



February 16, 2016
Our File: 10-5040-20/AFFHOU/2016-1
Doc #: 2197642.v1

SECTION 2
COUNCIL CORRESPONDENCE
City Manager
Deputy City Managers
Dir. Planning & Building
Planning & Development Committee (March 29)

Chair Greg Moore
Metro Vancouver Regional District
4330 Kingsway
Burnaby, BC V5H 2A5

Dear Chair Moore:

RE: Coquitlam Council Feedback on Draft Regional Affordable Housing Strategy

Thank you for the opportunity to review and comment on the Metro Vancouver Draft Regional Affordable Housing Strategy (draft 'Regional Strategy').

Coquitlam Council and staff have compared the draft Regional Strategy with Coquitlam's Housing Affordability Strategy (HAS), which was endorsed by Council at the December 7, 2015 Regular Council meeting and sent to Metro Vancouver on December 17, 2015.

The attached Council report (with report Attachment 3), was carried unanimously by Council at the February 1, 2016 Regular Council meeting, and contains the findings of this comparison and commentary on the proposed Regional Strategy policies. The report notes there is considerable alignment between the draft Regional Strategy and Coquitlam's HAS, including concentrating density around transit, partnership-based solutions and a variety of tools to encourage new rental housing development.

However, the Regional Strategy also contains some actions that are not aligned with Coquitlam's HAS, which recognizes the reality of limited local government resources and the need to balance the City's community service priorities.

Based on this, the report concludes that the draft Regional Strategy should be revised to enable more flexibility in how local governments respond to challenging affordable issues in their respective contexts, and emphasize that senior government funding is necessary to achieve the Regional Strategy's requirements.

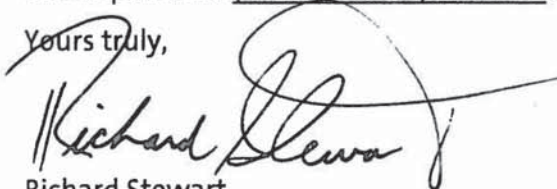
In addition to this, during the course of Council discussion on the draft Regional Strategy, the following items were noted by Council Members:



- contrary to the language included in the draft Regional Strategy, Metro Vancouver does not have the authority to require its member municipalities to take specific action or enact specific policies in relation to affordable housing, and the Regional Strategy should accordingly be amended to include more flexible policy language;
- housing affordability is a regional issue, yet affordable housing policies need to be practical and less regulatory, as municipalities have limited tools to address this challenge on their own, and lack the mandate to do so;
- rather than being a directive document that dictates how municipalities must spend their budgets and tax dollars, such as purchasing land along transit corridors for affordable housing, the draft Regional Strategy should act as a general policy resource and guide that outlines best practices and affordable housing incentives within our mandate as local governments;
- 'affordable living', in terms of accounting for housing and transportation costs together, is an important consideration;
- rental replacement policies should be incentive-based and not requirements for individual land owners, as the development of new affordable housing is something that should be shared among partners; and
- the Regional Strategy should emphasize a broader, incentive-based approach.

If you have any questions or if you would like to discuss this further, please contact me at rstewart@coquitlam.ca or 604-927-3001, or Jim McIntyre, General Manager Planning and Development at jmcintyre@coquitlam.ca or 604-927-3401.

Yours truly,



Richard Stewart
Mayor

c. - Council

Pete Steblin, City Manager
John DuMont, Deputy City Manager
Jay Gilbert, City Clerk
Jim McIntyre, General Manager Planning and Development
Carl Johannsen, Manager Community Planning
Heather McNell, Manager Regional Planning
Metro Vancouver Member Municipalities ✓

16.

Coquitlam

For Council

January 27, 2016

Our File: 01-0480-20/HOUS1/2016-1

Doc #: 2178381.v2

To: City Manager

From: General Manager Planning and Development

Subject: **Draft Regional Affordable Housing Strategy**

For: **Council**

Recommendation:

That Council direct staff to send a letter that contains Council feedback on this item and attaches this report, to Metro Vancouver and its member municipalities as Coquitlam's response to the draft Regional Affordable Housing Strategy.

