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Coquitlam

For Council

March 21, 2019
Our File: 10-5040-20/AFFHOU/2018-1
Doc #: 3234747

To: City Manager
From: General Manager Planning and Development

Subject: **Affordable Housing Reserve Fund (AHRF) Criteria Review**

For: **Council**

Recommendations:

That Council:

1. Endorse updates to the Affordable Housing Reserve Fund (AHRF) Criteria and the AHRF Funding Guide consistent with the report dated March 21, 2019, of the General Manager, Planning and Development entitled "Affordable Housing Reserve Fund (AHRF) Criteria Review" with the following new elements:
   a. Add Criteria: *Eligibility for Affordable Housing Reserve Fund support is limited to units owned or leased by a registered non-profit society and secured through a Housing Agreement with the City;*
   b. Add Criteria: *City contribution through the AHRF to any one project cannot exceed the amount contributed by the Province;*
   c. Amend Fund sustainability Criteria to read "*Fund Sustainability: Requests in excess of $50,000 / door should pay back or help sustain the AHRF through secured land lease or air-space parcels consistent with the approved AHRF Framework.";* and
   d. Implement new AHRF Funding Guidelines including:
      - Tier 1 – $10,000 -$20,000 / door via a grant;
      - Tier 2 – $20,000 -$50,000 / door via a conditional grant; and
      - Tier 3 – greater level of support exceeding $50,000 / door secured by equity (i.e., land or air parcel long-term lease).
2. Direct staff to implement a structured process for AHRF funding requests where AHRF funding agreements and Housing Agreements associated with development projects are presented for Council consideration prior to or concurrent with fourth reading consideration of the subject rezoning application.

Report Purpose:

The purpose of this report is to present recommended revised criteria on the use of the Affordable Housing Reserve Fund (AHRF) to Council, and to provide an opportunity for Council to provide any feedback on Housing Affordability Strategy (HAS) implementation.

Strategic Goal:

Coquitlam's HAS and accompanying initiatives support the City's strategic goal of 'Achieving Excellence in City Governance,' as it guides Coquitlam's response as a local government acting in partnership with others to deal with current housing affordability challenges.

PWS

Executive Summary:

Since the approval of the HAS in 2015, Council has taken action to monitor the effectiveness of the strategy and ensure appropriate resources are assigned. A review of completed and pending AHRF requests indicates that the original AHRF criteria has presented staff and housing operators with very wide parameters, sometimes making it difficult to negotiate an agreement and provide certainty. This report reviews the current performance of HAS incentives at creating non-market units and identifies the challenges that have become apparent with some of the current criteria. The report concludes that:

1. Funding amounts available need to be better linked to the achievement of specific and more measurable criteria;
2. Two new additional AHRF criteria are required;
3. An overarching AHRF Funding Guide is needed to provide transparency, certainty, and clarity; and
4. AHRF Criterion #6 should be amended, as higher level funding contributions (>$50,000 / door) should avoid mortgage or loan style funding arrangements , and instead are best facilitated through land lease or air parcel agreements of City owned assets.

Background:

Since the establishment of the HAS, Coquitlam has seen a significant increase in the development of market rental units through regulatory incentives in combination with several other factors. To date, 475 market rental units have been approved since December 2015, and approximately 3,000 market rental units are currently in the application / construction processes or are the subject of initial discussions.

The creation of non-market units, designed to support those who may be paying 50% or more of their income toward housing, has proved more challenging to achieve and necessitates reaching partnerships with other parties. Density incentives have worked very well to create market rental units but have not produced a significant number of non-market units. Part of the challenge to creating non-market units relate to different perceptions on how the AHRF should be utilized, the degree of support that should be funded by the City, and the equity or payback provisions originally suggested when the AHRF was created.

