

December 2015



Housing Affordability Strategy Companion Document

Coquitlam

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Introduction and Purpose

Coquitlam's Housing Affordability Strategy (HAS or the Strategy) was developed through an iterative process involving public and stakeholder consultation that greatly improved our understanding of the housing affordability challenges in Coquitlam.

The HAS represents a framework to address both the long term needs of the community as well as the immediate actions that will be enacted in order to improve affordability for a range of residents.

The vision, policies and Implementation Plan of the HAS represent the core drivers of Coquitlam's approach. This Companion Document is intended to insure that key learnings uncovered during the HAS process are recorded and can serve to further inform and enable housing solutions as the HAS evolves.



Companion Document Organization

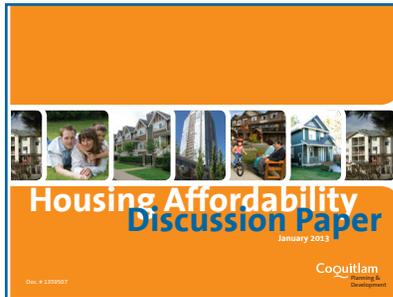
Intended to work alongside the Strategy, this Companion Document contains additional details related to:

1. **Public Consultation Program, Pages 1-17**
2. **The Role of Government, Pages 18-25**
3. **Best Practices in Housing Affordability, Pages 26-31**
4. **Further Discussions on Rental Development, Pages 32-37**



Housing Affordability Strategy Accompanying Documents

For further information related to Coquitlam’s process and proposed Housing Affordability Strategy, please refer to the City’s Housing Affordability Discussion Paper and the Draft Housing Affordability Strategy (Framework) or coquitlam.ca/housing.



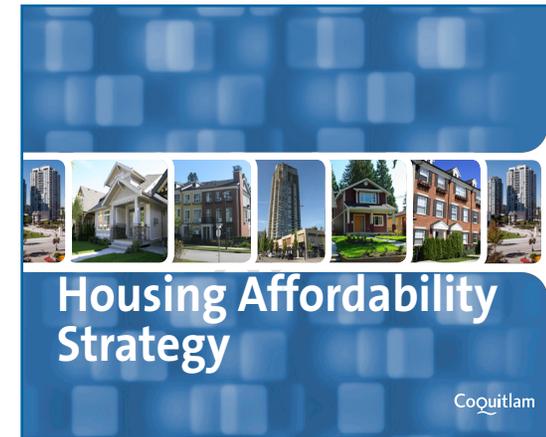
Housing Affordability Discussion Paper – January 2013

Investigated key background and context on Coquitlam’s specific housing affordability needs, the role of government, challenges to competing resources, and best practices. Discussions and workshops with key stakeholders, Council and the general public were used to explore best practices and potential approaches.



Housing Affordability Strategy (Framework) – September 2014

The Framework acted as the policy core of the eventual HAS by identifying proposed policies, resource costs, potential partnerships and prioritization. The Framework served as a tangible way for stakeholders, Council and the general public to debate, explore and discuss implementable solutions.



Housing Affordability Strategy – December 2015

Through public consultation, a robust community dialogue further refined Coquitlam’s approach. Based on public and stakeholder feedback, the Framework was revised and the completed HAS proposes a complete approach to address housing affordability in Coquitlam.

Section 1: Public Consultation Program

Public Consultation Program

Public Consultation Program

Recognizing the complexity of the housing affordability issue, considerable efforts were made to obtain an informed and broad response through the consultation process. This was accomplished through a number of information handouts written in plain language, direct presentations and discussion groups, web-based materials and, importantly, through the distribution of the Housing Affordability Discussion Paper (Discussion Paper) and the Draft Housing Affordability Strategy (Framework). While the Discussion Paper and the Framework have been made available since early 2014, the bulk of the HAS Consultation Program occurred between October 2014 and May 2015.

The following pages detail the HAS Public Consultation Program, including consultation elements, feedback and potential partners. The Public Consultation Program forms the background to the Housing Affordability Strategy.

HAS Consultation Program Elements

1. Web-based notifications
2. Handouts and communication materials
3. Stakeholder discussions and feedback
4. In-depth stakeholder workshops
5. Community Information Session
6. Feedback Form

1. Web-based Notifications

A project webpage was developed to provide background information, access to past studies, and the Framework. Web-based notifications included:

- Project Webpage – provides access to current and past initiatives, reports to Council, policies and links to affordable housing resources.
- E-mail Listserv – during the consultation period four e-mails were sent out through the e-mail listserv. The listserv ensured consistent and ongoing communication with interested stakeholders. Organizations and the general public could sign up through the project webpage.
- Social Media Posts – during the consultation period, notifications were sent out through Facebook and Twitter to promote public input opportunities.
- Newspaper Ads and News Releases.

2. Handouts and Communication Materials

Staff developed a series of informational handouts. The handouts sought to tie together the ideas of the Framework.

The handouts were posted on the project webpage and were made available at the Community Information Session.

- HAS Overview - a summary handout of the Framework and Strategy update process. The document was intended to help communicate the main ideas of the Framework.

Public Consultation Program

- Key Housing Affordability Terms – a list of key terms related to housing affordability using plain language.
- Financing Amenities and Services – a list of recent examples of community amenities and services being financed by means outside of the property tax base.

3. Stakeholder Discussions and Feedback

From October 2014 to April 2015 staff responded to invitations from stakeholder groups and completed one-on-one meetings and presentations with the following groups:

- Urban Development Institute;
- Tri-Cities Homelessness and Housing Task Group;
- Tri-Cities Seniors Planning Network;
- City of Coquitlam Universal Access-Ability Advisory Committee;
- Burquitlam Community Association; and
- Northeast Ratepayers Association.

All input from these sessions was used to inform the development of the HAS. A summary of these meetings is below:

Urban Development Institute (UDI)

Staff met with the UDI on October 28, 2014. The following points were noted during their discussion:

- Parking reductions are a key incentive for market rental development;
- The desire to have rental floor area excluded from additional floor area achieved through density bonusing;
- Consider waiving Development Cost Charges (DCCs) and/or Community Amenity Charges (CACs) as an incentive; and
- Consider density transfers to properties nearby and not just adjacent to new rental development (Policy Direction 1.2).



Public Consultation Program

Tri-Cities Homelessness and Housing Task Group

A staff representative and Council member have participated in the Tri-Cities Homelessness and Housing Task Group since its inception in 2006. In addition to the City's ongoing involvement, specific input on the HAS was sought. Staff presented the Framework to the Task Group on November 7, 2014 and written comments were provided to staff on December 4, 2014. The Task Group noted their appreciation for Coquitlam's efforts to address the issue and update the Strategy and provided the following suggestions:

- The need to establish standards for maximum rents and minimum floor areas for new purpose-built apartments that will seek incentives through the HAS (e.g. fees waived, additional density, contributions from the Affordable Housing Reserve Fund [AHRF]);
- The importance for the City to act as a coordinator to promote partnerships towards achieving the actions and objectives of the Strategy;
- The Task Group also supports the City's use of the AHRF for a broad array of affordable housing incentives and not solely for deep subsidy measures; and
- Urges the City to increase the diversion of density bonus funds to the AHRF to grow the fund and expand the scope and availability of incentives. Additional feedback from the Task Group is expected as the Strategy proceeds and will be reviewed accordingly.

Tri-Cities Seniors Planning Network

Staff met with the Tri-Cities Seniors Planning Network on November 18, 2014. The following points were noted during their discussion:

- Co-housing (where bedrooms are private but kitchen and bathroom facilities are shared) is a potentially desirable model for affordable housing, particularly for certain seniors who may be capable of living on their own but cannot afford to do so; and
- There is a need for the City to better promote accessible design requirements and incentives.

City of Coquitlam Universal Access-Ability Advisory Committee (UAAC)

Staff met with the UAAC on October 29, 2014. The UAAC also provided written feedback on April 20, 2015. The following points were noted during discussions with staff or provided through written comments:

- The importance of a broad definition of accessibility in order to meet a diverse range of needs;
- The need for accessible housing, particularly in high-rises, in close proximity to the Evergreen Line;
- The importance of accessibility improvements which would allow people to remain in their homes;
- That a potential use of the AHRF would be to assist homeowners with accessibility improvements to their homes; and

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- The need to provide public information on:
 - how people can make accessibility improvements to their homes;
 - non-profit organizations who provide or have the capacity to provide accessible housing units; and
 - affordable and accessible housing units available in Coquitlam.

Burquitlam Community Association

Staff met with the Burquitlam Community Association on March 5, 2015. The following points were noted during their discussion:

- The desire to see density bonus funds, including those allocated to the AHRF, remain in the neighbourhood which they were collected;
- Right-sizing of utility fees; and
- Potential operational challenges with mixed strata and rental developments.

Northeast Coquitlam Ratepayers Association

Staff met with the Northeast Coquitlam Ratepayers Association on April 16, 2015. The following points were noted during their discussion:

- The need for adequate parking and enforcement of on street parking with increased density;

- The availability and enforcement of parking around civic facilities in high-density neighbourhoods; and
- The exploration of pre-fabricated housing options and workforce housing.

Through ongoing stakeholder discussion and sharing ideas, the City searched for potential partners and ways of working together. Project-specific discussions related to the HAS continued into the spring of 2015 along with ongoing discussions with housing stakeholders.

