

# ***Affordable Housing Reserve Fund***

## **Proposed Draft Bylaw & Policy**

# Overview

1. Introduction to the Affordable Housing Reserve Fund (AHRF)
  - a. 'long-term savings account' to help create new affordable housing units
  - b. used in lower mainland municipalities to support affordable housing partnerships
  - c. accumulate funds in an AHRF, allocate specific amounts to qualifying applications
2. Why an AHRF? Requirement & Opportunity
3. AHRF Flows In & Flows Out
4. AHRF Bylaw vs. companion Council Policy CO-89
5. How to Qualify & Proposed AHRF Uses
6. Next Steps

# Requirement

1. **Requirement:** the *Local Government Act* (LGA) requires that cash-in-lieu funds, from density bonusing or inclusionary zoning, are to be placed into a reserve fund:

LGA 482.91 (5):

If (cash-in-lieu) money is received by a local government, the local government must

- a. establish an affordable & special needs housing reserve fund for the purpose of providing, constructing, altering or expanding affordable & special needs housing units, and
  - b. place the money to the credit of the affordable & special needs housing reserve fund.
- proposed (updated) cash-in-lieu rates = woodframe: \$400 per sf; concrete/steel: \$500 per sf

# Requirement

## 1. Requirement:

Following LGA 482.91 (6), these contributions, & interest on them, is to be used to:

- a. Fund capital cost of new affordable housing units
- b. Pay principal & interest on debt used to pay for the capital cost of new affordable housing units
- c. Contribute to entities (non-profit, society, co-op etc.) to create new affordable housing units

# Opportunity

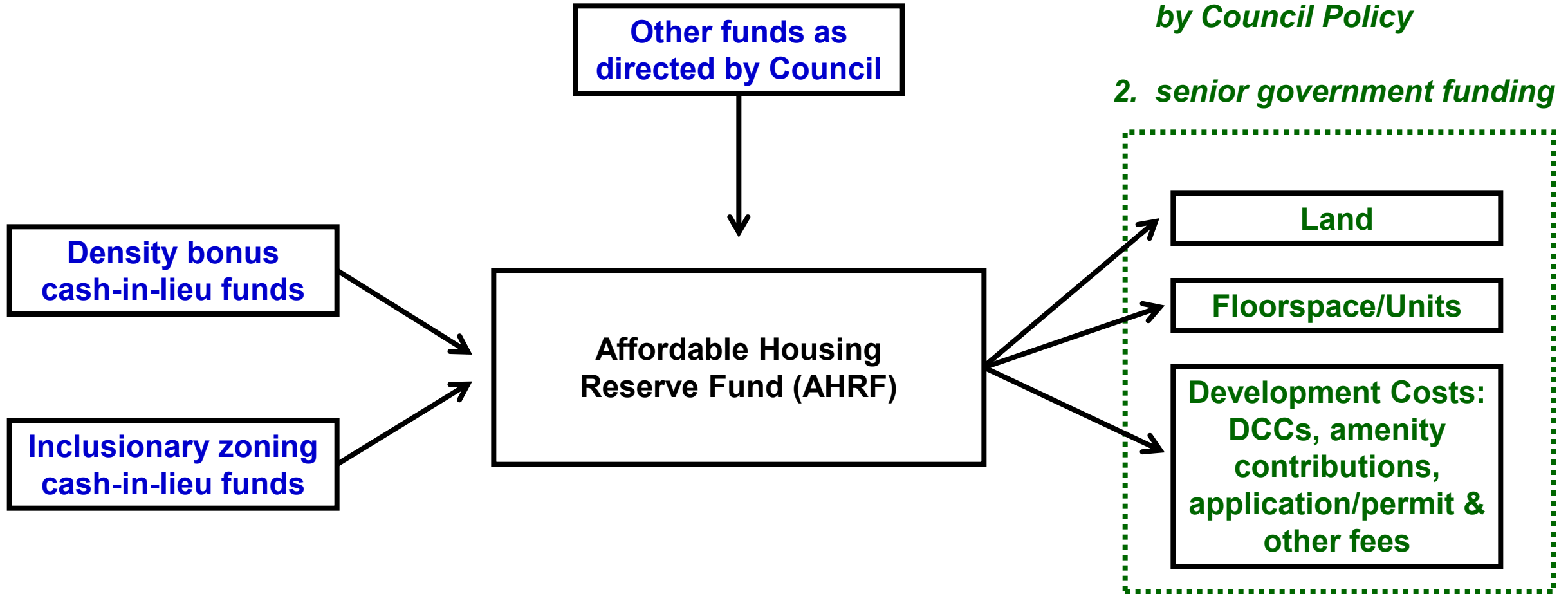
**2. Opportunity:** create an Affordable Housing Reserve Fund to:

- i. receive cash-in-lieu funds from density bonus or inclusionary zoning applications; &**
- ii. receive other funds as directed by Council**

**→ i + ii = use combined funds to create new affordable housing units in the City**

**\*The *Community Charter* also enables Council to create an Affordable Housing Reserve Fund**

# AHRF: Flows In & Flows Out



# Other Potential AHRF Funding Sources

**Examples of AHRF funding sources:**

- 1. Land sale revenue or percentage thereof**
- 2. Amenity contributions revenue or percentage thereof**
- 3. Percentage of density bonusing revenue**
- 4. Transfer from other funds, as permitted by Community Charter**
- 5. Percentage of Municipal & Regional District Tax (MRDT) revenue**
- 6. Other (density transfer contributions, donations, etc.)**

# Proposed Uses of AHRF

***Overarching principle: funding is allocated: a). in proportion to the number of affordable housing units in a development & their target income level, & b). for applications that have senior government funding***

## **Proposed Fund Uses:**

- 1. Land (purchase to provide as equity/contribution; land lease/reimburse value)**
- 2. Floorspace (purchase units, airspace parcel, building)**
- 3. Reimbursements (waive DCCs, amenity contributions, application fees; & reimburse w/ AHRF funds)**
- 4. Pre-development costs for proposed affordable housing projects**

# AHRF Bylaw vs. Companion Council Policy

## AHRF Bylaw: key requirements

- Establishes AHRF, funds in & out
  - Definition 'affordable housing units'
  - *Community Charter*
  - *Local Government Act*
- Identifies Cash-in-Lieu Rates
  - *Local Government Act*
- AHRF funds used towards capital cost of new affordable units
  - constr., land, fees, pre-dev costs

## Council Policy CO-89: guidelines, process

- How AHRF funds may be used
  - non-profits, senior gov't partners
  - below market rental rates, price controlled units requirements
  - constr., land, fees, pre-dev costs
  - OCP policy, Housing Needs Report
- Guidelines for deciding how much & to whom AHRF funds may go to
- How to request AHRF funds & process

# How to Qualify for AHRF Funding Consideration?

**Affordable housing applications seeking AHRF funds are to meet these tests:**

- **Affordable housing units are to be managed, controlled and/or owned by:**
  - **non-profit housing society**
  - **public authority**
  - **senior government agency (regional, Provincial, Federal)**

**Not applicable to: private-sector applications with the required amount of below market rental floorspace**

- **as per Section 2.6 Zoning Bylaw; bonus & inclusionary zoning**
- **inclusionary units added based on tenant relocation plans requirements**

# How to Qualify for AHRF Funding Consideration?

- **Rental units renting at a minimum of 20% below market or less**
  - 'workforce'
  - rent geared to income (RGI)
  - deep subsidy
  - special (seniors, congregate, supportive, special needs/groups)
- **Price-controlled home ownership, limited equity & co-op units**
  - must be part of a senior government and/or non-profit housing society affordable home ownership program

*All units in #1 & #2 need to be secured by a Housing Agreement for life of the building*

# AHRF Use Considerations

- Council may choose to limit the amount of AHRF funds going to an application
- **Although not obligated to – Council could aim to retain 10% to 25% (or other target) of AHRF balance, to leave funds for other eligible applications**
  - **Akin to a ‘one-time maximum use’ or AHRF funds allocation target**
- **In the case of multiple AHRF requests, Council may choose to prioritize funds to applications based on the policy, proposed level of affordability & community benefit**
  - **community benefit = meeting housing needs in OCP & Housing Needs Report**

# How to Request AHRF Funding & Process

1. Official requests for AHRF funding must be submitted during the application process;
2. Requests must identify capital cost-related items for AHRF assistance (eg. land, equity, waiving fees/charges etc.), supported by a financial analysis;
3. Staff will inform applicant of AHRF balance & if the application is AHRF eligible, based on review of request in relation to AHRF/Council policy; and
4. Staff will present request & recommendations to Council; Council decides on request prior to consideration of a rezoning adoption or DP approval.

*Additional requirements & procedures may be included in the Council policy, through future updates & in other City application guidelines and/or bylaws.*

# Next Steps

1. **March 23: Introduce draft Affordable Housing Reserve Fund (AHRF) & draft Council Policy**
  - **for Council feedback prior to introducing Bylaw and Policy for readings/approval**
2. **April 13: Present AHRF Bylaw for 3 readings**
3. **April 27: Adoption of AHRF, approval of related Policy CO-89**

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