Evaluation of HAS Rental Incentives

With the original approval of the HAS, the City has succeeded in creating some new non-market units in part through the City's AHRF contributions. However, the City's density bonus incentive was not responsible for creating any non-market units from 2016-2017. In response, the HAS Zoning Bylaw amendments approved by Council in November 2017 allowed for additional density (i.e., an extra 0.5 FAR) in exchange for the inclusion of non-market units and there now appears to be greater interest and a positive market effect with this incentive. Importantly, of the 548 additional non-market units forecasted, approximately 35% (197) of the projected units are connected with HAS density incentives.

It should be noted that the remaining 65% (351) of these non-market units are driven by non-profit society initiatives, which will often seek funding from multiple levels of government.

Table 1: Non-Market Housing Unit Summary 2016 - 2022

Principal Organization	Non-Market Units	Density Bonus Incentive	AHRF Contribution*
Approved non-market units 2016-2018	102	No	Yes
Anticipated non-market units secured primarily through efforts of non-profit providers	351	No	Yes
Potential non-market units secured as a result of City density incentives by for-profit developers	197	Yes	Yes
Total	**650**		

**AHRF Contribution received or anticipated*

Table 1 above and Attachment 1 provide further information regarding the approved and projected non-market units that have been incented since the approval of the HAS.

Through our work to date with various stakeholders and housing operators, staff expects that the large majority of anticipated non-market units will not be driven solely by density bonus incentives but will seek other City contributions (i.e., AHRF funding support). This is particularly likely given that new federal and provincial funding is often contingent on municipal contributions. While Coquitlam established the AHRF to facilitate such requests, it is important to ensure that the AHRF criteria clearly communicates the City's expectations and values.

Discussion / Analysis:

I. Fund Utilization

When the HAS was adopted in 2015, the City wanted to explore ways to encourage a broad variety of innovative funding models. However, since the establishment of the AHRF Criteria in 2015, four projects have received AHRF approval:

- $177,000 to the Finnish Canadian Rest Home Society (14 units);
- $620,000 to the BC Conference Board of the United Church (75 units);
- $725,000 to the Talitha Koum Society (18 break the cycle transitional beds); and
- $456,000 to the Vancouver Resource Society (12 units).

While several prospective partners have inquired about AHRF funding, expectations of support levels and terms vary dramatically from $10,000 / door to >$150,000 / door. Finding projects that align with the original criteria has proven difficult due to unclear expectations as to the amount of funding available on a per project basis and the terms by which the City might choose to fund a project at various levels. The unique nature of each non-market proposal makes the original broad criteria harder to apply. A summary of AHRF funding variables of both completed and anticipated requests are discussed in Attachment 2.

II. AHRF Evaluation Criteria

The AHRF provides the financial basis for the City's contribution towards helping to increase the supply of housing options for low and low-to-moderate income households. The original AHRF criteria was approved by Council in 2015 (as shown in Attachment 3) and suggested that the following criteria be considered when evaluating an AHRF request:

1. **Targeted population**: Projects should meet the needs of low to low-to-moderate income households;
2. **Community fit**: The project must be suitable for the community in which it is proposed;
3. **Fund viability**: Council cannot commit to funds beyond the available AHRF balance;
4. **Breaking the cycle:** Projects should focus on opportunity for greater self-sufficiency;
5. **Degree of leverage**: All requests should have a "favorable" degree of leverage; and
6. **Fund Sustainability**; Preference will be given to projects which can pay back all or part of the contribution.

Challenges with the Current Criteria

In order to better align the use of the fund with Council priorities, and given the ongoing evolution of the federal and provincial roles, it is timely to revisit the AHRF criteria. The first three criteria (targeted population, community fit and fund viability) are straight forward and have worked well. It is recommended that these three criteria be retained and continue to guide in formulating and evaluating AHRF requests.

The fourth criterion "breaking the cycle" focuses efforts on projects that help individuals and householders transition along the housing continuum and aims to reduce the degree of subsidy and dependencies over time. However, as current AHRF criteria are not prioritized, this criterion requires additional clarity. Specifically, proposal evaluations are often based on a "per door" contribution. However, many "break the cycle" projects such as Habitat for Humanity and Talitha Koum can serve 5-10 times the number of individuals over a reasonable period of time within the same unit which may make a per person evaluation more relevant for this type of project.