Ongoing Stakeholder Discussions

- ACORN Canada
- BC Housing
- CMHC
- Como Lake United Church
- Co-operative Housing Federation of BC
- Coquitlam Alliance Church
- Fraser Health
- YWCA
- Hoy Creek Housing Co-op
- Metro Vancouver
- Prospective developers
- Redekop Developments
- Talitha Koum Society
- Tri-Cities Transitions Society
- VanCity

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Importantly these discussions identified a number of non-profit/volunteer agencies already working in Coquitlam with plans to expand operations. Primary funding and support discussions have already been advanced with senior government and financing agencies. However, in addition to a regulatory role, it was consistently identified that local organizations would be able to do more to address the needs in Coquitlam if secondary City funding support was available in the form of leveraged seed funding, due-diligence efforts, asset secured grants or other contributions.

Discussions with other levels of government, such as Metro Vancouver and BC Housing, were useful in identifying the timing and potential sequencing of how any such requests to the City could occur.

4. In-depth Stakeholder Workshops

Ipsos Reid was retained to facilitate two stakeholder workshops using their Ideation methodology, which uses technology to collect and report input from participants during the workshop. The information collected during the workshop formed the basis for group discussion. A third workshop with local housing co-operatives was facilitated by staff.

Staff reached out to 69 groups from the development industry, government agencies, advocacy groups, faith-based groups, neighbourhood associations and housing co-ops. In total 40 participants from 34 organizations attended one of three stakeholder workshops held between December 2014 and March 2015.

Development Industry

The first workshop was held in December 2014 with representatives from the development industry. The focus of the workshop was to identify and discuss ideas related to removing regulatory barriers and using incentives to help spur market-driven solutions towards housing affordability.

Generally, industry representatives were pleased with the Framework and felt the consultation process was a meaningful way to obtain input as it worked within the economic realities of development. Two key themes emerged from the development industry workshop:

- A desire for increased clarity and transparency – workshop participants emphasized that in the case of housing affordability, the City should strive to outline clear and definitive information about the City's expectations, requirements and applicable bylaw and policies. This would facilitate better understanding of policy options and implication and reduced risk for developers. Greater clarity means less risk during the land acquisition and the development application process.
- The need for greater incentives to develop purpose-built market rental units – the suite of incentives approach proposed (Policy Direction 1.2, p.8 of Framework) is seen as sufficient for larger developments where density bonusing is applicable, but does not provide sufficient cost savings for the industry to build four- to six-storey wood frame rental buildings. Participants stated that residential rental rates in

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Coquitlam are not high enough to compete with strata unit market pricing. The group asserted that land costs would need to be discounted or significant incentives would need to be applied in order for the project proforma to justify building rental units.

Government Agencies, Advocacy Groups and Faith-based Groups

The second stakeholder workshop was held in February 2015 with representatives from government agencies, housing affordability advocacy groups and faith-based groups. The focus of the workshop was to explore opportunities for partnership and understand the services, programs and experience stakeholders have within the City of Coquitlam.

Generally, participants were pleased with the Framework and appreciated the opportunity to be involved in the consultation process. Key themes emerged during the discussion with government agencies, advocacy groups and faith-based groups:

- A desire for a single-point coordinator to provide leadership and facilitate partnerships – many participants indicated their organizations provide services across municipalities, specifically in the Tri-Cities (Coquitlam, Port Coquitlam and Port Moody). Participants felt that a single-point coordinator would provide a strong voice to the issue of housing affordability and help improve collaboration between local municipalities. In addition, a single-point coordinator could make it easier for municipalities and developers to move forward with affordable housing initiatives and projects. Although participants felt

housing affordability is a Provincial responsibility, they also indicated that the City is closest to the user and should play a very significant role in coordination and leadership towards advancing affordability solutions in Coquitlam.

- The need to develop a rental replacement policy as part of the Strategy – many participants expressed concerns related to the loss of affordable rental housing stock, specifically indicating a need for preservation of existing stock and policy to maintain community composition if rental housing is redeveloped.

Housing Co-operatives (co-ops)

Additionally, the City held a workshop in March 2015 with representatives from local housing co-ops. The focus of the workshop was on how the City could assist with the long-term sustainability of housing co-ops as they near the end of their financial agreements with governments.

Participants were pleased to see the City is recognizing and including co-ops as part of the HAS and reaching out to co-op groups during the consultation process. Key themes that emerged from the discussion with co-op housing groups:

- The City should act as a coordinator for affordable housing development – although appreciative of the process and progress towards the HAS, many respondents felt the City would need to do more in order to be effective. Participants felt that there is a real potential for leadership by the City in the redevelopment and protection of co-ops and rental

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housing. Participants emphasized that many purpose-built rental and co-op developments were constructed around the same time. With co-op mortgages coming up and land leases expiring in the next decade coupled with an aging rental stock, residents are concerned they will be displaced and will lose their measure of affordability due to pressures of redevelopment. Participants felt that municipalities are the level of government closest to the people and have a level of responsibility in initiating projects that address housing affordability. The economic reality is that government subsidies are decreasing and many co-op units will likely disappear over the next few years.

- A desire for accessible and affordable housing—participants emphasized the need for accessible housing in co-op developments. Accessible housing can be expensive and is hard to achieve while maintaining affordability. Use of the AHRF and waiver of floor area for affordable housing could provide significant assistance to the redevelopment of some older co-op developments. Respondents also indicated the importance of appropriate unit size and mix of housing types. Many co-op developments consist of larger unit sizes with three-to-four bedrooms, a form of development that is uncommon in new multi-family developments.

5. Community Information Session

A Community Information Session was held on April 8, 2015 from 4:00 p.m. to 8:00 p.m. at City Hall. The Community Information Session gave the general public, stakeholders, advocacy groups, special interest groups, developers and government agencies the chance to learn more about the HAS.



HAS Community Information Session Presentation Material

- **Scope and process for the HAS**
- **Contextual information including the roles of government in housing affordability**
- **Recent progress**
- **Vision and objectives**
- **Municipal comparisons**
- **Policy choices, including information on trade-offs between the use of density bonusing funds community amenities and housing affordability options**

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The Community Information Session was advertised through local newspaper advertisements, the project webpage and the project e-mail listserv, social media, community networks and posters in City facilities. The Community Information Session was designed to inform the public and stakeholders on the draft HAS and solicit feedback. The session also offered an opportunity for one-on-one conversations with staff and small group discussions.



6. Feedback Form

A Feedback Form was developed to gather information from stakeholders, potential partners and the general public. The Feedback Form was available from April 8, 2015 to May 9, 2015 and received 70 submissions: 34 forms were submitted at the April 8, 2015 Community Information Session and 36 forms were submitted online or through e-mail.

The Feedback Form consisted of seven multiple choice questions, developed in conjunction with Ipsos Reid, based on direction from Council at the February 2, 2015 Council-in-Committee meeting. Each question provided respondents with an opportunity to provide written feedback on the related topic, and a general feedback section at the end of the form allowed respondents to provide additional comments about the Framework.

The following section represents the results of the Feedback Form. While informative, it is important to recognize that, despite considerable efforts, the response rate to this approach was not as strong as desired. Importantly the following results must be viewed in context with other stakeholder and workshop feedback and not on their own. The feedback received was analyzed and dominant themes are highlighted below.

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Question 1

In 2009 the City of Coquitlam established an AHRF to support projects that promote housing affordability. The City's HAS Framework suggests that the City draw on the AHRF to help fund housing affordability solutions in Coquitlam. For example, this may include:

- Providing seed contributions (money for pre-planning and feasibility studies) to initiate projects;
- Waiving the density bonusing financial contribution requirement;
- Providing land through long-term lease for housing affordability projects; and
- Contributing to shared equity home ownership projects.

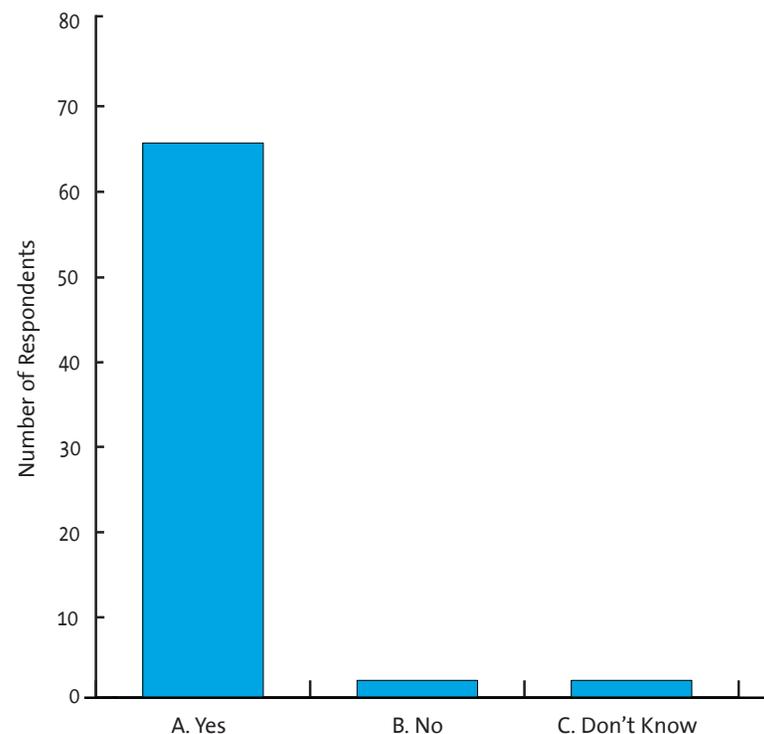
Do you agree with this approach?

