

Responding to Housing and Homelessness Needs

An Affordable Housing Strategy for the City of Chilliwack

Prepared by McClanaghan & Associates
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Background

The City of Chilliwack recognizes that issues related to housing, affordability and homelessness are a shared responsibility which require concerted attention from all levels of government. To this end, the City has been actively engaged in a process to understand the housing needs of those living in Chilliwack and has developed a comprehensive strategy to respond to these needs. Through the actions set out in this document, the City is committed to playing an effective role in working with other levels of government to find solutions to the housing needs that exist in the City of Chilliwack.

This document sets out a series of priority actions for the City to take both in the short term and over the longer term. The actions outlined in this strategy document focus on six key priority areas:

- ❶ Establish a Community Housing Foundation
- ❷ Establish an Affordable Housing Reserve Fund
- ❸ Engage in partnerships with other levels of government
- ❹ Pursue strategies to improve access to affordable rental housing
- ❺ Provide on-going education, advocacy and monitoring

In early 2008, Chilliwack City Council established a Housing Task Force.

The Task Force included representatives from the broader community including land development, business, real estate, finance, the non-profit housing sector, as well as representatives from the faith-based sector and social service providers.

The role of the Task Force was to provide recommendations to Chilliwack City Council on the actions the City can take to address issues related to housing affordability and homelessness.

The priority actions set out in this report have been guided and informed by the feedback received through a public consultation process initiated by the City and through advice and guidance provided by members of the Housing Task Force.

Affordable Housing is a Community Issue

Issues related to housing affordability and homelessness cut across a diverse range of groups and individuals including low income families, seniors, single person households and households with special housing needs. This document seeks to respond to the full diversity of needs in the City of Chilliwack.

What we heard through the community consultation process

- "I am a single mother on disability. I moved away to Surrey for two years. When I returned to Chilliwack the shelter allowance portion of my benefits could no longer cover my rent. I used to pay \$625 a month but now I pay \$700." *Guest, Ruth & Naomi's meal program.*
- "Entry level ownership is needed. Young adults cannot afford to get into the market" *Participant, June 5th Open House.*
- "Affordable housing is a province wide issue; we all should work together" *Participant, June 5th Open House*
- "High rental areas, especially affordable rental areas come with a host of problems. People generally associate social problems with rental housing." *Stakeholder meeting on low-income housing*

Affordable Housing Defined

Affordable housing is defined as housing that should not cost more than 30% of a household's gross income regardless of whether they are living in market or non-market housing.

Housing Need in the City of Chilliwack

In the City of Chilliwack in 2006 there were 6,630 renter households. Of these, 2,925 were spending 30% or more of their income on their housing costs. This represents 44% of all renter households.

Households Facing Extreme Affordability Challenges

The City of Chilliwack also has a number of households facing extreme affordability challenges. In 2006 there were 1,160 renter households across the City who were spending 50% or more of their income on their housing costs. These are households that are precariously housed where a change in their income or an increase in their rent could push them deeper into poverty and homelessness.

The High Cost of Housing

High housing costs have been identified as one of the major challenges faced by many residents in the City of Chilliwack. Research completed by City staff suggests that, while there are some smaller, subsidized apartments and older hotels which rent for \$350-\$400 per month on average, these units are in limited supply. Furthermore, the newer stock is likely to rent for between \$700 and \$950 per month. These units are out of reach for many lower income households.

Homelessness

The City of Chilliwack has also experienced an increase in homelessness. At the time of the last homeless count (March 2008), there were 98 homeless individuals who were living on the streets or staying in an emergency shelter. This number has increased slightly from the previous count (2004) where 87 individuals were identified.

The Need for Transitional and Supportive Housing

Social service providers in the community have also argued that there is the need for additional transitional and supportive housing for those with mental illness and addictions-related challenges.

Possible Policy Tools and Approaches

Taking the full range of needs into consideration, the City expressed an interest in evaluating the different tools and approaches adopted in other jurisdictions. The City's primary interest remains in developing a comprehensive "solutions focused" strategy which responds to existing and emerging needs, both in the short term as well as over the longer term.

This section provides an overview of the different policy tools and approaches that were considered:

1. Increasing the availability and diversity of housing through supportive land use policies and planning decisions
2. Relaxation of Development Cost Charges and other fees
3. The use of density bonus provisions and inclusionary housing policies
4. Direct fiscal contributions
5. Establishing an Affordable Housing Reserve Fund
6. Making public lands available for affordable housing

The policy tools and approaches outlined in this section focus on the full range of municipal actions which can be adopted. These range from direct fiscal measures and actions through to regulatory tools and approaches as well as ongoing education and advocacy.

Each of the different tools and approaches set out in this section are evaluated in the context of existing municipal policies and actions, as well as their overall contribution to the City's housing objectives.

In evaluating the different policies and approaches, it is recognized that municipalities are limited in the actions that they can take. At the same time, members of Chilliwack City Council made it clear that, while they recognized that the City of Chilliwack can not solve all of the issues related to housing affordability and homelessness, that they can be part of the solution.