Report Purpose:

This report provides commentary on the Metro Vancouver Regional District ('Metro Vancouver' or 'Metro') Draft Regional Affordable Housing Strategy which has been distributed to member municipalities for review and comment.

Strategic Goal:

Coquitlam's recently-adopted Housing Affordability Strategy (HAS - see www.Coquitlam.ca/housing for the document) supports the 'Achieve Excellence in City Governance' Strategic Goal as it will guide Coquitlam's response, as a local government acting in partnership with others, to local housing affordability challenges.

Providing comments on the draft Regional Affordable Housing Strategy is an opportunity to further demonstrate Coquitlam's approach to addressing housing affordability.

Executive Summary

The Draft Regional Affordable Housing Strategy ('Regional Strategy') has been distributed to Metro Vancouver member municipalities for review and comment. According to Metro, the Regional Strategy seeks to better unify municipal efforts to address the challenge of housing affordability across the region. As drafted, the Strategy also directs municipalities to enact a wide range of policies, programs and actions. Overall there is considerable alignment between Coquitlam's HAS and the draft Regional Strategy. This alignment should help to coordinate inter-municipal actions and demonstrates that Coquitlam is at the leading edge of municipal approaches in addressing housing affordability. However, the draft Regional Strategy does identify some actions that are not aligned to our current approach. Specifically, this includes requirements for member municipalities to purchase sites for affordable housing along transit corridors, use inclusionary zoning, and deliver on specific housing targets in the absence of senior government housing programs.

Background:

The Regional Strategy has been in development over the past several years, and in Fall 2015 the Metro Board approved the release of the draft Regional Strategy for consultation. Member municipalities are now being asked to comment formally on this Strategy, and Metro will also be holding invited stakeholder workshops to obtain additional feedback in the near future. Metro will also provide a summary of feedback received through the public input process, when adoption of the Regional Strategy is considered by the Metro Board later in 2016.

Staff have compared the Regional Strategy with Coquitlam's HAS, which was endorsed at Council's December 7, 2015 Regular meeting. Based on this analysis, the Regional Strategy exhibits considerable alignment with Coquitlam's HAS, yet in its current state the Regional Strategy does not reflect the balanced approach of the HAS and staff have identified several areas of concern with the Regional draft document. This report outlines these areas of alignment, as well as several areas of concern in the Regional Strategy as it is currently drafted.

Discussion/Analysis:

Areas of Alignment

Metro's Regional Strategy sets out a coordinated regional response to housing affordability and strongly identifies issues related to transportation costs, the need for appropriate density along transit corridors, and the need to reduce regulatory barriers to rental housing.

Specific policies in the draft Regional Strategy which align closely with the HAS are listed in Attachment 3 of this report, and are summarized below.

High-Priority Actions

The draft Regional Strategy calls for municipalities to deliver numerous initiatives and policies aimed at addressing the challenge of affordable housing in the region. Key actions ask municipalities to:

- establish appropriate density and housing mix along rapid transit lines;
- employ a series of tools to encourage the development of rental units;
- reduce regulatory barriers to rental development;
- establish policies to preserve existing rental stock; and
- utilize both City funds and City land in partnership with others to create new housing solutions

These actions directly align with the ten short-term, high-priority actions that Council approved as the 2016-2017 HAS work program, which are:

1. Consider concentrating higher densities and a broader variety of dwelling types and tenures near transit, through the completion of the Burquitlam Lougheed Neighbourhood Plan (Actions 1.1.1 and 1.1.2, p.20 and 2.1.1, and 2.1.2 p.24);

