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|  | Title: Affordable Housing Reserve Fund (Deposits and Use of Funds) | Number: CO-89 |
| | Authority: Council | Section: Development Services |
| | Date Adopted: April, 2026, | |
| | Historical Changes: | |
| | DRAFT | |

Purpose and Scope:

The policy identifies how the Affordable Housing Reserve Fund (AHRF), established by Bylaw No. 3320, may be used by Council to help provide, create or improve affordable housing units in the City, in partnership with affordable housing providers, and the process by which an applicant can request the use of AHRF funds, for review by City staff and consideration by Council.

The definition of “Affordable Housing Units” in this policy includes below market, non-market, subsidized and special needs housing units that are managed, controlled and/or owned by a non-profit society, non-profit entity, public authority, senior government agency, or another body within the prescribed class of bodies, and secured by a Housing Agreement on property title.

Policy Statement:

The Official Community Plan (OCP) supports density bonusing and the creation of new affordable housing units in the community, and the *Local Government Act* (LGA) enables the use of density bonusing and inclusionary zoning by local governments to create new affordable housing units. Based on this the City’s Zoning Bylaw permits density bonusing and requires inclusionary housing, and the affordable rental units that are contained in bonus or inclusionary floorspace are to be rented at a minimum of 20% below local market rent and secured by a Housing Agreement for the life of the building these units are within.

The LGA enables applicants to provide a cash-in-lieu contribution, instead of including the required below market units in their development, if these contributions are provided to the City and deposited in an ‘affordable and special needs housing reserve fund’. These cash-in-lieu contributions, and the interest on them, can be used to:

- a. fund the capital cost of providing, constructing, altering or expanding Affordable Housing Units;
- b. pay the principal and interest on a debt incurred by a local government as a result of an expenditure for the capital cost of providing, constructing, altering or expanding Affordable Housing Units; and
- c. contribute to certain prescribed entities (including non-profit housing providers and other as listed in LGA Section 482.3 (8) and 482.91(6)) that are providing, constructing, altering or expanding affordable housing units.

These cash-in-lieu contributions are to be equivalent to the capital costs directly related to providing, constructing, altering or expanding affordable housing units, including planning, engineering, legal and interest costs.

The *Community Charter* also enables a local government to create an affordable and special needs housing reserve fund, to help fund the creation of new affordable housing units in the community. Revenue sources for this fund can include cash-in-lieu contributions, as described above, and other funds deposited into the fund as directed by Council from time to time. The implementation section of this policy provides additional details regarding funding sources and how the funds that are placed in the AHRF can be used.

Implementation:

1. Affordable Housing Reserve Fund Establishment

The AHRF was established by Bylaw No. 3320 on *date, year*. As per Bylaw 3320, the AHRF is to receive and hold cash-in-lieu contributions from applications subject to density bonusing and inclusionary housing requirements, according to the cash-in-lieu rates listed below, and to receive other funds as directed by Council from time to time from sources as deemed appropriate and consistent with the *Community Charter*. These fund sources may include revenue from land sales, fund transfers and Municipal and Regional District Tax (MRDT) revenue, among others. All funds that are placed into the AHRF are only to be used to help create new Affordable Housing Units in Langley City.

AHRF Cash-in-Lieu Rates (according to construction material):

- i. Wood frame: \$4304 per square metre / \$400 per square foot;
- ii. Non-combustible: \$5380 per square metre / \$500 per square foot.

2. How AHRF Funds May Be Used

Following AHRF Bylaw No. 3320, and subject to Council's consideration, the AHRF may be used to fund:

- a. capital costs of providing, constructing, altering, or expanding Affordable Housing Units, and principal and interest costs associated with debt incurred by the City for such costs; and
- b. contributing funding to a non-profit society, non-profit entity, public authority, senior government agency, or another body within the prescribed class of bodies, for the purpose of providing, constructing, altering, or expanding Affordable Housing Units.

To clarify, the AHRF Funds may be used to fund:

- a. the purchase or provision of land for Affordable Housing Units;
- b. the purchase or provision of floorspace for Affordable Housing Units;
- c. the fees, charges and contributions that apply to Affordable Housing Unit applications, as permitted by applicable City bylaws and policies, including but not limited to:
 - i. development application fees,

- ii. permit fees,
 - iii. inspection fees,
 - iv. amenity contributions, and
 - v. Development Costs Charges (DCCs); and
- d. the pre-development costs for Affordable Housing Unit development applications.

