

Strathcona County Housing affordability projects

April 4, 2023

Agenda

1 Background

2 Red tape reduction

3 County land

4 Incentive program options

5 Recommendations

Background

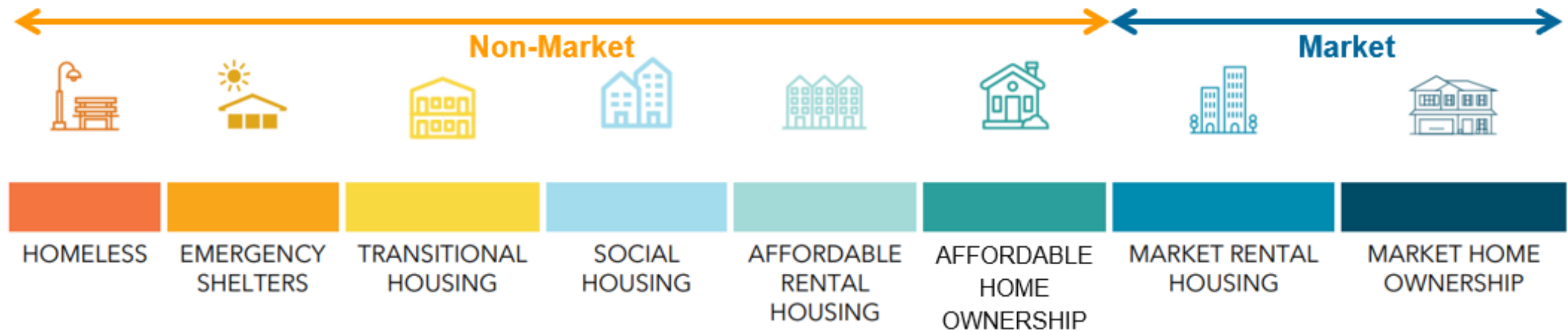
- August 2020 - The Rural Development Network completed a Housing Needs and Demands Report for Strathcona County.



- May 2021 - PDS presented the Affordable Housing Options Report to Council, outlining strategies to advance recommendations of the Housing Needs and Demands Report.
- February 2022 - Administration presented the Affordable Housing Implementation Plan to the Council. Council directed Administration to move forward with the projects under this report.

What is housing affordability?

Administration has looked at the overall affordability of housing across the housing continuum (not exclusive to non-market housing). Recommended actions are intended to create a more affordable housing market within the County and increase housing options.



What factors impact market housing prices?

- Diversity of housing choices

Desirability

Demand and supply

Regulation

Traditional housing roles

Federal

Funding for Canada-wide housing priorities (National Housing Strategy)

Partnering with other levels of government

Financial assistance through tax credits

(Canadian Mortgage and Housing Corporation) CMHC

Provincial

Sets vision and system for housing supports

Funds social housing programs and projects

Partnering with local governments, non-profit agencies and housing stakeholders

Regulates private builders and Housing management bodies

Municipal

Adopting growth strategies, bylaws and policies that encourage affordable housing