Discussion/Analysis cont'd/

Areas of Alignment cont'd/

High-Priority Actions cont'd/

2. Encourage the development of designated market rental units (purpose built and/or strata available for rental) through a suite of incentives as identified in the HAS (Actions 1.2.1, 1.2.2, 1.2.5, 1.2.6, 1.2.7, and 1.2.8, p.20-21);
3. Review Zoning Bylaw density, parking, amenity space, and other requirements to encourage the development of purpose-built rental housing (Action 1.2.3, p.20);
4. Consider the exemption of rental floor space from maximum density allowances in cases where maximum density has been achieved subject to servicing, traffic, parking, and urban design considerations (Action 1.2.4, p.20);
5. Employ a series of regulatory incentives to preserve existing rental and co-op housing (Actions 1.5.1, 1.5.2, 1.5.3, 1.5.4, and 1.5.5, p.22);
6. Contribute a portion of density bonusing contributions into the AHRF based on the City's zoning bylaw for the purpose of fostering housing affordability in accordance with the AHRF guidelines (Action 3.1.4, p.26, and AHRF Guidelines, Attachment 2);
7. Complete the sale of three City-owned sites in Northeast Coquitlam previously identified for affordable housing but now deemed unlikely to develop and less desirably located. Direct one-third of the sale for these three sites to "jump-start" the Affordable Housing Reserve Fund (AHRF) (Action 3.1.3, p.26). Staff note the City has offers of purchase for 2 of the 3 sites; this will provide a major contribution to jump-start the AHRF, as directed by Council;
8. Issue a press release explaining the availability of funds and the criteria for use of the AHRF, and issue a call for submissions for use of the AHRF (Actions 3.2.1 and 3.1.6, p.27);
9. Call for partners to work with Coquitlam in addressing affordability and accessibility needs (Actions 3.2.2, p.27 and 4.1.3, p.29); and
10. Issue a Request for Proposals for an affordable housing project at 1358 Coast Meridian Road (Action 3.2.3, p.27).

Continued Partnerships

The draft Regional Strategy identifies key areas where Metro Vancouver commits to partnerships. Strong alignment to the HAS exists between the Metro Vancouver tasks and the identified work plan set out in the HAS. Specifically, through this draft Metro Vancouver commits to:

- Undertaking public outreach to promote public awareness and understanding of the benefits of growth, increased density and diversity, and best practices for accommodating growth using examples and strategies from the draft Regional Strategy and elsewhere;
- Exploring new ways to monitor rents to determine vacant units through online rental or other tools or data sources;
- Advocating to other levels of government for specific measures to address funding gaps for low-to-moderate income housing (e.g., capital funding, subsidies and tax incentives or other measures);

Discussion/Analysis cont'd/

Areas of Alignment cont'd/

Continued Partnerships cont'd/

- Working with municipal partners to identify Metro Vancouver Housing Corporation sites for redevelopment at higher density to increase the supply of mixed income non-profit rental housing;
- Working with BC Non-Profit Housing Association, municipalities, the Provincial Government, Federation of Canadian Municipalities and others to address issues related to expiring non-profit and co-operative housing operating agreements, including ongoing affordability of units;
- Exploring making available rental housing from within Metro Vancouver Housing Corporation's existing portfolio of market rental units for relocating tenants of redeveloping non-profit and purpose-built market rental projects;
- Developing or cost-sharing development of an online tool that will provide users with estimates of the combined housing and transportation costs associated with any given location in the region;
- Supporting ways to help make development of new purpose-built market rental housing financially viable (e.g., parking reductions, fee waivers, increased density, and fast-tracking);
- Examining opportunities to modernize and expand current Metro Vancouver housing units, especially on sites located along the Evergreen Line;
- Updating the Metro 2040 housing demand estimates;
- Working with partners to create an accessible and adaptable housing registry to assist persons with disabilities and seniors to find appropriate housing to live independently; and
- Considering making surplus sites in suitable locations owned by Metro Vancouver and affiliated bodies available to Metro Vancouver Housing Corporation to develop additional mixed income housing.

Areas of Non-Alignment and Concern

Specific policies in the draft Regional Strategy which are not aligned with the HAS are listed in Attachment 3 of this report, and are described below.

Authority of Regional Strategy

Staff note that the Regional Strategy as drafted makes specific and seemingly unequivocal requirements of municipalities, i.e., Goal 2 Policy i, p. 25:

"Municipalities **will** through plans, policies and programs **require...**"; Goal 4 Policy h, p.30: "Municipalities **will** through plans, policies and programs purchase..."

Coquitlam believes that in keeping with the non-statutory nature of the draft Regional Strategy, such phrasing should be modified to provide member municipalities with more flexibility for achieving our shared goals. In the cases where the draft uses words such as "will" or "require" wording should be changed to better provide flexibility in approaches. This less prescribed approach would better fit the Strategy's stated intent to accommodate the fact that "local conditions vary from one municipality to another in the region and that the Strategy has to account for this reality" (page 5 of the Regional Strategy).