The fifth criterion suggests funding preference will be given to projects that demonstrate "favorable leverage." Staff, operators and developers have found that the lack of clarity around this criterion has hampered efforts to create non-market housing. Specifically:

a. There is little guidance as to the appropriate proportion that the City should contribute to a project. This creates unclear expectations for housing providers and can lead to a wide range of proposals from low leverage proposals that request a City contribution equal to the funding from all other sources (1:1 leverage) through to very high leverage proposals where each City dollar contributed is proportionate to 50 dollars from all other contributors (50:1 leverage);
b. Staff have received proposals and inquires for substantial amounts (>$100,000 per door) where private and non-profit contributions are significant (3:1) but the federal and provincial contributions are less than what is requested of the City; and
c. Some proponents receive block funding from senior levels of government and they may choose to allocate less of that funding to Coquitlam projects with the anticipation that the AHRF will make up the difference.

Most significantly, the undefined and somewhat conflicting nature of Criterion #6 "Fund Sustainability", including the need for "pay-back" or equity models, has led to several implementation challenges. While the principles expressed in the criteria are clear, many important implementation details have prevented staff and operators from finding the correct way forward. These include:

a. Staff have interpreted that larger per door requests (>$40,000) should contribute back to the fund over time. This has created a significant challenge as most non-profit providers are essentially "break-even" operations who are reliant on long-term equity growth as a means to build future housing;
b. The equity stake or "pay-back" return requirement to the City has been challenging to secure as many of the security methods could expose the City to greater long-term risk and responsibility;
c. Staff has been challenged by a lack of details on how to secure a pay back to the fund. (e.g., what is an acceptable rate of return or time period?);
d. The equity return requirement necessitates mortgage or loan type agreements which can be very difficult to enforce or collect under default conditions; and
e. Similarly, loan or mortgage based equity directly competes with private sector efforts (VanCity) and new federal funding models through CMHC. In light of such new federal and provincial funding sources it is felt to be inappropriate for the City to be acting as a "bank".

Challenges of Flexibility
As noted above, the original AHRF criteria were designed to allow for maximum flexibility through a very broad range of potential approaches and were designed prior to recent federal and provincial initiatives. However, several challenges have occurred with this approach. Specifically;

a. With such flexibility, there is wide variety of ideas and expectations on the City. Staff believes that there is not sufficient direction from the criteria to evaluate appropriate funding requests;
b. Proposals have been received or suggested with vastly different "pay-back" terms to "pay as you can" to "replacing bank financing" through upfront payments, to co-ownership (including owner's maintenance responsibilities);
c. Complex funding and loan agreements through partial equity models and "forgivable grants" that may open the City up to long-term risk and increased responsibility; and
d. New federal and provincial programs are often based on mortgage assets. Coquitlam's criteria related to mortgage or loans essentially compel the City to co-own or take a second mortgage behind the other governments and may compete with new federal/provincial programs.

Proposed AHRF Criteria Update
Staff, in discussions with non-profit providers, believes establishing a clearer priority system of the criteria and creating clear funding guidance which would include an approximate range of funding levels will communicate clearer expectations to potential partners and allow for improved utilization of the AHRF.

As such, two new AHRF criteria are proposed to improve clarity and certainty:

- ***Funding Eligibility:*** *All AHRF contributions must be to units owned by a registered non-profit society.*
  Rationale
  This change helps communicate to potential partners the realities the City operates within, including the "Community Charter" legislation which precludes the City providing funding directly to a for-profit business. Further, several developers are exploring ways to retain ownership of non-market units. The City is supportive of this approach under certain conditions (including requirements for BC Housing to be solely responsible for long-term monitoring and enforcement). However, given that the City's HAS density bonus incentive has already provided a meaningful benefit to the private sector to create the non-market units, it would be inappropriate to also apply AHRF funds to the same units. As such, funding eligibility restrictions are seen as appropriate.