- a. Yes, the City should draw on the AHRF to help fund housing affordability solutions in Coquitlam.
- b. No, the City should not draw on the AHRF to help fund housing affordability solutions in Coquitlam.
- c. Don't know.

Respondents generally agreed with the City drawing on the AHRF to fund housing affordability projects in Coquitlam. Key themes emerging from feedback provided based on Question 1 include:

- Providing support funding for specific user groups (e.g., developmentally delayed, seniors, single parents);
- Affordable and market rental housing should be funded through the AHRF; and
- Homeownership should be funded through the AHRF.

Question 1: Should the City draw on the AHRF to help fund housing affordability solutions?



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Question 2

As a way of improving housing affordability, the HAS Framework proposes using the City's land use planning and zoning authority to encourage a greater mix of housing types. This could result in an increase in duplexes, triplexes, quadraplexes, secondary suites, carriage houses as well as medium- and high-density apartment buildings in planned areas to increase housing supply and choices.

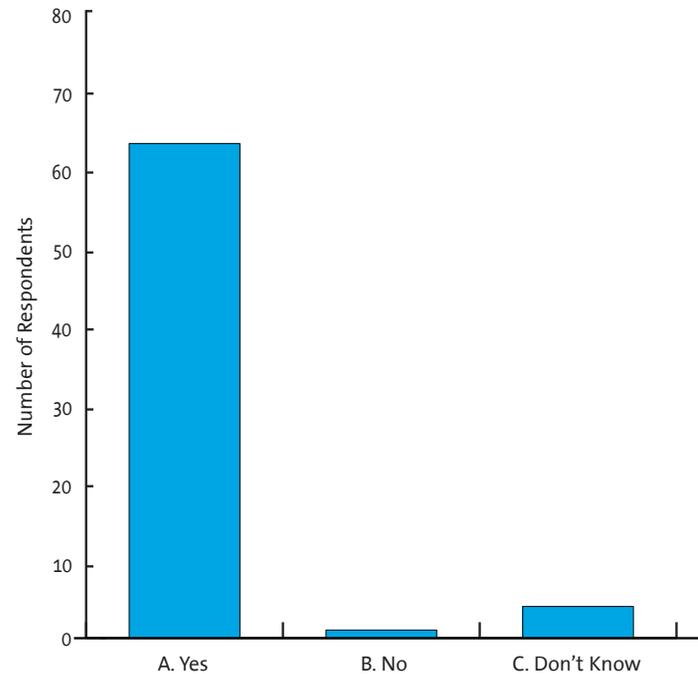
Do you agree with this approach?

- a. Yes.
- a. No.
- a. Don't know.

The majority of respondents support the City of Coquitlam using land use planning and zoning authority to encourage a greater mix of housing typologies as a way of improving housing affordability. Key themes emerging from feedback provided based on Question 2 include:

- Increase of housing supply and diversity of housing types;
- Respect existing neighbourhoods; and
- Housing types should reflect changing demographics.

Question 2: Do you agree with the City using land use planning and zoning authority to encourage a greater mix of housing types?



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Question 3

The draft HAS Framework does not currently propose inclusionary zoning as a policy option. Inclusionary zoning means requiring or encouraging developers of market residential projects to construct and provide a proportion of units (or cash-in-lieu for these units) as affordable housing. However, some have argued that inclusionary zoning creates affordable units for some, but passes on the cost to others as market units are priced higher.

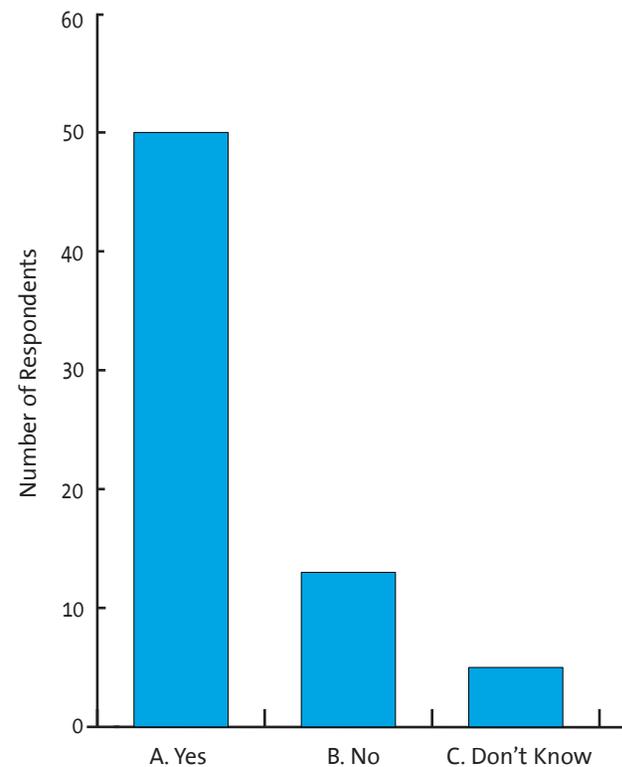
Should inclusionary zoning be considered as a policy option in the Housing Affordability Strategy? Please circle one:

- Yes.
- No.
- Don't know.

Respondents showed varying opinions. Key themes emerging from feedback provided based on Question 3 include:

- The value of market units could be negatively affected;
- Inclusionary zoning could strengthen diversity and encourage an inclusive community;
- Construction of affordable housing units are not the responsibility of the developer; and
- Inclusionary zoning should only be considered if increased density is provided in return.

Question 3: Should inclusionary zoning be considered as a policy option in the Housing Affordability Strategy?



Public Consultation Program

Question 4

The City's AHRF is funded through a portion of revenue from the City's density bonusing program. The density bonus program allows developers to make an optional financial contribution when City Council approves additional density at the time of rezoning. Density bonus contributions can be spent on a wide range of community amenities and infrastructure as determined by City Council and as identified in the City's Official Community Plan. Examples of community amenities could include: transit-oriented infrastructure and street enhancements, parks, play structures and affordable housing. Establishing priorities for funding is necessary as community needs will continue to be greater than funding available.

Do you agree with using a portion of density bonusing revenues to help fund housing affordability solutions in Coquitlam?

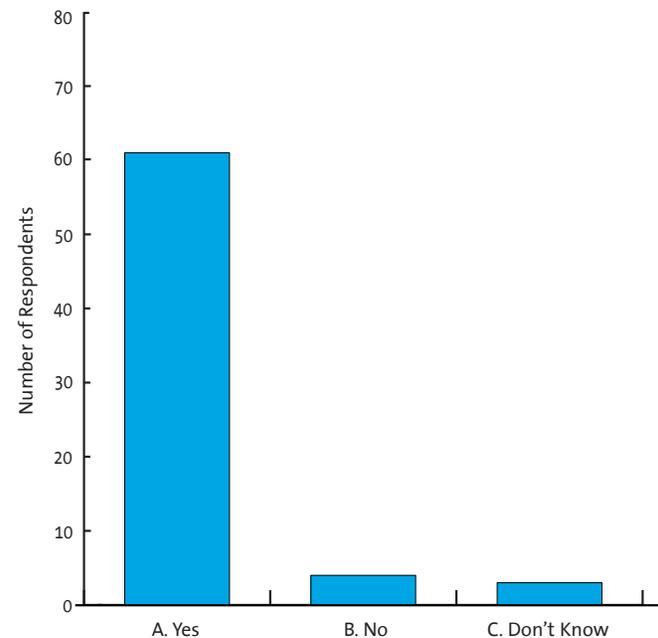
- Yes.
- No.
- Don't know.

The majority of respondents agree with using a portion of density bonusing revenues to help fund housing affordability solutions in Coquitlam. Respondents who did not agree or were unsure if density bonusing revenues should fund housing affordability identified that policy and bylaw regulations can encourage rental housing and a diversity of housing types.

Unlike the preceding questions, feedback received from Question 4, did not show key themes. Some of the comments provided included:

- Housing is a basic principle for sustainable community development;
- Affordable housing is a community amenity;
- Increased funding into the AHRF would encourage more partnerships; and
- This is a long overdue initiative.

Question 4: Do you agree with using a portion of density bonus revenues to help fund housing affordability solutions?



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Question 5

Currently approximately 10% of density bonusing money goes towards the AHRF and 90% goes towards other community amenities. Do you think this distribution of funds is appropriate?