POTENTIAL POLICY TOOL #1

Supportive Land Use Policies

This action requires that municipalities review their current planning and zoning policies to determine if there are any potential barriers or constraints which might act as an impediment to the creation of new housing supply. This can include slow turn-around times for permit processing, high development cost charges and other fees as well as restrictions on access to serviced land.

Comments and Analysis:

There is general acknowledgement that the City's land use policies and practices are reasonable and that permit processing times are prompt. Housing starts data for the City shows a high level of activity over the past few years and a diversity of housing types. From a municipal policy perspective, it appears that the City's policies and practices are working reasonably well in encouraging new housing supply. This is an area that city staff will continue to monitor to determine whether future action is required.

POTENTIAL POLICY TOOL #2

Relaxation of Development Cost Charges and Other Fees

Development Cost Charges apply to new housing developments and are intended to cover the cost of paying for additional public infrastructure and services needed to support growth. It has been suggested by some that the relaxation of Development Cost Charges and other fees can contribute to improved housing affordability.

Comments and Analysis:

It has been the City's practice to support the relaxation of Development Cost Charges on a selective basis for non-market housing. However, while the relaxation of Development Cost Charges can contribute to improvements in the overall economic viability of a project, on their own, Development Cost Charges represent only a small percentage of the overall cost of development.

In addition to the relaxation of Development Cost Charges, some municipalities have adopted other policies including property tax forgiveness for a specified period of time, relaxing parking requirements, and waiving other permitting and processing fees. These are actions that the City of Chilliwack might wish to consider especially if they contribute to the creation of additional affordable rental housing stock and/or can be used to leverage additional funding contributions from other levels of government.

POTENTIAL POLICY TOOL #3

The Use of Density Bonus Provisions or Inclusionary Housing Policies

Density bonus policies have been used by some municipalities to generate additional value which can be recaptured in the form of community and public amenities. Under a density bonus policy, communities can establish a range of expectations and requirements in exchange for additional density. Typically density bonus policies involve cash-in-lieu contributions to be set aside in an Affordable Housing Reserve Fund and/or the requirement for a percentage of land or units to be set aside for affordable housing.

Comments and Analysis:

Within the City of Chilliwack, there are limited opportunities to use density bonus provisions as the current zoning pattern is well suited to the type and density of housing demand. In addition, there are flood plain, slope and ALR constraints. In the event that the Province changes the building code to enable 6 storey wood frame construction, the City should consider revising their zoning policies on a selective basis with a portion of the increase in value being recaptured by the City in the form of a cash-in-lieu contribution to the City's Affordable Housing Reserve Fund or in the form of an inclusionary housing policy which requires that a percentage of units in all new housing development be set aside as affordable housing.

POTENTIAL POLICY TOOL #4

Direct Fiscal Contributions

Direct fiscal contributions can take the form of one-time grants and/or an on-going annual contribution added to the municipal property tax base. This funding is generally pooled to purchase land and/or is placed into an Affordable Housing Reserve Fund which can be used to support the development of affordable housing.

Comments and Analysis:

Some municipalities use a per capita ratio which is added to the property tax assessment. Assuming that the City of Chilliwack is interested in generating \$300,000 per year, this translates into a per capita contribution of \$4.33 or an approximate increase of 0.8% in the City's operating budget. Typically, this funding would be set aside in an Affordable Housing Reserve Fund to be administered by City staff to advance the City's affordable housing objectives.

POTENTIAL POLICY TOOL #5

Establishing an Affordable Housing Reserve Fund

The creation of an Affordable Housing Reserve Fund has been used successfully in other jurisdictions as a means of creating a flexible vehicle for financing the development of affordable housing. Ideally, these funds are supported through a dedicated source of funding including annual contributions through the City's operating budget, or from cash-in-lieu contributions arising from the development process.

Because of their flexible nature, Affordable Housing Reserve Funds have been recognized as an important vehicle for leveraging funding from senior government programs. They also provide municipalities with the ability to opportunistically respond to emerging needs and priorities outside of existing government programs while providing the flexibility for leveraging capital contributions from other sources.

Comments and Analysis:

Consideration of establishing a "Housing Legacy Fund supported by public and private funding" was identified as one of the policy directions set out in section 4.1.4 of the City's Official Community Plan adopted in 1998.

One of the challenges in establishing an Affordable Housing Reserve Fund is to identify an appropriate funding source to ensure that an adequate pool of funds can be generated on an on-going basis.

In some jurisdictions, Affordable Housing Reserve Funds have been funded through land-banking and land assets as well as through charitable and philanthropic donations. Cash-in-lieu contributions secured through the development process as well as direct expenditures from the municipal operating budget are other possible sources of funding.

The City of Vancouver currently has the statutory capacity to charge a special fee (Development Cost Levy) on new development to fund its affordable housing reserves. The current levy allows for a \$6 per sq. ft. charge City-wide with the exception of specific zones where different levy amounts have been established.

The authority to charge a special housing levy in the form of a DCL is set out in the *City of Vancouver Charter*. Similar powers are not currently available to other municipalities. Therefore, if the City of Chilliwack were to be interested in adopting a similar strategy, changes to the *Local Government Act* would be required.

