

City of Vancouver

Vancouver Affordable Housing Endowment Fund (VAHEF)

VAHEF Kick-off Meeting: Working Together Towards a Common Goal

Stakeholder Panel

Sept 24, 2019

Agenda

Agenda Item	Description	Time	Lead(s)	Slide
Welcome	Welcoming remarks	5 mins	Sadhu Aufochs Johnston, Ryan Bigelow	3
Overview	High level overview of our work together	15 mins	Sadhu Aufochs Johnston	3
Warm-up Discussion	Panel participants arrange into breakout groups and share their thoughts on delivering affordable housing through a facilitated activity	30 mins	All	5
Panel Introduction	Introductions	10 mins	All	7
Terms of Reference	Review and discuss Terms of Reference, workshop conduct	20 mins	Facilitators, City Staff	8
Break		15 mins		11
VAHEF Strategic Context	High-level overview of VAHEF	20 mins	Dan Garrison, Abi Bond, Ryan Bigelow	12
VAHEF and content of future workshops	Focused breakout group reading and discussion with report-out and full group discussion/Q&A	45 mins	All	32
Wrap-up	Outline logistics and next steps	5 mins	Facilitators	34

Welcome

Message from the City Manager

The City of Vancouver is embarking on the development of the Vancouver Affordability Housing Endowment Fund (VAHEF), a portfolio of the City's non-market affordable housing assets aimed at optimizing the long term sustainability and effectiveness of these assets to meet the housing and affordability needs of Vancouver residents.

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 and governance structures. As a result, 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.

Given the integration and involvement from numerous parties in the delivery of affordable housing in Vancouver, it is important that we hear from stakeholders across the housing sector on this very important topic.

Warm-up Discussion

What is your one burning question that you would like to ask the City?

What would you do if you were in the City of Vancouver's Council's shoes?

How can we best use the City's assets to deliver on the HVS objectives?

Panel Introduction

Terms of Reference

Terms of Reference

Purpose

To provide feedback to City Staff on key issues, options and directions for the creation of an endowment fund focused on affordable non-market housing.

Scope

The Panel will not be a decision-making body but rather will be consulted on key matters to meet the objectives of the VAHEF project.

Approach

The Panel meetings will be conducted in workshop-format led by a 3rd-party facilitator and attended by the VAHEF Project Manager and other project team members as needed to provide relevant background and technical information. It is expected that there will be approximately 6 workshops on a monthly basis.

Terms of Reference

Membership Composition

Individual Panel members have been invited to participate based on their experience and involvement in the relevant sectors to affordable housing including:

- Federal, Provincial, and Regional Governments
- Community Housing Nonprofit Organizations
- Urban Indigenous Housing Providers
- Private Developers
- Asset and Property Managers
- Financiers

Membership Responsibilities

Panel members must participate in good-faith to provide advice and guidance to advance the VAHEF project.

Key Considerations

All information reviewed by the Panel, as well as Panel feedback, will be made publically available to ensure members do not have any information advantage relative to potential competitors who have not been selected for participation in the Panel as well as to ensure transparency in the process to the public. While feedback from panel members will be made available to the public, all comments will remain anonymous.

Break

VAHEF Strategic Context

Vancouver Housing Strategy & Affordable Housing Delivery and Financial Strategy

Housing Vancouver Strategy (HVS)

The Housing Vancouver Strategy provides a renewed vision and explicit policy directions, strategies, and actions for tackling Vancouver's affordability crisis.

The core of the Strategy is a focus on several key objectives:

- **Shift toward the Right Supply**
- Action to address speculation and support equity
- **Protect and support diversity**
- **Protect our existing affordable housing for the future**
- **Renew our commitment to partnerships for affordable housing**
- Increase supports and protections for renters and people who are homeless

Our goal is 72,000 new homes across Vancouver in the next 10 years.