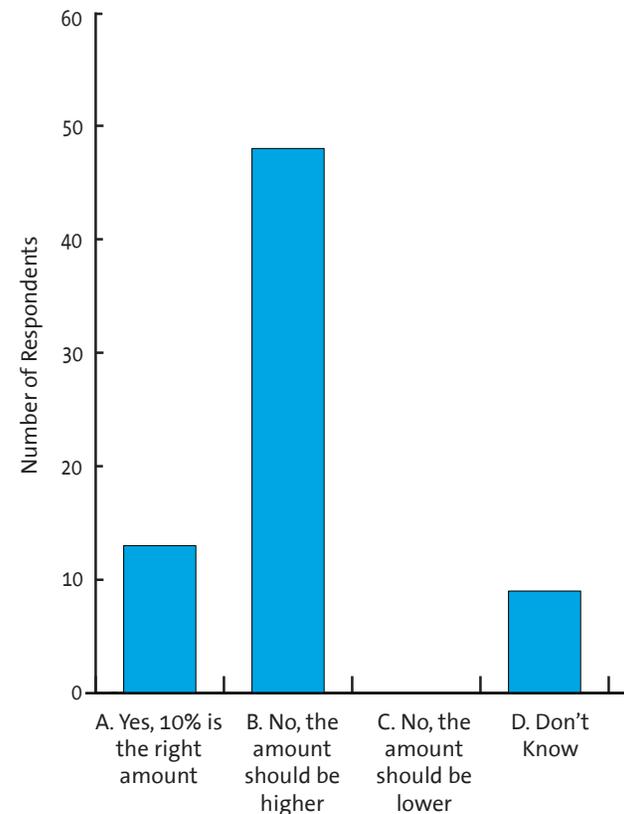
- Yes, 10% is the right amount.
- No, the amount should be higher than 10%.
- No, the amount should be lower than 10%.
- Don't know.

The majority of respondents felt that the amount of density bonusing revenues going to the AHRF should be higher than 10%. No respondents indicated that the distribution should be less than 10%; however, approximately 15% of respondents responded as “Don't know.”

Key themes emerging from feedback provided based on Question 5 include:

- The City needs to take initiative and not wait for other levels of government to address this issue;
- AHRF needs to be paired with other initiatives, e.g., bylaw changes; and
- The AHRF should be used to support non-market rental housing.

Question 5: Do you think the distribution of density bonus funds is appropriate (10% AHRF and 90% amenities)?



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Question 6:

Which one of the following should be the primary funding source for housing affordability solutions? Please circle one:

- a. Federal Government (e.g. income tax).
- b. Provincial Government (e.g. sales tax).
- c. Municipal Government (e.g. property tax).
- d. Other.
- e. None.

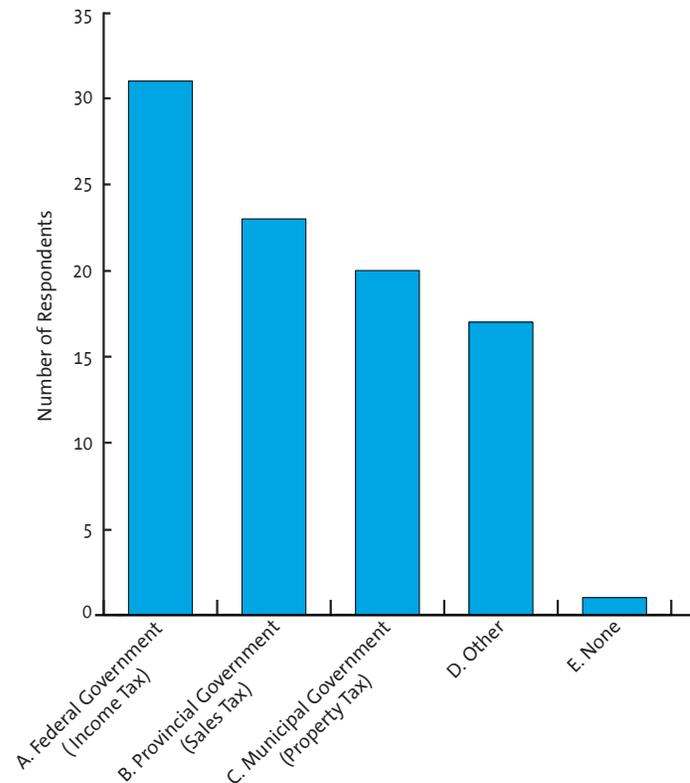
Although the question asked respondents what the primary funding source for housing affordability should be, approximately 45% of respondents selected more than one option and the majority of respondents who selected option “Other” indicated that all levels of government should be involved in funding housing affordability solutions. Based on the total number of selections for each funding source the greatest number of respondents felt that the Federal Government should be funding housing affordability, followed by the Provincial Government and then Municipal Governments.

Key themes emerging from feedback provided based on Question 6 include:

- All levels of government need to work together and contribute in some way;

- We cannot wait for federal subsidies to return, the City’s facilitation is appreciated; and
- The City should act as a facilitator with funding support from other levels of government.

Question 6: which of the following should be the primary funding source for housing affordability solutions?



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Question 7

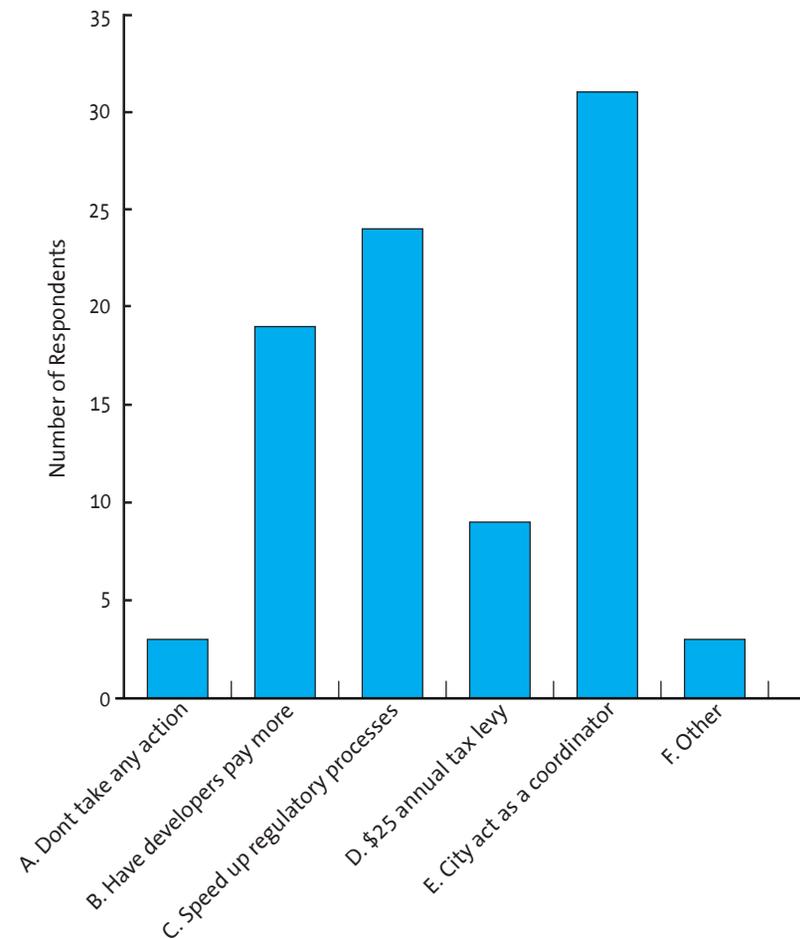
Which of the following actions would you suggest the City take to address housing affordability? Circle all that apply:

- Don't take any action; housing affordability is the job of other levels of government.
- Have developers pay more in order to help.
- Speed up regulatory processes.
- Create a \$25/year tax levy to help create more units.
- Act as a coordinator to help government and community agencies and developers work together.
- Other.

Based on the number of responses, participants felt the most effective actions for the City to take would be to speed up regulatory processes and act as a coordinator to address housing affordability. Key themes emerging from feedback provided based on Question 7 include:

- The City should provide leadership to help government and community agencies;
- The City should provide flexibility in the Development Permit process; and
- Rental housing should be a priority.

Question 7: Which of the following actions would you suggest the City take to address housing affordability?



Public Consultation Program

Additional Comments

A general feedback section at the end of the Feedback Form allowed respondents to provide additional and general comments. Common themes that emerged from this section include:

- The desire to have the City provide leadership in building partnerships;
- A strong desire to have a rental replacement policy;
- Housing affordability should incorporate all levels of affordability and a variety of needs; and
- Focus on neighbourhood plans and Zoning Bylaw regulations to encourage affordability and accessibility through a mix of housing types.

Unfortunately the overall response rate was less than anticipated. As such, the Feedback Form results, while informative, need to be viewed as only a part of the larger consultation program.

Conclusion

Consultation on the HAS was completed through a range of methods and approaches that have helped further the understanding of a wide range of issues. Stakeholder input was of particular value in pursuing policies that can best leverage the efforts of others in our community.

Considerable progress was made related to the roles the City can play such as those related to advocacy and land use regulation. General agreement in many areas is perceived, but further discussion and direction from Council is essential to formalize the HAS approach related to the size and use of the Affordable Housing Reserve Fund.



Section 2: The Role of Government

The Role of Government

Local governments are the agencies responsible for land use decisions and development approvals that lead to the housing make up in the community.

The provision of non-market and subsidized affordable housing has traditionally been the responsibility of senior governments (Federal and Provincial). Changes in senior government policy, including less funding for affordable housing, have placed more pressure on local municipalities to be more active in creating housing. However, local governments, while often more directly affected by housing affordability issues, lack the resources to build non-market housing themselves. As such, most new affordable housing units are provided through a coordinated effort between senior governments, local governments, community agencies and private sector contributions.