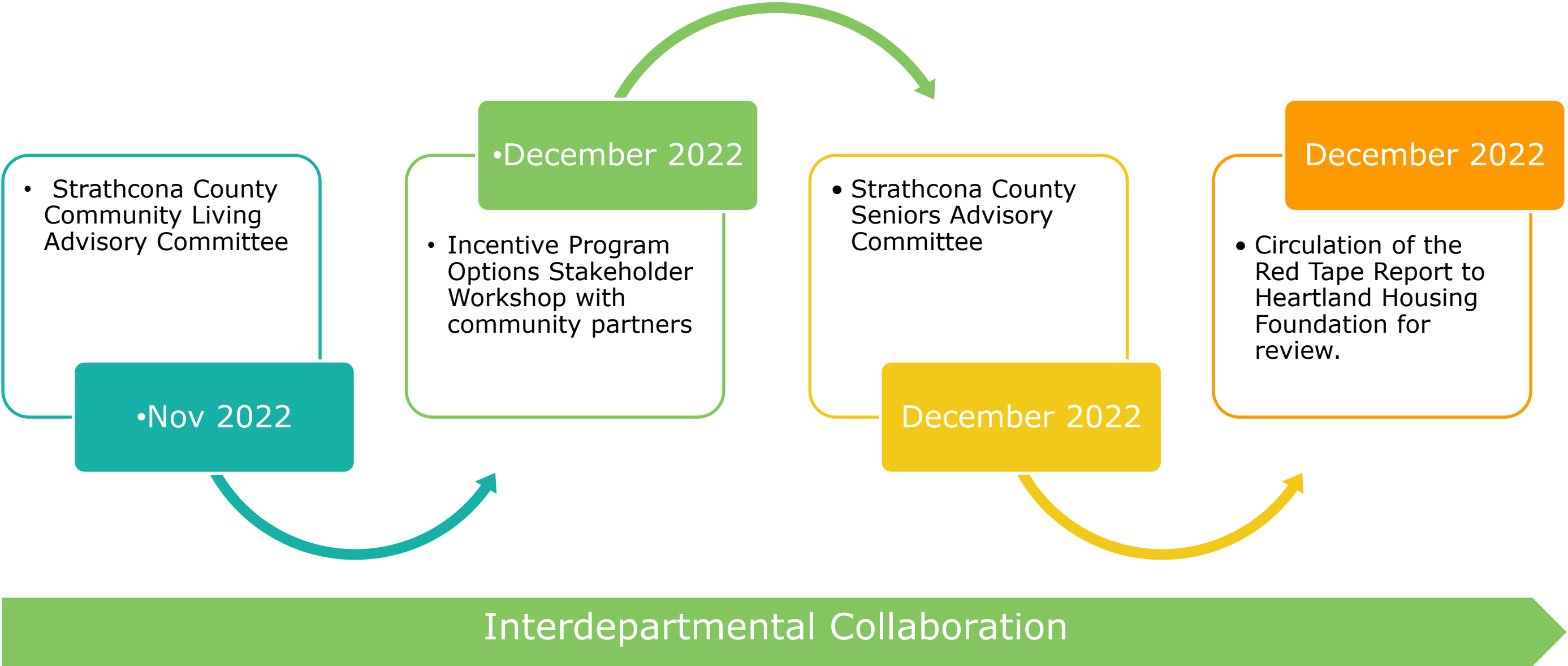
Zoning land for diverse housing options

Providing land at low / no-cost

Property tax incentives

Streamlining development approval processes

Stakeholder Engagement



Part 2

Red tape reduction



Red tape reduction

The intent of the project is to create a report for Council's consideration that recommends ways to reduce red tape and streamline applications to improve the overall affordability of housing in the County.

Red tape reduction options

Supportive and affordable housing related uses

Secondary suites and garden suites

Parking

Amenity space

Supportive and affordable housing related uses

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
1 Existing terms	<ul style="list-style-type: none"> -Includes overlapping uses -Some uses have been associated with negative connotations 	<ul style="list-style-type: none"> -Replace existing overlapping uses with one generalized use -Separated into a major and minor form based on scale 	<ul style="list-style-type: none"> -Focused to the land use, rather than the user -Reduce stigma driven land use conflicts -Increase clarity
2 Expanded opportunities	<ul style="list-style-type: none"> -Inconsistency across similar types of zoning districts 	<ul style="list-style-type: none"> -Add new generalized use into additional districts where similar forms of structures are already considered 	<ul style="list-style-type: none"> -Increase opportunities -Reduce development timelines and processes

Secondary suites and garden suites

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
1 Definition	-Existing definitions limit secondary suites to single detached dwellings	-Update definitions to allow for secondary suites within semi-detached and townhouse uses	-Allow for consideration of secondary suites within additional districts and within multiple single family housing forms -Create greater housing diversity and residential options that are affordable
2 Secondary suite use	-Secondary suites can only be considered in a limited number of zoning districts	-Throughout the Urban Service Area and Hamlets, add secondary suites to residential districts as a permitted or discretionary use where located within a dwelling type that is already permitted or discretionary	-Provide an important housing form for families wishing to provide separate living quarters for semi-independent children or parents