It should be noted that the provision of affordable housing, particularly highly subsidized housing for low income and special needs individuals, has traditionally been the role of senior levels of government. To some extent, while both the

Federal and Provincial government have continued to fund new housing development, the scale of programs are limited and highly targeted. This has placed increased pressure on local municipalities to find solutions.

The most obvious shortcoming of City-funded initiatives is the large amount of housing need and the scarce of fiscal resources available to local government. The nature and character of the local tax base (largely property taxes) makes it unrealistic for the City to place this on the property tax base. Left with few alternatives, some municipalities have turned to using the development process, notably the rezoning process as a modest source of funding for affordable housing.

For those municipalities which have turned to the development process, there is the belief that the benefits to accrue from public decisions and direct public investments in infrastructure have contributed to increased land and property values and that some of this benefit should be “re-captured” by the municipality to achieve broader community objectives including the creation of modest amounts of affordable housing.

When evaluating the range of possible alternatives available, it is necessary to recognize that the housing supply sector is composed of a large number of actors and that no single approach or intervention from any single participant will solve the problem. Rather, the most effective changes are likely to be incremental and will result from targeted strategies and policy initiatives which involve partnerships across all levels of government as well as both the private and non-profit sectors and which are focused on creating the conditions contribute to new housing supply and improvements in affordability.

POTENTIAL POLICY TOOL #6

Making Public Lands Available for Affordable Housing

Some jurisdictions have also considered making public lands available to support the development of affordable housing. This can include making either vacant or underutilized land available to support the development of affordable housing.

Comments and Analysis:

Some municipalities also use funds from their Affordable Housing Reserve Fund to acquire land which can be used to facilitate the development of affordable housing. In most cases, the land is leased to a non-profit agency or housing provider for a nominal fee for a specific period of time (e.g. 60 years). Some municipalities have also asked that the Federal and Provincial governments consider making surplus land available for housing. This has been made an explicit policy direction by the Federal government under the current Homelessness Partnering Initiative. Securing land for affordable housing and/or engaging in partnerships with other levels of government may be an avenue which the City may wish to consider at a future date.

Recommended Actions

The City of Chilliwack has traditionally facilitated the development of affordable housing through their planning policies and zoning decisions as well as through fast tracking housing approvals. In addition, the City has tried to provide incentives to support the development of both market and non-market housing. The City also has adopted standards to ensure that basic health and safety needs are met in the existing rental housing stock.

The recommended actions set out in this section are intended to build on the existing policies and practices in a way which will enable the City of Chilliwack to effectively respond to existing and emerging housing needs, and to take advantage of partnership opportunities with other levels of government.

This section sets out five key priority actions to be implemented by the City over the next 6 to 12 months. These actions include:

- ❶ Establish a Community Housing Foundation
- ❷ Establish an Affordable Housing Reserve Fund
- ❸ Engage in partnerships with other levels of government
- ❹ Pursue strategies to improve the economics of rental housing
- ❺ Provide on-going education, advocacy and monitoring

The key objectives related to each of these actions are described in this section while additional information related to the implementation of these actions including the potential budget implications and implementation timeframe can be found in the technical appendices which have been included as part of this overall strategy document.

❶ Establish a Community Housing Foundation

Recommended Action:

1. Establish a Community Housing Foundation to provide advice to Chilliwack City Council on local housing needs.
2. Members on the Community Housing Foundation would also play a role in making recommendations to Chilliwack City Council on funding priorities.
3. The Community Housing Foundation should include representation from a broad cross section of groups and organizations from within the community with these members playing an important role in providing expertise and insight on issues related to housing affordability and homelessness.

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4. Ask members of the Housing Task Force to participate as initial members on the Community Housing Foundation .

② Establish an Affordable Housing Reserve Fund

Recommended Action:

1. Establish an Affordable Housing Reserve Fund to assist in the acquisition, development, and retention of housing that is affordable to households in the City of Chilliwack with low or low-to-moderate incomes.
2. Funding for the Affordable Housing Reserve Fund should be secured through an annual allocation of between \$300,000 and \$500,000. Funding at this level would enable the City to contribute to projects sponsored by community groups and senior governments. Although modest relative to most non-market projects (in the \$3-\$10 million scale) the contribution signals civic support for affordability. Ideally, the fund will leverage partnership funding and could be invaluable in the design and planning work needed to originate new projects.
3. The Fund will be administered by the City of Chilliwack, however, the Community Housing Foundation will participate in making recommendations on the process for receiving, reviewing and evaluating applications for funding through this Fund.
4. A central focus of the fund will be leveraging equity contributions from other sources including funding programs from other levels of government.

③ Engage in partnerships with other levels of government

Recommended Action:

1. Confirm City contributions:
 - a) waiving Development Cost Charges;
 - b) fast tracking municipal approvals and waiving permitting fees;
 - c) property tax forgiveness for a specified period of time.
2. Engage in discussions with BC Housing to secure a funding commitment for 2-3 sites (50 to 75 units) of subsidized housing.

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3. Secure the funding through the development of a Memorandum of Understanding (MOU) which sets out the expectations and funding contributions between the Province (BC Housing) and the City consistent with the approach that has been adopted by other jurisdictions.

These types of contributions are consistent with the terms of conditions set out in MOU agreements with other municipalities.

