



City of Port Moody

Report/Recommendation to Council

Date: October 26, 2020
Submitted by: Community Development Department – Development Planning Division
Subject: Housing Agreement – Lots 17-20 Henry Street (Ankenman Marchand)

Purpose

To present for Council consideration a Housing Agreement proposal associated with the proposed 173 multi-family apartment units at Lots 17-20 Henry Street.

Recommended Resolution(s)

THAT the housing proposal for Lots 17-20 Henry Street be endorsed, and a Community Amenity Contribution fee waiver in the amount of \$344,000 be approved to facilitate the purchase of a unit by Kinsight as recommended in the report dated October 26, 2020 from the Community Development Department – Development Planning Division regarding Housing Agreement – Lots 17-20 Henry Street (Ankenman Marchand).

Background

OCP amendment Bylaw No. 3258 and Rezoning Bylaw No. 3259, related to the development proposal for 173 multi-family apartment units at Lots 17-20 Henry Street were given first and second readings at the June 2, 2020 Special Council Meeting, and third reading at the Special Council meeting held on July 28, 2020 following a Public Hearing. Details of the proponent's housing component were provided in previous reports to Council, and staff are now seeking clarification with respect to the Community Amenity Contribution (CAC) fee waiver.

Discussion

It is noted that this application was in stream prior to Council's adoption of the Interim Affordable Housing Guidelines, and that the housing component within this project has been reviewed with that in mind. The proponent has requested that Council consider the waiving of the affordable housing component of the Community Amenity Contribution (CAC), which represents \$344,000 of the total \$1,032,000 CAC amount, in order that it can be put towards the provision of the affordable housing unit.

Request

As set out in the report dated May 4, 2020 (**Attachment 1**) considered at the Special Council meeting held on June 2, 2020, an affordable housing component was proposed that includes:

- 148.6m² (1,600ft²) of residential floor area to be sold to Kinsight, a non-profit affordable housing operator;
- 17 units offered as rent-to-own to local buyers; and
- six units with lock-off suites.

The estimated design and construction cost of delivering the affordable housing unit is approximately \$800,000 (costs associated with land, financing, and municipal charges are not included as part of the proposed funding arrangement). A partnership funding arrangement is proposed that includes:

- the proponent providing, in addition to the \$344,000 CAC, an additional \$200,000 towards the provision of the unit;
- the non-profit paying the outstanding cost of the unit, which would be \$256,000 if the CAC is allocated towards the provision of the unit, or \$600,000 if the Affordable Housing Reserve Fund (AHRF) portion of the CAC is not allocated towards it; and
- any additional cost overruns over the total \$800,000 being covered by the proponent to ensure Kinsight's financial commitment is not exceeded.

Kinsight Affordable Housing Unit

The applicant is proposing to provide a minimum of 148.6m² (1,600ft²) of residential floor area via a partnership with a non-profit affordable housing operator, and has a tentative agreement with Kinsight as the potential non-profit to which the strata unit would be allocated. Kinsight works with families, youth, and adults with developmental delays or disabilities to support growth, development, and personal well-being. From a housing provision perspective, Kinsight's focus is on inclusive models of housing that are more reflective of the general population, that are designed to help people to establish relationships in their neighbourhoods, and allow people to age in their homes, enjoy varied levels of independence and support, and minimize long term disruption.

Key details related to the provision of the Kinsight unit include the following:

- The unit, which could house up to six persons, will consist of a two-bedroom, one-bathroom suite with full kitchen and laundry facilities, with two 'lock off' studios, each of which would have their own basic food preparation area, living/sleeping area, and bathroom/shower.
- The unit will be entitled to two parking stalls and access to and use of common amenity space. The large unit with lock-off suites is intended to allow for greater flexibility to allow for support services and broader housing affordability.
- It is proposed that the unit be provided at a rental rate not in excess of BC Housing Income Limits (HILs) rates, (which, based on 2019 rates, would result in a maximum rent of \$2,087.50 for a four bedroom unit). However, Kinsight's intent in housing individuals with developmental disabilities is to apply shelter rates, which, based on current monthly rates, is currently \$375 per person.