Discussion/Analysis cont'd/

Areas of Non-Alignment and Concerns cont'd/

Policies Requiring Further Discussion

Concern is noted over these four specific policies identified in the draft AHS:

Regional Strategy Goal 1: Policy k. (p.23 of Regional Strategy, attached)

The draft Regional Strategy directs that "Municipalities will, through plans, policies and programs... Goal 1: Policy k *"demonstrate how Housing Action plans policies and initiatives are intended to work towards achieving Metro 2040 housing demand estimates"*.

While the City has the ability through land use authority to work towards Coquitlam's overall RGS target of 16,700 dwelling units, setting targets to meet low and moderate income needs is problematic. The development of more than 4,000 subsidized units as called for by the draft Regional Strategy cannot be achieved without significant federal and provincial government involvement. While the Strategy's Sections 2.5 and 2.6 outline provincial and federal government housing programs and the existing funding gap to achieve lower cost and rental housing, this context is not linked to the targets for low and moderate income housing. A clearer link or statement about the current funding context and the challenges that municipalities would then face in meeting these targets would be helpful.

The local demand targets set out in the draft Regional Strategy (which are designed to be updated into the RGS) are impossible to achieve without senior government funding. Our efforts to work better as a region cannot be seen as excusing other needed partners from their role in addressing this crucial issue.

Given the above challenges, the draft Regional Strategy needs to be revised to provide greater clarity on how local demand projections will relate to the RGS and municipal OCPs.

Regional Strategy Goal 2: Policy i. (p.25)

The draft Metro Vancouver AHS requires that "*Municipalities will, through plans, policies and programs... Require one for one replacement policies where existing rental supply is being redeveloped.*"

Coquitlam has chosen to follow an incentive-based approach to encourage the development of new purpose-built rental housing (contained in Actions on pages 20-21 of Coquitlam's HAS) rather than following a specific quantitative replacement requirement approach. Results from a survey of best practices in various jurisdictions indicate that a regulatory driven one-to-one replacement requirement may have unintended negative consequences. Recognizing newly-built units cost more and rent for a higher rate than older units, a one-to-one replacement policy does not directly aid affordability. While replacement policies can extend the life span of older rental housing supply, a rental replacement policy does not on its own provide incentives to increase supply. Rather, policies aimed at increasing supply and equally sharing the obligation across all developers (rather than only targeting those sites with existing purpose-built rental) should be used as a key step in balancing rental supply.

Discussion/Analysis cont'd/

Areas of Non-Alignment and Concerns cont'd/

Policies Requiring Further Discussion cont'd/

Regional Strategy Goal 4: Policy g. (p.30)

The draft AHS states that "Municipalities will, through plans, policies and programs... Establish transit-oriented inclusionary housing targets for purpose built rental and for housing affordable to low to moderate income households within 800 metres of new or existing rapid transit stations and 400 metres of frequent bus corridors that are anticipated to accommodate enhanced residential growth."

Inclusionary zoning can lead to the construction of targeted housing units, however, in other cases studies have indicated that this approach may increase the cost of market units in development projects subjected to inclusionary zoning. Based on this, caution should be exercised in requiring all municipalities to use this specific approach. Coquitlam has taken the position that density bonusing requirements provide the greatest flexibility in addressing needs and generating new units. It is important to note that density bonus and inclusionary zoning both draw from the same development pro-forma. In the Coquitlam context, an inclusionary zoning requirement could impact density bonus contributions and would reduce flexibility; and on that basis, it is suggested that the draft Regional Strategy provide inclusionary zoning as an option rather than a directive action.

Regional Strategy Goal 4: Policy h. (p.30)

The draft AHS advocates that "Municipalities will, through plans, policies and programs... Purchase and hold sites/air space parcels for new non-profit housing to be made available as funding becomes available, focusing on the Frequent Transit Network."

