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CREATING RENTAL HOUSING – A ROLE FOR THE CITY OF WINNIPEG

INTRODUCTION

Winnipeg faces a critical shortage of decent, affordable rental housing. This lack of supply of housing has resulted in many people living in substandard accommodations or having to spend more than 30% of their income on rent. Some become homeless.

The Right to Housing Coalition is a Winnipeg-based coalition of individuals and organizations working together to promote affordable housing and housing policy solutions for people in housing need. The Coalition believes that expanded housing development is needed by all levels of government. The Coalition has lobbied both the federal and provincial governments regarding the need for increased investment in housing for those people in core housing need. It is acknowledged that in Manitoba the provincial government plays the primary role in the provision of social housing. However, the Coalition believes that municipalities have a role to play to address the shortage of housing.

This position paper presents the Coalition's recommendations to the City of Winnipeg regarding the creation of affordable housing in our city through initiatives and programs that encourage rental housing development and preservation of the current stock of housing

MUNICIPAL MEASURES FOR AFFORDABLE HOUSING

Municipalities can provide strong leadership in creating and implementing affordable housing

strategies. Land use planning and regulatory and revenue raising mechanisms within municipal jurisdiction can influence the production and preservation of affordable housing,

Municipalities can promote affordable housing in many ways. The Coalition has identified the following six land use planning and associated financial mechanisms as having promise for use in Winnipeg.

1. **Inclusionary zoning**

There are two kinds of inclusionary zoning: voluntary and mandatory. Mandatory regulations require the developer to incorporate affordable housing "as a condition of development approval", while voluntary regulations provide incentives to encourage the developer to include affordable housing. Usually, even in mandatory inclusionary zoning, certain benefits or concessions are provided to the developer in exchange. These can include density bonuses, fast-tracked permit approvals, alternative development standards and reduced or waived development fees.

The first inclusionary zoning program in the United States was implemented in Maryland in 1973. Today, throughout the U.S., hundreds of local governments including large and small cities use inclusionary zoning strategies as a central component of their efforts to provide affordable housing. Inclusionary zoning policies have been used less extensively in Canada and have been implemented mainly in markets subject to high growth and rising housing costs. In Vancouver, the City has required that 20% of units in major

residential projects be designated for social housing. The City of Montreal has a voluntary inclusionary zoning policy that specifies that 15% of all developments of 200 units or more should be affordable social housing.

City of Victoria – Dockside Green

The Dockside Green neighbourhood in Victoria began in 2005. When the developers of the project applied for a development permit they were approached by the City of Victoria and asked to include a portion of affordable housing on the site in exchange for a large portion of city land adjacent to the proposed development. Once the neighbourhood is completed affordable housing will amount to around 10% of the total development, approximately 75 units.

2. Density bonusing

Density bonusing is a mechanism that allows developers to add more floor area or additional density in exchange for the provision of affordable housing. Density bonusing is most often used in central cities, especially in the commercial core. It can be applied to commercial projects or for larger residential projects. Density bonus programs have been successfully applied in major downtown areas where revenue-generating space can be offered in sufficient quantity to invite participation by developers. This mechanism requires provincial enabling legislation. Density bonusing can: (1) deliver substantial number of affordable units when applied to larger projects, (2) obtain affordable housing from the private sector with a minimum of municipal involvement and (3) be used to increase densities where this is desired for planning purposes.

3. Alternative Development Standards

Alternative development standards are flexible planning and engineering standards that provide a range of alternatives to the current standards used for the design and construction of communities. The idea is to revisit current planning and engineering development standards with an affordability lens to see where alternatives may be defined and implemented to reduce cost while

preserving safety and aesthetic concerns. Zoning regulations and development standards can make housing more or less affordable in a number of ways. Larger minimum lot sizes and lower density of housing, for example, contribute to higher base costs for housing development. Other factors that affect the price of housing construction include minimum floor square footage, parking standards, minimum separation distances for special needs housing and regulations prohibiting accessory apartments or secondary suites.