Secondary suites and garden suites *continued*

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
3 Types of garden suites	-There is one general garden suite use for both rural and urban areas	-Separate garden suites into garden suites, urban and garden suites, rural	-Urban and rural structures can take significantly different forms and require separate regulations for clarity and appropriate, context specific regulations
4 Garden suite use	-Garden suites are well represented in Rural Residential districts but are not listed in Hamlets and can only be considered in a limited number of Urban Service Area Districts	-Add garden suites, urban as a discretionary use within lower density residential districts within Hamlets and the Urban Service Area -Add additional specific use regulations	-Allow for consideration of garden suites within additional districts -Create greater housing diversity and residential options that are affordable -Provide an important housing form for families wishing to provide separate living quarters for semi-independent children or parents

Parking

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
1 Visitor parking	-Townhouses and multiple dwellings require visitor parking in addition to the required primary dwelling parking spaces	-Remove visitor parking requirements for townhouses and multiple dwellings	-Decreases costs associated with parking for more affordable dwelling forms -Aligns townhouses and multiple dwellings with the existing single, semi-detached, and duplex dwelling parking regulations
2 Secondary suites and garden suites	-There are on-site parking requirements for secondary suites and garden suites in addition to required primary dwelling parking spaces	-Remove on-site parking requirements for secondary suites and garden suites	-Reduced costs and barriers for secondary suites and garden suites -Bring parking regulations for secondary suites and garden suites in line with larger municipalities in Alberta, creating a more competitive market for such forms

Amenity space

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
1 Common amenity space use	-There is one general definition for common amenity space	-Separate Common Amenity Space into Common Amenity Space, Indoors and Common Amenity Space, Outdoors	-Increase clarity between different types of common amenity spaces
2 Amenity space uses	-Both common and private amenity space are required to be provided for townhouses, multiple dwellings and apartments	-Remove the requirement for both private amenity space and common amenity space, and instead allow for either private amenity space, common amenity space, indoors, common amenity space, outdoors, or a combination	-Increase flexibility for the developer to decide what type of amenity space is most valuable for their development as the situation and market for such structures may vary

Amenity space *continued*

ITEM	EXISTING REGULATIONS	PROPOSED AMENDMENTS	INTENT
3 Minimum requirements	-Variations in amenity space is not currently tied to a specific number of units	-Require a minimum of two types of amenity spaces where there are more than 20 units	-Ensure that sufficient diversity of amenity spaces is provided for higher density developments
4 Proximity to public amenity space	-Regulation does not consider proximately to parks and open space	-Allow for consideration of a reduction to the minimum amenity space requirements for developments proposed in close proximity to a public amenity space, such as a public park	-Reduced costs associated with amenity space requirements where a development has substantive access to public amenity spaces as an alternative

Red tape reduction questions

Part 3

County land



Affordable housing - County land

The intent of this project is to explore tools, policies or frameworks that can be used to guide County decisions regarding the creation of affordable housing units on or with County lands.

County land options

Strategic land acquisition

Extended lease periods

Residential units in County facilities

New mixed-use community service district

Strategic land acquisition

SUMMARY	IMPLEMENTATION
<ul style="list-style-type: none">-Proactively seeking, budgeting for and acquiring lands, with a focus on greenfield areas, for the purpose of future affordable housing-Focusing on new greenfield development areas allows the County to leverage tools provided at initial subdivision and development stages and ensures the best possible locations are secured-A proactive approach can result in cost savings	<ul style="list-style-type: none">-Should Council wish to move forward with the Strategic Land Acquisition Incentive Program Administration would return to Council with a holistic Strategic Land Reserves Funding Strategy, as outlined in the Municipal Land Framework-This strategy would apply to all County strategic land acquisitions, including those intended for affordable housing-An Affordable Housing Strategy can be used to set goals and targets to define the scale of funding dedicated to affordable housing.