④ Pursue strategies to improve access to affordable rental housing

Recommended Action:

High housing costs have been identified as a major challenge faced by many residents in the City of Chilliwack. In a number of other cases municipalities have also made land available for a nominal fee. In some cases this is a function of income while in other cases it is also a lack of supply. To respond to these challenges, it is recommended that the City of Chilliwack pursue a number of strategies to promote access to affordable rental housing. They include:

1. Increase the supply of government supported housing (Priority #3);
2. Promote access to provincial rent assistance programs including the Provincial Rental Assistance Program (RAP) for working families as well as the Provincial SAFER (Shelter Aid for Elderly Renters Program) for seniors.
3. Increase the Provincial shelter allowance rate for low income non-senior single person households from the current level of \$375/month.
4. Identify strategies to encourage new rental housing supply.
5. Pursue strategies to preserve and protect the existing rental housing stock

Each of these strategies respond to different aspects of the housing problems in the City of Chilliwack

⑤ On-going education, advocacy and monitoring

Recommended Action:

Although the market has been less active in recent months, in general, the housing market in the City of Chilliwack has been successful in generating ownership opportunities. Based on the most recent Census data, 75% of all households in the City of Chilliwack own their home. Furthermore, it is likely that the City will continue to be able to maintain a high level of ownership.

However, in going forward, it is important for the City to ensure that the City is able to:

1. Maintain a balance of ownership, rental and non-market rental housing stock.
2. Find ways of increasing the supply of housing that is affordable to households falling at the lower end of the income continuum. This includes units which rent for at or below the rent ceilings established under Provincial rent assistance programs:
 - \$610 per month for seniors (SAFER rent ceiling)
 - \$900 and \$940 per month for working families (RAP rent ceiling)
3. Establish baseline data and create a performance measurement and reporting framework
4. Prepare an annual report for Chilliwack City Council on the success of the City in creating conditions to enable new housing supply (ownership and rental) and ensuring that those in the greatest housing needs have access to the housing and services that they require.

Implementation Time Frame and Key Activities													
Priority Actions	Time Frame								Role of the City				
	2008				2009				Staffing and Resources	Fiscal Measures	Advocacy & Education	Regulatory Measures	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
<p>Initial Phase - Strategy Development</p> <ul style="list-style-type: none"> Established a Terms of Reference Approved by Council Establish a Housing Task Force to lead the development of the Strategy Initiated a series of public consultation meetings and focus group sessions to identify issues and actions to be taken Presentation of Draft Strategy to Housing Task Force Presentation of Draft Strategy to Chilliwack City Council for release for approval for release for final consultation 			✓						✓	\$60,000			
<p>Priority Action #1</p> <p>Establish a Community Housing Foundation</p> <ul style="list-style-type: none"> Identified at a working session with City Council DRAFT Terms of Reference (Appendix 1) Housing Task Force Members act as interim members Completion of legal documentation and by-law approval 			✓						✓				

Implementation Time Frame and Key Activities													
Priority Actions	Time Frame								Role of the City				
	2008				2009				Staffing and Resources	Fiscal Measures	Advocacy & Education	Regulatory Measures	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
<p>Priority Action #2</p> <p>Establish an Affordable Housing Reserve Fund</p> <ul style="list-style-type: none"> Identified at a working session with City Council DRAFT Terms of Reference (Appendix 2) Determine an appropriate funding source and amount Direct staff to include the housing appropriation in the CMP for 2009 Completion of legal documentation and by-law approval 			✓	✓	✓				✓	\$300,000 to \$500,000			
<p>Priority Action #3</p> <p>Engage in partnerships with other levels of government</p> <ul style="list-style-type: none"> Confirm City contributions in the form of: <ul style="list-style-type: none"> Waiving Development Cost Charges, Property tax forgiveness, Fast track approvals Waiving permitting fees Negotiate MOU Agreement Secure a funding commitment for 2-3 sites (50-75 units) 				✓					✓	TBD based on projects identified			

Implementation Time Frame and Key Activities													
Priority Actions	Time Frame								Role of the City				
	2008				2009				Staffing and Resources	Fiscal Measures	Advocacy & Education	Regulatory Measures	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Priority Action #4 Pursue strategies to improve access to affordable rental <ul style="list-style-type: none"> • Increase the supply of government supported housing (linked to Priority Action #3) • Promote access to provincial rental assistance programs including SAFER and RAP (to be discussed with the Community Housing Foundation/Housing Task Force) • Identify strategies to encourage new rental housing supply over the longer term • Pursue strategies to limit the loss of existing rental housing stock 				✓					✓		✓	✓	✓
Priority Action #5 On-going education, advocacy and monitoring <ul style="list-style-type: none"> • Explore opportunities for joint advocacy and action: <ul style="list-style-type: none"> • the Federation of Canadian Municipalities (FCM), • the Union of B.C. Municipalities (UBCM) and • the Canadian Housing Renewal Association (CHRA) • Establish baseline data and create a performance monitoring framework for measuring and reporting on results • Prepare an annual report to Chilliwack City Council on the success of the strategy in creating conditions that enable new housing supply as well as ensuring that those in the greatest housing need have access to the services and support they require. 					✓	✓	✓	✓	✓	Advocacy for increased Federal Provincial funding	✓		

Technical Appendices

Implementation Details -Recommended Actions

Appendix 1:

1 Establish a Community Housing Foundation

Recommended Action:

It is recommended that the City of Chilliwack establish a Community Housing Foundation to provide advice to Chilliwack City Council on local housing needs. Members on the Community Housing Foundation would also play a role in making recommendations to Chilliwack City Council on funding priorities. The Community Housing Foundation should include representation from a broad cross section of groups and organizations from within the community with these members playing an important role in providing expertise and insight on issues related to housing affordability and homelessness. As an interim measure, the City of Chilliwack may wish to invite members of the Housing Task Force to sit on the Board of the Foundation.