50%

of new homes will serve households earning less than \$80,000

40%

of new homes will be large enough for families

65%

of all new housing will be for renters

20,000

will be secure long-term market rental homes

12,000

will be social, supportive, and non-profit co-operative homes

4,000

new laneway homes for singles, couples, and families

10,000

new ground-level homes such as townhouses, rowhouses and infills

6,800

new homes will be for households earning less than \$30,000

More ownership options will be available for first time homebuyers, families, and downsizing seniors

HVS Targets

Targeting the Right Supply:

The Housing Vancouver targets were set based on several core objectives:

1. Retaining diversity of incomes in the city
1. Shifting current housing production toward rental housing in order to meet the greatest need
1. Setting ambitious targets for housing for very low-income households, which are achievable with coordinated action from the City and partners

Affordable Housing Delivery and Financial Strategy

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.

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

1. Diversity
2. Security
3. Affordability
4. Connection
5. Equity

Affordable Housing Delivery and Financial Strategy - Key Initiatives

1. Consolidating City Housing Assets into a new Affordable Housing Endowment Fund

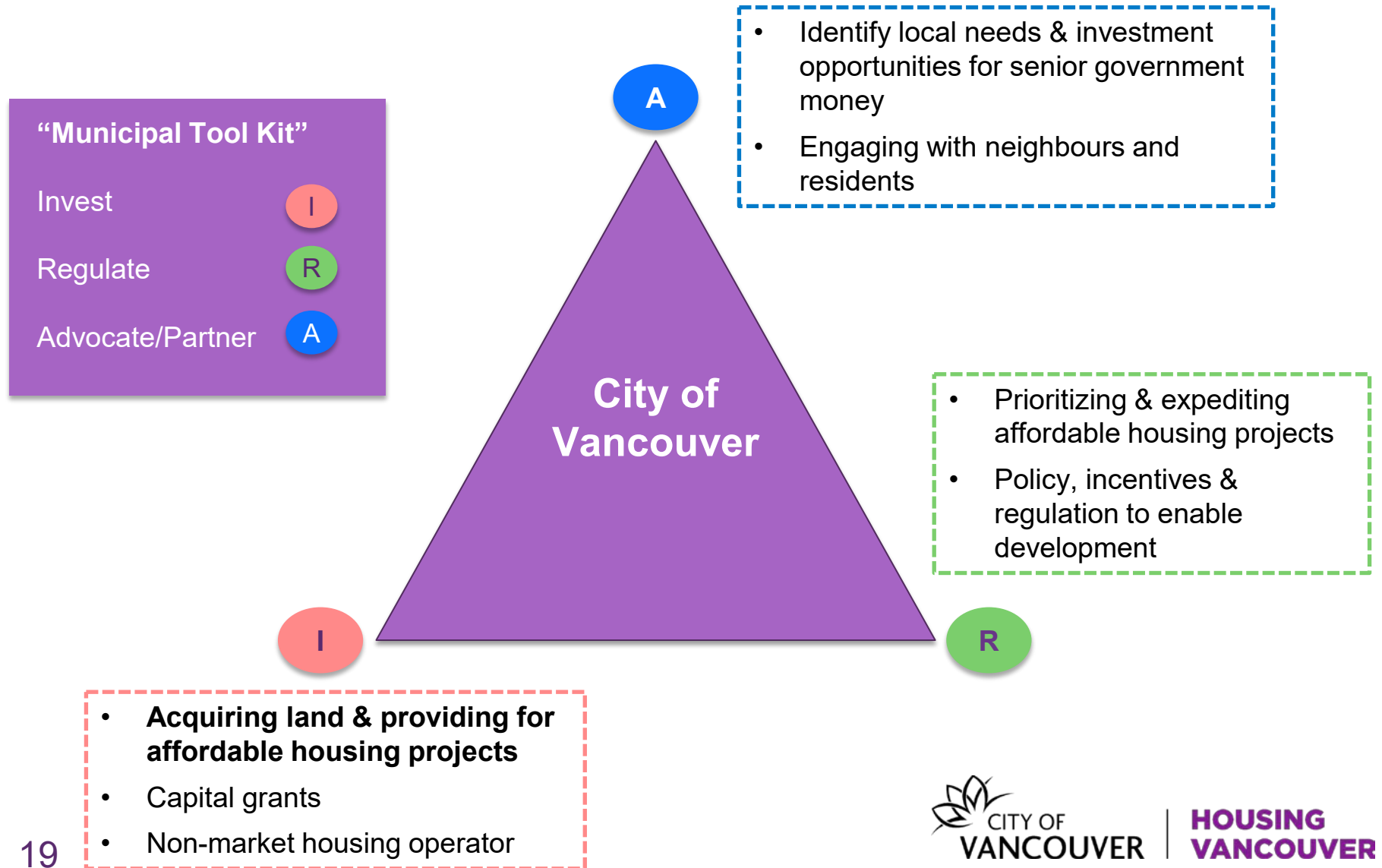
- The City has developed a number of innovative responses to the housing crisis, including new policy approaches, regulatory incentives and requirements, and housing delivery streams. However, through the Housing Vancouver process, it became clear that these responses would benefit from a more consolidated and coordinated approach across City Departments
- The Fund is intended to become the consolidated portfolio for the delivery of non-market housing in the City of Vancouver
- The Fund will have the resources, capacity and focus required to support the growth and preservation of the City's affordable housing portfolio