Extended lease periods

SUMMARY	IMPLEMENTATION
-Long term leases provide greater assurance to providers and streamline the land lease process	-Should Council wish to move forward with the Land Management Policy Update Administration will prepare, for Council’s consideration, necessary amendments to the Land Management Policy which include long term lease periods for non-profit, non-market housing providers

Residential units in County facilities

SUMMARY	IMPLEMENTATION
<ul style="list-style-type: none">-The addition of new non-market units or market housing units could be considered in appropriate locations where a new County facility is required-The County would not own or operate the residential units-Expressions of interest can be used for a fair and transparent process, while maintaining substantive control over the specific requirements of the end product-Where expressions of interest are required, project timelines may need to be expanded	<ul style="list-style-type: none">-Should Council wish to move forward with the consideration of new residential housing units in new County facilities it is recommended that Council direct administration prepare an amendment to the Municipal Land Framework, to provide guidelines for the consideration of residential housing units in new County Facilities

Residential units in County facilities

Fire Hall and Affordable Housing Complex, Vancouver, BC



Seniors Activity Centre and Affordable Seniors Housing, Mission, BC



Fire Hall and Affordable Housing Complex, Calgary (Concept), AB



Chilliwack Community Services and Affordable Housing, Chilliwack BC



Youth Community Centre and Affordable Housing, York Region, ON



Fire Hall, Squash tournament facility and Affordable Housing Complex, Washington, DC



ArtsHub 118 Gallery and Studio, Affordable Housing Co-op, Edmonton, AB

New mixed-use community service district

SUMMARY	IMPLEMENTATION
<ul style="list-style-type: none">-Existing general public service districts do not include a wide variety of housing uses-The proactive creation of a mixed-use Community Service District which allows for a variety of public services and housing forms would support County and Regional policy and goals-Though primary purpose would be for newly created parcels in developing areas, existing County properties can also be reviewed to assess the potential for rezoning	<ul style="list-style-type: none">-Should Council wish to move forward it is recommended that Council direct administration to prepare, for public hearing and Council's consideration, a bylaw for the creation of a new Community Service District that allows for housing as a permitted use in addition to a variety of public facilities and includes associated rezonings, if applicable

County land questions

Part 4

Incentive program options



SHS Team



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Incentive program options report

The intent of the project is to create a report for Council's consideration that identifies various options for incentivizing the provision of non-market housing and more affordable housing forms.

Existing incentives

Federal

- National Housing Co-Investment Fund
- Affordable Housing Innovation Fund
- Rental Construction Financing Initiative
- Federal Lands Initiative

Provincial

- National Housing Strategy Bilateral Agreement
- Social Housing Agreement
- Family and Community Housing Development and Renewal Program
- Seniors Housing Development and Renewal
- Affordable and Specialized Housing Program
- Indigenous Housing Capital Program
- Seniors Facilities and Housing Capital Maintenance and Renewal

Municipal

- Provincial Grant Funded Program
- Requisitions
- Reduced Permit Fees
- Assistance
- Land Provision or Lease
- Mixed Density Zones

Potential new incentive options

1. Barrier reduction measures

(full housing continuum)

Community
Redevelopment
Strategy

Red tape reduction

2. One time (capital) incentive options

(non-market)

Exemption of planning
and development fees

Capital grant or
forgivable loan

Strategic Land
Acquisition Program

3. Annual (operating) incentive options

(non-market)

Tax exemption or
reduction

Operating grant

Barrier reduction measures

ITEM	Advantages	Challenges
1 Community Redevelopment Strategy	<ul style="list-style-type: none"> - Diversifies housing stock - Improves the efficiency of land use - Communicates and formalizes the County's goals 	<ul style="list-style-type: none"> - Initial proposals may face local resistance - The County would have to ensure that infrastructure can adequately support the higher densities - Public education materials may be required through implementation
2 Red tape reduction	<ul style="list-style-type: none"> - Can lower development costs, which could encourage housing affordability - Diverse housing options promote inclusive and affordable communities - Compact development reduces environmental footprint - Secondary suites can provide rental income to homeowners and offer an affordable way for renters to live in a low density residential neighbourhood - Secondary suites can help fulfill the goals of a sustainability plan or growth management strategy 	<ul style="list-style-type: none"> - Requires administrative time and resources to implement - Requires monitoring and review

Eligibility criteria for financial incentives

1 All proposed development shall conform to all relevant municipal and legislated requirements.

2 All eligible applicants for this Program must be a non-profit housing provider or entity. Successful applicants will be those who demonstrate competency with residential development.

3 All eligible applicants for this Program must provide proof sufficient to the County that the project can be funded (i.e.. is financially viable).