Based on OCP policy and the City's 2024 Interim Housing Needs Report, AHRF funding should also be prioritized for (list is not in priority order):

- seniors-focused housing units;
- Indigenous housing units;
- family and youth housing units (including for newcomers);
- special needs, accessible housing;
- co-op housing; and
- temporary shelter and transitional housing units.

Affordable Housing Unit Requirements

To be eligible for AHRF funding, units are to be managed, controlled and/or owned by a non-profit housing society, public authority or senior government agency (regional, Provincial, Federal), receive senior government funding, meet community needs, reflect OCP policies and follow these parameters:

- a. rental units are to be rented at a target rate of 20% below local market rent or lower. The local market rent value is to be determined by a development application-specific market rent appraisal, or using local CMHC average rents compared with current market rents and adjusted further to attain the 20% below market threshold (updated annually);
- b. price-controlled home ownership, limited equity and co-op units must be a part of a senior government and/or non-profit housing society affordable home ownership funded program;
- c. all Affordable Housing Units in bullets a. and b. of this section, should be secured by a Housing Agreement on title for the life of the building which the Affordable Housing Units are contained within.

Affordable Housing Units that meet the minimum density bonusing and inclusionary housing requirements in the Zoning Bylaw, or follow tenant relocation plans policy or bylaw requirements are not eligible for AHRF funding.

AHRF Fund Allocation and Balance

Council may choose to limit the amount of AHRF funds allocated to a specific development application, based on the current AHRF balance, and this policy may be updated in the future to identify specific allocation limits and/or scenarios. Although not obligated to do so, Council should aim to retain between 10% to 25% of the current AHRF balance at the time of when Council allocates AHRF funds to a specific development application, to retain a remainder AHRF balance that provides the possibility of responding to other smaller AHRF funding requests in the short term, and potentially larger fund requests in the long term,

assuming the AHRF balance grows through future deposits into the AHRF. In the case of multiple applications for AHRF funding, Council may choose to prioritize funds allocated to one development application over another application, based on this policy, the proposed level of affordability of dwelling units and community benefit, in terms of the proposed Affordable Housing Units meeting the housing needs identified in the OCP and the City's Housing Needs Report.

3. Requesting the Use of AHRF Funds

An applicant for a proposed development application with Affordable Housing Units, may make a request in writing to the City to use AHRF funds to assist in funding the capital cost of constructing these units. Notice of a pending request for AHRF assistance should be provided to City staff by the applicant during the pre-application process, and it is recommended that an official request be submitted by the applicant as a part of the official development application process, and be presented to Council prior to consideration of a rezoning bylaw adoption or Development Permit approval.

The applicant's request shall identify specific capital cost-related items for AHRF assistance (i.e. land/equity, funding fees/charges etc.) and be accompanied by a financial analysis that supports the request, for staff review and Council consideration. Staff will also inform the applicant, upon initial review of a request, of the feasibility of AHRF use based on this policy and AHRF fund balance at the time of the request. Additional requirements and procedures related to this may be included in this policy through future amendments and other City application guidelines and/or bylaw(s).

4. Annual Reporting

As required by Section 482.6 and 482.94 of the LGA, a publicly available annual report is to be presented to Council, prior to June 30 each year, that includes:

- how many Affordable Housing Units, with building permits issued for their construction, that have been created by inclusionary housing or density bonusing requirements in the preceding year;
- the total cash-in-lieu funds deposited into the AHRF in the preceding year;
- the total AHRF funds used to create Affordable Housing Units in the preceding year, and
- the balance in the AHRF at the start and at the end of the applicable year.

Council may use this report to evaluate the performance of applicable bylaws and policies, and consider potential updates as directed by Council.

References:

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| Policy Number: | CO-89 |
| Policy Owner: | Development Services |
| Endorsed by: | |
| Final Approval: | |
| Date Approved: | |
| Revision Date: | |
| Amendments: | |
| Related Policies: | |
| Related Publications: | Official Community Plan Bylaw; Zoning Bylaw; Housing Needs Report |