land portfolio. Partner cash equity contributions for this Program includes \$66 million in committed Provincial funding.

** ‘Land Equity’ for the Social Purpose Real Estate Program represents a market-oriented valuation estimate of the Partner-owned land on which the 2,500 units will be located.

8.0 Monitoring and Reporting

Progress towards the actions and outcomes outlined in this Strategy will be integrated into the Housing Vancouver annual progress report. The progress report currently provides an update on progress towards Housing Vancouver unit targets and other key housing indicators. Beginning with the 2019 report, the existing report template will incorporate additional indicators to reflect the outcomes anticipated through this Strategy, including reporting on performance measures for the new Affordable Housing Endowment Fund. Monitoring and evaluation of progress towards each action will provide the framework for future policy evaluation and priority setting to deliver on Housing Vancouver targets and meet the needs of lower-income residents.