The following sets out a preliminary terms of reference for establishing a Community Housing Foundation.

Purpose

The purpose of the Community Housing Foundation is to:

- Provide advice to Chilliwack City Council on local housing needs and priorities;
- Recommend projects to be funded through the City's Affordable Housing Reserve Fund;
- Establish relevant project funding eligibility criteria to evaluate proposed projects;
- Assist in identifying other potential funding sources.

Membership

Members of the Chilliwack Community Housing Foundation will include a broad cross-section of groups and organizations involved in responding to housing needs in the City of Chilliwack and will include representatives from:

- The development sector;
- The real estate sector;
- The non-profit housing sector;
- The business and finance sector;
- Community based service agencies and faith based organizations.

Role

The role of the Chilliwack Community Housing Foundation is to provide advice to Chilliwack City Council on local housing needs and priorities and to make recommendations on projects to be funded through the City's Affordable Housing Reserve Fund.

Objectives

While the City will establish a Terms of Reference to guide the work of the Community Housing Foundation, it is anticipated that the Community Housing Foundation will be responsible for:

- Monitoring and reviewing community needs;
- Making recommendations on the process for receiving, reviewing and evaluating applications for funding from the City's Affordable Housing Reserve Fund;
- Evaluating applications for funding based on established criteria;
- Making recommendations to Chilliwack City Council on funding priorities;
- Responding to specific requests for information from City Council on housing issues.

Term

While it is recommended that members of the existing Housing Task Force be asked to sit on the Community Housing Foundation for 2008/2009, it is recommended that once the Community Housing Foundation has been established, that members on the Foundation be appointed annually by City Council.

Partnership Opportunities

In addition to local representation, the City of Chilliwack may wish to invite representatives from other levels of government to participate on the Foundation and/or to make presentations to members of the Foundation. Potential partners to be invited to meetings of the Foundation could include but not be limited to:

- Representatives from the Ministry of Housing and Social Development including BC Housing as well as representatives from the Housing Policy Branch, Construction Standards, as well as the former Ministry of Income and Employment Assistance
- Representatives from the Ministry of Health as well as the Fraser Health Authority
- Representatives from the Federal government including those involved in the delivery of the Federal Homelessness Partnering Initiative (HPI) as well as those addressing issues related to Aboriginal Housing Needs and immigrant settlement.

The purpose of the discussions would be to identify potential partnership opportunities as well as to learn more about existing government programs and initiatives.

Staff Support and Other Resources

Foundation members will not receive compensation for their participation. However, the City of Chilliwack would make staff available to support the activities of the Community Housing Foundation as well as provide funding to allow members of the Foundation to engage in conferences, workshops and other initiatives which would help to further support the City's housing objectives.

Appendix 2:

2 Establish an Affordable Housing Reserve Fund

Recommended Action:

It is recommended that the City of Chilliwack establish an Affordable Housing Reserve Fund to assist in the acquisition, development, and retention of housing that is affordable to households in the City of Chilliwack with low or low-to-moderate incomes. Funding for this reserve fund should be secured through an annual allocation in the City's operating budget. The Fund will be administered by the City of Chilliwack, however, it is recommended that the Community Housing Foundation set out under Priority Action #1 participate in making recommendations on the process for receiving, reviewing and evaluating applications for funding through this Fund. In addition, it is recommended that a primary focus of this Fund will be leveraging equity contributions from other sources including funding programs from other levels of government.

The following sets out a preliminary Terms of Reference for establishing an Affordable Housing Reserve Fund.

Purpose

The Affordable Housing Reserve Fund would be used to:

- Assist in the acquisition, development, and retention of housing that is affordable to households in the City of Chilliwack with low or low-to-moderate incomes;
- Support projects which reduce the number of people in core housing need including those who are in need and spending at least half of their income on their housing costs;
- Facilitate the implementation of strategic directions set out under the City's Affordable Housing Strategy;
- Funding made available through the City's Affordable Housing Reserve Fund will be used to contribute to projects that include funding contributions from other levels of government and other housing partners including non-profit housing providers, housing co-ops as well as private corporations and individuals.

Funding Sources:

Potential funding sources include:

- An annual allocation in the City's operating budget;
- Fees and charges authorized under the *Local Government Act*;
- Revenue received by way of agreement, gift, grant or other means authorized by the *Local Government Act* or another Act; and,
- Fund raising activities undertaken by the Community Housing Foundation.

