



# City of Port Moody

## Report/Recommendation to Council

Date: September 16, 2020  
Submitted by: Community Development Department – Development Planning Division  
Subject: Alternate Affordable Housing Proposal – 2002-2014 St. George Street and  
2003-2009 St. Johns Street (Bold Properties)

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### Purpose

To present for Council's consideration, two affordable housing options from Bold Properties for their project on Clarke Road at St. George Street which are presented as alternatives in light of the uncertainty regarding the envisioned partnership with BC Housing due to the COVID-19 pandemic.

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### Recommended Resolutions

**THAT an updated affordable housing program replacing the original Affordable Home Ownership Program in partnership with BC Housing with a Rent-To-Own option be endorsed as outlined in the report dated September 16, 2020 from the Community Development Department – Development Planning Division regarding Alternate Affordable Housing Proposal – 2002-2014 St. George Street and 2003-2009 St. Johns Street (Bold Properties);**

**AND THAT third reading of City of Port Moody Official Community Plan Bylaw, 2014, No. 2955, Amendment Bylaw No. 24, 2020, No. 3242 (2002-2014 St. George Street and 2003-2009 St. Johns Street) and City of Port Moody Zoning Bylaw, 2018, No. 2937, Amendment Bylaw No. 33, 2020, No. 3243 (2002-2014 St. George Street and 2003-2009 St. Johns Street) (RM8) be rescinded;**

**AND THAT Bylaw No. 3242 and Bylaw No. 3243 be referred to a new Public Hearing in light of the additional information being provided for Council's consideration.**

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### Background

Council gave third reading to City of Port Moody Official Community Plan Bylaw 2014, No. 2955, Amendment Bylaw No. 24, 2020, No. 3242 (2002-2014 St. George Street and 2003-2009 St. Johns Street), City of Port Moody Zoning Bylaw, 2018, No. 2937, Amendment Bylaw No. 33, 2020, No. 3243 (2002-2014 St. George Street and 2003-2009 St. Johns Street) (RM8), and City of Port Moody Road Closure Bylaw – 2002-2014 St. George Street and 2003-2009 St. Johns Street, 2020, No. 3244 to facilitate the development of two, six-storey multi-family buildings on St. George Street and St. Johns Street, east of Clarke Road. Bylaw

adoption and Development Permit authorization is pending the finalization of the Affordable Home Ownership Program (AHOP) with BC Housing.

The premise of the program with BC Housing was to offer potential first-time homeowners, who are currently renting, an opportunity to enter the home ownership market. The program would apply to a minimum of 118 of the 162 units and would involve a 10% reduction in the purchase price. The developer has signed a Memorandum of Understanding with BC Housing, which establishes the basic provisions of the program as a precursor to a formal Project Partner Agreement. However, the program has not yet been considered by the Board of BC Housing and it is unclear at this time when that might take place as BC Housing is prioritizing COVID-19 housing-related issues.

## Discussion

### Alternate Affordable Housing Options

The developer is concerned that the uncertainty around the timing of the Board's consideration may hold up Council's consideration of Bylaw adoption indefinitely and, ultimately, the Board may choose not to support the program. Meanwhile, there are growing financial and operational pressures for Bold to proceed with the project.

As a result of that uncertainty, Bold Properties has advised that they do not wish to proceed with an AHOP option and have presented the following two options as alternatives for consideration as outlined in the letter included as **Attachment 1**:

1. A financial contribution of \$300,000, which, at Council's direction, may be directed to the Affordable Housing Reserve Fund.

The intent of this cash-in-lieu contribution is to double the housing contribution by adding an additional \$300,000. Bold Properties is already committed to making a community amenity contribution in the amount of \$906,436.80 in accordance with the Community Amenity Contribution Policy. As directed by the Policy, one-third of that amount, or \$302,145.60, will transfer to the Affordable Housing Reserve Fund.

2. A Rent-To-Own program for 15 units or 9.25% of the 162 units in the project. Under this option:
  - the 15 units would be composed of three one-bedroom units, seven one-bedroom + flex space units, and five two-bedroom units;
  - the units would be rented for a period of two years;
  - rents, including strata fees, would be as follows:
    - one-bedroom units: \$1,500;
    - one-bedroom + flex units: \$1,700; and
    - two-bedroom units: \$2,000;
  - program participants would be responsible for an initial \$10,000 payment, payable in two instalments—\$5,000 on signing and, \$5,000 upon the start of construction;
  - participants would be responsible for utilities and other typical rental costs;
  - the developer would pay the property taxes;

- the purchase price of the units would remain fixed for the two-year rent-to-own period;
- at the end of the two-year period, all accumulated rent would be applied to the purchase price of the home; and
- local residents, initially, front-line workers, would be given the first opportunity to purchase one of these units, but depending upon uptake, unit assignment may require a lottery system.

The developer has provided a Question and Answer Sheet (**Attachment 2**) providing greater detail on the Rent-To-Own program for Council's reference.

#### Interim Affordable Housing Guideline Policy

The Interim Affordable Housing Guidelines Policy (**Attachment 3**) sets out the expectations for the provision of affordable housing units as part of new multi-family residential and mixed-use residential development applications where additional density is being sought through a rezoning and/or Official Community Plan amendment. Under the Policy, it is expected that a minimum of 15% of the units in a project would be affordable rental units. The Policy identifies rent-to-own units or a cash-in-lieu contribution as alternatives to the provision of affordable rental units, but does not provide guidance on the minimum number of units or the amount of a financial contribution.

It should be noted that this Policy was created in March 2020, whereas this development application was accepted by the City on December 5, 2018. This means this application is exempt as specified in the Policy and the information above is only provided for context and to illustrate that Bold's proposals does include the type of elements outlined in the Policy.