- The applicant is also proposing, as part of the rent-to-own program, to give Kinsight priority, should they wish, to purchase up to two of the rent-to-own units.

Additional Housing Program Elements

Though not considered affordable housing elements, the rent-to-own component and lock-off suites do provide opportunities for entry into the housing market.

Rent-to-Own Program:

Seventeen units will be offered as rent-to-own to local first-time buyers, as discounted forms of housing tenure, where a small deposit and, upon occupancy, rent payments over two years would then be applied to the developer-financed purchase price. Unit sizes and rents will be as follows:

- studios (average 475 ft², \$1,200/month rent);
- one-bedroom (average 575 ft², \$1,500/month rent); and
- two-bedroom (average 875 ft², \$2,200/month rent).

Lock-Off Suites:

Seven units are to include lock-off studios within some larger three-bedroom units, an option not widely available in the market. Such units allow for both flexibility of use, including the ability to rent out separately to assist financially with mortgage payment and provide additional rental units within the City. Key elements of the lock-off suites include:

- suites will be a minimum size of 20m² (215ft²) and a maximum size of 28m² (300ft²);
- suites will be physically separated from the remainder of the unit by partitions and a door to ensure privacy and to isolate noise and odours;
- suites will be equipped with separate bathroom facilities to include a wash-basin, water closet, and a shower or bath;
- suites will have private kitchen facilities to include counter space, a cooking heat source, and refrigerator;
- suites will either have its own clothes washer and dryer, or be shared through access to the unit entry;
- suites will have adequate ventilation and access to natural light; and
- suites will allow for both long-term and short-term rentals (subject to strata bylaws) to allow for flexibility of use.

Housing Agreement

The provision of the affordable housing unit and other housing elements will be secured through a Housing Agreement. A Housing Agreement Bylaw has been drafted. Clear direction on the waiver request is required to remove ambiguity in the agreement and to clearly articulate the City's expectations.

CAC Waiver Request

The CAC Corporate Policy (**Attachment 3**) states that Council may, at its discretion, waive some or all of the Community Amenity Contribution as part of a rezoning where affordable housing or another public amenity is being directly provided by the applicant. Accordingly, Council may waive this CAC amount to facilitate the provision of additional affordable housing in this project.

Council has under similar circumstances previously considered and supported CAC waivers for projects. Examples where waivers were provided include:

- October 9, 2018 (Bylaw Adoption) – granted a request from the applicant to extend the one-year grace period and exempt the project from the requirement to pay a CAC, which would have been approximately \$1.2m, for a project that included a 229 unit market-rental building, including five affordable units at 3370 Dewdney Trunk Road; and
- October 9, 2018 (Bylaw Adoption) – granted a request to waive the total CAC, in the amount of \$241,161.60 for a project that included 55 affordable rental units at 2318 St. Johns Street. The City also contributed an additional \$527,796 grant to the project from the Affordable Housing Reserve Fund.

There have also been some other more recent projects where waivers have not been requested:

- February 5, 2020 (Bylaw Adoption) - a mixed use with 117 apartment units at 3227-3239 St. Johns Street, including eight market rental units for a period of 12 years and two below-market rental units (not exceeding 90% of market rent) for a period of 20 years. No waiver of CACs was requested as part of this proposal;
- July 14, 2020 (Bylaw Adoption) – a mixed-use development, including 67 apartments and three townhouses at 3105-3113 St. Johns, which also included seven below-market rental units (four at a 30% discount off market rents for 60 years or life of building and three at a 10% discount off market rents for a period of 20 years). No waiver of CACs was requested as part of this proposal; and
- Public Hearing June 2, 2020 – 2002-2014 St. George Street and 2003-2009 St. Johns Street — Council expressed a reluctance to defer the CAC contributions for a project that included 163 apartment units, which proposed a partnership with BC Housing for an affordable housing ownership program.

