

Original signed by: Byron Johnson, CAO

City Staff Report

Report Date: March 19, 2018**Meeting Date:** March 27, 2018**Application No.:** 424 McLean St Housing Incentive Application (Rel. File: DP2017-98) &
255 McNaughton Ave Housing Incentive Application (Rel. File: DP2017-00)**To:** City Manager**From:** Director of Development Services**Subject:** Housing Agreements to maintain affordable housing units for at least 10 years at 424 McLean Street and 255 McNaughton Avenue.

Purpose

To discuss changes to the previous report taken to Council on November 21st, 2017 for 424 McLean Street and the reasons that a new Housing Agreement Authorization Bylaw is required, as well as to discuss the Housing Agreement for 255 McNaughton Avenue.

Summary

- Both Dakelh & Quesnel Community Housing Society (DQCHS) and Quesnel Lions Housing Society (QLHS) have applied for the Multi-Family Housing Incentives Program.
- Both projects meet all eligibility requirements for a 10 year revitalization tax exemption (on assessed value of improvements of municipal portion of property taxes) and 100% waiver of Development Cost Charges (DCCs).
- A requirement of obtaining the 100% waiver of DCCs is to enter into a Housing Agreement with the City to ensure that affordability is maintained on the property for at least 10 years.
- The Housing Agreements are entered into by way of Bylaw and registered as a notice on the title in the Land Title Office.
- Amendments to the term "affordability" for both Housing Agreements and the term "senior" as it relates to the Housing Agreement for QLHS will be discussed.

Recommendation

THAT Council rescinds Housing Agreement Authorization Bylaw No. 1840 with Dakelh and Quesnel Community Housing Society due to need for amendments to the agreement;

AND THAT Council provides first reading to Housing Agreement Authorization Bylaw No. 1847 of 2018 with the Dakelh and Quesnel Community Housing Society for the apartment on McLean Street;

AND THAT Council provides first reading to Housing Agreement Authorization Bylaw No. 1783 of 2018 with the Quesnel Lions Housing Society for the apartment on McNaughton Avenue.

Statutory Requirements

Local Government Act Section 483 – Housing Agreements

Council Policy

Multi-Family Housing Incentive Bylaw No. 1805, 2016

Strategic Objective

N/A



Financial Implications

The developments will obtain the following under the Multi-family Housing Incentive Bylaw:

- 100% tax exemption on assessed value of improvements of municipal portion of property taxes for 10 years; and
- 100% waiver of Development Cost Charges
 - \$47,286.00 for DQCHS; and
 - \$37,331.40 for QLHS

Background

- Both the DQCHS's 424 McLean St project and the QLHS's 255 McNaughton Ave project meet all the eligibility criteria for 100% revitalization tax exemption on the assessed value of improvements of the municipal portion of property taxes for 10 years and 100% waiver of DCCs.
- Staff have been working with both DQCHS and QLHS on the Housing Agreements to satisfy Council's Multi-family Housing Incentives Program. The proponents are now requesting changes to two definitions in the Housing Agreements.

Housing Agreement

- As a benefit of receiving the 100% DCCs waiver, the developer must enter into a Housing Agreement to ensure affordable units are maintained for at least 10 years (the duration of the revitalization tax exemption).
- The City had previously adopted Housing Agreement Bylaw No.1840 for DQCHS (at 424 McLean St). It must now be rescinded and a new bylaw adopted with the amendments.
- The Housing Agreement Bylaw No. 1783 for QLHS (at 255 McNaughton St) had not received earlier consideration, but is now ready for Council consideration.