4 All eligible applicants for this Program must be eligible for CMHC funding (such as the SEED Pre-Development Grant).

5 To receive the benefits of the Affordable Housing Incentive Program, eligible applicants shall be required to enter into an agreement shall be required to enter into an agreement with the County to ensure affordability is maintained.

Affordability thresholds

- For the Strathcona County Affordable Housing Incentive Program, it is recommended that a **market-based approach** be used to establish both the rental and ownership affordability thresholds.
- The thresholds established through the market-based approach should be equal to **80% of Median Market Rents** by unit size and **80% of Median House Prices** by dwelling type for the Edmonton Metropolitan Region.

One time (capital) incentive options

ITEM	Advantages	Challenges
1 Exemption of planning and development fees	<ul style="list-style-type: none"> - Lowers the cost of affordable housing development 	<ul style="list-style-type: none"> - Would result in revenue loss to the County. - Requires careful monitoring to ensure no unintended negative effects on other programs or the County's ability to meet growing demands on public services. May require additional resource allocation and planning
2 Capital grant or forgivable loan	<ul style="list-style-type: none"> - May be utilized to focus on certain types of development - Can be provided as a one-time payment - May be combined with traditional loans or other government and community funding 	<ul style="list-style-type: none"> - Would require financial commitment by the County - Requires careful monitoring to ensure no unintended negative effects on other programs or the County's ability to meet growing demands on public services. This may require additional resource allocation and planning
3 Strategic Land Acquisition Program	<ul style="list-style-type: none"> - Proactive funding of a land acquisition program in greenfield areas can ensure the securement of ideal locations and best costing scenarios for affordable housing in new communities and avoid attempts to retrofit facilities into less-than-ideal locations - If land is surplus, a more efficient use of County owned surplus land and low investment with the potential of high returns in terms of affordable housing 	<ul style="list-style-type: none"> - Would require financial commitment by the County - If land is surplus, the County may be passing up a chance to sell the land at a higher rate or land may not be in an ideal location for affordable housing (e.g., not close to transit or services) - Requires careful monitoring to ensure no unintended negative effects on other programs or the County's ability to meet growing demands on public services. This may require additional resource allocation and planning

Annual (operating) incentive options

ITEM	Advantages	Challenges
1 Tax exemption or reduction	<ul style="list-style-type: none"> - Lessens the burden on operating costs for affordable multi-residential rental housing - Can be used in tandem with a capital incentive to provide financial relief as a project comes on-line - Dependant on term, may provide longer lasting impacts on affordability 	<ul style="list-style-type: none"> - Decreases an important source of revenue for the County - The exemption generally only applies to the affordable units so it may increase complexity in a mixed market and affordable project - Requires careful monitoring to ensure no unintended negative effects on other programs or the County's ability to meet growing demands on public services. This may require additional resource allocation and planning
2 Operating grant	<ul style="list-style-type: none"> - Lowers the cost of operational expenditures for rental accommodations - Can be used to subsidize rental rates, contributing to increasing the supply of affordable housing and lowering average rents 	<ul style="list-style-type: none"> - Would require significant financial commitment by the County, and other projects/initiatives being delayed or replaced - Requires an elongated term to ensure that the incentive is not resulting in rental rate fluctuations that could displace tenants - Without specific policy regulations, it is challenging to guarantee that cost reductions translate into affordable housing - Requires careful monitoring to ensure no unintended negative effects on other programs or the County's ability to meet growing demands on public services. This may require additional resource allocation and planning

Stakeholder Feedback

Incentive Options		Priority Rankings
Barrier Reduction Measures	Mixed density zoning in established areas -Community Redevelopment Plan	6 th
	Alternative development regulations - Red Tape Reduction	5 th
One-time (Capital) Incentive Options	Exemption of planning application and building permit fees	7 th
	Capital grant or forgivable loan	2 nd
	Strategic land acquisition or exchange	1 st
Annual (Operating) Incentive Options	Property tax exemption or reduction	4 th
	Operating grant	3 rd

