

CANADA MORTGAGE AND HOUSING CORPORATION

# A GUIDE FOR CANADIAN MUNICIPALITIES FOR THE DEVELOPMENT OF A HOUSING ACTION PLAN



Canada

CMHC SCHL

HOME TO CANADIANS

# CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at **www.cmhc.ca**

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

# TABLE OF CONTENTS






Introduction ..... 1

Benefits of a Housing Action Plan ..... 2

Key components of a Housing Action Plan ..... 3

Steps to creating a Housing Action Plan ..... 7

Importance of accurate housing research ..... 9

Identification of barriers and opportunities ..... 10

Resources to create housing in a community ..... 12

Things to remember ..... 18

Bibliography ..... 19

**Appendix A:** Glossary of terms ..... 20

**Appendix B:** Data sources ..... 24



Prepared for
**CMHC**

by
Tim Wake
Affordable Housing Consultant
January 2010



This guide was funded (or partially funded) by Canada Mortgage and Housing Corporation (CMHC), but the views expressed are the views of the author and do not necessarily reflect the views of CMHC. CMHC's financial contribution to this guide does not constitute an endorsement of its contents.

Cette publication est aussi disponible en français sous le titre *Guide à l'intention des municipalités canadiennes pour l'élaboration d'un plan d'action en habitation* (67100).

# INTRODUCTION

In working with smaller communities across the country, CMHC representatives have recognized that these municipalities have an interest in information tools to help develop community housing plans. A Housing Action Plan provides municipalities with a framework that allows them to implement strategies intended to create and develop housing opportunities. This Guide is designed to assist small municipalities in developing housing plans to address their housing needs, as determined by the community.

This Guide is divided into the following main sections:

- Benefits of a Housing Action Plan
- Key components of a Housing Action Plan
- Steps to creating a Housing Action Plan
- Importance of accurate housing research
- Identification of barriers and opportunities
- Resources to create housing in a community

A Glossary of Terms is also available in Appendix A. Along with a companion PowerPoint presentation, this Guide is intended to provide an information tool to assist municipalities to develop or enhance a local Housing Action Plan.

## The Housing Continuum

The Housing Continuum is a useful tool that provides a way to understand housing affordability in Canada.

The chart below shows the housing continuum typically seen in small municipalities (less than 25,000 population).

Housing opportunities can be provided by the private, public and not-for-profit sectors in the form of different housing tenures (i.e.: rental, ownership and co-operative ownership).

As mentioned in the 2009 Canadian Housing Observer, when discussing "affordable housing" specifically, the term is often used interchangeably with "social housing"; however, social housing is just one category of affordable housing and usually refers to housing that receives subsidy assistance from the government. Affordable housing is a much broader term and includes housing provided by the private, public and not-for-profit sectors, as well as temporary and permanent housing.

**The Housing Continuum**

| Emergency Shelters | Transitional Housing | Social Housing | Affordable Rental Housing | Affordable Home Ownership | Rental Housing | Home Ownership |
|---|---|---|---|---|---|---|

# BENEFITS OF A HOUSING ACTION PLAN

Many communities in Canada have identified housing as a priority and have taken steps to address any shortfalls in their local housing stock. The planning cycle to create housing usually begins by identifying a housing need, quantifying it through a needs assessment, confirming the needs and then preparing a Housing Action Plan. The Housing Action Plan recommends policy changes that should be incorporated into the community's plan and formulated into bylaws. This process can take three to five years and often involves a dedicated team of housing stakeholders, many of whom are volunteers.

Sometimes, a team of key stakeholders working with a developer produces a project or several projects offering a range of housing opportunities that meet community needs. When this scenario occurs, trust and confidence are built within the team and the community, valuable lessons are learned, and the housing needs in the community are better understood and met.

A Housing Action Plan lays the foundation for success by identifying housing needs within the community and translating them into solutions.

Some of the benefits of a Housing Action Plan are that it:

- brings the community together to address the issues;
- clearly identifies the challenges;
- clearly identifies possible solutions and creates consensus around those solutions;
- establishes priorities for action toward housing development; and
- provides a time frame for action and a framework against which to measure results.



## What happens without a Housing Action Plan?

Without a Housing Action Plan in place, community, development partners and local champions are less likely to be engaged, and housing needs are less likely to be met. Without a full range of housing options, the character and vibrancy of the community may start to suffer. As young families, seniors and lower-income people involved in creative fields are forced to leave to find appropriate housing, the local economy may also feel a negative impact.

# KEY COMPONENTS OF A HOUSING ACTION PLAN

## 1 Stakeholder identification and consultation

Preparing a Housing Action Plan should start with identifying and assembling a strong team of housing stakeholders from the community. Stakeholders should ideally bring a wide range of skills and interests to the table. These individuals and organizations are the champions who will drive the process of housing development in the community.

The team is given a mandate and budget to develop a Housing Action Plan with the help of municipal staff and perhaps a housing consultant or a project manager. Having a broad range of stakeholders and interests represented means that the Housing Action Plan will not need to be "sold" to the community; the community will already "own" the Housing Action Plan and identify with it as their own.

## 2 Detailed assessment of the need for housing

This component should be developed using the most recent local housing needs assessment. The housing stakeholder team above, often referred to as the Housing Action Committee or the Housing Advisory Committee, needs to review, refine and confirm the assessment based on their own expertise and understanding of the needs. If a housing needs assessment hasn't been done, one will have to be undertaken. This will be the first deliverable of the newly formed Housing Action Committee.

The following table is an example of the needs distribution determined by the Comprehensive Housing Action Plan (CHAP) Committee in Canmore, Alberta, in 2008.

