



PDS Community Housing Implementation Plan Report

Developer Incentives

June 2016



Urban Development Institute
EDMONTON REGION

Building communities together



**STRATHCONA
COUNTY**

DEVELOPER INCENTIVES

INTRODUCTION

Strathcona County's Mayor's Task Force on Community Housing has recommended that Planning and Development Services examine various topics regarding Community Housing opportunities within the County. This report is in response to the following items of the April 26, 2016 report:

3.3 That Administration conduct a review of the costs of getting community housing developments approved with the goal of increasing non-market housing development, and report back to Council.

And

4.2 That Administration provide a report that outlining the barriers perceived by the development industry with respect to community housing (i.e. servicing standards, parking regulations) and include recommend solutions and possible incentives to encourage community housing development.

PROCESS

This report was drafted through consultation with the Urban Development Institute (UDI).

BACKGROUND

Prior to drafting this report, County administration met with representatives from the Urban Development Institute (UDI) to discuss the perceived barriers to community housing within the County. It was established that challenges, as opposed to barriers, exist but may be managed using a number of tools and options. As part of the discussion it was indicated that the development and homebuilding industry currently contribute towards community housing initiatives such as Habitat for Humanity of their own free will.

Right now, there are more than 30,000 Albertans on wait lists for government-supported affordable housing units or programs. The *Municipal Government Act (MGA)* is currently being updated to, among other objectives; ensure all Albertans have access to safe and affordable housing by giving municipalities the option to reserve a portion of a new development for affordable housing.



BACKGROUND (CONTINUED)

Inclusionary Zoning is a common practice in the United States. This tactic mandates that a certain portion of a development include Community Housing. Given that the community housing is mandated, there is no compensation to the Developer for providing community housing units or land for housing.

The Urban Development Institute (UDI) is not in favour of this program as the costs are inadvertently passed on to the market units within the development, penalizing new home buyers. Community housing is a societal issue, therefore the costs should not be born solely by the new home buyer.

Alternatively, Inclusionary Housing is used across North America to increase affordable housing and promote diverse, inclusive communities through negotiation between developers and the municipality. Inclusionary housing as opposed to inclusionary zoning is one way the province is working with municipalities to address the critical need for affordable housing in a collaborative and sustainable way as part of the MGA Review.

These changes to the *MGA* will result in more complete, inclusive communities for Alberta families – communities where Albertans have an affordable place to call home, access to the infrastructure they need and where growth is funded in a collaborative way.

This report has looked at Inclusionary Housing as one of several potential options for increasing Community Housing Development within the community. A summary of these options is included under Types of Incentives.



TYPES OF INCENTIVES

Category	Topic	Explanation	UDI Comments
No Net Cost/ Inclusionary Housing	Inclusionary Housing	A negotiation between a municipality and a developer for inclusion of affordable housing lands or structures within new developments.	This program would have to be explored through collaboration with UDI and result in no net cost to the developer. Any program should be voluntary and not a requirement of development. To be successful, the municipality needs to provide enough of an incentive to make it attractive to the developer.
	No Net Cost	Cost saving methods are provided to developers for exchange of community housing lands or structures under Inclusionary Housing or other methods	If cost saving incentives can be offered by the County, the savings could be transferred to a Community Housing Project.
	Inclusionary Housing Methods for Provision of Housing Units		
	585 Rule	An agreement for a municipality to be able to purchase 5% of units within a multi-unit complex for 85% of the Market Value. The municipality would need to budget funds to purchase the units and will be responsible to ensure they remain affordable	A reduction in the price of some units will drive the cost of others up. Residents in the immediate area will be penalized unfairly. This false inflation can cause larger issues in the market.
	Density Bonusing	An increase in the amount of allowable density within an area in exchange for the provision of affordable housing	An increase in density within Sherwood Park is not an incentive. There is not a competitive market for the higher density developments at this time.
Rental Housing	Affordable Rental Housing Requirement	The potential requirement for the provision of affordable rental housing within developments. This option could be completed through Inclusionary Housing	Rental housing is difficult for the development community to provide due to small margins. Developments typically will require a specific minimalist design that may not fit with the surrounding community.
		Affordable rentals require the continued management of an experienced organization to ensure that the options remain available.	On projects with thin margins any reduction in margins may cause issues with financing, causing developers to look elsewhere for a development location.

Category	Topic	Explanation	UDI Comments
	Rental Housing Requirement	The potential requirement for the provision of rental housing within developments	
Secondary Suites	Secondary Suites	The inclusion of secondary suites as a permitted use for specific areas within the County's Land Use Bylaw	The option for purpose built secondary suites within a development may serve as a mortgage assistant for lower income families.
Leniency	Zoning Leniency	<p>This is a conscious decision by a Council to consider Community Housing as an important factor in their decision making.</p> <p>A plan or project may receive approval due to the inclusion of community housing where a similar plan or project not including community housing may not receive approval.</p>	The ability for a developer to proceed with a proposal that may have not been considered without the inclusion of community housing will provide an incentive for others to do the same.
	Standard Variances	Leniency is negotiated for certain standard variance requests, such as street widths or setbacks, with developers who will be providing affordable housing within their developments. This can be used as an Inclusionary Housing method as well.	The costs saved by leniency on standards such as road widths and setbacks can be passed on to community housing organizations or home buyers through the provision of land or buildings with a cost equal to the amount of cost savings.



CHALLENGES

Topic	Explanation	UDI Comments
Community Housing Stigma	The public may have a preconceived notion of what Community Housing Developments are and what they may look like. Due to this, they may be viewed in a negative light.	The community may have a stigma to the provision of community housing within their community. Habitat for Humanity has done well at overcoming this stigma. Further education by municipalities can also help reduce this perception.
Partnership	The relationship between the municipality and the developers regarding Community Housing	The municipality should partner with the development community on community housing initiatives and should not mandate or require.
Non-Market Housing	Housing which falls into the emergency, temporary or social sections of the Housing Continuum (does not include the land provision for the purposes of Non-Market Housing)	Provision of buildings for emergency shelters, temporary shelter, and social housing should fall within the responsibility of all levels of government.



RECOMMENDED INCENTIVE OPTIONS

Inclusionary Housing

- The County explores the potential for an inclusionary housing program with no net cost to the developer. As the update of the MGA will provide authority and assistance in these efforts it is recommended that this option not be undertaken until the adoption of the new Act and Regulations.

No Net Cost

- The County provides various cost saving options to the developer who transfers those savings on to community housing efforts. Cost saving options may include reductions in the required:
 - Standards such as setbacks, or street widths
 - Levies, contributions and/or public improvements
 - Municipal Reserves owing
 - Fees and Charges owing
 - Processing times

Secondary Suites

- The County provides increased allowances for purpose built secondary suites

Zoning Leniency

- The County uses discretion on bylaw amendment proposals which include community housing.