Financial analysis

Scenario 1 Urban multi-residential apartment	Scenario 2 Hamlet or urban townhouse
Land Value - \$24,000 per unit Wood Frame 105,000 ft ² 110 units 4 storeys Amenity and Circulation Space – 21,000 ft ² 1 bedroom (50% - 55 units) 2 bedroom (40% - 45 units) 3 bedroom (10% - 10 units)	Land Value - \$100,000 per unit Wood Frame 9,000 ft ² 6 units 2 storeys Amenity and Circulation Space – 1,700 ft ² 1 bedroom (0% - 0 units) 2 bedroom (33% - 2 units) 3 bedroom (67% - 4 units)

Per unit costs

Table 14: Impact of providing the one-time (capital) incentive options on the County

		Total cost per unit	
		Scenario 1: Multi residential apartment (urban)	Scenario 2: townhouse (rural or urban)
One-time (Capital) Incentive Options	Exemption of planning application and building permit fees	\$2,238	\$2,083
	Strategic land acquisition or exchange	\$23,686	\$99,896
	Combined total	\$25,924	\$101,979

Table 15: Impact of providing the annual (operating) incentive options on the County

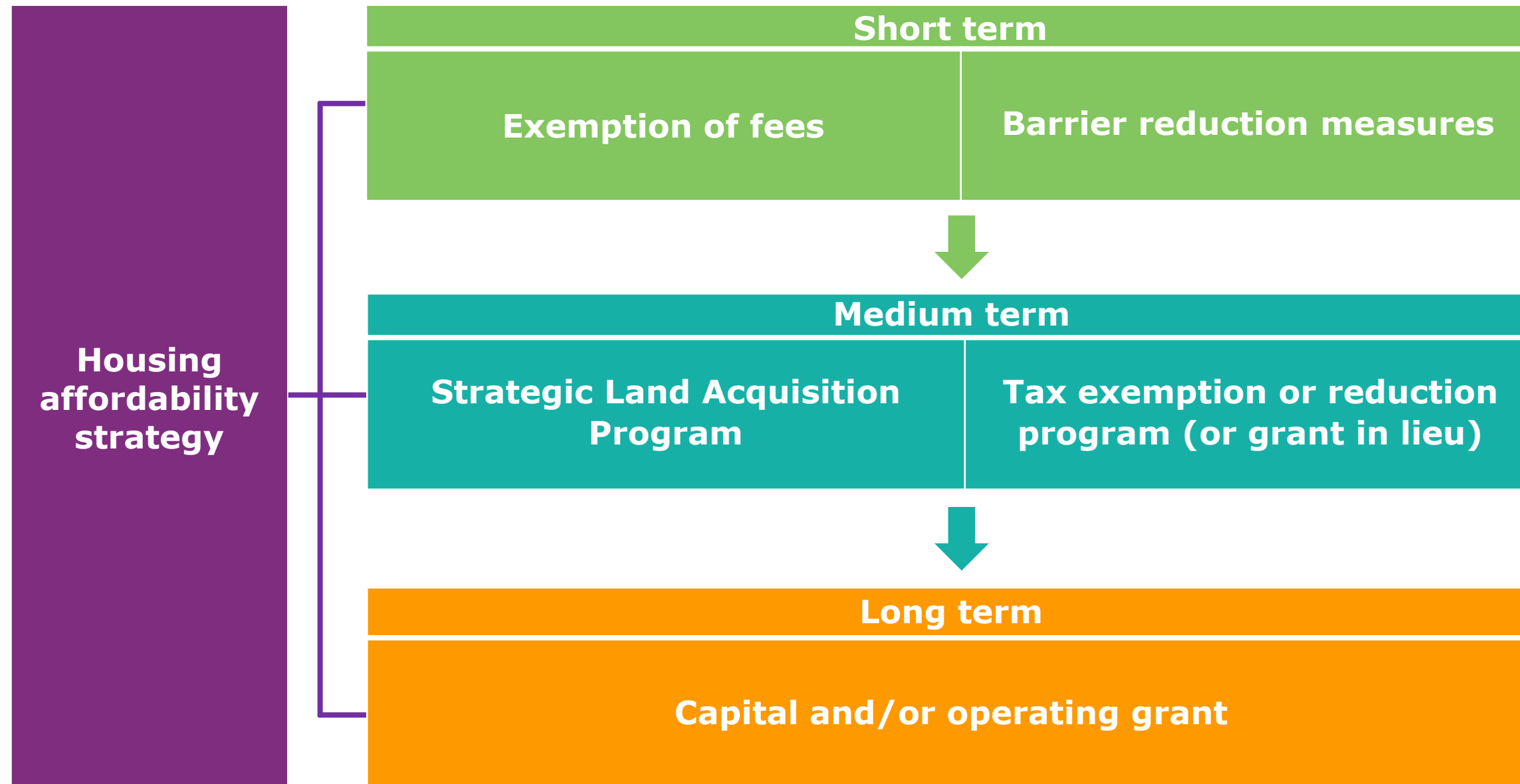
		Annual cost per unit		Total cost per unit	
		Scenario 1: Multi residential apartment (urban)	Scenario 2: Townhouse (rural or urban)	Scenario 1: Multi residential apartment (urban)	Scenario 2: Townhouse (rural or urban)
Annual (Operating) Incentive Options	Property tax exemption or reduction (4-year pilot)	\$1,603	\$1,984	\$6,412	\$7,936
	Operating grant (excluding property tax exemption or reduction) (50-year i.e., life of building)	\$9,605	\$11,577	\$480,250	\$578,050
	Combined total	\$11,208	\$13,561	\$489,662	\$586,786