- ***City Contribution Limit**: AHRF contributions to any one project cannot exceed the amount contributed by the Province.*
  Rationale
  The second new criteria addresses issues related to the City's appropriate role. The proposed criteria would create clearer expectations for senior levels of government and other stakeholders and ensure that the City is not left with long-term responsibilities as the largest government contributor to a project.

Staff believes that these two new criteria will be very helpful in evaluating and enabling a number of worthwhile projects to move ahead. Should a unique project arise that does not fit with the recommended revised criteria, it will be evaluated by staff and presented to Council for consideration.

III. Proposed AHRF Funding Guide

Staff recommends that AHRF funding be organized along a *Funding Guide* continuum with associated criteria aligned to three recommended funding levels. Under pre-established templates, the range of funding support increases in terms of the level of City contribution as more of the City criteria are achieved. In order to better communicate the "Funding Guide," staff has incorporated the two new proposed criteria and re-numbered remaining criteria in order to align with proposed City contribution levels. The new proposed / re-numbered criteria would read as follows:

1. **Targeted Population**: Projects should meet the needs of low to low-to-moderate income households;
2. **Community Fit**: The project must be suitable for the community in which it is proposed;
3. **Fund Viability**: Council cannot commit to funds beyond the available AHRF balance;
4. **Fund Eligibility**: All AHRF contributions must be to units owned by a registered non-profit society;
5. **City Contribution:** AHRF contributions to any one project cannot exceed the amount secured by the Province;
6. **Degree of Leverage**: All requests should have a "favorable" degree of leverage;
7. **Breaking the Cycle:** Projects should focus on opportunity for greater self-sufficiency; and
8. **Fund Sustainability**; Preference will be given to projects which can pay back all or part of the contribution.

The proposed funding levels are shown in Table 2 and addressed in more detail in Attachment 4.

Table 2: Proposed AHRF Funding Guide

Support Level	Criteria Required	Potential Range	Structure	Rationale
Tier 1	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit	\$10,000 - \$20,000 per door	Grant	Offsets DCCs and permit fees associated with non-market units e.g., United Church, Finnish Canadian Society
Tier 2	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit; and 6. High Degree of Leverage; or 7. Break the cycle model	\$20,000 – \$50,000 per door	Conditional grant (pay back requirement decreases 1/25th over 25 years of operation)	2x City charges and fees based on 8x or greater leverage value[1], deeper affordability units, or break the cycle model e.g., Vancouver Resource Society
Tier 3	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit 6. High Degree of Leverage; and 7. Break the cycle model 8. Fund sustainability	Asset based >\$50,000 per door	Land lease, air-space parcel, or land purchase partnership	Contribution where City retains land asset to enable partnership e.g., 528 Como Lake / YWCA, Talitha Koum, Habitat for Humanity

By setting out pre-established funding levels, the City would be mirroring practices by BC Housing and other municipalities that use “dollar per door” models with clear guidelines for specific funding support. These guidelines would discourage mortgage or loan style security, require pre-set leverage contributions and tie Coquitlam contributions to known City fees or City owned assets.

[1] *It is recommended that a specific leverage value is needed in order to clarify City expectations. The proposed funding guide would establish that for every \$1.00 invested by the City, the project must show \$8 dollars of investment from other sources (8x leverage).*

The guide provides clarity and transparency for applicants to apply for a model knowing that Council is generally comfortable with the approach. All AHRF funding requests would continue to be presented to Council for consideration. On this basis, staff recommend that Council endorse the "AHRF Funding Guide" outlined above and as shown in Attachment 4.