**Ten Year Affordable Housing Requirement**

| **Rental** | | | | | |
|---|---|---|---|---|---|
| | Studio | 1 BR | 2 BR | 3 BR | Total |
| Apartment Units | 70 | 80 | 110 | 15 | 275 |
| Townhouse Units | - | - | 15 | 15 | 30 |
| | | | | | |
| **Ownership** | | | | | |
| | Studio | 1 BR | 2 BR | 3 BR | Total |
| Apartment Units | - | 100 | 250 | 140 | 490 |
| Townhouse Units | - | - | 50 | 110 | 160 |
| | | | | | |
| **Accessible & Seniors** | | | | | |
| Total Units | 50 | | | | 50 |
| TOTAL | | | | | **1005** |

A needs distribution assessment such as that provided in the above chart serves as a basis for prioritizing housing production and determining which potential sites will best meet the identified needs.

*The City of Montréal's Strategy for the Inclusion of Affordable Housing in New Residential Projects is a voluntary, incentive-based strategy that also sets measurable targets for affordable housing. The Strategy aims to encourage the development of a wide variety of housing options on large sites, facilitate the creation of social and community housing and stimulate the production of affordable ownership dwellings.*

*Montréal's Strategy has the goal that 30 per cent of all homes built be affordable. More specifically, the Strategy aims to ensure that:*

- *15 per cent of the new housing units built in Montréal be social and community housing units, partly funded by government programs; and*
- *15 per cent of the new housing units be affordable rental or ownership housing units built by the private sector.*

*The Strategy also has an objective to develop large sites (with a construction potential exceeding 200 units), particularly on municipal, public or semi-public lands. For other projects requiring major regulatory changes, the City wants at least 30 per cent of the units as affordable housing.*

*To find out more about the City of Montréal's Strategy for the Inclusion of Affordable Housing in New Residential Projects visit the CMHC Affordable Housing website: www.cmhc.ca/affordablehousing.*

## 3 Inventory of all local and external resources and assets

Identify all possible local and external resources and assets. Examples are shown below:

Local

- All municipally owned land and buildings (identify whether serviced or unserviced)
- Privately owned sites with development or redevelopment potential
- Local housing organizations
- Municipal funds dedicated to affordable housing
- Lands currently being rezoned, or being considered for rezoning
- Developers with an interest in local sites

External

- Crown Land
- Regional or provincial housing providers
- Other housing organizations
- Agencies providing contributions and forgivable loans
- Financial institutions

The various resources and assets must be reviewed and assessed as to their potential for contributing to the development process.

## 4 Inventory of opportunity sites for development and redevelopment

Often, development is focused on undeveloped sites; however, potential sites in mature neighbourhoods should also be included. Housing that will address the shortages identified in the needs assessment should be close to services that will benefit the target resident group(s), including schools, work, transit, parks and recreation, and health care services.

In order to meet these requirements, all sites that are close to existing amenities need to be identified, analyzed and considered for housing development. Some possibilities include the following:

- Former industrial sites
- Commercial sites
- Former and existing school sites
- Institutional sites
- Abandoned sites
- Decaying neighbourhoods
- Former military facilities
- Sites with opportunities for higher density

## 5 Assignment of development and management responsibilities

Assigning clear responsibilities for all the deliverables is key to the success of creating and implementing a Housing Action Plan. It is important to understand that different stakeholders will be motivated by different factors to ensure that a housing project is successfully completed and each stakeholder's strengths and motivating factors should be considered.

The developer's team is responsible for managing and addressing things such as municipal approvals, financing, project design, contracting the builder, managing the budget throughout the construction of the building, ensuring the occupancy permit is secured and that the building is occupied. If affordable housing units are included in the project or connected to its completion, the Development Team becomes responsible for the delivery of those units. While one of the developer's main incentives and measures of success may be profit, developers are also motivated by other factors such as creating and delivering a project that benefits their community, as well as building a project that will reflect positively on their organization.

It is important to have a strong and professional Development Team to take on the role of managing the project. The stakeholders on the Development Team should work together collaboratively and resolve any conflicts in a way that is mutually acceptable to all members of the team.

Without professional development management, it can be challenging to manage timelines and costs.

## 6 Development Plan

Once resources and potential sites have been identified, reviewed and assessed, the real work begins. A Development Plan is the document that pulls together the Development Team and a specific project. The development planning process is well documented in CMHC's *Housing Development Checklist,* which can be found at www.cmhc.ca/affordablehousing.

The *Housing Development Checklist* identifies three phases in the preparation of the Development Plan: the Feasibility Phase, the Pre-Development Phase, and the Construction Phase. An abbreviated version of the Feasibility Phase is shown here as an example, but completing the full checklist is an essential part of preparing the Development Plan.

### Housing Development Checklist (abbreviated)

#### The Feasibility Phase:

**Preparing the organization**

- Strong, shared housing vision
- Organizational strategy compatible with developing new affordable housing
- Financial stability
- Core group with experience in housing development, property management, financial management and raising government and non-government funds
- Strong links with local groups
- One member equipped to lead the project
- Well-defined accountability structure
- Adjusted workloads to reflect development responsibilities
- Appropriate insurance coverage

**Building a professional team**

- Development consultant
- Lawyer with non-profit and development experience
- Architect for quality housing with a tight budget
- Cost consultant

**Proving need and demand**

- Housing needs assessment
- Identified target groups and income levels
- Needs of future residents

**Creating a Development Plan**

- Choosing an approach
  - General contract
  - Turnkey development
  - Design-build
  - Construction management

**Finding a site**

- Developing land you already own
- Partnering with a church, agency or organization to develop land they own
- Contracting with a turnkey developer
- Responding to an RFP for public land
- Seeking property through a realtor

**Assessing the site**

- Servicing costs
- Zoning and approvals needed, restrictions
- Environmental constraints
- Compare purchase cost to appraised values in the area
- Preliminary design concept

**Testing financial feasibility**

- Preliminary capital budget
- Preliminary operating budget
- Pro forma and financing requirements
- Equity and subsidy requirements
- Secured pre-development funding
- Development cash flow plan

**Planning for community engagement**

- Building support among decision-makers
- Building active community support
- Addressing community concerns
- Protecting and exercising legal rights
- Using or responding to the media

**Writing a business plan**

- Project description
- Organizational structure
- Development team
- Market analysis summary
- Financial plan
- Management plan
- Implementation plan (development, construction, operation)

This list may seem daunting, but many successful projects have travelled through this process. A timeline should be attached to each of the steps included in the Development Plan, which identifies who is responsible for delivering each component of the Development Plan and also sets the target date for overall completion.