Administration of the Fund

The Fund will be administered by the City of Chilliwack. However, it is recommended that the City of Chilliwack may wish to establish a Community Housing Foundation to participate in an annual review of funding priorities and to make recommendations to Chilliwack City Council on projects to be funded through the Affordable Housing Reserve Fund.

In addition to making recommendations on projects to be funded through the City's Affordable Housing Reserve Fund, it is anticipated that the Community Housing Foundation would also be responsible for making recommendations on the process for receiving, reviewing and evaluating applications for funding.

Monitoring and Oversight

Staff of the City of Chilliwack will report annually on the performance of the Affordable Housing Reserve Fund including the amount of additional funding levered through the City's contribution as well as the number of additional affordable housing units created.

Appendix 3:

③ Engage in partnerships with other levels of government

Recommended Action:

It is recommended that the City should engage in discussions with BC Housing to secure a funding commitment for 2-3 sites (50 to 75 units) of subsidized housing to meet the housing needs and priorities identified through the consultation process. This funding should be secured through the development of a Memorandum of Understanding (MOU) which sets out the expectations and funding contributions between the Province (BC Housing) and the City. In negotiating the MOU agreement with the Province, the City should consider the following actions:

- a) Waiving Development Cost Charges;
- b) Fast tracking municipal approvals and waiving permitting fees;
- c) Property tax forgiveness for a specified period of time.

It should be noted that these types of contributions are consistent with the terms of conditions of current MOU agreements with other municipalities. In addition, in some cases the Province has also received direct grants and/or land lease contributions at a nominal fee.

Purpose

The Memorandum of Understanding (MOU) to be established between the City of Chilliwack and the Province of BC (BC Housing) sets out the expectations and funding arrangements between the City and the Province to increase the inventory of non-market housing in the City of Chilliwack. It is recommended that as part of this Strategy, the City explore the opportunity for securing funding for 2 to 3 sites or between 50 to 75 additional non-market housing units, with a targeted construction date in 2009/2010.

Alignment of Housing Priorities

To access Provincial funding, it is helpful for the City to identify projects which are aligned with the Province's current funding priorities which include families and individuals who are homeless or at risk of homelessness.

The Housing Task Force identified the need for social and supportive housing to accommodate those who are homeless or at risk of homelessness. In particular, the Task Force noted that there are an estimated 98 homeless individuals living on the street or in shelters on any given night in the City of Chilliwack. Many of those who are homeless or at risk of homelessness suffer from mental illness and/or substance abuse issues, and need safe, secure and affordable housing with the requisite support services.

Based on the priorities to be identified through the community consultation process and the work of the Housing Task Force, there appears to be a strong degree of alignment with the Province's current funding priorities. Given this alignment in priorities, it is likely possible for the City and the Province to move quickly on the identification of potential projects/sites which could be considered for funding.

Municipal Contributions

The MOU should identify all of the costs to be covered including the expected contribution from the City. Under current MOUs with other municipalities, the Province has been receiving a variety of contributions including:

- The relaxation of Development Cost Charges
- The fast tracking of municipal approvals and permits
- Property tax forgiveness
- Direct grants and/or land contributions at a nominal fee

Provincial Contributions

In exchange for the municipal contributions and support for the project, Provincial funding typically covers all of the other costs associated with the project (both capital and operating). This includes the costs associated with enhanced staffing ratios and support services.

Time Frame

Given the level of need which has been identified within the City of Chilliwack, it would be ideal if the City could secure a commitment for the work to be completed by the preconstruction work required on proposed sites, with the intent that approval and construction of the social and supportive housing will proceed in 2009-2010.

Commercial, Including Non-Accessory Parking and Retail Uses

The Province is also interested in exploring commercial and /or retail uses on the ground floor of existing housing developments where appropriate. This may include the use of the ground floor as a resource centre for providing necessary services and supports including health care services for those living in the housing.

Eligible Tenants

Priority groups include those who are in core housing need and who are at risk of homelessness. This can include women and children fleeing abusive situations as well as low income single person households (including those currently living on the street or staying in emergency shelters) who are in need of both housing and support services.

Building Operation

Each building will be operated by a non-profit housing society (the Sponsor) who will manage the building and the tenants (selection, tenant agreements, rent collection, eviction, etc.). For each building, one or more non-profit provider of social or health services (the Service Provider) will be selected to meet the support needs of those living in the building.

Selection of A Sponsor

Where a sponsor has not been identified, BC Housing will undertake a Request for Proposals to select the Sponsors. The determination of an appropriate sponsor will be done by BC Housing with advice and input from the City of Chilliwack.

Operational Staffing

In instances where the tenants have a history of homelessness or are considered to be “hard to house”, funding will be provided through the operating budget to provide staff coverage (24 hours a day and 7 days a week).

Support Services

Support services will be provided through community based non-profit service providers in the community. Most of these services will be provided off-site through existing service delivery networks. However, it may be possible to include specific programming space within the development. Support services can include education, training, job placement and other social services.

Design and Program Development Funding

BC Housing will pay all of the costs to design and construct the developments included in the MOU including the provision of interim construction financing. These costs would include the fees for the architects, and their sub-consultants, permit fees, legal costs, survey and engineering costs, quantity surveying, and other costs.