IV. Fund Sustainability Criteria

As discussed above, the original HAS Fund Sustainability Criteria suggests a preference for projects to contribute back to the sustainability of the fund. Based on our research this has been found to be an uncommon approach among B.C. municipalities. However, with the renewed federal and provincial presence in this policy area, current needs may be better served by aligning funding approaches. Further, staff are concerned that potential unintended consequences can result from this approach. Specifically:

- The fund sustainability model works best for those municipalities which operate a Housing Authority in order to monitor and manage the assets;
- As witnessed in other provinces, there is a concern that should a project cease operations the political obligation to take over the project could fall to the City where the City has an ownership / equity stake; and
- The methods the City can use to secure a pay-back to the AHRF may open the City up to long-term risk and additional on-going responsibility.

Given these challenges and renewed federal and provincial roles, staff recommends that Council direct staff to amend AHRF Fund Sustainability Criteria to more clearly state what forms of equity involvement the City would consider acceptable.

Amended Criteria: "***Fund Sustainability:*** *Requests in excess of $50,000 / door should pay back or help sustain the AHRF through secured land lease or air-space parcels or land purchase partnership consistent with the approved AHRF Framework.*"

Procedural Improvements

As part of the evaluation to improving the AHRF Criteria, staff have reviewed how past requests have progressed through the City approvals process. Encouraging partnerships remains an important task of the Housing Facilitator and Housing Planner. However, staff believes that the existing process can be improved when AHRF requests are evaluated alongside the broader development proposal.

Staff recommend that a more formalized internal process should be implemented where AHRF funding requests and the related Housing Agreements associated with development projects should be presented for Council consideration prior to or concurrent with fourth reading consideration. By connecting the AHRF request with the development application, Council will have greater certainty over the costs and specific benefits of a project.

Next Steps:

Following Council's favorable consideration of the updated approach set out in this report, staff will communicate the revised criteria to stakeholders and continue to work with current operators to advance worthwhile affordable housing proposals. The revised AHRF Criteria will be used to bring forward pending and future AHRF funding requests for Council's consideration. Consistent with our efforts to work closely with developers and housing providers, all communication material will be updated to reflect any criteria revisions.

Financial Implications:

The current balance of the AHRF is approximately $10.6 million as of December 2018. This balance was "kick-started" by contributing one third of the revenue generated through the sale of several City properties previously designated for affordable housing projects. Staff is working to update overall density bonus projections, incorporating recent increases in multi-family construction volume and rising land values. A report scheduled for a future Finance Committee meeting will provide information related to Density Bonus and AHRF projections.

There are numerous pending requests aligned with staff recommendations that could, if approved by Council, utilize approximately $9.1 million. Additionally, if approved, the new funding criteria may advance additional funding requests and help keep the fund balance in better alignment.

Staffing Needs

Council has committed additional resources to support the implementation of the Housing Affordability Strategy through a regular full-time Housing Planner and a contracted part-time Housing Facilitator (to deal with the short term implementation issues). In addition to encouraging and negotiating AHRF applications, these resources attend to a number of HAS implementation activities as reported to Council in December 2018.

It should be noted that a large number of AHRF requests may generate the need for additional staff resources particularly within Legal Services, as it is necessary to ensure that the housing units operate within the City's expectations in terms of duration, rent and number of units, which will trigger Housing Agreements and other binding agreements that require additional resources from Legal Services. Developing improved criteria and the development of a clear AHRF funding guide should help reduce the overall complexity and uniqueness of individual applications and allow the City to better evaluate future AHRF requests.

Conclusion:

The regulatory incentives established by the HAS have worked to created 475 approved market rental units and an estimated 3,000 market rental units under application. However, efforts to stimulate the creation of non-market units seem more dependent on non-profit society initiatives rather than density bonus incentives. In order to enable and encourage such units, the City established the AHRF and associated criteria. Since 2015, a range of projects suggesting different ways to utilize the AHRF have been proposed. To date, three projects have been granted AHRF funding which has contributed to the creation of 102 non-market units.