## 7 Annual Review and Update

Ultimately, the production of housing units and the number of people housed appropriately in those units is the measure of a successful Housing Action Plan. The target numbers should be clearly stated in the plan, and then each milestone and project completion can be acknowledged and celebrated along the way.

The Housing Action Committee would undertake an Annual Review and Update of the Housing Action Plan for municipal management and/or council. The annual review should include a statement of vision and mission, goals and objectives, initiatives undertaken and a full statement of the financial information and results. A table, updated annually, should show numbers of units planned, approved, under construction and completed.

*An example of this type of reporting can be found in the reference material from the Whistler Housing Authority. An example of a table showing housing units planned and produced can also be found in the inventory of the Whistler Housing Authority (www.whistlerhousing.ca).*

# STEPS TO CREATING A HOUSING ACTION PLAN

The following 10 steps summarize the key components into an actual process that leads to the creation and the implementation of a Housing Action Plan. From start to finish, with reporting to the community and seeking approval and direction from Council, this process may take three to five years. Local champions committed to creating housing will keep things moving forward and find ways to overcome obstacles.

## 1 Identify housing stakeholders in the community

Taking the initiative to begin action planning for housing is a good opportunity for the municipality to show leadership. Municipal staff and Council are well positioned to assemble a team of housing stakeholders, also know as the Housing Action Committee or the Housing Advisory Committee, and empower them to facilitate the creation and execution of a housing plan. The committee should include representatives from the public and private sectors, elected officials and municipal staff. Throughout the successive steps in the process, the committee will engage other volunteers and consultants, as needed, and assign responsibilities for delivery of the various components of the Housing Action Plan.

## 2 Create a common vision for housing

Housing stakeholders may work with professionals to engage the community and develop a shared vision of what a reasonable inventory of housing would look like in their municipality.

## 3 Confirm the nature of housing needs

A needs assessment is conducted and reviewed by the Housing Action Committee. The next section provides more details as to what a needs assessment entails.

## 4 Identify sites with housing potential

All publicly and privately owned sites that have potential for housing development are identified and listed. At the outset, the list may be extensive; later, it will be refined to highlight the most suitable and achievable sites based on timelines and project requirements.

## 5 Form partnerships to achieve common goals

A co-operative and creative approach that allows all partners to achieve success will benefit the community as a whole. Partnerships can help housing stakeholders to overcome barriers that could delay the creation of housing.

## 6 Assign responsibility and accountability for housing delivery

The success of the entire planning and construction process hinges on sharing a common understanding of responsibility and accountability. All participants in the process will perform best if every task, large or small, complex or simple, is assigned with a clear expectation of who will complete it and when.



## 7 Prepare a Development Plan

A Development Plan may be considered as a prerequisite for the creation of housing and can determine which stakeholders are interested in creating housing (creation of the development team). The Development Plan will motivate and guide the development team and create priorities as to what type(s) of housing are needed in the community.

Once the development team is at the point of creating a project, CMHC's *Housing Development Checklist* can help guide the team through the three main phases of housing development: the feasibility phase, the pre-development phase and the construction phase. The Checklist, Fact Sheets are available at www.cmhc.ca/affordablehousing.

## 8 Initiate housing development and celebrate milestones

Getting started can be the biggest challenge of these 10 steps, as there are many things to be done before the day the shovel goes in the ground. The day that construction begins should be celebrated, as should the hard work and diligence of the Development Team, and finally the completion of the project.

## 9 Measure results

It is important to measure the success of the Housing Action Plan. Ultimately, the success is what the stakeholders and the community look at to determine if it was a good idea to recommend and support the plan. Here are a few questions to answer to measure progress along the way:

- Is the timeline being followed?
- Which steps have been successfully completed?
- How has the community been consulted and informed?
- How many units were built, in how long, at what cost?
- What was the impact on the need?
- Has the story of this housing development been told? Is it repeatable?

## 10 Review lessons learned and repeat the process

Lessons learned from the action planning process should be gathered and used to improve the next round of housing development. The development and implementation of a Housing Action Plan often involve unanticipated events, things that went well, situations that seemed insurmountable and unforeseen challenges.

# IMPORTANCE OF ACCURATE HOUSING RESEARCH



In order to help provide adequate and affordable housing in a community, it is essential to have some consensus on the exact nature of the challenges. A housing needs assessment provides a snapshot of need, but it must be accurate in order to guide the delivery of housing.

## Demographic information

Information on the population, including age distribution, family composition, household income, housing tenure and housing stock, is available from Statistics Canada census data. Community Profiles, Census Subdivisions and Dissemination Areas provide data for smaller municipalities and unincorporated areas. CMHC also produces regular publications such as the *Canadian Housing Observer, Housing Now,* Housing Market Information and Rental Market Reports, as well as core housing need data. A detailed list of data sources can be found in Appendix B.

## Identifying gaps in the provision of housing

Demographic information alone may not give an accurate or complete picture of those who need housing in a community. Housing surveys, local housing providers, real estate associations, home builders' associations, social service agencies and employers can be sources of data on gaps in the local housing supply. A local housing committee or the staff of a local housing organization may have input and perspective on the data gathered.

## Inventory and condition of current housing stock

An inventory of the current housing stock and its condition is required to determine a baseline of available and occupied housing. Data sources for this inventory include municipal tax rolls, CMHC and census data. Determining the condition of the housing stock requires some local research.

## Inventory of land, assets and resources

A complete listing of available land, both publicly and privately held, housing funds, sources of funding and agencies that can provide housing support complements the housing information required to gain an accurate assessment of a community's housing needs and the opportunities to address them.