Alternative Development Standards can be modified on a case-by-case basis or can be established as an option in a zoning by-law. Because alternative developments standards can reduce the infrastructure and land area required for a single dwelling unit, construction and maintenance costs for the municipality are reduced. They can also provide a great range of housing types, that allows for a variety of housing costs.

4. Land Banking

Municipalities can practice land banking through strategic purchases and then leasing at below market values for non-market developers. Municipalities can also hold land that is vacant or underutilized at a relative bargain price before its value skyrockets through land speculation. Municipalities can stipulate to future developers that some or all of the land be used for low income housing. A number of cities regularly land bank for affordable housing; some use it for their own non-profit housing corporations, others as a reserve for non-profit housing providers.

Land Banking - Saskatoon

The City of Saskatoon, as the land developer, influences the community's affordable housing agenda by directing or holding parcels of land for affordable housing projects. The City's policy "Sales of Serviced City-Owned Lands" provides for the direct sale of land where a registered non-profit corporation is seeking a site for development of a housing project directed at the vision of affordable housing units. The City's Land Branch also acquires disposable parcels of land that are no longer required as a result of plan changes. The Land Branch will notify affordable housing providers to make them aware of any disposable land parcels.

5. **Housing Trust Funds**

Municipalities can create a housing trust fund that supports the production of affordable housing. The key characteristic of a housing trust fund is that it receives ongoing revenues from dedicated sources of public funding such as taxes, fees or loan repayments. Typically, legislation is passed that increases an existing revenue source, such as a real estate transfer tax, interest from government loans, developer fees, hotel/motel taxes and others. The increase is then committed to the housing trust fund.

City of Saskatoon’s Affordable Housing Reserve

The City’s housing activities are funded by the Affordable Housing Reserve. Funds for the reserve are generated from a portion of the revenues from the sale of city owned lands. The reserve has paid or committed funding for the creation of over 2,400 housing units. Currently, from the reserve, the City contributes 10% of total project costs for affordable housing projects. The City annually contributes \$2.5 million from land sales to the reserve.

6. **Demolition and Conversion Control Policies**

Preservation of existing affordable housing stock is an important component for municipalities concerned with declines in affordable housing. To address this problem, some municipalities have developed demolition and conversion control policies ensuring preservation or replacement of affordable housing in communities where this type of housing is decreasing. Affordable rental stock can be lost in a number of ways including: demolition of existing structures to create lower-density units and replacement of apartments or single room occupancy hotels by condominium developments or high-end hotel or rental suites. A number of different approaches to prevent the loss of affordable rental housing exist that include various incentives and disincentives. Examples of by-laws and policies used include: the requirement that developers compensate for the costs of displaced

households, that developers are charged a fee when housing is demolished, or that developers wishing to demolish rental units are required to construct the same number of affordable housing units elsewhere in the community.

Another important approach involves restricting the conversion of rental housing into condominiums when the supply of rental units is low. It has become common practice in major cities for developers and apartment building owners to convert their rental properties to condominiums. This has become a quicker way for them to recoup their investments. This poses many problems when the supply of rental units is shrinking and vacancy rates are at very low (currently 0.6% in Winnipeg). Municipalities can enact by-laws that regulate the conversion of existing rental units to condominium ownership when the vacancy rate is low. Several municipalities in Canada have taken measures to control the extent that condominium conversion is permitted.

Examples of Canadian Cities with Condo Conversion Policies

City of Victoria - no conversions are allowed when apartment vacancies drop below four per cent.

City of Vancouver - conversions of buildings with more than four units are not allowed when the vacancy rate is below four per cent.

City of Kelowna - does not allow any conversions if its vacancy rate is below four per cent

City of Ottawa - does not allow any when its vacancy rate is below three per cent.

City of Toronto – has legislation to protect from condo conversions for existing rental property having over six units

CURRENT CITY AFFORDABLE HOUSING ACTIVITY

The 2010 City of Winnipeg Preliminary Operating Budget includes funding for neighbourhood and housing programs totaling \$3,648 million.