However, the structure of such projects, the requirements for BC Housing leverage dollars and the needs of non-profit housing providers suggest that the AHRF criteria should be revisited.

Following a review of this policy area, staff have identified and are recommending two new criteria to clarify eligible AHRF recipients and better communicate the City's role. Additionally, a new "funding level" guide has been developed that links pre-identified funding level to AHRF criteria. Developing a new funding structure and revising the AHRF criteria will better communicate the City expectations for use of the fund and should contribute to the development of more affordable housing.

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BI/eb/sb

Attachments:

1. Evaluation of Non-Market Units by Origin (doc# 3238176)
2. AHRF Contribution Variables (Doc #3238208)
3. Original AHRF Guidelines (Doc 3238210)
4. Proposed Funding Structure (Doc# 3238213)

This report was prepared by Bruce Irvine, Manager Planning Projects with input from Jim McIntyre, General Manager Planning and Development, and reviewed by Kathleen Vincent, Manager Corporate Communications, Michelle Hunt, General Manager Finance & Technology, and Andrew Merrill, Manager Community Planning

ATTACHMENT 1

Evaluation of AHRF Rental Incentives

Coquitlam has seen a significant increase in the development of market rental units through regulatory incentives in combination with several other features. Overall, density incentives have exceeded expectations in creating market rental units but density incentives have not produced a significant number of non-market units. The below table details the approved non-market units since the approvals of the HAS.

Approved Non-Market units 2016 - 2018

Principal Organization	Non market units	Density Bonus	AHRF Contribution
FCRHA / Intercorp	14	No	Yes
United Church	70	No	Yes
Talitha Koum	18	No	Yes
Beedie/Vancouver Resource Society	12	Yes	Approved March 11, 2019
Total	**114**		

The HAS Zoning Bylaw amendments of November 2017 (allowing up to an additional 0.5 FAR in exchange for the production of non-market units) has appeared to generate interest and positively added to the production of non-market units. The below table forecasts potential non-market units 2018-2021.

Anticipated Non-Market units 2018 - 2021

Principal Organization(s)	Non market units	Density Bonus	AHRF Contribution
Concert Properties/ BC Housing	100	No	AHRF request in process
Habitat for Humanity	50	No	Land Lease
Community Land Trust /Hoy Creek	131	No	AHRF request submitted
Intergulf/Vancouver Resource Society	44	Yes	AHRF request anticipated
Affordable Housing Societies	130	No	AHRF request anticipated
Anthem/Affordable Housing Societies	54	Yes	AHRF request anticipated
Townline/ BC Housing	9	Yes	AHRF request not anticipated
Amacon/BC Housing	18	Yes	AHRF request not anticipated
Ledingham McAllister	54	Yes	AHRF request not anticipated
Marcon /Kinsight	6	Yes	AHRF request in process
Total Non-profit initiated	**411**		
Total density bonus initiated	**185**		
Combined Total Anticipated	**596**		

In addition to the above, the Vancity/ Catalyst and the second phase of CLT/Hoy Creek projects have the potential to create an additional 300+ non-market units. However, at this time, the funding and project certainty of these proposals is less clear.

ATTACHMENT 2

AHRF Contribution Variables

Both completed and proposed AHRF requests were examined to better understand the City's return on investment based on the number of units delivered, the specific population served and the number of years the units were secured. Due to the unique nature of each proposal, a direct comparison methodology is imperfect. However, a comparison of contributions from the City's perspective does yield some interesting findings. Specifically, funding formulas often vary based on four main variables as discussed below.

1. ***Level of Affordability***
   The AHRF request is often directly related to the level of affordability or subsidy provided. Specifically, different unit types have different subsidy needs (i.e., Kinsight accessible units are aimed at individuals receiving income assistance, while the Finnish Canadian Rest Home Association (FCRHA) is aimed at low-medium income thresholds). A "shallow subsidy" approach is unlikely to work for a project with significantly lower rents but may be well suited for just below market projects.