# IDENTIFICATION OF BARRIERS AND OPPORTUNITIES



There are a number of challenges that can arise in the housing planning and development process. These can range from a lack of serviceable land, funding or financing, to a complex municipal approvals process or significant development charges. A creative approach can help turn these barriers into opportunities to seek new alternatives and solutions. The following section provides a number of examples of municipalities that have found ways of translating potential barriers into solutions providing opportunities. More detail on the examples used in this section can be found at www.cmhc.ca.

## Higher development costs

Creating housing near services and amenities usually means higher development costs. These can result from brownfield cleanup, road closures, extra security, higher construction costs, compensation to neighbours and increased financing fees. These costs must be carried within the project pro forma (that is, within the project's budget) and are rarely offset by a corresponding revenue increase.

*In Saskatoon, the Downtown Housing Incentive Program provided tax exemptions for new rental housing and a 50-per-cent rebate of building permit fees on the residential portion of any new development.*

## Neighbourhood opposition

There is often opposition to a housing project that will increase the number of people in a neighbourhood. Ironically, these increases can make the neighbourhood more diverse and resilient. The prospect of adding mixed-use development to some neighbourhoods may also raise concerns. Changes that have the potential to revitalize and improve the neighbourhood may be viewed by existing residents as threatening.

The concerns of well-intentioned residents can be addressed through an effective engagement process. Developers, planners and elected officials need to listen carefully to understand the concerns. Workshops and charrettes have been successfully utilized in many communities to resolve these issues and promote increased neighbourhood acceptance.

*The City of Calgary manages land-use and related development conflicts by allowing the utilization of third-party contract mediators and facilitators to resolve disputes.*

## Regulatory issues

Certain construction standards, such as building and fire codes, must be met, but others, including allowable density, parking requirements and the inclusion of mixed-use development, can be more flexible to provide opportunities for creative solutions that enhance housing affordability and diversity.

*When the Bethune Flex Plex opened, unique zoning provided by the District of Saanich allowed three families to have approved, rental accommodation for low-income seniors or adults with a disability.*

## Prolonged municipal approvals process

As some rezoning and approval processes become more complex and involve more community engagement, they may take more time. This can pose a significant threat to the viability of a project if a longer timeline has not been anticipated. A good understanding of the long list of approval requirements will keep delays to a minimum. A realistic timeline for approvals and development will help the entire process stay on track.

*CMHC's housing development fact sheet on the Local Planning Process and Approvals outlines the process of getting an affordable housing development approved by the local municipality. This fact sheet can be found at www.cmhc.ca/affordablehousing.*

## Fluctuations in the housing market

Some local housing markets have experienced significant housing price increases in the last two decades. When housing demand and prices increase, development activity follows and the economy thrives, but gaps in inventory may appear across the housing continuum. These gaps can be filled by "hooking onto the engine of development" and producing affordable housing as part of the broader development activity. These projects can take between three and five years from concept to occupancy, and price fluctuations will have a significant impact on the final outcome.

The best defence against these challenges is a robust financial plan and development pro forma with the flexibility to weather market changes during development and construction.

# RESOURCES TO CREATE HOUSING IN A COMMUNITY



As communities begin to find new ways to fill gaps in the housing continuum, they are choosing approaches from a wide range of options. Provincial or territorial legislation governs the use of these resources, and the range of options available is specific to each province or territory. Municipalities are responsible for determining which practices are permitted in their respective regions.

These resources have been successfully utilized in jurisdictions across Canada and the U.S., as reported in the *Review of Best Practices in Affordable Housing* (Smart Growth BC, 2007). Each community will choose the approaches that are most applicable to their needs and resources.

Nine of these most frequently used resources are described below with examples of how communities across Canada have implemented them.

## 1 Contributions and loans

The successful development of housing requires appropriate expertise, understanding and dedication, but also funds. Each development project must be assessed in order to know what the needs and demands are within the community and also what financial resources are necessary to complete the proposed project. Contributions and loans are financial instruments that provide assistance and support to local governments in the creation of new housing, as well as the renovation of existing housing.

A contribution is a financial award allocated on the merit of a project. The contribution, also known as a subvention or subsidy, can be provided by a federal or provincial governmental agency, a program, a corporation, or even a charity. Although the funds do not need to be repaid, a contribution usually requires that the recipient comply with a set of requirements and report on the work being done.

A loan is similar to a contribution in that it is also a financial award allocated on the merit of a project. Loans can also come from different sources and typically have compliance requirements. However, a loan requires the funds to be repaid, either partially or completely, over time.

***The Kiwanis Club of Charlottetown provided affordable rental housing through a partnership with the City of Charlottetown that redeveloped a brownfield site and spurred neighbourhood renewal. CMHC and the government of Prince Edward Island provided $566,000 in funding to make the rents affordable for lower and moderate-income seniors and families. The Province also provided a grant–credit of $50,000 (www.cmhc.ca/affordablehousing).***

| The following table shows a list of resources that can be used by municipalities and regional district | |
|---|---|
| Acquiring and renovating building | Intensification |
| Allowing infill | Land banking |
| Below-market land leases | Levying development charges to create housing |
| Capital facilities agreements | Modifying building codes |
| Comprehensive development zoning | Modifying development standards |
| Contributions and loans | Municipal–non-profit partnerships |
| Conversion controls | Parkland dedication fees |
| Demolition controls | Public–private partnerships |
| Designing flexible housing | Real estate escrow interest grants |
| Donating land or facilities | Redeveloping or converting non-residential buildings or sites |
| Encouraging building energy efficient housing | Resale price restrictions |
| Encouraging smaller units | Retaining affordable housing |
| Exemption from parking requirements | Secondary and garden suites |
| Expedited approval process | Standard-of-maintenance bylaws |
| Housing agreements for new development | Using development levies |
| Housing commitment in community plan | Waiving or reducing conversion fees |
| Housing fund | Waiving or reducing development charges and fees on new rental housing |
| Inclusionary zoning | Waiving or reducing property taxes |

## 2 Housing fund

A housing fund is an account set up by a municipality or a regional district to receive funds that will be used to create affordable housing. Funds can come from property taxes or cash-in-lieu of providing affordable housing units as part of rezoning, which may include a density bonus.