It is to be noted that each of the above projects vary in terms of the housing components and level of affordability that were provided. With regards to the request for a reduction of CAC's in exchange for providing an affordable unit with Kinsight as the operator, there are two perspectives that Council may consider. On the one hand, CAC's are requested and collected to support City wide projects for amenities or housing; from that perspective, a reduction is undesirable because it reduces revenue to the Reserve Funds. On the other hand, the proposal does result in realizing affordability integrated in the development proposal, in partnership with Kinsight; on that basis, the proposal appears to be eligible for a reduction per the Policy provisions. On balance, staff is recommending supporting the request because of the direct involvement of a non-profit partner. That said, per the CAC Policy, it is Council's discretion, on a case-by-case basis, to determine whether a waiver is warranted.

Other Option(s)

Should Council choose not to waive the \$344,000 CAC amount, it has been indicated that Kinsight would not likely be able to pursue the affordable housing unit, and therefore the proponent is proposing the following as an alternative option:

- the provision of an additional \$200,000 to the AHRF, in addition to the CAC paid;

- 20 units offered as rent-to-own to local buyers; and
- seven units with lock-off suites.

Details of both the fee waiver request and alternate option were also provided as part of the Memo to Council (**Attachment 2**), which was provided as part of the July 28, 2020 Public Hearing package. Table 1 below also provides a comparison of the financial implications of Option 1 and 2.

	<u>Applicant Fee Waiver Request Overview</u>	<u>Alternate Option Overview</u>
Community Amenity Contribution (AHRF)	\$344,000 (based on 172 units)	\$346,000 (based on 173 units)
Additional CAC Contribution by Proponent (AHRF)		\$200,000
Contribution to Affordable Housing on site by the Proponent	\$200,000	
Contribution to Affordable Housing on site by Kinsight	\$256,000	
<u>Total Value of Contribution</u>	<u>\$800,000</u>	<u>\$546,000</u>
<u>Other Housing Elements</u>		
Rent -to-own units	17	20
Lock-off suite units	6	7

Financial Implications

If Council grants the fee waiver, the Community Amenity Contribution will be reduced by \$344,000.

Communications and Civic Engagement Initiatives

There are no additional notification or consultation requirements associated with Housing Agreement Bylaws. It is noted that the OCP amendment and Rezoning Bylaws associated with this development proposal went through notification and public input and Public Hearing processes in accordance with the City's Development Approval Procedures Bylaw and the *Local Government Act*.

Council Strategic Plan Objectives

The proposal is consistent with the strategic priority of Community Evolution in the 2019-2022 Council Strategic Plan as it relates to the objective of ensuring that future community growth is carefully considered and strategically managed, consistent with the City's Official Community Plan.

Attachment(s)

1. Report Considered at the Special Council Meeting of June 2, 2020.
2. Memo to Council: Public Hearing, July 28, 2020.
3. CAC Corporate Policy.

Report Author

Kevin Jones, MCIP, RPP
Senior Development Planner

Report Approval Details

Document Title:	Housing Agreement - Lots 17-20 Henry Street (Ankenman Marchand).docx
Attachments:	<ul style="list-style-type: none">- Attachment 1- Report Considered at the Special Council Meeting of June 2, 2020.pdf- Attachment 2 - Memo to Council - Public Hearing, July 28, 2020.pdf- Attachment 3 - Corporate Policy - Community Amenity Contribution Program.PDF
Final Approval Date:	Nov 18, 2020

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

André Boel, City Planner - Nov 10, 2020 - 1:09 PM

Kate Zanon, General Manager of Community Development - Nov 10, 2020 - 5:04 PM

Dorothy Shermer, Corporate Officer - Nov 12, 2020 - 8:10 AM

Rosemary Lodge, Manager of Communications and Engagement - Nov 13, 2020 - 1:04 PM

Paul Rockwood, General Manager of Finance and Technology - Nov 17, 2020 - 10:25 AM

Tim Savoie, City Manager - Nov 18, 2020 - 8:47 AM