

What We Heard - Non-Profit Housing Provider Stakeholder Engagement

This document summarizes input received from non-profit housing providers during engagement sessions conducted in January-March 2021.

Nominal Fee/Book Cost

- A nominal fee is strongly preferred by non-profits, but even book cost is a sizable discount from market cost, which will make development more feasible. The discount provided on the land translates to the increased affordability of the rents in the project, the deeper the discount the more room there is to subsidize rents.
- Having land in place makes it easier to leverage other financing sources.
- Generally, really love this approach; non-profits don't have the financial capacity to establish a 20-30-year land supply like private developers. The proposed approach will offer certainty and predictability regarding available land assets.

Process

Batch Site Selection

- Batch site selection would provide a consistent, transparent and efficient process. Benefits include:
 - equal opportunities to all non-profit affordable housing providers to access City land assets and time to prepare submissions in advance of due dates - predictability of opportunity.
 - reduction of process timelines to negotiate individual land sales, which can be onerous for applicants, delay project development, and increase costs.

Applicant Criteria

- Applicant criteria and a competitive process will allow the City to see which applicant is delivering the best development and most needed affordable housing.
- The applicant criteria will help ensure that successful applicants have the capacity to complete and operate a proposed development.
- Consider revising the applicant criteria to allow less experienced applicants to compete if they establish sufficient collaboration with organizations that have more or complementary experience or strengths. While a degree of risk aversion is understandable, the criteria should not disqualify less experienced applicants whose development proposals align with the City's affordable housing investment priorities and/or address unmet affordable housing needs.
- Consider the inclusion of collaboration with health services as well as homeless-serving and social services in the applicant criteria. This is

particularly relevant to developments that may serve residents with mental health and addiction challenges.

- Consider revising the criteria to reflect the City's affordable housing investment priorities, such as permanent supportive housing and Indigenous housing.
- Consider revising the applicant criteria regarding financial and managerial capacity to clarify that this will be evaluated based on demonstrated experience and financial assets to complete the proposed development, and will not require that operational funding be secured in advance.
- Consider establishing minimum applicant qualifications rather than a competitive process, and then using alignment with affordable housing investment priorities to score development proposals from qualified applicants.

General Comments

- Don't agree with a competitive process; the City should process applications when applicants are ready.
- Would like a clear timeframe for how long the City will take to select non-profits.
- Providing design proposals/proformas is costly. Consider accepting high-level proposals to pre-qualify nonprofits to acquire land, and then requiring the submission of detailed design plans within a specified timeframe. This would be an investment rather than an uncertain risk for applicants.
- Could there be advance disclosure of off-site levies and off-site costs such as upgrading a laneway or installing retaining walls so that nonprofits can account for these expenses in their development plans?
- Consider a process to communicate the results of an application evaluation, both for transparency and learning purposes for other agencies.
- Consider methods to ensure that non-profits are aware of land acquisition opportunities, such as an email list or map of selected sites.

Process: site selection criteria

- The site selection criteria are generally sensible.
- Consider additional inputs other than the neighbourhood affordable housing ratio to ensure that selected sites are located where there is demand for affordable housing, not just where there is a scarcity of affordable housing. This could include non-profit housing provider waiting lists.
- Consider planning and funding priorities of other orders of government, services and agencies, such as school boards.
- Consider retaining land assets in proximity to existing and future LRT stations for future affordable housing development, as those sites are

likely to meet the site selection criteria, but are at risk of becoming prohibitively costly over time.

- Consider the inclusion of very small parcels to accommodate tiny homes.
- Consider a site selection criterion related to safety. Incidence of crime and perception of safety have negatively impacted vacancy rates at some existing affordable housing developments.