Housing funds provide a way that all developments, both large and small, and with a level playing field, can contribute to the creation of affordable housing. Housing funds also create a municipal or region-wide resource that supports the construction of affordable housing anywhere within a jurisdiction. Housing funds offer a flexible way to leverage, through secure funding, opportunities to create affordable units and to build partnerships with non-profit housing organizations that use the fund to construct the units.

From an administrative perspective, housing funds are relatively simple. Developers pay cash for a density bonus or as part of a rezoning, which is deposited into the housing fund. In addition, funding comes from property taxes. The local government, usually through a housing fund committee, receives applications from non-profit affordable housing providers and allocates monies from the housing fund. The committee screens the applications through a set of criteria designed to meet the housing fund's goals. The overall objective is to maximize the use of the housing fund by leveraging the funds to create the most units.

*In Winnipeg, the Housing Opportunity Partnership (HOP) was formed in 1997. HOP established a revolving fund that it uses to purchase and renovate existing houses in the inner city area. The initial funding came from the provincial government and from the Home Equity Program established under the Winnipeg Development Agreement (www.cmhc.ca/affordablehousing).*

## 3 Housing organization

A housing organization is an entity dedicated to providing and managing housing stock that is for rent or purchase by qualified individuals and families. It can be the repository for affordable housing units created through a density bonus program, inclusionary zoning and a housing fund, as well as monitor affordable housing needs in a community. A housing organization can serve one or more municipalities, or a region. It can be controlled by a local government or be an independent non-profit society, co-operative or corporation.

A housing organization can perform one or more of the following functions:

- Develop and manage rental housing;
- Develop and sell price-restricted housing;
- Facilitate the development of rental or ownership housing by the private sector;
- Research affordable housing needs;
- Establish applications, qualifications, wait-lists and processes to manage access to affordable housing opportunities;
- Draft, review and administer covenants and housing agreements for affordable housing; and
- Act as a resource centre for affordable housing information and strategies.

*In Halifax, Northwood, a non-profit housing group, leveraged federal and provincial funding and the skills of a development consultant to transform an underperforming asset (a parking lot) into Almon Place, a building which contains 66 mixed-income housing units for independent seniors (www.nwood.ns.ca).*

## 4 Inclusionary zoning

Inclusionary zoning refers to zoning regulations that require affordable housing to be included in new developments. A local government may stipulate that a specific number and type of units in a given project, or a particular percentage of the developed units, must be affordable housing units as a condition of receiving development approvals. In some cases, local governments permit off-site construction of the affordable units, while others allow developers to pay cash-in-lieu into a housing fund. Local governments usually secure the commitment to build the affordable units at the time of rezoning.



Linkage programs for commercial development are a form of inclusionary zoning. Linkage programs calculate how much demand for affordable housing a commercial project will create. Using an employee generation formula, local governments attribute a specific number of new employment positions to the commercial project at the time of rezoning. Local governments assign linkage requirements for affordable housing to commercial projects based on the increased affordable housing demand they will create, while inclusionary zoning generally assumes all development will have an impact and must contribute to the solution. In both examples, the contribution can be by the actual construction of units or by way of the payment of cash-in-lieu into a housing fund.

*The District of Ucluelet, in British Columbia, has a policy which requires developers to ensure that a specific percentage of units in new developments will be affordable in perpetuity. The units are sold to households with low to moderate incomes and remain affordable over their lifetime through restrictive covenants attached to the title (www.ucluelet.ca).*

## 5 Intensification

As a community grows, surrounding farmlands and natural areas may also be developed. Infrastructure, such as transit services, as well as other services and facilities, will have to be built and/or expanded in order to reach those new developments and answer their growing needs. Supporting infrastructure is expensive and comes at a cost for local governments.

Intensification is a strategy in which redevelopment of existing neighbourhoods, corridors or commercial areas is accomplished at higher densities in order to achieve affordability, reduce automobile reliance and promote healthy interactions within a community. This encourages housing development in existing urban areas where services, infrastructure and other amenities are already in place.

Intensification can be achieved when local governments partner with local stakeholders and/or other levels of government. This type of partnership can significantly contribute to the intensification of existing urban areas using a wide variety of means, such as:

- offering financial incentives (giving grants or tax credits, waiving development charges, and so on),
- ensuring flexible zoning,
- marketing vacant lands, and
- providing mediation.

*The City of Québec, first operating through a non-profit municipal corporation and then directly though its own housing department, has provided financial assistance in the form of loans, loan guarantees, and subsidies to property owners in the central area in order to stimulate development, including the improvement and expansion of the housing stock (www.cmhc.ca).*

## 6 Land banking

Land banking is the acquisition of property for housing by an organization or a local government in anticipation of developing housing units on the site in the future. When used strategically, land banking can be very successful in providing substantial opportunities for affordable housing because the land is acquired at lower-than-market value (sometimes at no cost) and is available for development when surrounding property has increased in value. Land banking can assist in integrating affordable housing throughout a neighbourhood and community.

Municipalities can zone land specifically for affordable housing or indicate in official community plan maps of future uses that the land will be used for affordable housing if an owner consents. This alerts owners and future owners to the intended future use of the property and secures the land bank use. The existing owner can develop to that potential, or a non-profit housing provider or local government can purchase the property to develop affordable housing. This approach is sometimes used as part of a density bonus agreement but is more challenging if the land is already zoned for some level of residential or commercial development. Regional districts may have more opportunities in this area where land is not zoned residential or commercial but is envisioned for future development as a mixed-use node.