Competing Demand on Limited Resources

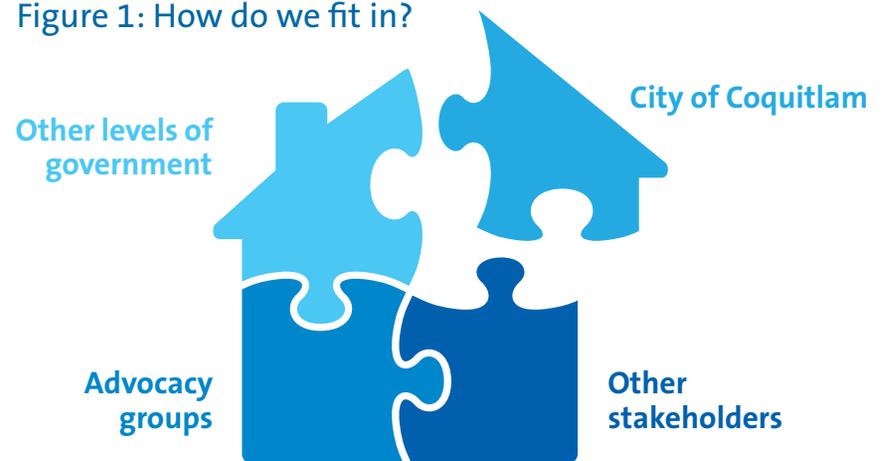
As discussed above, affordable housing is considered the primary responsibility of more senior governments. Moreover, with access to less than 8% of all tax revenues collected, local governments such as Coquitlam are already significantly challenged to provide required services and amenities in their communities. Within this context the current and projected demand for housing is a considerable challenge.

Forecasts suggest that more than one-quarter of all Coquitlam households will pay more than 30% of their income on housing, while almost 8% will be at risk of homelessness by 2023. The current demand for housing affordability far outpaces the ability for the City to fund direct solutions on its own; hence if the City is

to continue to play a role in this area, involvement of other partners remains essential. Aside from determining the City's appropriate role in this area (a fundamental question to be answered), any such contributions need to be decided on in relation to other worthy projects such as a range of infrastructure projects, local park amenities and civic facilities.

Alternatively, the City could focus its efforts at working to reduce, rather than eliminate, the affordability gap (the difference between what a household pays for rent and what would be affordable for them). While the criteria that households pay less than 30% of their income on housing is exceedingly difficult in the context of the Metro Vancouver housing market, working with other levels of government and stakeholders to ensure households with the most challenges are paying less than half their income on housing may be a goal that is more achievable.

Figure 1: How do we fit in?



The Role of Government

City of Coquitlam Contributions to Housing Affordability

Over the past several years, the City has been working to create a new HAS that reflects current and projected housing needs. Staff and Council have worked with partners from the private and non-profit sectors as well as other levels of government and the public to determine the roles that the City should play in the area of housing affordability. The result is a Strategy that is based on the City's ability to support housing affordability initiatives in partnership with other levels of government, private and non-profit housing providers, and community organizations. The City does not directly own or operate any non-market housing. The City can play six key roles in facilitating housing affordability of all types as shown in the Housing Continuum, ranging from emergency shelters to affordable home ownership through a range of actions (Table 1).



Table 1: Roles and Contributions to Housing Affordability

Planning	Provides direction on how the City, community partners, and developers can work together to meet future housing demand through its land use and strategic policy functions.
Development	Regulates and enforces land use, development, building and design standards. Provides options for affordable housing as one component of density bonus contributions (or funds in lieu) during rezoning.
Strategic Partnerships & Resources	City partners with public, private and non-profit sectors, and the community to facilitate the development of a range of affordable housing. May lease land, provide staff time, provide regulatory incentives, and has established an Affordable Housing Reserve Fund to resource the City's actions in this area.
Community Support	Works with partners to educate and build community capacity.
Advocacy	Advocates for affordable housing and support services with other levels of government, market housing developers and landlords in communities.
Research	Assembles, analyzes and distributes data and other research that assist other City staff and partners in setting priorities for expenditure of limited resources.

The Role of Government

Policy Context and Progress Made

The 2007 Affordable Housing Strategy (AHS) provided guidance on the City's actions related to affordable housing, and many of the key objectives and actions of the 2007 AHS have been accomplished. The HAS will build on these accomplishments.

Policy and Planning

- Adopted a Tenants' Assistance Policy for mobile home park redevelopments;
- Established the Affordable Housing Reserve Fund – with an approximate balance of \$2.1 million;
- Negotiated the inclusion of affordable housing units as part of major private development projects;
- Developed the Housing Choices Program as a key component of neighbourhood plans (Austin Heights, Maillardville, Burquitlam and Lougheed), which show a range of housing options, including multi-family; and
- New planned growth areas and housing intensification strategies including increased density and more housing options.

Development-related Measures

- Adopted a density bonusing program for affordable housing in key development areas;
- Provided for zoning for secondary suites in most single detached housing areas;

- Rezoned land for supportive housing for single mothers at Como Lake Gardens (528 Como Lake Avenue);
- Rezoned land for a permanent emergency shelter and transitional housing at 3030 Gordon Avenue; and
- Issued Temporary Use Permits for the operation of a Cold Wet Weather Mat Program operated in local churches.

City Land and Resources

- Provided City-owned land under long-term, nominal rent leases for housing for the shelter and housing located at 528 Como Lake Avenue and 3030 Gordon Avenue; and
- Contributed staff resources to work closely with BC Housing in the selection of an operator, and design and construction of the permanent shelter and transitional housing at 3030 Gordon Avenue.

Advocacy and Education

- Continue to participate on local and regional committees on homelessness and affordable housing;
- Advocate for capital funding from other levels of government for a permanent emergency shelter in the Tri-Cities;
- Continue to work with community and government partners to help residents access programs; and
- Continue to research best practices in affordable housing, forecast housing demand, provide data to public, government agencies and other regional partners as needed.

The Role of Government

Current Resources and Recent Progress

Since the AHS was adopted in 2007, progress has been made in promoting a wider variety of housing options and in addressing the housing needs of people who are homeless or require affordable housing.

Some of the work has involved improving policies and processes and other work has helped create new housing such as:

Como Lake Gardens

In 2006, the City provided and rezoned City land for a supportive housing development for women and their children who are at risk of homelessness. The 30-unit facility is operated by the YWCA of Metro Vancouver, and supported with ongoing operating funding from the Province. The women and children at Como Lake Gardens have access to a wide range of YWCA services that enable them to transition out of poverty and move closer to economic independence.

3030 Gordon

In 2009, the City provided and rezoned City land for an emergency homeless shelter and transitional housing facility. The facility will be operated by RainCity Housing Society and will include 30 emergency shelter beds and 30 transitional (short-stay) housing units with associated support services. The facility will be open by late 2015. Project partners include the City of Coquitlam, BC Housing, City Spaces Consulting, DYS Architects, and RainCity Housing Society.



Como Lake Gardens



3030 Gordon Architectural Rendering

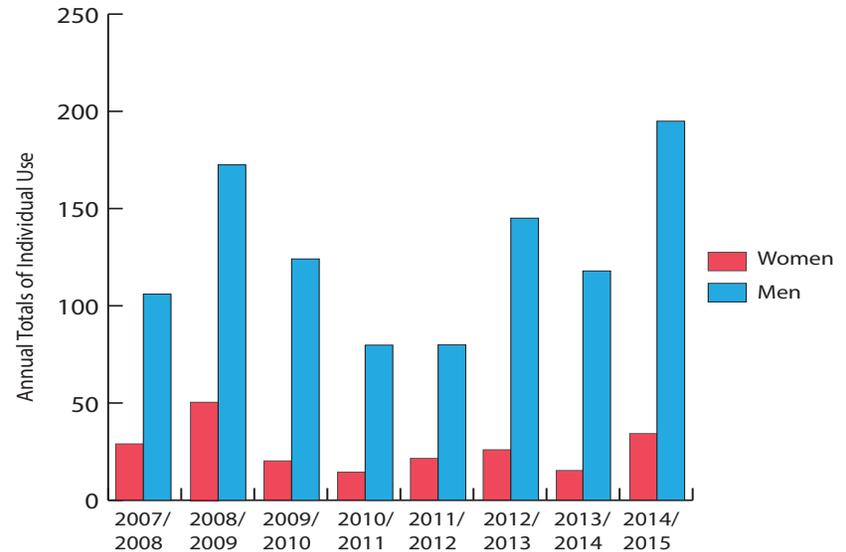
The Role of Government

Emergency Shelter - Tri-Cities Cold Wet Weather Mat Program

The City issued Temporary Use Permits to enable the Tri-Cities Cold Wet Weather Mat program to provide interim shelter at several Coquitlam churches (Coquitlam Alliance Church, Eagle Ridge Bible Fellowship, Calvary Baptist Church) from October – March each year since 2007. The program is operated by the Hope for Freedom Society.

During the 2014-2015 shelter season 229 separate individuals used the temporary emergency shelter. Figure 2 represents the annual total number of individuals who used the shelter since its opening in 2007.

Figure 2: Tri-Cities Cold Wet Weather Mat Program Individual Use



Municipal Practices In Greater Vancouver Area

Municipal practices across the Greater Vancouver Area use varying combinations of tools to address housing affordability in their communities. The following section provides a snapshot of practices used by municipalities in the region.