Conditions: affordability term

- Non-profits were generally very supportive of the affordability term requirement for land sales.
 - Consider a means to exit the caveat before the end of the term if there is no longer a need for affordable housing in that location and the non-profit wanted to move their equity to another location with higher demand.
 - Consider clarifying the intent that, at the end of the caveat term, the City assumes that the land would either continue to be used for affordable housing, or the property sold and profits reinvested to create more affordable housing.
 - Some non-profits inquired about the possibility to change the use of the land to meet changing needs over time.
- Organizations generally expressed a preference to purchase rather than lease land. Leasing may involve complications such as:
 - Alignment with CMHC mortgage requirements so that renegotiation is not required.
 - Challenges related to what will happen at the end of the lease term.

Conditions: mixed-income developments

- Non-profits were generally very supportive of mixed-income developments. Benefits noted include:
 - Residents could remain in the development if their income increases, avoiding penalizing residents for bettering their financial situation.
 - Market-rate units in mixed-income developments could support subsidies for affordable units and improve the development's financial feasibility
 - A mix of incomes could support commercial uses in mixed-use buildings, which would benefit all residents
 - Mixed-income developments can prevent ghettoization and help even out highs and lows of great and problematic tenants
 - Mixed-income developments may support social development
 - There may be fewer community concerns regarding mixed-income developments than developments providing exclusively affordable housing

- Non-profits generally expressed that there is no “magic number” regarding the proportion of market-rate versus affordable housing. Considerations include:
 - Establishing a minimum percentage of affordable units would ensure that public funds are used for the public good.
 - The proportions of affordable and market-rate units may need to vary depending on the development. For example, a higher proportion of market-rate units could support deeper subsidies for affordable units.
- Consider including a requirement that market and non-market units have the same quality of interior finishing.
- A mix of rentals and homeownership could potentially provide additional benefits (some research suggests that pride of ownership is linked to increased investment in a home)

Consideration of Alternate Sites

- The requirement to provide a strong justification for consideration of sites not identified in the annual batch approval supports consistency, transparency, and a level playing field for all non-profit affordable housing providers.
- One-off land transactions should be an exception rather than the default; if it is the default, this is a sign that the established batch site approval process is not working as intended.

Conditions: two-year time limitation for offer to purchase

- Feedback regarding the proposed two-year time limitation for non-profit housing providers to make an offer to purchase before the City considered alternate uses for the land was mixed. Many felt that this was a reasonable timeline that would accommodate due diligence, planning and determination of funding sources, especially given that an offer to purchase could be conditional upon precedents such as rezoning or obtaining funding. Others pointed out situations that might make a two-year time limit problematic:
 - Timelines for funding from other orders of government are unknown, and might not coincide with the two-year time limit.
 - The COVID-19 pandemic has increased uncertainty about many issues, such as the level of demand for affordable housing, funding from other orders of government, and market conditions that may influence development costs or other factors related to the financial feasibility of a development.
 - Some organizations may need more time than others to complete planning and address technical issues. A longer timeframe might better enable organizations with less experience or capacity a better chance to successfully access City land assets.

- Many non-profits suggested that Administration should engage non-profits prior to considering alternate uses for land to confirm if no expressions of interest were made because the site is unsuitable or undesirable, or if other factors were preventing interested applicants from proceeding with an offer to purchase, in which case Administration could consider extending the deadline to make an offer to purchase.

Other

Rezoning

- A number of non-profits inquired as to whether the City would rezone land in advance of transferring ownership to a non-profit. The required zoning will not be known until after a specific development is proposed, therefore rezoning will occur after the transfer of ownership. The rezoning process is regulated by the Municipal Government Act; the City cannot create exceptions to the Zoning Bylaw but can explore how to assist with the rezoning process and the potential to waive fees to reduce costs.

Public Engagement

- Some non-profits asked if the City will conduct public engagement as part of the batch site selection

Partnership Opportunities

- There may be a need to accommodate partnerships between non-profit and for-profit developments to make them financially viable. How can the City encourage for-profit developments to have a small proportion of affordable units? This would align with objectives to distribute affordable housing throughout the City.