*Waterfront Development Corporation is a provincial crown corporation that build up its land bank of waterfront properties on Halifax Harbour. The Corporation oversees the waterfront's planning and development and has helped transform it from a desolate area into a vibrant mixed-use destination and living area (www.cmhc.ca).*

## 7 Public–private partnerships

A public–private partnership occurs when a private sector organization works with a government agency or a non-profit association to provide a service or community amenity. The objective of the partnership is to combine the private sector acumen and expertise with the public sector resources and accountability to construct housing. Public–private partnerships arise when a non-profit or government agency engages a private sector organization to design and build a project, or when a private sector organization commits to providing housing as part of a rezoning, or amenity density bonus, and receives assistance from the local government to do that. Through working with a public sector partner, the private sector partner often obtains assistance with the approval process in the form of staff time and public support.

In the context of affordable housing, a public–private partnership involves a contribution from the public sector—the donation of land or flexible zoning, for example—with the private sector responsible for servicing and building.

*A partnership between a municipal non-profit housing corporation and a trade school in Saint John, New Brunswick, created 12 units of rental housing for low-income singles. Saint John Non-Profit Housing Inc. and the Carpenters Training Centre teamed up to source the initial funding with the assistance of an interest-free Proposal Development Funding loan from CMHC (www.cmhc.ca/affordablehousing).*

## 8 Resale price restrictions

Resale price restrictions limit the resale price of homes initially sold by local governments, housing organizations or developers at a price lower than market value. The restrictions can tie the unit sale price to a resale price formula (such as appreciation equal to the Consumer Price Index), or it can be pegged to a percentage below market value at the time of sale where market value is determined by appraisal. The term "perpetually affordable housing" is often synonymous with resale price restrictions, meaning that these restrictions will apply in perpetuity.

Housing organizations or local governments register price-restricting covenants on the title of units at the time of first sale to qualified buyers. Buyers are selected from the top of a wait-list generated from pre-qualified individuals and families who meet the criteria of the program. Qualified buyers usually must be residents (employees or retirees), have an income below a specified level and live in the home (meaning no rentals). Purchasers agree to sell their homes for a specific amount below market value or to realize appreciation in value tied to a set rate. Some local governments or housing organizations facilitate the purchase and sale of all units within the pool of price-restricted housing.

Resale price restrictions on non-market homes are the only way to ensure that the prices of the units retain affordability over time. Units that are created affordably and then sold without price restrictions become unaffordable for the very purchasers they were intended. The first purchaser, having bought affordably, receives a financial lift on resale. Without price restrictions, the benefit of an affordable unit to the community is lost.

*The Clarence Gate project in Ottawa will remain affordable forever thanks to the guaranteed equity model created by the Centretown Affordable Housing Development Corporation (CAHDCO). This model limits the price increase for resale to the Consumer Price Index, not market rates (www.cahdco.ca/clarencegate/).*

## 9 Secondary and garden suites

A standard definition of a secondary suite is difficult to find, and yet most professionals and residents know exactly what a secondary suite is. For the purposes of this guide, a secondary suite is any self-contained dwelling unit that is separate from the principal dwelling. Secondary suites are usually created in single-detached homes, although some jurisdictions allow secondary suites in duplexes or condominiums. They can be located either within the principal dwelling or in an accessory building on the same lot as the principal dwelling. These units are also known as "accessory apartments" and "in-law suites."

A garden suite—sometimes called "granny flat"—is a self-contained dwelling without a basement. It is installed in the rear or side yard of a lot with an existing, permanent, single-family house. These small self-contained houses are placed on the same lot as the home of close family members and are often designed to enable elderly people to live independently in the community, in housing that is affordable, while receiving informal support from family members.

In particular, secondary suites increase the supply of affordable rental housing without affecting neighbourhood character and without the need for a government program or subsidy. Secondary suites generally rent for less than similarly sized apartment units. Owners of dwellings with secondary suites in them, often first-time homebuyers, can apply the rental income towards their mortgage payment; seniors on fixed incomes can use the rental income to help them cope with the rising cost of staying in their homes. Tenants can also sometimes benefit from reduced rent in return for providing assistance with building and landscape maintenance or child care.

*The City of Saskatoon initiated Permit Rebates for Secondary Suites to encourage the creation of new and the legalizing of existing secondary suites. The City will rebate permit fees for building, plumbing and development permits, as well as a portion of the Legalizing an Existing Suite Occupancy Permit fee. Secondary Suites are permitted in any residential zoning district in Saskatoon (www.saskatoon.ca).*

# THINGS TO REMEMBER



It is important that the Housing Action Committee's implication not just be limited to producing plans. Members need to feel responsible for the actual improvement of housing within their community.

Within the Housing Action Plan, the plan itself is the first deliverable, with the actual housing being the second deliverable.

It is important to develop the Housing Action Plan, but it is just as important to implement the plan, measure the progress, which is then reported to the Council and the community, and celebrate achievements.

Based on the review of the actions that were taken and their results, the plan should be revised (if and where necessary).

Determine what the present situation is, how it needs to change in the future, as well as what changes are to be implemented.

# BIBLIOGRAPHY


Canadian Policy Research Networks (2009), Can Inclusionary Zoning Help Address the Shortage of Affordable Housing in Toronto?
**www.cprn.org**

City of Toronto (2007), Toronto Official Plan
**www.toronto.ca**

CMHC website
**www.cmhc-schl.gc.ca or www.cmhc.ca**

CMHC Affordable Housing Project Profiles
**www.cmhc.ca/affordablehousing**

CMHC Housing Development Checklist and Fact Sheets
**www.cmhc.ca/affordablehousing**

CMHC (2001), Affordable Housing Solutions: Fifteen Successful Projects
**www.cmhc.ca**

CMHC (2001), A Guide to Developing a Municipal Affordable Housing Strategy
**www.cmhc.ca**

CMHC (2004), Tools for Planning Long-Term Urban Sustainability
**www.cmhc.ca**

CMHC (2004), Residential Intensification Case Studies: Municipal Initiatives (Research Report & Case Studies)
**www.cmhc.ca**

CMHC (2007), Municipal Planning for Affordable Housing
**www.cmhc.ca**

CMHC (2009), Canadian Housing Observer 2009
**www.cmhc.ca**

Ontario Ministry of Municipal Affairs and Housing website
**www.mah.gov.on.ca**

Ontario Professional Planners institute (2001), The Municipal Role in Meeting Ontario's Affordable Housing Needs (Environmental Scan & Handbook)
**www.ontarioplanners.on.ca**