Funding for Construction, Operations and Services

The BC Housing/City MOU assumes that the Province and its other partners (the Federal Government, corporate and private donors, non-profit housing and service providers) will provide the funding required to build and operate the developments included in the MOU with construction to be completed in 2009/2010. The funding will cover the cost to build the buildings, as well as on-going subsidies to cover on-going operating costs including the provision of non-clinical on-site services and supports to help provide for increased housing stability among those who are homeless or at risk of homelessness.

Operations Management Plan

Once a Sponsor and Service Provider(s) have been selected for a building, they will develop a building and management program for review by the City, and for discussion with members of the general public and surrounding community who may be concerned about the proposed development. The Operation Management Plan (OMP) will help to provide members of the public with information on the experience of the housing provider and the actions that will be taken to ensure that community concerns are addressed.

Public Consultation

BC Housing and the City will work together jointly in the delivery of any and all media releases and public information.

Appendix 4:

④ Pursue strategies to improve access to rental housing

Recommended Action:

High housing costs have been identified as a major challenge faced by many residents in the City of Chilliwack. To this end, it is recommended that the City of Chilliwack pursue strategies to improve access to rental housing. This should include strategies to expand the supply of rental housing affordable to households at the low end of the housing continuum. In addition, the City should play a role in building awareness of, and helping citizens to gain access to Provincial rental assistance programs. Also included should be targeted strategies to encourage new rental housing construction over the longer term as well as strategies to preserve and protect the existing rental housing stock.

In recent decades, most new housing has been built for the ownership market and the purpose-built rental market has been disadvantaged by taxation policies, challenging economics and lower rates of return when compared with market housing and market condo development. This has resulted in limited new rental housing construction as well as upward pressure on existing rents.

Through the consultation process, a number of different issues related to the rental housing stock were identified:

- The high cost of housing and the fact that many residents in the City of Chilliwack lack sufficient economic resources to find suitable housing that they can afford;
- The challenging economics of rental housing construction resulting in only limited new rental housing construction;
- The need for an increase in the supply of government supported housing for low income families, seniors and special needs households.

To respond to these challenges, this section focuses on four specific actions for the City of Chilliwack to consider:

1. Increase the supply of non-market or government-supported housing;
2. Promote access to provincial rent assistance programs including the Provincial Rental Assistance Program (RAP) for working families as well as the Provincial SAFER (Shelter Aid for Elderly Renters Program) for seniors;
3. Identify strategies to encourage new rental housing supply over the longer term;
4. Pursue strategies to limit the loss of the existing rental housing stock.

Increase the Supply of Non-Market or Government Supported Housing

It is estimated that there are 2,925 households paying in excess of 30% of their income on shelter in the City of Chilliwack. It is also estimated that there are approximately 1,160 households in the City of Chilliwack who are in need and spending at least half of their income on their housing costs. To respond to these needs, it is recommended that the City of Chilliwack pursue strategies which will expand the supply of affordable rental housing both market and non-market. This strategy is aligned with the recommended actions set out under Priority Action #3 and includes engaging in partnerships with other levels of government as well as with the private sector.

Promoting Access to Provincial Rent Assistance Programs

The Province currently provides rent assistance to low income families and seniors living in housing in the private rental market. This includes assistance provided under the SAFER (Shelter Aid for Elderly Renters) and the RAP (Rental Assistance Program). Based on the current program guidelines, the Province will provide funding assistance to eligible households to help close the gap between the cost of their housing and what they can afford to pay. Under the current program guidelines households with an annual income of \$15,000 for single senior households and \$35,000 for family households. While this funding does not necessarily contribute to an increase in the overall housing supply, it does help to address the affordability gap that many households face. Therefore, it is recommended that the City of Chilliwack:

- (a) Evaluate the take-up and potential opportunities for households to access Provincial rental assistance programs including SAFER (Shelter Aid for Elderly Renters) and RAP (Rental Assistance Program) for families;
- (b) Advocate for changes to the existing Provincial shelter allowance for households relying on income assistance in order to better reflect local market conditions and the range of available choices;
- (c) Encourage the Province to consider expanding housing assistance programs such as SAFER and RAP to include low income, non-senior single person households who currently are not covered by existing programs.

Identify Strategies to Encourage New Rental Supply Over the Long Term

Canadians have traditionally place a high degree of importance on home ownership. For many, home ownership has been viewed as a vehicle for allowing households to generate savings or wealth through the equity that they gain through their home. Some households,

however, do not have the economic resources to move into the ownership market and for whom rental housing represents their only option. For these households, it is important to ensure that there is a sufficient supply of rental housing to meet the on-going and future demand. This includes the need to find possible incentives or measures which will make the economics of rental housing work better and help to encourage new rental housing construction.

Some analysts have suggested that changes in the Federal tax treatment of rental housing and other municipal incentives such as the relaxation of parking requirements, density bonus provisions, property tax forgiveness for a specified period of time as well as waiving municipal development cost charges and other fees are possible strategies which should be considered by municipalities on a case by case basis. Changes to the City's Development Cost Charges By-Law to reflect differences in unit sizes might also represent a possible strategy for improving the overall financial feasibility of constructing of smaller rental apartment units and encouraging new rental housing supply. These types of initiatives should be evaluated on a case by case basis both in terms of their contribution to the supply of affordable housing as well as their contribution to the City's overall policy objectives.