2. ***Nature of the Operations***
   The AHRF request is often driven by the operational needs of the housing provider. For example, different unit types have different turnover rates. Projects such as Talitha Koum and Habitat for Humanity are designed to break the cycle and graduate clients along the housing continuum where as Vancouver Resource Society's accessible units are designed for long-term use by one individual. In this manner a cost per door is less relevant then a cost per person assisted.

3. ***Degree of Leverage***
   A lower level of commitment into well leveraged projects (such as the Conference Board of the United Church) shows that relatively minor contributions (1-5% of project budget) can enhance affordability of projects which are nearly fully funded. However these projects do not offer any form of security or equity for the City.

4. ***Degree of Security***
   Where projects have asked the City to make a more sizeable contribution (>$50K/door), some form of equity has been sought to ensure long-term sustainability of the AHRF. These projects, such as Habitat for Humanity or Talitha Koum, vary in terms of how the equity or payback is structured. While such projects offer more sustainability for the AHRF, they do require a more significant City contribution. Of concern, the long-term implications associated with the ownership are uncertain. While, the City has "escape" clauses that protect the City against any financial loss should an operator cease to function, the political and social ramifications related to any potential future closure of a housing project may be significant. Projects which require deeper contribution levels in exchange for equity may have unintended long-term consequences that need to be considered and addressed.

ATTACHMENT 3

EXISTING AFFORDABLE HOUSING RESERVE FUND (AHRF) REQUEST GUIDELINES

AHRF Application Process, Administration and Criteria

The AHRF acts as the City's contribution towards partnership driven initiatives aimed at increasing the supply of housing options for low and low to moderate households. The HAS established that the Affordable Housing Reserve Fund (AHRF) be applied in ways that leverage additional contributions to create a greater supply of units than the City could support on its own. Additionally, in order create a more self-sustaining program preference is given to projects where a portion of the fund is "lent out" and returns to the fund in order to help others.

In its deliberations it is proposed that the City draw on the following criteria to assess funding requests and guide decisions:

1. **Appropriateness of Targeted Populations**: the proposal should demonstrate to the satisfaction of Council that the project will improve the overall housing affordability for low and low to moderate income households;
2. **Community Fit**: the proposed project or use of the funds should demonstrate to Council's satisfaction that the surrounding community context is a fit with this project and is appropriately located;
3. **Fund Viability:** given that interest earned by the Fund will provide a revenue source for future projects and given the need for the City to balance competing demands in a fiscally prudent manner Council can not commit funds from the AHRF beyond the current available balance.
4. **Breaking the Cycle**: projects should be able to demonstrate some ability to provide an opportunity for greater self -sufficiency for the populations its serves;
5. **Degree of Leverage**: given that the limited resources of the City cannot on their own address all the housing affordability needs within Coquitlam, a favourable value of leveraged contributions should be demonstrated; and
6. **Fund Sustainability:** given limited resources preference shall be given to projects that can in some manner offer the prospect of paying back all or part of any funds to the AHRF in order to be used for other housing solutions.

ATTACHMENT 4

Proposed AHRF Funding Guide

The Affordable Housing Reserve Fund (AHRF) provides the financial basis for the City's contribution towards helping to increase the supply of housing options for low and low-to-moderate income households. In seeking eligible partners for the AHRF the City has created the following funding guide to assist potential applicants.