Smart Growth BC (2007), Review of Best Practices in Affordable Housing
**www.smartgrowth.bc.ca**

Smart Growth BC (2007), Creating Market and Non-Market Affordable Housing A Smart Growth Toolkit for BC Municipalities
**www.smartgrowth.bc.ca**

Social Planning and Research Council of BC (2009), Municipal Strategies to Address Homelessness in British Columbia
**www.sparc.bc.ca**

# APPENDIX A: GLOSSARY OF TERMS

### Acquiring and renovating building

Cost-effective strategy of providing affordable housing that can save up to 40 per cent of the cost of new construction. Acquisition and renovation is also useful sometimes for increasing affordable ownership opportunities in cities where house prices are relatively low and where inner city areas are experiencing social and physical decline.

### Affordable housing

In Canada, housing is considered affordable if shelter costs account for less than 30 per cent of before-tax household income (2009 Canadian Housing Observer).

### Affordable housing strategy

A document that lays out specific objectives and actions to increase housing supply and diversity in a specific community or region.

### Affordable ownership housing

Housing with a purchase price that is affordable to low- and moderate-income households, which are households within the lowest 60 per cent of the income distribution of a community, as determined by Statistics Canada. Affordable in this context means monthly housing costs (that is, mortgage principal and interest payment amortized over 25 years and assuming a 25 per cent down payment, and taxes) do not exceed the average monthly rent for the community by unit type, as reported annually by the Canada Mortgage and Housing Corporation. Affordable ownership price includes GST and any other mandatory costs associated with purchasing the unit.

### Allowing infill

Startegy that allows new construction on previously developed land. There are many advantages to infill development: promotes efficient use of land; reduces development costs because the infrastructure (streets and services) already exists; is easier for small builders to build this type of housing, and; building materials and maintenance costs are lower because the houses are smaller.

### Amenities

Conveniences such as stores, malls, transit, parking, restaurants, theatres, service outlets, needed from day to day.

### Brownfield redevelopment

A form of sustainable development, offering opportunities to revitalize older neighbourhoods, lower municipal infrastructure costs, increase municipal property tax revenues and lessen urban sprawl.

### Building codes

The National Building Code (NBC) was created to ensure that all building construction meets an acceptable standard of fire safety, structural soundness, accessibility, and a healthy environment. The NBC outlines requirements to ensure that renovation and new construction complies with these intentions. Modifying building code requirements can lower renovation or construction costs.

### Community housing

Community housing is a catch-all term used in this document to include all the types of housing a community needs to create to meet the needs of those who are identified in the local housing needs assessment.

### Community land trust

A private non-profit corporation created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.

### Comprehensive development zoning

Zoning that creates a custom development zone, where a municipality has the flexibility to negotiate with developers in relation to large, complex, multi-use sites.

### Contributions and loans

Funds (i.e.: direct grant, low-interest or forgivable loan) that are offered to developers in order to make the creation or preservation of affordable housing more financially feasible.

### Development charges

Fees imposed by a local government on applicants to recover some of the cost of infrastructure (water, sewer, storm drain, road and parks) upgrades that are required because of new development.

### Development plan

The document that pulls together the Development Team and a specific project. This plan lays out all the details of the proposed project to take it from approval through to completion.

### Development standards

Rules that municipalities use to guide the design and construction of residential communities. Changes to planning and engineering standards can reduce the costs of residential development.

### Donating land or facilities

Strategy when municipalities support the construction of affordable housing by donating land (or facilities), selling it below market value, or leasing it at a nominal fee to non-profit or faith-based organizations.

### Encouraging smaller units

The affordability of a unit is influenced by size and design. The smaller a unit is, the more affordable it is.

### Energy efficient housing

Energy-efficient housing can be achieved at costs well within the accepted limits for affordability, while resulting in annual savings in operating costs that contribute to affordability over the life of the building.

### Expedited approval process

Startegy where the municipal development approval process may be streamlined to cut costs to the developer. Lengthy and complicated development approvals can add to the cost of producing housing because of the high upfront costs associated with holding land. Decreasing the length of approvals reduces the costs of residential development and, therefore, reduces housing costs. For instance zoning and development permit applications may be reviewed simultaneously. Another tool that can be available to municipalities is to give priority to proposals that include affordable rental or ownership housing. By accelerating the approval of one project over another, municipalities can reward developers who include these housing types.

### Flexible housing/FlexHousing™

A housing concept that incorporates, at the design and construction stage, the ability to make future changes easily and with minimum expense, to meet the evolving needs of its occupants.

### Housing Action Plan

A detailed plan to produce a range of housing types, sizes and tenures to meet an identified need in a community. The plan identifies quantities to be produced, sites to be utilized and the stakeholders responsible for delivering various segments.

### Housing fund

Account set up by a municipality or a regional district to receive funds that will be used to create affordable housing.

### Housing organization

An organization dedicated to the creation and management of a range of housing stock for specific user groups.

### Inclusionary zoning

Zoning regulations that require the provision of affordable housing as part of the rezoning for a development.

### Intensification

Redevelopment of existing neighbourhoods, corridors or commercial areas at higher densities to achieve affordability, reduce automobile reliance and promote healthy interactions within a community.

### Land banking

The acquisition of property for affordable housing by an organization or a local government in anticipation of developing affordable housing units on the site in the future.

### Mixed-use node

Mixed-use development (such as commercial, office and higher-density residential) that is concentrated into centres with existing infrastructure capacity providing required densities and service to make transit affordable and to foster community hubs where daily services can be reached within walking distance.

### Municipal housing committee

A group consisting of local housing stakeholders including elected officials, municipal staff, housing providers, developers, land owners, funding and financing providers, architects and builders that is mandated to develop and implement a local Housing Action Plan.