1. Enhanced Approaches to Social and Supportive Housing Delivery

- 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
- Establish a Land Acquisition Strategy to prioritize securing City land for new social housing
- Increase the inclusionary housing requirement for large development sites
- Balance on-site affordability levels with reinvestment of lease payments to preserve and grow the housing portfolio
- Create a new Social Purpose Real Estate Program

How the City currently uses its assets to deliver Social/Supportive Housing

VAHEF is one tool among many



Provision of affordable housing using COV assets

Inclusionary Housing secured from developers

- Turn key units
- Dirt sites for future afford housing development

Affordable Housing Development on COV Land

- Acquisition and development of new afford. housing buildings
- Mixed civic/afford. housing projects
- Redevelopment of existing afford. hsg

Management of existing afford housing on COV land

- Leases with 3rd parties
- COV housing operations

Key challenges with our current approach

Transactional approach: City's ability to maximize affordability and social outcomes is hindered by transactional decision making, limiting potential benefits of economies of scale, portfolio optimization, and clarity of purpose and decision-making

Decentralized internal organization: Delivery and management of affordable housing is distributed across a number of City departments and governance structures

Affordability vs financial sustainability: Creating homes at deep levels of affordability while delivering financially sustainable projects

Increasing costs eroding affordability: Increasing construction cost & operating costs increases equity gap and reduces long-term affordability

Redevelop vs preserve existing: Balancing the redevelopment of existing sites with the need to preserve existing stock

Aligning desired outcomes with practice: Aligning/managing the intended outcomes of the asset with the occupant (e.g. risk of under/over housing and matching income with rents)

Conflicting mandates of City funds: The Capital Fund (CF) and Property Endowment Fund (PEF) hold the majority of afford housing assets and yet affordable housing delivery is not their core mandate

VAHEF Provisional Mandate & Guiding Principles

June 2018 Motion

In June 2018 Council approved the following motion in relation to the creation of VAHEF:

THAT Council instruct staff to advance the consolidation of the City's non-market housing assets into a single portfolio in the form of the Affordable Housing Endowment Fund with a clear mandate to preserve and grow the City's non-market housing assets into a single portfolio in the form of the Affordable Housing Endowment Fund with a clear mandate to preserve and grow the City's non-market housing portfolio in a sustainable way, with a report back on the implementation strategy by September 2018.

In September 2018, as a first step in establishing VAHEF, staff reported back to Council with a Provisional Mandate and Guiding Principles.

Mandate - Purpose

Make an enduring contribution to meeting the housing and affordability needs of Vancouver residents, by sustainably managing and growing the City of Vancouver's portfolio of affordable housing assets, contributing to complete and inclusive communities and city-wide housing targets.