City of Vancouver

- “Solve Homelessness Strategy”
- Goal to build 4,000 additional rental units by 2018
- \$200M committed to projects from developer charges (CAC’s, development cost levies and direct negotiation)
- 20% of units in newly developing communities required as affordable
- Rental unit replacement requirements (Rate of Change Bylaw - currently set at no net loss)

City of North Vancouver

- AHRF supported by density bonus (20%) general revenue and sale of City lands
- Housing initiative grants contributed to 88 units and 25 emergency shelter units
- Incentives for the retention of existing housing stock (waiving parking requirements, using amenity space to create new units)
- Below market units - fast track approvals, waive city fees

City of Richmond

- AHRF supported by density bonus funding (20%)
- Inclusionary zoning (5% of all new units within larger projects)
- 294 units created through reserve fund and land contribution in Kiwanis project
- 50% of units in newly developing communities required as affordable
- Increase density near transit hubs
- Rental unit replacement requirements

City of Burnaby

- AHRF supported by density bonus funding (20% - approximately \$30 million)
- 20% parking reduction if 50% of project is rental
- City leases land at nominal value on seven sites
- 20% of units in newly developing communities required as affordable (390 units since 2007)

District of North Vancouver

- Housing choices program (laneway housing and secondary suites permitted)

Note: Municipal Practices Across Greater Vancouver is based on 2014 reported results by various municipalities

Municipal Practices in Greater Vancouver Area

City of New Westminster

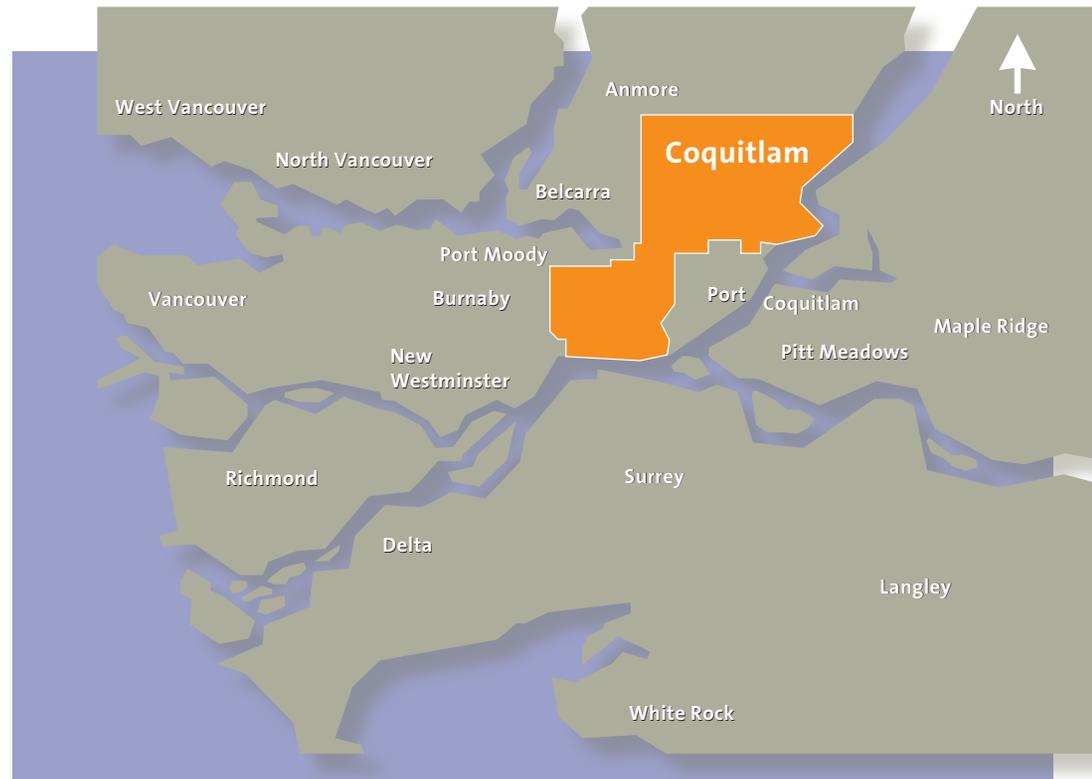
- AHRF supported by density bonus funding
- Small lot and housing choices model
- Increase density near transit hubs
- 100% density bonus exclusion for rental projects
- Rental unit replacement requirement
- Incentives for retention of existing housing stock (waiving parking requirements, using amenity space to create new units)

City of Port Coquitlam

- Housing choices program
- AHRF funded by density bonusing

City of Port Moody

- Currently updating housing policy
- AHRF in place



City of Abbotsford

- AHRF funded by density bonusing
- Land lift density bonusing proportion dedicated to AHRF
- Wood frame mid-rise density bonus exclusion considered for rental and affordable projects

Section 3: Best Practices in Housing Affordability

Best Practices in Housing Affordability

Cross-jurisdictional research reveals that there are many promising practices that promote housing affordability. While some of these have emerged from government initiatives or are innovations developed by non-market housing providers, many of them are products of private enterprises that have targeted housing affordability for middle-income, working families.

The practices and projects which are briefly described in this report were selected as being the most relevant to Coquitlam. They are grouped into two categories – those that are principally initiated by private enterprise and those that are initiated either by government or non-profit organizations.

Freehold Townhouses (PRIVATE ENTERPRISE)

An owner of a freehold townhouse has “fee simple” (absolute) ownership and is responsible for maintenance and utilities – the goal being to reduce monthly costs, and avoid a strata governance model. To ensure common exteriors, most freehold townhouses have design guidelines registered on title. Typically, freehold townhouses face the street, and have vehicle access via rear lanes.

- There are an increasing number of freehold townhouse projects in B.C. – Surrey, New Westminster, Langley and UBC have recent examples. ParkLane’s Bedford Landing project in Fort Langley was quickly absorbed, and resales have been strong. In Coquitlam, the Brae on Burke Mountain was also quickly sold-out.

Suite-Ready Detached Homes (PRIVATE ENTERPRISE)

In Metro Vancouver, there has been a convergence of public and private interests in making new homes suite ready. For a developer / builder, the costs are relatively small, but to a prospective buyer, a home that is

suite ready is viewed as having considerable potential for future revenue generation.

In Coquitlam, Moscone Developments ensures that its homes in Burke Mountain have secondary suite capability. Examples include: Gardenia, Belmont at the Foothills, and Nour at the Foothills. The marketing team observes that having a suite-ready home is a key selling feature, regardless of the household’s income. Burke Mountain’s luxury homes sell for between \$700,000 and \$1 million.

Market Rental Lock-Offs (PRIVATE ENTERPRISE)

This model was first used in resort communities. In Metro Vancouver, this model has been pioneered at UBC and Simon Fraser University at UniverCity. The building is designed to ensure that there is an easy compartmentalization of the overall unit, always including a separate, entrance, bathroom and small kitchen for the lock-off suite, so the homeowner can rent separately.

Carriage Housing (PRIVATE ENTERPRISE)

Carriage housing (sometimes referred to as coach or laneway housing) is typically defined as a small detached dwelling that is secondary/ancillary to a principal house. Often built above or in place of a garage, a carriage house is located at the rear of a lot abutting a lane. Carriage houses are smaller in size than the primary dwelling on the lot.

- An increasing number of B.C. municipalities are permitting and promoting this form of housing, including Coquitlam, Vancouver, Port Moody, Maple Ridge and Kelowna.
- Typically, these cannot be strata-titled, ensuring the dwelling remains rental in perpetuity.

Best Practices in Housing Affordability

- Construction and utility hook-ups for carriage houses can be high if not constructed at the same time as the principal dwelling, leading to higher rent levels than an in-home secondary suite. If a municipality is concerned that these units should remain affordable, a Housing Agreement with the land owner would be required.

Small-Scale Attached Housing (PRIVATE ENTERPRISE)

Innovative small-scale duplexes, triplexes and quadruplexes are more affordable than a detached dwelling and can provide for affordable home ownership. However traditional side-by-side configurations do not always provide the best site layouts for private outdoor space or parking, nor are they always compatible with the character of established neighbourhoods. Innovative approaches may include back-to-front, up-down, shared driveways, or garages at the rear. The City of Coquitlam's Housing Choices Program is leading to innovation and unique solutions for small-scale attached housing.

Shared Equity Home Ownership (PRIVATE ENTERPRISE)

Shared equity in market housing assumes that one of the investors (a non-market housing provider or social enterprise lender) assists a first-time home buyer, then reduces its equity position.

- An interesting example is McPherson Place in Calgary, a 160-unit, inner suburb condominium. To qualify, purchasers must earn below 120% of median income, and currently spend more than 40% of their income on shelter. The financing system eliminates a down payment and reduces monthly mortgage payments to a more attainable level. The project was facilitated by INHOUSE, a not-for-profit organization whose mandate is to close the gap between rental housing and access to home ownership.

- A similar example in Ontario is a non-profit financial corporation, Home Ownership Alternatives (HOA), which has a unique mortgage instrument to make home ownership more affordable for lower income families – a second mortgage not to be repaid until sale. Since 1999, 2,300+ families have been assisted by this tool.

Ownership of Manufactured Housing on Leased Land (PRIVATE ENTERPRISE)

This model of affordable ownership means that purchasers buy a manufactured house and lease the land. A percentage of the lease payments are used to build and maintain common amenities and undertake ongoing maintenance.

- Parkbridge Communities is a leader in offering manufactured homes as an affordable, practical alternative to site-built housing. This firm, with a focus on moderate income seniors, is aggressively developing in BC.

Innovative Purchase Plans – Private Builders & Developers (PRIVATE ENTERPRISE)

In many urban markets, there are developers and builders who focus on the lower end of the home ownership market. Two examples – in Alberta and B.C. – provide an illustration of how developers help increase the market for their product through innovative purchasing plans.