### Non-profit housing

Housing that is owned and operated by non-profit housing providers. This housing is typically built through government-funded housing supply programs.

### Parkland dedication fees

Strategy where a municipality can reward developers for building affordable housing by reducing or waiving the amount paid in parkland dedication fees. Parkland dedication fees are normally calculated according to the area of a new development. The amount paid can be reduced if the developer provides an amenity, such as affordable market housing, which benefits the municipality.

### Public–private partnerships

Occurs when a private sector organization works with a government agency or a non-profit association to provide a service or community amenity.

### Redeveloping or converting non-residential buildings or sites

Redevelopment provides opportunities for creating affordable housing. It enables the provision of affordable housing because of the increased density and the use of existing infrastructure. Convertion of non-residential buildings into affordable housing involves the adaptive reuse of surplus or outmoded buildings such as old schools, hospitals, inns or warehouses into affordable housing.

### Resale price restrictions

Covenants registered on the title of a property to control the resale price and maintain affordability over time. These are known as Deed Restrictions in the U.S.

### Retaining affordable housing

Municipal by-laws may limit conversions or demolitions of affordable rental housing or require replacement units at similar rents. In some jurisdictions, transferring development rights from affordable rental housing to other sites is used to preserve such housing.

### Secondary and garden suites

A secondary suite is a self-contained rental unit constructed within or as an addition to a house. A garden suite is a stand alone, self-contained rental unit situated on the same property of the principal residence.

### Self-contained unit

A unit that provides living, sleeping, eating, food preparation, and bathroom facilities.

### Smaller communities

Communities with a population of 25,000 or less.

### Social housing

Usually refers to housing that receives subsidy assistance from the government.

### Using development levies

Startegy where development fees are used to facilitate the provision of affordable housing, either by requiring the developers of certain types of developments to pay a fee to support affordable housing as a condition of approval, or by waiving, reducing or adjusting development levies for affordable housing. When waived or adjusted for affordable housing, they are sometimes referred to as "reverse exactions". The best known type of development levies related to affordable housing are "linkage fees".

### Waiving or reducing development charges and fees on new rental housing

Strategy where a municipality could encourage affordable housing projects through reducing or waiving development charges and planning fees. Waiving or reducing these costs results in savings for the developer, which are then translated into lower selling prices.

### Waiving or reducing property taxes

Strategy where a municipality can choose to waive or reduce property taxes on all or a portion of the assessed value of the affordable housing project, over a period of time. Often taxes are waived (or granted back) on the increased value of the assessment due to the proposed private investment.

# APPENDIX B: DATA SOURCES

## Demographic data about a municipality

- **Population and dwelling counts** – The number of people and dwellings for every Canadian municipality, from the 2006 Census, can be found at **www.statcan.gc.ca.**
  (Path: Statistics Canada Home page ⇨ Census ⇨ Population and dwelling counts ⇨ Census subdivisions (CSDs) – Municipalities)
- **Community profiles** – Information to describe the residents of a municipality, such as types of dwellings (detached, multiples), age of dwellings, proportion of owners/renters, family types, incomes, age, mobility, proportion of immigrants, education, labour force characteristics, industries, occupations, and travel to work for many towns and surrounding areas, are available at **www.statcan.gc.ca.**
  (Path: Statistics Canada Home page ⇨ Census ⇨ 2006 Community Profiles ⇨ Search by name)

## Housing data for a municipality

***Core housing need data are available from the CMHC website for all census subdivisions (municipalities).*** Core housing need is an indicator of households who are living in poor housing conditions. These households live in housing that is in a poor state of repair, crowded or costly, and they cannot afford to rent acceptable alternatives with their current incomes. These data can help identify and size sub-groups within the community who have poor housing conditions (for example, seniors, Aboriginal people, non-family households).

- **Housing in Canada Online (HiCO)** – Community trend data (1991–2006) for the number of households in core housing need; the number in unsuitable, inadequate or unaffordable housing; average incomes, average shelter costs, shelter cost to income ratios, by age and family types, are available at **www.cmhc.ca.**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Canada's Housing Observer (button) ⇨ Housing in Canada Online ⇨ HICO ⇨ Data Table)

## Housing market data

***CMHC is the main source for detailed local housing market information in the form of data, analysis and forecasts.*** Consult the following publications:

- **Quarterly Housing Market Outlook** (regional) – Highlights of housing market trends and forecasts for Canada and five geographic regions; contains a two-year forecast of housing starts, resales and resale prices for each region, plus vacancy rates and rents for major centres in the region.
  **www.cmhc.ca**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Forecasts and Analysis ⇨ Housing Market Outlook – Canada and Regional Highlights)
- **Historical data on dwelling starts and completions** (all census metropolitan areas and 35 large urban centres and urban agglomerations)
  **www.cmhc.ca**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Statistics and Data ⇨ Canadian Housing Statistics)



- **Rental Market Reports** (31 major centres) – Results of a survey of rental unit availability and cost in both purpose-built structures and the secondary rental market (including rental condos, singles, semi-detached, duplex units and accessory suites).
  **www.cmhc.ca**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Forecasts and Analysis ⇨ Rental Market Reports)
- **Historical data on average rents of privately initiated apartment structures, by bedroom type and by metropolitan area 2008–2009**
  (large census agglomerations)
  **www.cmhc.ca**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Statistics and Data ⇨ Canadian Housing Statistics)
- **Renovation and Home Purchase Report** (10 major markets) – Information on the most popular renovation projects undertaken and homes purchased in the prior year, and intentions to buy or renovate in the upcoming year. Respondents are also asked about motivations or barriers; the type, size and price range of homes; and insights about their planned renovations.
  **www.cmhc.ca**
  (Path: CMHC Home page ⇨ Housing Market Information ⇨ Forecasts and Analysis ⇨ Renovation and Home Purchase)

# A GUIDE FOR CANADIAN MUNICIPALITIES FOR THE DEVELOPMENT OF A HOUSING ACTION PLAN

67098 06-06-11

www.cmhc.ca/affordablehousing