- Dedicated to managing the City's portfolio of affordable housing assets in a sustainable way to ensure an enduring contribution
- Contributes to meeting housing and affordability needs for current and future residents
- Aligns with the City's broader city-wide housing targets, currently defined in Housing Vancouver

Mandate - Goals

AFFORDABILITY - Create homes which are affordable to a diversity of Vancouver residents earning local incomes, including those living in poverty or experiencing homelessness

GROWTH - Invest in new affordable housing in line with the demand for affordable homes by Vancouver residents

HEALTH & SAFETY - Strategically manage the portfolio of affordable housing assets through appropriate operation, maintenance, renewal, development, and redevelopment to ensure safe and healthy homes for residents.

COMMUNITY & SECURITY - Provide long-term homes that support resident's participation in the community and increases their sense of social inclusion and security.

FINANCIAL SUSTAINABILITY - Maintain the financial sustainability of the endowment to continually contribute to meeting housing needs in the city, benefitting current and future residents

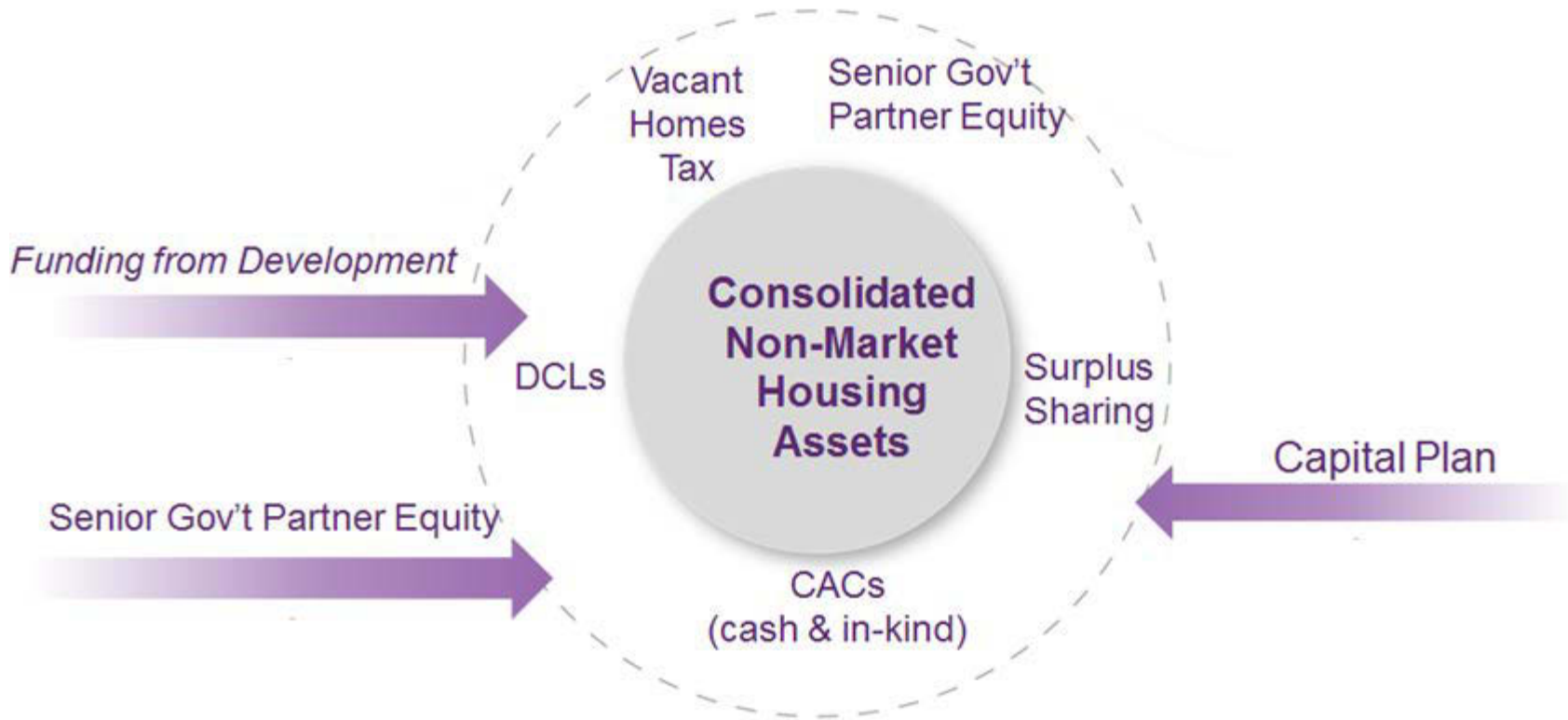
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VAHEF Guiding Principles

