

THE CORPORATION OF THE CITY OF NELSON

POLICY TITLE: Affordable Housing Policy

POLICY NO: 5040.00.005

EFFECTIVE DATE: September 4, 2018

SUPERSEDES: May 8, 2012

APPROVAL: Council

PAGE: 1 of 4

PURPOSE:

The City of Nelson has a strong commitment to affordable housing. An Affordable Housing Strategy in 2010 and subsequently an update in 2012 lead to the development of an Affordable Housing Policy. In this policy an Affordable Housing Reserve Fund and a process for use of the fund to support the development of affordable housing within the City was established. The effective use of the Affordable Housing Reserve Fund can assist proponents in the development of affordable housing opportunities for the priority groups identified within the strategy. This updated policy will help to further articulate the City's commitment to the delivery of affordable housing to citizens of the City of Nelson.

The purpose of this policy is three-fold:

1. To clarify when contributions to the Affordable Housing Reserve Fund will be received and how funds held by the City in the Affordable Housing Reserve Fund will be used;
2. To provide criteria that Council shall use to evaluate requests for financial support for the development of affordable housing units within the City of Nelson; and
3. To clarify the City's role in encouraging the development of Affordable Housing through the development application process.

GUIDING PRINCIPLES:

The following set of principles shall be used to guide the development of affordable housing for the City of Nelson. These guiding principles shall be paramount in adjudicating requests for funds from the City of Nelson:

1. **Housing Need** – In order to meet the most pressing local housing needs as identified by the *Housing Strategies Update, 2014*, the Fund will be targeted to projects that supply affordable housing for the six identified priority groups:
 - a. At-risk youth and young adults;
 - b. Persons with physical and developmental disabilities;
 - c. Low-income seniors and seniors in rural Areas of Nelson;
 - d. Low-income families;
 - e. Persons with mental health and addictions issues; and
 - f. People who are homeless or at-risk of homelessness.
2. **Partnerships** - The Fund will be used to partner with and supplement resources from senior levels of government, non-market housing providers and the development community to facilitate the development and retention of affordable housing for the target groups.

3. **Reducing Capital Costs of Projects** - The Fund is intended to contribute to reducing the capital cost of affordable housing projects and to support long-range strategic planning for the development of affordable housing.
4. **Flexibility** – In recognition of the varying and evolving nature of opportunities to contribute to affordable housing projects, the Fund can be used for new housing stock, the regeneration of older non-market housing, or the purchase of older rental units to be managed by a non-market housing provider.
5. **Sustainability & Transparency**– The revenue contribution sources and uses of the Fund must be structured so that it can be sustained over time. It must also be understood that City contributions to the Fund through City allocation cannot unduly affect other City operations and their need for long-term sustainability. Fees and charges normally required by City departments for application or connection shall be required to support those services. However payment of those fees and charges can be supported by the Affordable Housing Fund. Any additional infrastructure that may be required must be paid for or absorbed in some manner. These items need to be factored into decision-making processes.

CONTRIBUTIONS TO AFFORDABLE HOUSING RESERVE FUND:

The following opportunities for provision of monies to the fund are:

1. One hundred percent of voluntary cash contributions received in accordance with applications for development (rezone applications);
2. Donations from members of the public or other entities that are dedicated to affordable housing in Nelson;
3. Any monies allocated for this purpose by Council. In this regard, Council may wish to consider a yearly contribution to the Fund to ensure sustainability and to build a reserve that can be applied to capital projects into the future; and
4. Any interest earned by the Affordable Housing Reserve Fund shall accrue to it.

INCENTIVES:

The following financial incentives from the Affordable Housing Reserve Fund are available for projects in Nelson for the priority groups by non-profit housing providers (it may be beneficial for these funds to build up over time for disbursement for larger projects):

1. the purchase or lease of land (up to a maximum of 90% of the Fund balance);
2. capital construction projects (up to a maximum of 90% of the Fund balance);
3. reduced development application fees (up to a 50% reduction in fees; and up to a maximum of 90% of the Fund balance); and
4. reduced connection fees for City utilities (up to a 50% reduction in fees; and up to a maximum of 90% of the Fund balance).

Despite the above incentives, Council at its discretion may also use funds to:

1. Hire consultants or personnel, conducting research, production of reports and other information and updates related to the Affordable Housing Strategy;
2. Manage, administer, and develop affordable housing units owned or managed by the City of Nelson;
3. Respond to emergency requests for funding from local not-for-profit agencies operating within the City of Nelson as it relates to affordable housing;
4. Pay for legal costs of implementing affordable housing agreements; and
5. Purchase land for use as affordable housing.

Regardless of the monetary request made, no more than 90% of the Affordable Housing Reserve Fund can be disbursed to one non-profit housing provider in any one year.

CRITERIA FOR DISBURSEMENT:

The following is a list of criteria to be used by City Council to determine financial support from the Affordable Housing Reserve Fund:

1. The project must support at least one of the six priority groups identified in the *Housing Strategies Update – October 2014 (or subsequent update)*;
2. The project must primarily target existing city residents;
3. The project must have support (financial or otherwise) from senior levels of government;
4. The affordability of units must be established through a housing agreement with the City and/or other applicable senior levels of government;
5. Rents must not exceed Canada Mortgage and Housing Corporation (CMHC) affordability standards (as amended from time to time) for the City of Nelson;
6. Housing rent and mortgage amounts must be as near to 30% of gross household income as is possible;
7. Units must be managed by a non-profit housing organization in order to be considered. This will help to stabilize tenancy through such actions as mediating through landlords and ensuring affordability is maintained for low income households;
8. Funds shall not be available to for-profit developers;
9. Must provide a business plan that supports the long-term operational sustainability of the project;
10. The project must not be eligible to receive Class 3 status from British Columbia Assessment Authority; and
11. The long term sustainability of City services and operations is not compromised.