Lifetime costs by total units

Table 16: Overview of the housing target options

		Scenario 1: Multi residential apartment (urban)		Scenario 2: Townhouse (rural or urban)	
		Total annual cost	Total cost over the life	Total annual cost	Total cost over the life
Option 1: Low target	# Units	37		2	
	Exemption of planning application and building permit fees	-	\$82,806	-	\$4,166
	Strategic land acquisition or exchange	-	\$876,382	-	\$199,792
	Property tax exemption or reduction (4-year pilot)	\$59,311	\$237,244	\$3,968	\$15,872
	Operating grant (excluding property tax exemption or reduction) (50-year i.e., life of building)	\$355,385	\$17,769,250	\$23,154	\$1,157,700
Option 2: Moderate target	# Units	74		4	
	Exemption of planning application and building permit fees	-	\$165,612	-	\$8,332
	Strategic land acquisition or exchange	-	\$1,752,764	-	\$399,583
	Property tax exemption or reduction (4-year pilot)	\$118,622	\$474,488	\$7,936	\$31,744
	Operating grant (excluding property tax exemption or reduction) (50-year i.e., life of building)	\$710,770	\$35,538,500	\$46,308	\$2,315,400
Option 3: High target	# Units	110		6	
	Exemption of planning application and building permit fees	-	\$246,180	-	\$12,498
	Strategic land acquisition or exchange	-	\$2,605,460	-	\$599,375
	Property tax exemption or reduction (4-year pilot)	\$176,330	\$705,320	\$11,904	\$47,616
	Operating grant (excluding property tax exemption or reduction) (50-year i.e., life of building)	\$1,056,550	\$52,827,500	\$69,462	\$3,473,100

Recommended incentive program



Recommended incentive program

Overarching guidance and monitoring

Housing Affordability Strategy

- Regardless of the incentives chosen by the County, it is recommended that a Housing Affordability Strategy be completed which establishes County goals, targets and measurables including an annual monitoring and reporting process to track the effectiveness of the County's actions.
- Targets from the strategy, established through consultation with community partners and Council, can be used to set the dollar value of potential future financial incentives as well as the intensity of potential barrier reduction measures.
- Actions can likely advance along side the creation of the Housing Affordability Strategy.

Recommended incentive program

Short term	
Exemption of fees	Barrier reduction measures
<ul style="list-style-type: none">- Move forward with the Exemption of planning application and building permit fees.- Low impact for both the County and housing providers however, it can be completed immediately and will provide assistance.	<ul style="list-style-type: none">- Move forward with the Barrier Reduction measures including Red Tape Reduction and the Community Redevelopment Strategy.- Lower impact for housing providers however, they can be completed fairly quickly, with minimal resources, and will provide assistance.- The Community Redevelopment Strategy is already slated to begin in 2024.