The City participates in the **Winnipeg Housing and Homelessness Initiative (WHHI)**- a partnership established by the Government of Canada, the Province of Manitoba and the City of Winnipeg to address homelessness, declining housing stock and the revitalization of Winnipeg's older neighborhoods. In the 2010 budget \$1M was transferred to the Housing Rehabilitation Investment Reserve to support the WHHI.

Compared with other cities in Canada such as Vancouver, Montreal and Toronto, Winnipeg does not provide significant amounts of money to directly support affordable housing initiatives. The City has stated, "it is not prepared to replace in any way federal or provincial responsibilities in the area of housing" (Winnipeg Housing Policy, 1999).

The City has developed some regulatory tools and financial incentives to encourage the development of affordable housing. The financial assistance programs available for the development or maintenance of **rental** property include:

Residential Rehabilitation Assistance Program (RRAP)

This program includes assistance for repairs to rental or rooming house properties occupied by low-income households.

Downtown Multiple Family/Mixed Use Building Grant Program

Developers may be eligible to receive a tax-based grant for creating multiple family residential units in Winnipeg's downtown. Projects can be new construction, rehabilitation of a multiple family building that has been vacant for 12 months or more, or conversion of a

non-residential building to include residential use.

Neighbourhood Multiple Family/Mixed-Use Building Grant Program.

Similar to the program listed above for specific neighbourhoods in Winnipeg.

The City, on an ad hoc basis, has made land available to organizations building affordable housing in Winnipeg. For example, the "Pocket Houses" developed in Winnipeg were given city owned land at \$1/lot with a value of \$25,000/lot.

In addition to the WHHI funding, the city provides staffing within the WHHI office to assist groups with zoning and land development issues.

The City also is responsible for enforcement of neighbourhood liveability by-laws.

CALL TO ACTION

The Right to Housing Coalition calls on the City of Winnipeg to take on an expanded role in the development of affordable housing. A proactive role will include the development and implementation of a 10-year affordable housing strategy that is closely aligned with the Province's affordable housing policy and programs. The strategy will include:

- . targets and timelines for new units of rental housing to be created in partnership with other levels of government and housing developers
- . a series of interlocking municipal mechanisms that promote the development of housing that have been used successfully in other municipalities such as those mentioned in this paper
- . a close collaboration with the other levels of government, community organizations, citizens, and market and non-market housing developers to plan innovative projects
- . modern and innovative urban planning and building designs that support vibrant and inclusive communities
- . a dedicated affordable housing budget with sufficient human and financial resources to support the City's expanded role in housing
- . leadership to overcome the challenge of the "Not in My Backyard" phenomenon.

What is needed at the municipal level is the political will to undertake a fully resourced affordable housing program that maintains existing rental accommodations and creates new rental housing resources. There is a need to view the creation of affordable housing as a positive business and economic investment rather than as a cost, and to oversee its creation with the same effort and interest as is currently given to market housing development in the city. The City must also take on a stronger advocacy role in encouraging senior levels of government to put more resources into housing.

Examples of Canadian Cities with Affordable Housing Strategies

City of Toronto

http://www.toronto.ca/affordablehousing/pdf/hot_actionplan.pdf

City of Saskatoon

http://www.saskatoon.ca/DEPARTMENTS/Community%20Services/PlanningDevelopment/Documents/Neighbourhood%20Planning/2009_Housing_Business_Plan.pdf

City of Vancouver

<http://www.metrovancouver.org/planning/development/housingdiversity/AffordableHousingStrategyDocs/AdoptedMetroVancAffordHousStrategyNov302007.pdf>

City of Montreal

http://ville.montreal.qc.ca/portal/page?_pageid=5097_16433629&_dad=portal&_schema=PORTAL

City of Edmonton

http://www.edmonton.ca/for_residents/InfraPlan/cityedm_housing_initiative.pdf

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