CITY STAFF ROLE:

At the time of development application (rezoning):

- which results in the creation of additional residential or commercial density, and/or increasing lot coverage and height requirements; or
- when City staff determine that it is desirable for a development application to

consider affordable housing;

City staff will encourage the applicant to voluntarily provide one (1) or both of the following in order to meet the need for affordable housing in the City of Nelson.

1. Affordable Housing Development

City staff will encourage applicants of developments which are proposed to contain 20 or more residential units to designate a minimum of 5% of all residential dwelling units as affordable housing units. In this regard, developed affordable housing units would be required to meet the criteria for disbursement established above.

2. Voluntary Contribution to the City's Affordable Housing Fund

City staff will encourage the applicant to voluntarily provide a financial contribution to the City's Affordable Housing Reserve Fund (affordable housing projects by non-profit agencies will not be requested to contribute to the Fund). A suggested contribution would be based on a dollar (\$) value per residential dwelling unit or dollar (\$) value per square metre of commercial floor space. The appropriate dollar figure will be reviewed by City staff in the context of the overall development proposal, market conditions, impact on unit price, and recent affordable housing contributions. This may include a review of the development project's pro forma financial statements. The outcome of this review will be presented to Council as part of the development review and approval process. The contribution must be received in trust to the City prior to final adoption of the amending bylaws.

PROCEDURE FOR APPLICATION:

1. Requests for the use of funds from the Affordable Housing Reserve Fund made by not-for-profit agencies must be made in writing to the Director of Development Services on the application attached (Appendix C).
2. Requests for funds made by not-for-profit agencies may be referred to the Housing Committee for a recommendation to Council.
3. All requests for funds will be referred to Council for review. Council will evaluate each application by the criteria listed above. Council will retain full discretion to approve or deny the request on a case-by-case basis.

Appendix C

AFFORDABLE HOUSING RESERVE FUND APPLICATION

City of Nelson, 310 Ward Street, Nelson BC, V1L 5S4

Telephone: 250-352-8260

Fax: 250-352-2131

Applications are reviewed year-round by staff and City Council.

There is no appeal process and presentations may be requested by City Council. If there are any questions regarding the application form or process, please contact the Director of Development Services at 250-352-8260.

Please read the Affordable Housing Policy No. 5040.00.005 (Attached)

CITY OF NELSON
AFFORDABLE HOUSING RESERVE FUND APPLICATION FORM

Date Submitted: _____

Type of Organization:

- ☐ Not For Profit
- ☐ Place of Worship
- ☐ Private
- ☐ Other (specify)

What type of funding are you seeking:

- ☐ purchase or lease of land
- ☐ capital construction project
- ☐ reduced development application fees
- ☐ reduced utility connection fees

Project title: _____

Address of project: _____

How much money are you seeking from this Fund? _____

Will you be seeking money from this fund in the future? ☐ Yes ☐ No

How much and when? _____

Will you be seeking Class 3 Status from British Columbia Assessment Authority?

☐ Yes ☐ No

Legal name of organization: _____

Contact person: _____

Mailing address: _____

Phone: _____ Email _____

Website: _____

LEGAL SIGNING OFFICERS (provide copy of business number or society papers).

| | |
|----------------|--------------------|
| _____ Title | _____ Name |
| _____ Phone | _____ Signature |
| _____ Title | _____ Name |
| _____ Phone | _____ Signature |
| _____ Title | _____ Name |
| _____ Phone | _____ Signature |

Please provide a project summary and include answers to the following questions:

1. What type of affordable housing is your project?
☐ Affordable Rental ☐ Affordable Supportive Housing
☐ Transitional ☐ Emergency Shelter
2. Describe why your organization is qualified to provide housing.
3. Who is the target population served by the affordable housing project proposed?
4. Please identify and describe which priorities are being met by this project (see priorities in most recent City of Nelson Housing Strategy).
5. Describe how your project is affordable to the target population. Include rental rates and what is included in the rent.
6. How many units are in the facility?
7. How will the units be targeted to existing City of Nelson residents?
8. What are the sizes of the units (# bedrooms & size of smallest and largest)?

9. How many units will be designed to be accessible? Describe the building features that will be included to achieve accessibility standards.
10. Describe how this housing project is sensitively integrated into the neighbourhood.
11. How will the affordable units benefit the quality of life of the residents who will live in the units?
12. How will the addition of units improve the neighbourhood and the city?
13. If this project is for affordable supportive housing, transitional housing, or is an emergency shelter, what services or programs will be provided to the residents? Where will these be held?
14. How will the housing project be managed? Please identify if there is an on-site manager or caretaker and what hours they will be on site.
15. How does this project address Nelsons' affordable housing needs?
16. Is this project: a) a renovation or b) new construction? If a), please explain your relocation strategy for existing tenants.
17. Who is providing funding to this project?
18. How will the funds requested from the City be used?
19. How will the overall project be sustained? Include your operating scheme for the units.
20. What type of statistical information will be maintained on the affordable housing project? How can the City of Nelson obtain this information into the future?
21. Who are partners in this affordable housing project? What ecological and sustainability practices will be part of the project to reduce the project's short- and long-term ecological footprint? Does the project work towards other Official Community Plan goals (e.g. food security, culture, mobility, healthy living)?
22. Please provide a timeline in establishing the housing project. Please indicate when you hope to be open for business.
23. Please attach the following documents:
 - Budget and/or pro forma for the overall affordable housing project, including revenue and expenses for construction and long-term operation;
 - Mission Statement and Strategic Plan for the project;
 - Design specifications for construction or renovation;
 - Three References confirming your ability to develop and manage housing-related projects.