Pursue Strategies to Limit the Loss of the Existing Rental Housing Stock

Like many communities, the rental housing stock in the City of Chilliwack is aging. Moreover, there has been only limited new purpose built rental housing construction. The Federal government offers modest assistance to make improvements to older rental housing stock. These programs include: RRAP Rental and Rooming House Assistance, RRAP Conversion and the Shelter Enhancement Program. A brief overview of these programs is provided below:

- **RRAP Rental and Rooming House**

Owners of rental or rooming houses with substandard units may be eligible for financial assistance to rehabilitate the property to a minimum level of health and safety. Landlords may receive up to \$24,000 for each self-contained rental unit or \$16,000 for each rooming house bed unit. Rental RRAP also offers financial assistance for the creation of secondary suites and garden suites for low-income seniors and disabled adults.

- **RRAP Conversion**

Financial assistance is available to convert non-residential properties into affordable self-contained rental housing units and/or bed units. Landlords may receive up to \$24,000 for each self-contained rental unit created or \$16,000 for each rooming house bed unit.

- **Shelter Enhancement Program (SEP)**

The Shelter Enhancement Program (SEP) provides financial assistance for the repair,

rehabilitation and improvement of existing shelters for victims of family violence. SEP funding is also available for new shelters and second-stage housing. For newly developed projects, CMHC may contribute up to 100 per cent of a project's capital cost. Up to \$24,000 per unit or bed unit is available to improve existing shelters.

In addition, the Federal Rental RRAP also offers financial assistance for the creation of secondary suites and garden suites for low-income seniors and disabled adults.

These types of programs help to support the limit the loss of existing rental housing stock as well as ensure that the housing is meets basic community health and safety standards. In addition, these types of initiatives can help to add to the supply of units which are affordable to households falling at the lower end of the income continuum. In moving forward on the implementation of this priority area, the City may wish to evaluate the current take-up and potential opportunities for landlords to access these various programs. This may include convening a meeting with landlords in the City to discuss and determine the current condition of their housing and to discuss potential opportunities to rehabilitate their housing through this program.

Appendix 5:

5 Provide on-going education, advocacy and monitoring

Recommended Action:

It is important to maintain the momentum which was created through this process and to continue to draw on the expertise and insights of members of the community. To this end, it is recommended that the City of Chilliwack establish a Community Housing Foundation and that members of the Housing Task Force be asked to sit on this Foundation as advisory members.

Education and Advocacy

- a. Continue to explore opportunities to encourage a diversity of housing types and tenures at different price points along the housing continuum.
- b. Join with and support the Federation of Canadian Municipalities and the Canadian Home Builders Association in advocating for changes in the qualifying price thresholds and amount of rebate available under the Federal GST rebate program.
- c. Advocate for funding for outreach services to assist the local Downtown Business Improvement Area (BIA) in ensuring that low income individuals in the downtown core are linked to appropriate services and supports in the community.
- d. Explore opportunities for joint advocacy and action with the Federation of Canadian Municipalities (FCM), the Union of B.C. Municipalities (UBCM), and the Canadian Housing Renewal Association in their call for a *National Action Plan on Housing and Homelessness*.
- e. Explore opportunities to enhance homeless outreach assistance currently being provided by community and faith based groups including approach the Province for increased funding for outreach services and/or one time funding through the Province's Housing Endowment Fund.
- f. Continue to conduct regular homeless counts and continue to work with the Community Housing Foundation and various City Committees to monitor the impact of this Strategy and to identify unmet needs on the housing and service continuum.

Monitoring and Performance Measurement

The following list of measures can be used by the City of Chilliwack to evaluate the success of the strategy in creating conditions to enable new housing supply as well as ensuring that the priority needs have been addressed.

About the Housing Supply Sector

1. Number of housing starts
2. Number of ownership starts
3. Number of rental housing starts

About the Number of Renter Households in Core Housing Need

4. Number of renters paying 30% or more of their income on their housing costs
5. Number of renters paying 50% or more of their income on their housing costs

About the Inventory of Non-Market Housing

6. Increase in the inventory of non-market housing
7. Number of households on the waiting list for non-market housing
8. Number of households receiving income assistance

About the Affordability Gap

9. Average reported rents across unit types
10. Affordability gap based on the median income for renter households
11. Affordability gap based on the shelter allowance provided under income assistance
12. Inventory of units renting for \$610 per month (Rent Ceiling for SAFER program)
13. Inventory of units renting for \$900-940 per month (Rent Ceiling for RAP program)
14. Inventory of units affordable to households receiving income assistance

Take-Up Around Provincial Rental Assistance Programs

15. Number of households/individuals receiving SAFER
16. Number of households/individuals receiving RAP
17. Number of households/individuals receiving SIL

Capacity Within the Emergency Shelter System

18. Number of homeless individuals identified through the homeless count
19. Number of emergency shelter beds available
20. Percentage of nights that the emergency shelter beds are full