#### Staff Comment

While the cash-in-lieu option would result in a substantial additional contribution to the Affordable Housing Reserve Fund, cash in lieu is typically intended for projects involving four or fewer affordable rental units and would not be an appropriate option within the context of the Affordable Housing Guidelines Policy in this case.

The rent-to-own option creates a defined path to home ownership specifically in this project as it allows purchasers to add more equity to their down payments, easing the financial burden, and make it easier to secure bank financing. As outlined in **Attachment 2**, the developer has estimated that the total value for the rent-to-own program is estimated to be in the order of \$7-\$8 million and a developer contribution of approximately \$1m. For comparison, the value of the AHOP program in partnership with BC Housing would have a value of approximately \$6.5m comprising \$5.5m from BC Housing in the form of a low cost construction loan and an additional \$1m contribution from Bold. In both options, the developer's net contribution to the programs is estimated at approximately \$1m.

In staff's view, this Rent-To-Own option represents an acceptable alternative to the developer's initial AHOP program. A similar program by the Panatch Group for 50 Electronic Avenue was significantly oversubscribed, which illustrated substantial interest from community members in this innovative concept. Between the two options provided by the developer, the Rent-to-Own option fits best with the City's goal of providing affordable housing options within each project.

Regardless of which option is supported by Council, a Housing Agreement Bylaw will be required and staff will come forward with a Bylaw for Council's consideration prior to Bylaw adoption and Development Permit authorization.

### Public Hearing

With the change from the affordable home ownership program to an alternate option, the City Solicitor indicated that, as the consideration of the two alternate options may be considered new information after the close of a Public Hearing, it would be prudent to rescind third reading of Bylaw No. 3242 and Bylaw No. 3243 and hold a new Public Hearing to avoid a potential procedural challenge.

### Other Options

The above noted options with respect to an alternate affordable housing approach are available for Council's consideration. For each of these options, staff recommend that third reading of City of Port Moody Official Community Plan Bylaw 2014, No. 2955, Amendment Bylaw No. 24, 2020, No. 3242 (2002-2014 St. George Street and 2003-2009 St. Johns Street) and City of Port Moody Zoning Bylaw, 2018, No. 2937, Amendment Bylaw No. 33, 2020, No. 3243 (2002-2014 St. George Street and 2003-2009 St. Johns Street) (RM8) be rescinded, and that both Bylaws be referred to a new Public Hearing. If option one is preferred, the resolution would be:

THAT an updated affordable housing program for the Bold development at 2002-2014 St. George Street and 2003-2009 St. Johns Street consisting of a cash contribution in the amount of \$300,000 (Option 1) as outlined in the report dated September 16, 2020 from the Community Development Department – Development Planning Division regarding Alternate Affordable Housing Proposal – 2002-2014 St. George Street and 2003-2009 St. Johns Street (Bold Properties);

AND THAT third reading of City of Port Moody Official Community Plan Bylaw, 2014, No. 2955, Amendment Bylaw No. 24, 2020, No. 3242 (2002-2014 St. George Street and 2003-2009 St. Johns Street) and City of Port Moody Zoning Bylaw, 2018, No. 2937, Amendment Bylaw No. 33, 2020, No. 3243 (2002-2014 St. George Street and 2003-2009 St. Johns Street) (RM8) be rescinded;

AND THAT Bylaw No. 3242 and Bylaw No. 3243 be referred to a new Public Hearing in light of the additional information being provided for Council's consideration.

### Financial Implications

Should Council support Option 1, the additional funds may, at Council's direction, be used to support future affordable housing projects in Port Moody. This contribution would be over and above the regular Community Amenity Contributions for this type of project.

## Communications and Civic Engagement Initiatives

Should Council choose to proceed with one of the two options presented or another option requiring a new Public Hearing on Bylaw No. 3242 and Bylaw No. 3243, notices will be delivered to owners and occupants within a 140m radius of the property and advertisements will be placed in Tri-City News in accordance with the Development Approval Procedures Bylaw.

## Council Strategic Plan Objectives

Council's consideration of this request aligns with the 2019-2022 Council Strategic Plan goals as they relate to a Healthy City by planning for a variety of housing types and by ensuring that available housing meets the community's diverse and emerging needs. The request also relates to Community Evolution by looking for creative ways to enable diverse housing forms.

## Attachments

1. Letter dated August 31, 2020 from Bold Properties.
2. Question and Answer Sheet on the Rent-To-Own Program
3. Corporate Policy – 10-5080-2020-01 – Interim Affordable Housing Guidelines.

## Report Author

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## Report Approval Details

Document Title:	Alternate Affordable Housing Proposal – 2002-2014 St. George Street and 2003-2009 St. Johns Street (Bold Properties).docx
Attachments:	<ul style="list-style-type: none"><li>- Attachment 1 - Letter dated August 31, 2020 from Bold Properties.PDF</li><li>- Attachment 2 - Question and Answer Sheet on Rent-To-Own Program.pdf</li><li>- Attachment 3 - Corporate Policy - 10-5080-2020-1 - Interim Affordable Housing Guideline Policy.pdf</li></ul>
Final Approval Date:	Oct 19, 2020

This report and all of its attachments were approved and signed as outlined below:

André Boel, City Planner - Oct 16, 2020 - 1:14 PM

Kate Zanon, General Manager of Community Development - Oct 16, 2020 - 4:09 PM

Dorothy Shermer, Corporate Officer - Oct 16, 2020 - 5:22 PM

Rosemary Lodge, Manager of Communications and Engagement - Oct 16, 2020 - 6:52 PM

Paul Rockwood, General Manager of Finance and Technology - Oct 17, 2020 - 7:11 PM

Tim Savoie, City Manager - Oct 19, 2020 - 10:06 AM