While the rationale of 'reserving' sites along the FTN for lower-cost housing is recognized, this could be a risky and expensive action for municipalities to undertake. Again, without funding commitments from senior governments, there is no certainty that municipal funds used to acquire such sites will result in new affordable units. Further, tasking the City with purchasing or holding lands along the FTN would be a significant and potentially unrealistic investment of tax dollars, which are otherwise required to deliver municipal core services and other civic facilities.

The Need for a More Flexible, Balanced Approach

Based on the above analysis and findings, the Regional Strategy should be revised to reflect a more balanced approach and increased flexibility in how local governments pursue housing affordability in their respective contexts. The Regional Strategy's proposed requirements also need to recognize that in an overall sense the creation of new affordable units at the local government level requires Provincial and Federal Government support and funding, otherwise the ability of local governments to effectively respond to housing affordability challenges will be limited.

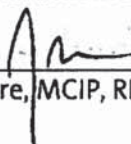
Financial Implications:

The HAS clearly identifies Coquitlam's financial commitment to address housing affordability and represents Council's decision on utilizing the City's limited resources in the context of competing demands and priorities. As the draft Regional Strategy is unclear on enforcement actions and the degree to which policies are required rather than suggested, the financial implications at this time cannot be fully identified. A more complete analysis of financial implications could be possible with the next draft of the Regional Strategy, and will be reported to Council as updates follow.

Conclusion:

Considerable alignment exists between the Metro Vancouver draft Regional Strategy and Coquitlam's new Housing Affordability Strategy. In particular, Coquitlam's HAS supports the efforts to concentrate densities near transit stations, seek partnership-based solutions, use regulatory and other incentives to encourage the development of rental units in all communities and offer tools and incentives to preserve existing rental stock. Coquitlam is well underway with actions that are designed to implement these types of solutions suggested by the draft Regional Strategy.

However, a number of other proposed requirements in the Regional Strategy do not recognize the balanced approach of the HAS, which is underpinned by solid, pragmatic funding mechanisms and the pursuit of partnership-based responses with senior government funding. In addition, Metro's requirements for inclusionary zoning, one-to-one rental replacement, the pre-purchase or holding by municipalities of land along transit corridors, as well as the potential impact of the update projection numbers suggested by the draft Regional Strategy, do not align with the HAS and Council priorities. Based on this, the Regional Strategy should be revised to enable more flexibility in how local governments pursue housing affordability in their respective contexts, and emphasize that senior government funding is required to achieve the Regional Strategy's requirements. Staff recommend that a letter be sent to Metro Vancouver and its member municipalities that includes this report and Council feedback on this item.



J.L. McIntyre, MCIP, RPP

Attachments:

1. Letter dated November 23, 2015 from Metro Vancouver entitled Draft Regional Affordable Housing Strategy (Doc# 2177455)
2. Draft Regional Affordable Housing Strategy Update August 2015 (Doc# 2177449)
3. Coquitlam's Housing Affordability Strategy and the Draft Metro Vancouver Regional Affordable Housing Strategy (Doc# 2179737)

This report was prepared by Cathy van Poorten, Social Planner and Bruce Irvine, Planning Projects Manager and reviewed by Andrew Merrill, Major Project Planner and Carl Johannsen, Manager Community Planning.

Coquitlam's Housing Affordability Strategy and the Draft Metro Vancouver Regional Affordable Housing Strategy

There is alignment in part between the draft Metro Vancouver Housing Affordability Strategy (Regional Strategy) and the Coquitlam Housing Affordability Strategy (HAS). There are also areas of disconnect between the two Strategies, as well as items of concern with the Regional Strategy that are noted and discussed in the accompanying staff report.

Areas of Alignment:

Specific policies (as listed under their respective Regional Strategy Goals) suggested by the draft Regional Strategy, that have already been enacted by the Coquitlam HAS and are being implemented, include:

GOAL 1 - EXPAND THE SUPPLY AND DIVERSITY OF HOUSING TO MEET A VARIETY OF NEEDS (p.22 of Regional Strategy)

- l) The Use of zoning and regulatory measures to expand the variety of types, tenure and built form of ground-oriented ownership and rental housing (i.e. coach houses/laneway houses, semi-detached and duplexes, micro units, townhouses including freehold townhouses, secondary rental market housing options such as accessory dwelling units in duplexes and townhouses, and other forms of infill and intensification).
- m) Encouraging a diversity of housing forms in proximity to the Frequent Transit Network including medium density ground oriented options in station shoulder areas.