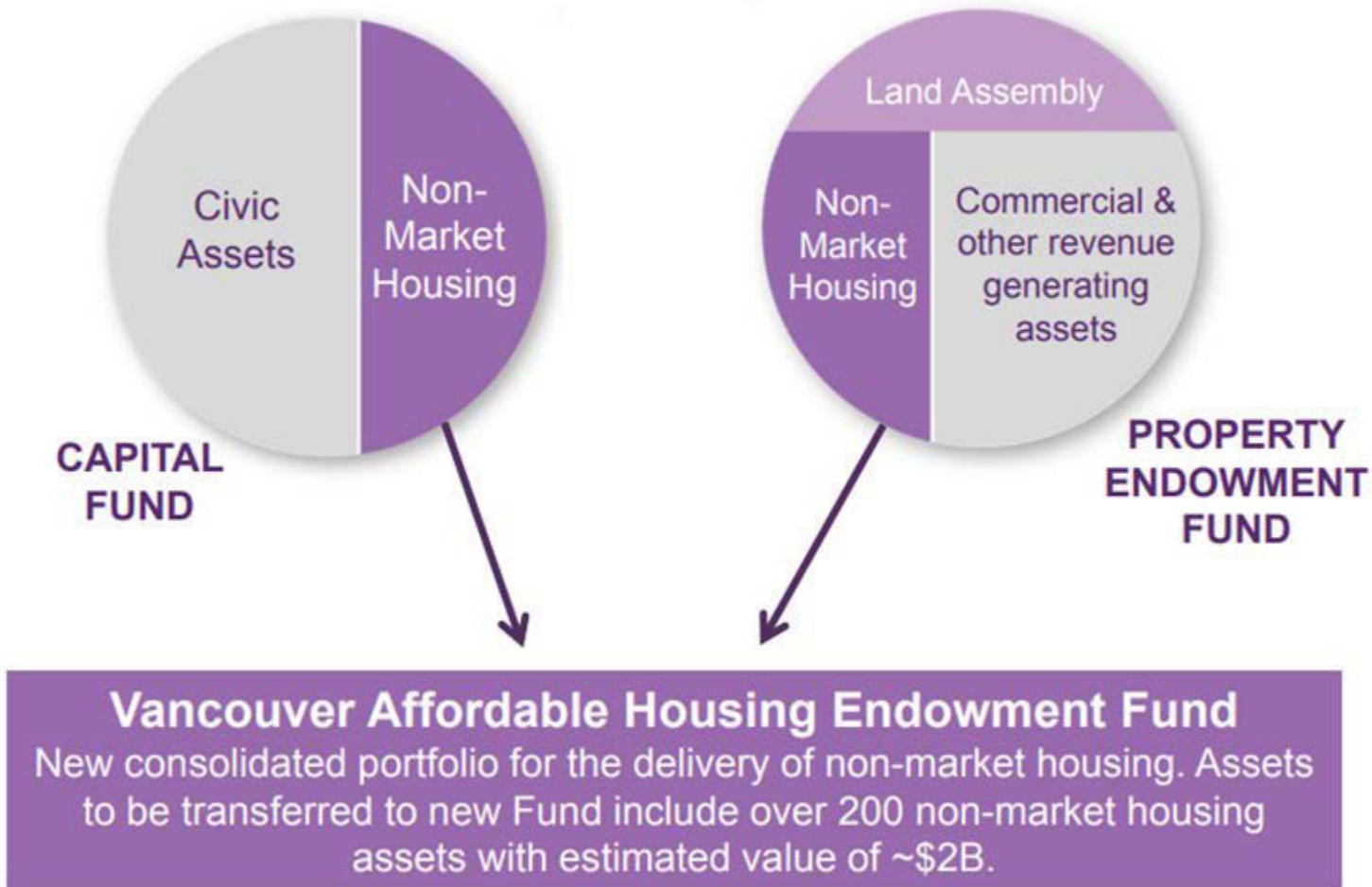
1. Decisions made today should ensure that **current and future residents will be served** by a well-managed and diverse portfolio of affordable homes
2. VAHEF will **contribute to the development of complete communities**, which include a diversity of incomes, backgrounds and household types, while optimizing for asset specific characteristics and the ability to attract partner investment
3. **Partnerships** are necessary for achieving financial sustainability, to grow the number of homes available to residents, and to ensure the depth of affordability of those homes can meet local needs
4. Alongside the need to grow the portfolio of assets managed by VAHEF, the City and housing partners must **responsibly reinvest in existing affordable housing** over time to maintain affordability, condition and safety
5. VAHEF will **manage the City's affordable housing assets in a financially sustainable way**, serving all Vancouver residents, such that the revenue generated from its activities and any operating subsidies from external parties must be sufficient to preserve the endowment, allowing for dedicated funding streams to be invested in growth of the portfolio