- In Medicine Hat, Alberta, Classic Construction helps purchasers through direct down payment contributions and mortgage subsidies for up to seven years. A non-profit partner, the Medicine Hat Community Housing Society, provides training for potential home buyers and administers the mortgage subsidy. The City has contributed to the viability of Classic's projects by amending density, greenspace and site coverage requirements.

Best Practices in Housing Affordability

- In Ontario, the Daniels Corporation provides condominium units at below-market prices, reduces the down payment for qualified buyers and offers a loan program.
- In Sooke, BC, Citta Group, the developer of the phased 700-home Sun River Estates, is working with Genworth Financial to provide a “lender cash back equity program” for prospective purchasers who have an excellent credit history, but have yet to save the required down payment. The developer is also encouraging prospective purchasers to investigate CMHC’s homeowner mortgage loan insurance where the form of down payment is “nontraditional”, meaning any source that is arm’s length such as property, gifts, sweat equity, or lender cash back incentives.

Affordable Home Ownership – PEAK Program, Calgary (PRIVATE ENTERPRISE & NON-PROFIT)

Launched in 2010, the PEAK program provides the down payment and a monthly mortgage subsidy for the first five years of ownership. This is a partnership among Trico Homes (private developer), Habitat for Humanity, and Alberta Housing and Urban Affairs. The first 64 units are located in a north-west suburb, close to schools, transit, amenities and recreation. Two other projects are under construction. Depending on the number of years of ownership, the equity appreciation of the property may be split between Habitat for Humanity and the PEAK homeowner. After the second year of ownership, the homeowner receives 100% of the property’s equity appreciation if the home is sold.

Community Land Trusts (CLT) (NON-PROFIT)

The CLT model is becoming a popular mechanism for maintaining and expanding the stock of permanently affordable housing. Each CLT is

a non-profit organization with charitable tax status. The CLT purchases land and then enters into a ground lease with the owner of the home, thereby removing land from the speculative market.

In some communities, the properties are existing single homes in a variety of neighbourhoods, while in others it may be new build townhouses or apartments. The CLT qualifies eligible households and manages the waiting list. Some CLTs are able to offer “gap funding” (down payment assistance) from grants they receive from governments and philanthropic organizations.

- In B.C., there are CLT’s with a mandate for creating affordable housing in a few communities, including Vernon and Denman Island.

Inclusionary Zoning/Density Bonusing (GOVERNMENT)

This practice emerged in U.S. greenfield communities where low- and moderate-income households were priced out of the housing market, usually resulting in a workforce that had to commute from other areas. In BC, the legislation was amended in 1993 to facilitate this practice at the time of rezoning.

- Regionally, Burnaby, Port Coquitlam, Surrey, and New Westminster have used amenity contributions from rezoning for affordable housing. There is no direct public expenditure, but there is usually a restriction or capping on resales or rents, with the objective being to ensure the housing remains affordable.
- The City of Coquitlam has taken this approach with the Fraser Mills development.

Best Practices in Housing Affordability

Municipal Land for Affordable Housing (GOVERNMENT)

Several municipalities in Metro Vancouver have either formally established a “land bank” of municipally-owned lands for future affordable housing, or entered into partnerships whereby municipally owned land was donated or leased for affordable rental housing in the same way as Como Lake Gardens and 3030 Gordon. Examples from other municipalities:

- In the past two years, the City of Surrey has provided land and waived municipal fees and charges for two projects – Alder Gardens, 36 apartments for women and children at risk of homelessness, and Quibble Creek, 52 supportive housing units and 15 short-term transitional recovery beds. The total value of the City’s land equity is approximately \$3.4 million.
- In Maple Ridge, the District provided land valued at approximately \$1 million for a new development that will create 45 units of supportive housing for people who are homeless or at risk of homelessness.
- In Abbotsford, the City provided land valued at approximately \$1.36 million and waived property taxes and DCCs for a new supportive housing development. This 41-unit building will contain a mix of studio and one- to four-bedroom apartments for single women or women and children at risk of homelessness in the Fraser Valley.

Below Market Home Ownership – Simon Fraser University (NON-PROFIT)

Completed in 2007, the Verdant is staff and faculty housing of 60 townhomes that are sold at approximately 20% below market value. These units can appreciate with real estate value, but final sale prices are 20% below current market value. SFU manages the wait list and

approves the assessment and subsequent reduction in price. The development was made possible through a partnership between VanCity Enterprises and the SFU Community Trust. The University provided the land lease at a significantly reduced rate and VanCity, as the developer, took a lower profit than is typical on this type of residential development.

Harmony Flex-Townhouse – Abbotsford (GOVERNMENT & NON-PROFIT)

As part of its commitment to affordable housing, the City of Abbotsford partnered with private developer Van Maren Construction to build 11 townhouses with finishable bachelor suites that owners can rent out. The City provided a \$5,000 reduction in property taxes, parking and setback variances, and made a donation of land at 20% of market value. CMHC also played a key role by providing start-up funds to make the bachelor suites accessible, and other mortgage flexibilities. The long-term affordability is achieved through a covenant with the City to sell the homes at 26% below market value.

The Quattro Micro-suites – Surrey (PRIVATE ENTERPRISE)

56 micro-units will be part of a complex to be built by Tien Shier at Whalley Boulevard and Grosvenor Road. The units will range from 290 to 653 square feet and will range in price between \$109,000 and \$183,000.

Affordable Rental & Ownership – People with Developmental Disabilities (GOVERNMENT & NON-PROFIT)

Under One Roof is the name of a six-unit project in Vernon that was built through the combined efforts of many partners – a local community land trust, social planning council, Kindale Development Association, the City of Vernon, BC Housing, Habitat for Humanity, the Real Estate Foundation, Okanagan College, and more than 100 Vernon-area businesses. In addition to leasing City-owned land for a token amount,

Best Practices in Housing Affordability

the City waived Development Cost Charges. The building is strata-titled. Two of the partners rent their units to low-income families and people with developmental disabilities. The sixth unit, built through Habitat for Humanity is now privately owned.

Intermediate Rent (GOVERNMENT & NON-PROFIT)

Intermediate Rent is an approach in use in Great Britain, particularly in areas where key workers are challenged to find affordable rental housing. The model is managed by non-market housing providers who own or lease an existing dwelling, then sub-lease it at a below-market rent – typically, 20% lower for a period of six months.

Rent Banks (GOVERNMENT & NON-PROFIT)

In Ontario, the Provincial Rent Bank Program is funded by the Government of Ontario, but administered by local governments. Under the program, tenants facing eviction for non-payment of rent can apply to receive financial assistance. If the application is approved, the outstanding rent is paid directly to the landlord. Each municipality decides whether the assistance is in the form of a grant or an interest-free loan.

While there is not a similar program in B.C., there are several rent banks operating or about to open in Metro Vancouver.

- In Surrey, the Surrey Rent Bank was established to prevent low-income singles and families from becoming homeless or having their utilities disconnected. The pilot project is an initiative of a non-profit society (Newton Advocacy Group) with funding from credit unions, the City of Surrey and charitable foundations. The average loan is about \$800, which clients have two years to repay.

- In the Fraser Valley, a rent bank program is administered by the Mennonite Central Committee with funding from Coast Capital Savings, the United Way, the Federal Government, and charitable foundations. In 2011, more than 200 people have received microloans, repayable within two years.
- In Vancouver, philanthropist Frank Giustra has made a sizable donation to the Streethome Foundation that will enable the organization to get a rent bank underway in 2012.

Regeneration of Non-Market Rental & Co-ops (NON-PROFIT)

To make the best use of their land and building assets, some non-profits, especially faith-based groups and seniors housing societies, are considering options to regenerate the properties they have owned or controlled for some time. Typically, the land value has appreciated considerably while the value of the improvements (housing) is static or declining. The regeneration model (renovate, retrofit, redevelop) and objectives depend on the individual project and society. There a number of older non-profit and co-operative housing complexes in Coquitlam that could be good candidates for regeneration. The Hoy Creek Housing Co-op currently has a redevelopment application underway. The Kiwanis Towers redevelopment in Richmond will provide 296 units of low-end of market rental housing for seniors.

Section 4: Further Discussions on Rental Development

Further Discussions on Rental Development

Rental Housing in Coquitlam

As discussed throughout the HAS, approximately 25% of Coquitlam households rent while 75% own their homes.

Market rental needs are primarily served through a combination of purpose-built and secondary rental units. In Coquitlam, purpose-built market rental is aging, with 73% built before 1980. In recent years less than 200 new purpose-built rental units have been constructed. The secondary rental market is an important component of rental housing. However, as noted in the Strategy, in the secondary rental market units cost, on average, 20% more than purpose-built rental units. Further, the secondary rental market is more susceptible to market trends.

The HAS responds to this condition through a suite of policies designed to encourage new purpose-built rental construction. The HAS proposes a number of ways to encourage both purpose-built and secondary market rental units, however, other housing options are also important.

Secondary Suites

Coquitlam encourages the development of secondary suites in the planning of single-family residential neighbourhoods. This approach allows concerns related to secondary suites (such as parking, transportation demand and servicing) to be comprehensively addressed at the outset of the community planning process. As a result, most new communities within Coquitlam provide secondary suites that both serve as mortgage helpers to new home buyers and add to the rental market supply.