GOAL 2 - PRESERVE AND EXPAND THE RENTAL HOUSING SUPPLY (p.24)

- f) Incentives designed to help make development of new purpose built market rental housing financially viable (i.e., parking reductions, fee waivers, increased density, and fast-tracking).
- g) Offering tools and incentives to preserve and sustain existing purpose built market rental housing (i.e., reduced parking, increased density for infill development, and transfer of density).
- h) Facilitating non-profit housing organizations to purchase existing rental buildings for conversion to non-profit operation.
- j) Enacting standards of maintenance bylaws to preserve the stock in good condition and prevent further erosion of existing rental stock.
- m) Providing clear expectations and mechanisms for increasing and retaining the purpose built market rental housing supply.
- n) Require tenant relocation plans as a condition of approving the redevelopment of existing rental housing (as originally established by Coquitlam's 2012 Transit-oriented Development Strategy or TDS).
- o) Ensure that developers notify tenants impacted by redevelopment of their rights under the *Residential Tenancy Act*.

Areas of Alignment cont'd/

GOAL 3 - MEET HOUSING DEMAND ESTIMATES FOR LOW TO MODERATE INCOME EARNERS (p.26)

- l) Offering incentives for proposed new mixed income housing (i.e., parking reductions, fee waivers, increased density, and fast-tracking) to assist in making these housing options financially viable.
- n) Ensuring a portion of amenity contributions or payments-in-lieu are allocated for housing affordable to low and moderate income households.
- o) Allocating housing reserve fund monies to affordable housing projects based on clearly articulated and communicated policies.
- p) Working with non-profit and cooperative housing providers to address issues related to expiring operating agreements.

GOAL 4 - INCREASE THE RENTAL HOUSING SUPPLY ALONG THE FREQUENT TRANSIT NETWORK (p.29)

- j) Providing incentives for new purpose built rental housing and mixed income housing located in transit-oriented locations to enable them to achieve economic viability

GOAL 5 - END HOMELESSNESS IN THE REGION (p.31)

- h) Ensuring that housing action plans and/or homelessness plans include specific actions to be taken to facilitate partnerships to address homelessness. (Coquitlam has advanced this issue through *Coquitlam's approved Housing Affordability Strategy and the 2007 Affordable Housing Strategy and the direct Coquitlam actions related to 3030 Gordon and Como Lake Gardens projects*).
 - a. Work with non-profit housing providers and private landlords to facilitate suitable housing options for persons who are homeless.
- j) Supporting agencies that serve the needs of the homeless population in the community.

Areas of Non-Alignment and Concern:

Specific policies (as listed under their respective Regional Strategy Goals) suggested by the draft Regional Strategy, that are of concern and are not aligned with the Coquitlam HAS, include:

GOAL 1 - EXPAND THE SUPPLY AND DIVERSITY OF HOUSING TO MEET A VARIETY OF NEEDS (p.22)

Municipalities will, through plans, policies and programs:

- k) Demonstrate how Housing Action plans policies and initiatives are intended to work towards achieving Metro 2040 housing demand estimates.

GOAL 2 - PRESERVE AND EXPAND THE RENTAL HOUSING SUPPLY (p.24)

Municipalities will, through plans, policies and programs:

- i) Require one for one replacement policies where existing rental supply is being redeveloped.

Areas of Non-Alignment and Concern cont'd/

GOAL 4 - INCREASE THE RENTAL HOUSING SUPPLY ALONG THE FREQUENT TRANSIT NETWORK (p.29)

Municipalities will, through plans, policies and programs:

- g) Establish transit-oriented inclusionary housing targets for purpose built rental and for housing affordable to low to moderate income households within 800 metres of new or existing rapid transit stations and 400 metres of frequent bus corridors that are anticipated to accommodate enhanced residential growth.

- h) Purchase and hold sites/air space parcels for new non-profit housing to be made available as funding becomes available, focusing on the Frequent Transit Network.