VAHEF Resources



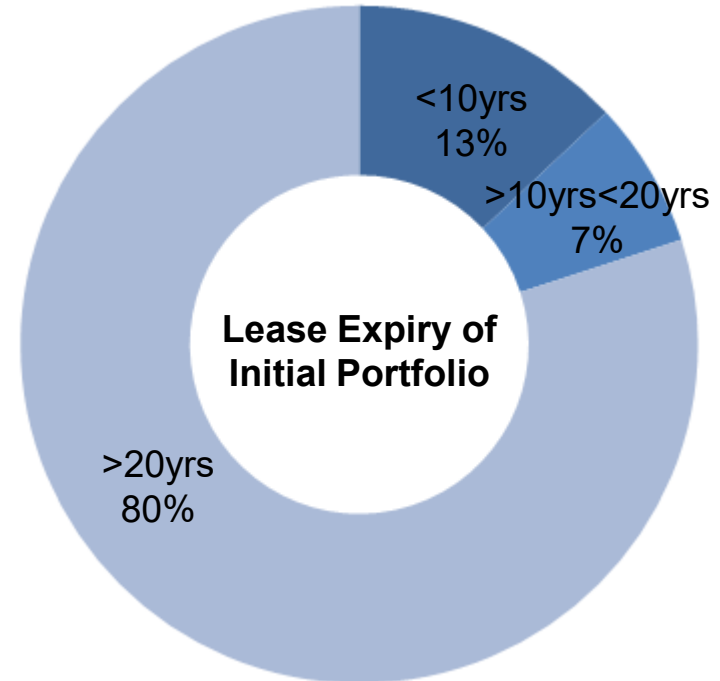
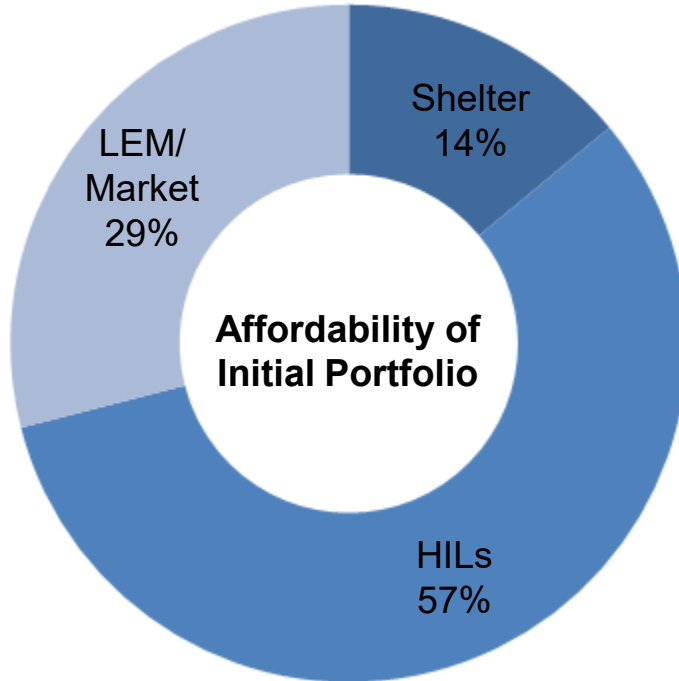
VAHEF Portfolio Composition and Pipeline