Based on building permit data, secondary suites made up 13% of total units added between January 1, 2010 and December 31, 2014 and, on average during this period, 55% of all new single-family houses built contained a secondary suite (at the building permit stage). While secondary suites have the potential to increase rental supply, they are typically located in established neighbourhoods away from transit and supply is constrained by the amount of single-family housing stock.

Housing Choices

In 2011, Council adopted the Housing Choices Program. This program allows developers to increase the number of units on a single-family lot through the development of carriage houses, garden cottages, narrow lot subdivision as well as three- and four-unit projects on land formerly occupied by one dwelling. While the program has the potential to add units to both the secondary rental market and home ownership market, data indicates that to date, the Housing Choices Program has produced relatively few units and these units may not be affordable to many. As indicated in the HAS, current take-up of Housing Choices units may still be burdened by regulatory barriers, static home builder programs or the stronger profitability of other housing forms. Between January 1, 2010 and December 31, 2014 permits issued under the Housing Choices Program represented 3% or 196 units of all residential building permits issued. While the Housing Choices Program is still relatively new, the City will need to monitor this housing option as the HAS evolves.

Further Discussions on Rental Development

Exploration into Other Potential Rental Incentives

The City of Coquitlam is committed to monitoring the effectiveness of the HAS specific to the development of rental units. The HAS proposes a suite of policies to help incent rental development. Over time, the City will monitor the success of its rental policies. At Council's decision, the City could examine the potential need for additional rental incentives.

Should the City wish to participate in such incentives, the challenge is to create an incentive that is effective but is also balanced in terms of other housing affordability targets and community amenity needs.

Consultation with the development industry and non-profit developers indicates that a cost reduction of \$8,000-\$10,000 per unit would make the construction of purpose-built rental housing financially viable. However, other developers and an independent third party assessment by Colliers International suggest that in order to stimulate development, the amount would need to be greater than \$10,000 per unit depending on the specifics of the project. Importantly, Coquitlam, while wanting to assist in achieving the construction of rental housing, recognizes that other players must also be involved in creating workable solutions.

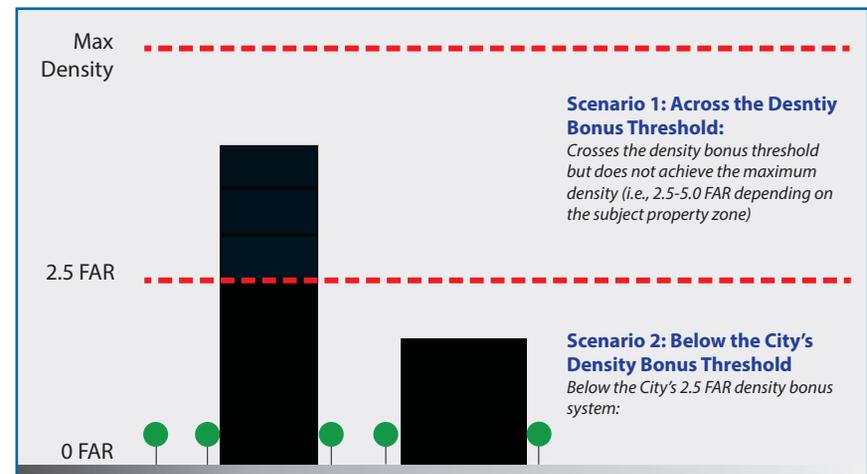
It is hoped that the proposed suite of policies will encourage rental development. However, the consideration of any additional incentives could follow from monitoring the rental supply and could be triggered by Council direction to explore the feasibility of additional incentives. Importantly such consideration would need to determine if a proposed contribution level was cost-

and resource-effective (i.e., balanced against the need for other amenities as well as other housing affordability initiatives, such as shared equity models).

The HAS process explored a number of potential options for future incentives, should Council wish to reconsider the issue at a future date. Two of the options investigated appeared to have potential, as substantive approaches, should they be deemed necessary and appropriate. The two scenarios for consideration would create an \$8,000-\$10,000 per unit stimulus based on 2015 levels. Each of the scenarios focuses on a different level of development, based on the proposed project's FAR:

1. That crosses the density bonus threshold but does not achieve the maximum (i.e., 2.5-5.0 FAR depending on the subject property zone); and
2. Below the City's density bonus threshold of 2.5 FAR.

Figure 3: Future Consideration for Rental Incentives



Further Discussions on Rental Development

Scenario 1: Across the City's Density Bonus Threshold

A potential area of investigation, should Council wish to explore additional rental incentives, would apply to development projects which exceed the 2.5 FAR level. Potential considerations could look at using the AHRF as a source of funding. However, as the value of the AHRF is proportionally small compared to development costs, it may be important to examine other possible rental housing incentive funding sources so that the AHRF maintains a value high enough to support other housing affordability initiatives.

One potential approach could explore applying a credit against all density bonus contributions up to a maximum per-unit amount. This potential approach is illustrated in Table 2 below:

Table 2: Potential Rental Incentive Credit for Proposals that Cross the City's Density Bonus Threshold

Number of Bedrooms and Unit Size	Credit
1-bedroom and/or < 700 sq.ft.	\$8,000
2-bedroom and/or < 900 sq.ft.	\$9,000
3-bedroom and/or < 1200 sq.ft.	\$10,000

Should the City need to explore additional rental incentives, the above formula presents a straightforward, consistent method to meet the effective incentive value. The City would need to explore if a cap on this approach would also be prudent. For example, if a maximum of \$4.5 million was used for this incentive over time it would represent approximately 2% of the total projected density

bonusing dollars over the life of the AHRF (i.e., \$250 million over the next 30 years). Over 30 years it is estimated that this could create up to 450 units.

Scenario 2: Below the City's Density Bonus Threshold

In examining possible rental incentives for products below 2.5 FAR, few funding sources or potential cost reduction areas exist. For example, density bonusing does not apply below 2.5 FAR and Coquitlam has comparatively low development fees, ensuring a competitive and healthy marketplace.

Further, as it is crucial for the City to provide new infrastructure and important community amenities, the city would need to carefully examine any options which propose a reduction in CAC or DCC contributions paid by a developer.

Using the AHRF as a source for incentive funds could be considered if directed by Council. The AHRF is created as an overall vehicle to enhance housing choices and promote a wide variety of housing options. As such, options where a limited or maximum percentage of the AHRF could be used to credit or offset some of the costs of a new rental housing development.

While additional investigation would be needed, one incentive option that could be applied for developments that are below density bonus threshold of 2.5 FAR are represented in Table 3.

Further Discussions on Rental Development

Table 3: Potential Rental Incentive Credit for Proposals that are Below the City’s Density Bonus Threshold

Number of Bedrooms and Unit Size	Credit
1-bedroom and/or < 700 sq.ft.	\$8,000
2-bedroom and/or < 900 sq.ft.	\$9,000
3-bedroom and/or < 1200 sq.ft.	\$10,000

This potential incentive would exceed the value of a CAC or DCC credit and would likely be enough to act as an incentive.

As it is critical to ensure that the AHRF is available for other housing affordability initiatives (e.g., affordable home ownership, supportive housing models) over time, it would require investigation of a cap on this contribution. For example this incentive could be limited to being available on a first-come, first-serve basis to a maximum of 25% of the available funds in the AHRF account, with this value being set annually on January 1.

For illustrative purposes, such an incentive is estimated to make a substantive contribution to the rental demand supply gap. Specifically, in light of longer-term projected AHRF funding levels from future density bonus contributions, it is estimated that over the next 30 years, this incentive has the potential to help create approximately 670 units of purpose-built market rental housing.

The above discussion represents one possible set of rental incentives that could be further explored if additional actions to the proposed HAS suite of rental policies are deemed necessary and appropriate.

Eligibility for Incentives

The incentives proposed would only apply to new developments and to the portion of the development that is purpose-built rental housing based on the following criteria:

- Create six or more units of purpose-built non-strata rental housing;
- Place a covenant on title (i.e., housing agreement) to secure the rental housing for the life of the building;
- Meet all development requirements and positively add to the community through appropriate form and character.

Guiding Principles

In developing the rental incentive options, Coquitlam would be guided by the following principles:

- Rental units serve to improve housing affordability through the provision of increased housing mix and tenure choices;
- Only a portion of the AHRF can be allocated to purpose-built rental units as the AHRF is an important source for a wide range of affordability solutions along the full housing continuum;
- As CACs and DCCs are critical to managing growth, the City will not directly reduce these needed revenue streams;
- Incentive mechanisms must be straightforward and predictable for both the City and the development community.

Funding Mechanisms

Further Discussions on Rental Development

Under these potential scenarios, the proposed incentives would be funded through different mechanisms depending on the development characteristics in order to create a sustainable program. Development Scenario 1, across the density bonus threshold, would be funded from the AHRF; development Scenario 2, below the density bonus threshold, would be funded by crediting back a portion of density bonus contributions (credit first from the AHRF portion, i.e., 3.5-4.0 FAR increment).

Maximum limits would need to be proposed in each case, as it would be important to establish pre-set and controllable limits on this area of the City's resources given important trade-offs in terms of other Citywide needs.

Combined, with proposed Policy 1.2.4 (Exemption of Density Bonus), these additional policies, if needed, could provide a “no net loss” of rental units in Coquitlam. These actions, if deemed required by Council at some point in the future, could further augment the suite of rental policies proposed by the HAS.