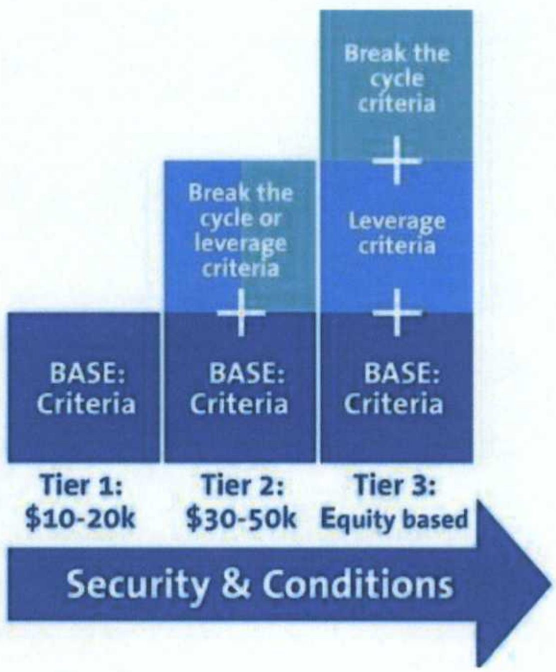
Base Criteria

1. **Targeted population**: Projects should meet the needs of low to low-to-moderate income households;
2. **Community fit**: The project must be suitable for the community in which it is proposed;
3. **Fund viability**: Council cannot commit to funds beyond the available AHRF balance;
4. **Eligibility** for Affordable Housing Reserve Fund support is limited to units owned or leased by a registered non-profit society and secured through a Housing Agreement with the City;
5. **Proportionate Role**: City contributions through the AHRF to any one project cannot exceed the amount contributed by the Province;

Additional Criteria

6. **Degree of leverage**: All requests should have a "favorable" degree of leverage measured as $8 of contribution from other partners to every $1 of AHRF contribution; and
7. **Breaking the cycle:** Projects should focus on opportunity for greater self-sufficiency;
8. **Fund Sustainability**; Requests in excess of $50,000 / door should pay back or help sustain the AHRF through secured land lease or air-space parcels

All requests should be consistent with the below AHRF Framework:



Tier 1

A Grant designed to offset City fees for smaller contribution levels

Support level	Criteria Required	Potential Range	Structure	Rationale	Examples
Tier 1	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit	Range: $10-20K per door	Grant	Offsets DCCs and permit fees associated with non-market units	e.g. United Church, Finnish Canadian Rest Home Association

Council will consider offering low cost per door grants in order to offset City fees such as DCC's, development application and Building Permit fees. This Tier of funding support is intended to improve the degree of affordability and remove any City costs that would otherwise be a barrier to the project. Tier 1 grants require that an applicant meet the base criteria (Criteria 1-5).

Tier 2

A conditional grant for mid-level contribution levels due to extenuating circumstances

Support level	Criteria Required	Potential Range	Structure	Rationale	Examples
Tier 2	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit 6. High Degree of Leverage ***OR*** 7. Break the cycle model	$20-50K per door	Conditional Grant (requirement decreases 1/25th over 25 years of operation)	2X City charges and fees based on 8X or greater leverage value, deeper affordability units, or break the cycle model	Concert and Vancouver Resource Society (proposed)

Tier 2 funding offers a conditional grant where AHRF dollars offset twice the City fees in order to support deeper affordability rates This approach helps facilitate multi-party partnerships with leveraged Federal and Provincial funding and seeks significant leverage (exceeds 8X or more the City contribution) from other levels of government and other partners or "Break the Cycle" housing models.

Tier 3

A significant contribution via Land lease, air space parcel or land purchase partnerships

Support level	Criteria Required	Potential Range	Structure	Rationale	Examples
Tier 3	1. Targeted Population 2. Community fit 3. Fund viability 4. Fund eligibility 5. City contribution limit 8. Fund Sustainability 6. High Degree of Leverage **AND** 7. Break the cycle model	Asset based >$50k per door	Land lease, air-space parcel, or land purchase partnership	Contribution where City retains land asset to enable partnership	528 Como Lake/YWCA, Talitha Koum, Habitat for Humanity

A higher level of support will be considered by Council where an equity contribution is secured against an asset of similar value. This level of contribution is most applicable to "break the cycle" projects which are designed to provide opportunity to move beyond subsidized housing and can be judged based on the per person measure. Under this suggested model the City retains ownership of the land but leases out the use of the land to a third party. This model allows the City to appreciate the long term return on the land while still enabling a community benefit.