Former "Affordable" Term

- In the initial report taken to Council on November 21st, 2017 for the 424 McLean Street Housing Agreement, the term "affordable" was defined to mean "living costs of occupying a dwelling unit account for *less than 30 percent of before tax household income*". At that time, Staff received concurrence from the proponent that this definition was appropriate for their development.
- Since that time, it was brought to Staff's attention by the proponent that the term "affordable" as initially defined was problematic to BC Housing.
- This definition was highlighted when DQCHS reviewed the Housing Agreement as adopted, in consultation with BC Housing (BCH), and determined it did not align with the Operating Agreement between DQCHS and BCH.
- The exact same concerns were also voiced by QLHS after reviewing the Draft Housing Agreement provided to them.
- Both DQCHS and QLHS indicated that the "30 percent" benchmark did not align with their BCH Operations Agreements and did not provide the required level of flexibility to improve the supply and range of affordable rental units.

New "Affordable" Term

- Staff recommends that the new "affordable" term be amended to:
 - **"Affordable** means dwelling units are provided at below market rent in accordance with the applicable BC Housing Operating Agreement for the subject facility."
- BCH has communicated to Staff that this definition meets their funding program's goal for both projects by increasing the supply and range of affordable and appropriate rental housing for low and moderate income households across British Columbia.



- In the BCH Operating Agreement, "Low and Moderate Income" represents the maximum income for eligibility to occupy a Residential Unit and means:
 - For residential units with less than two (2) bedrooms, a gross household Income that does not exceed the median income for families without children, **as determined by BC Housing from time to time**. For 2017, this figure is \$69,360.00.
 - For residential units with two (2) or more bedrooms, a gross household Income that does not exceed the median income for families with children, **as determined by BC Housing from time to time**. For 2017, this figure is \$99,910.00.
- The flexible definition ensures the range of affordable options are not restricted.

Overall Purpose

- The purpose of the Housing Agreements remain the same and are to ensure the following (for each respective project):

DQCHS	QLHS
<ul style="list-style-type: none">○ The development maintains a minimum of 50% affordable units for a minimum of 10 years;○ The development is operated by a non-profit housing agency for a minimum of 10 years; and○ If the development is destroyed or damaged within the first 10 years, the owner will repair and/or replace any part of the development to its original state.	<ul style="list-style-type: none">○ The development maintains a minimum of 50% affordable units for a minimum of 10 years;○ The development is operated by a non-profit housing agency for a minimum of 10 years;○ If the development is destroyed or damaged within the first 10 years, the owner will repair and/or replace any part of the development to its original state; and○ The housing units are occupied by a "senior" (as defined below) for a minimum of 10 years.

- Staff is satisfied with setting the benchmark at 50% affordable units as this provides more flexibility should more market rents be required to sustain the project in the long term.

Definition of "Senior" for QLHS Agreement

- Staff originally proposed the definition of senior to mean "a person sixty (60) years of age or older, with or without a disability, or a person between the ages of fifty-five (55) and sixty (60) which has a disability."
- Staff is now proposing the definition of "senior" to mean "a person who is at least fifty-five (55) years of age" as this aligns with the Operations Agreement QLHS has with BCH and so, Staff recommends the same definition for consistency.
- There is also a provision that a "senior" may live with one additional person in a dwelling unit (the additional person does not need to meet the definition of "senior").
- Finally, there is also a statement to allow the individual who regularly cohabited with a senior to continue to occupy the unit until they stop living in the unit as their primary residence. When said individual ceases to occupy the unit, the senior requirement will continue to apply to any subsequent occupancy.

The anticipated schedule for adoption of amendment bylaws No. 1847 and No. 1783 is:

March 27th: First Reading of Bylaws
March 28th: Obtain signatures on agreements
April 3rd: Second and Third Readings of Bylaws



April 17th: Adoption of Bylaws

Attachments

City of Quesnel Housing Agreement Authorization Bylaw No.1840 of 2017
City of Quesnel Housing Agreement Authorization Bylaw No. 1847 of 2018
City of Quesnel Housing Agreement Authorization Bylaw No. 1783 of 2018

Options

1. Approve as recommended.
2. Amend recommendation and approve.
3. Deny recommendation.