Consolidating City Housing Assets into One Portfolio



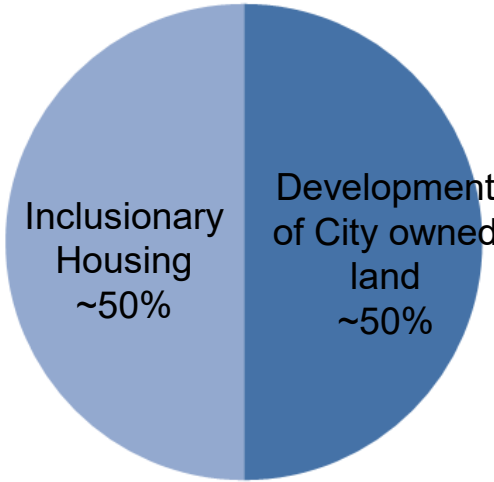
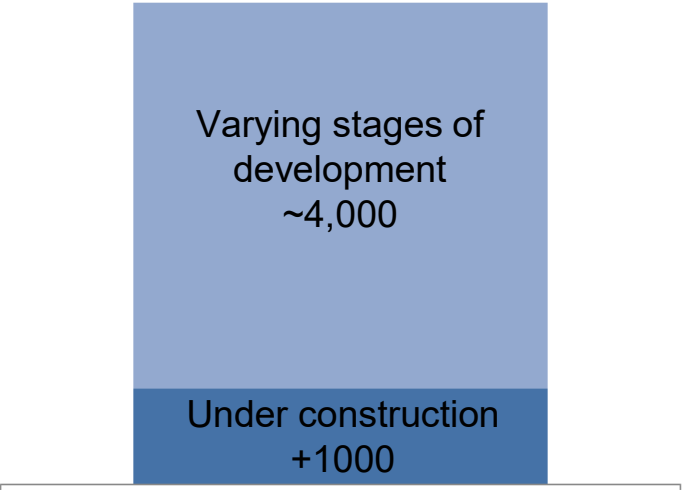
VAHEF Portfolio & Pipeline

Initial VAHEF Portfolio consists of +200 properties and +15,000 units, predominantly leased to third parties



Pipeline

Total VAHEF Pipeline ~5,000 units with ~50% from inclusionary housing and ~50% from development of city-owned land



*subject to change as development planning progresses

VAHEF and Future Workshops Content

Engagement timeline

Sep 2019

Oct 2019

Nov 2019

Dec 2019

Jan 2020

Feb 2020

Mar 2020

W/S 1:

Kick-off,
Terms of
reference,
and high
level
context

W/S 2:

VAHEF
priorities
and early
directions

W/S 3:

Current
state
governance
& operating
model and
jurisdictional
research

W/S 4:

Future state governance
and operating model options

(Dec/Jan timing dependent
on availability)

W/S 5:

Recap of
what we
heard

W/S 6:

Overview
of draft
strategic
directions

Wrap-up