Recommended incentive program

Medium term	
Strategic Land Acquisition Program	Tax exemption or reduction program (or grant in lieu)
<ul style="list-style-type: none">- Consider funding a strategic land acquisition program for a pilot period of 4-years.- Focus on greenfield.- The Housing Affordability Strategy should lay out the targets to determine the total scale and dollar value for the program.	<ul style="list-style-type: none">- In addition to the strategic land acquisition program, consider funding a 4-year pilot of a tax exemption or reduction program (or grant in lieu) specifically for new builds.- This would be set at the amount, or a percentage of the amount, of taxation for qualifying properties through construction, and including 4-years following occupancy.- The Housing Affordability Strategy should lay out the targets to determine the total scale and dollar value for this program.

Recommended incentive program

Long term

Capital and/or operating grant

- After implementation of the afore incentives, should the County find that the goals and targets of the Housing Affordability Strategy have not been met, a capital or operating grant could be considered to bridge the gap.
- The need for such an incentive will be better known following the completion of the Housing Affordability Strategy and any 4-year pilot programs.

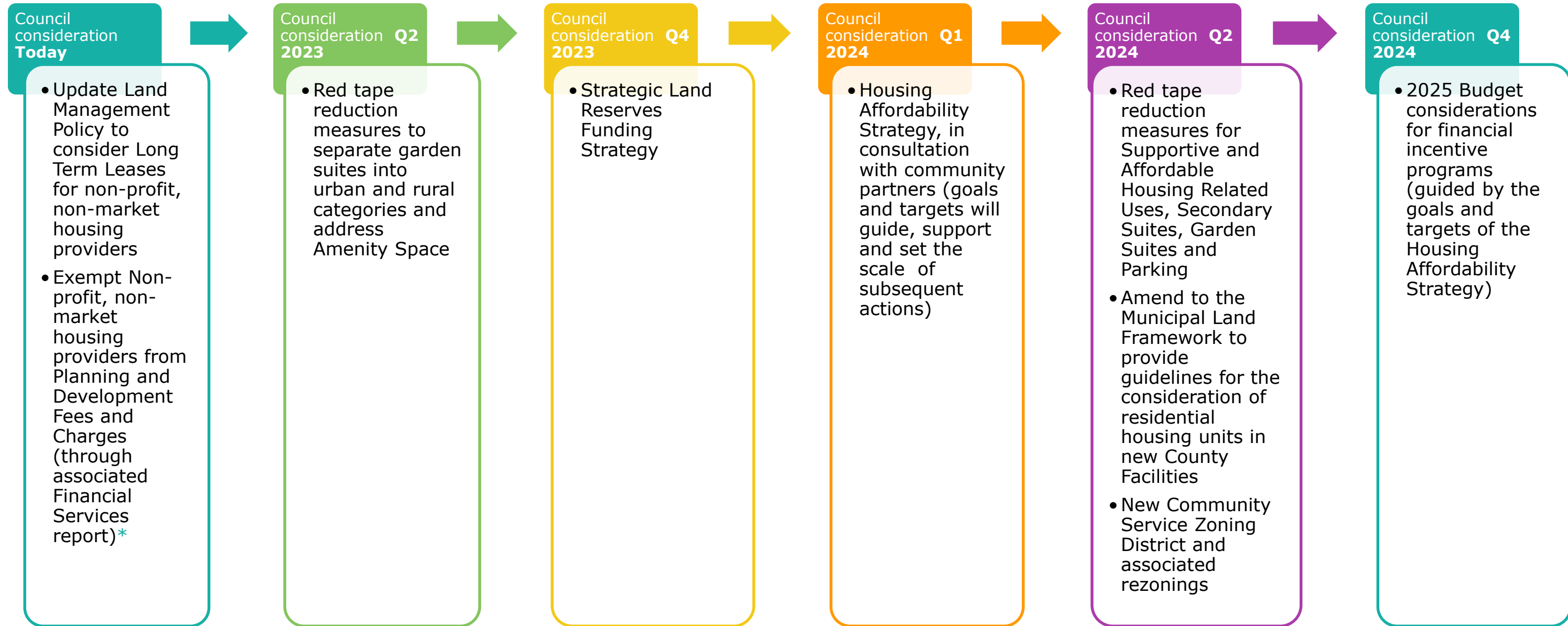
Incentive program options questions

Part 5

Recommendations



Recommended action timeline



*Exemption of fees will result in future revenue losses for the County.

Thank you