

# DISTRICT OF SQUAMISH AFFORDABLE HOUSING PROGRAM

Final Report

March 2018

M'AKOLA  
DEVELOPMENT  
SERVICES

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# Executive Summary

M'akola Development Services (M'akola) was engaged by the District of Squamish (the District) to develop a long-term municipal affordable housing program to build on the recommendations of the Housing Task Force final report. Based on research completed and presented by M'akola in the *Baseline Data Collection* and *Affordable Housing Policy and Operational Options Analysis* report, it was recommended that the District prioritize the development of low-to-moderate income rental housing units that secure and perpetuate permanent, non-market rental housing units in the District.



The District's Affordable Housing Task force has established the development of these low-to-moderate income rental housing units as the most pressing need in the community, based on the current backlog of purpose built market and non-market rentals. The *Affordable Housing Policy and Operational Options Analysis* report also recommended that the District assist in the development of an arms-length affordable housing non-profit organization to support the growing affordable housing need in Squamish.

This *Affordable Housing Program Report* is the final of these reports and aims to provide the direction and foundational policy for the District's new Affordable Housing Program. Three key policy actions have been identified that are within the District's jurisdiction to implement and will allow for the Housing Program's successful implementation:

1. Create a **Comprehensive Affordable Housing (CAH) Policy** that addresses how the District will encourage and facilitate the creation of affordable housing units;
2. Create a **Perpetually Affordable Housing (PAH) Policy / Bylaw** that addresses how District-owned and built affordable housing units are managed to ensure perpetual affordability; and
3. Create a **Squamish Housing Organization (SHO)** to provide housing solutions that directly support low-to-moderate income households within the District, and assist indirectly in the provision of core needs housing.

# INTRODUCTION

## BACKGROUND

In May 2015, the District commissioned a Housing Task Force to develop actionable recommendations to respond to the emerging housing affordability crisis and implement the 2013 Affordable Housing Framework for the District. The Housing Task Force released its final report in December 2016, outlining 12 recommendations intended to assist Council in guiding future housing policy and program decisions.

The District of Squamish Affordable Housing Program Final Report is the last of three reports forwarding the recommendations of the Housing Task Force final report. This report aims to provide the direction and foundational policy for the District’s new Affordable Housing Program.

## DEVELOPMENT OF THE PROGRAM

M’akola was engaged by the District to develop a long-term municipal affordable housing program. The program consisted of three phases: Baseline Data Collection, the Affordable Housing Policy and Operational Options Analysis, and the Affordable Housing Program Final Report.

**Phase 1: Baseline Data Collection** – Baseline data was collected and synthesized to confirm current need and demand, identify potential future needs for affordable housing, and review best practices for long-term affordable rental programs at the municipal level. Squamish Staff and Council were engaged during this phase to provide context to the local housing need.

**Phase 2: Affordable Housing Policy and Operational Options Analysis** – An analysis was completed which summarized past policy work done by the District and Task Force to understand the existing capacity and examine several potential operational frameworks. In addition to Squamish Staff and Council, the Squamish Integrated Housing Solutions Group (SIHSG) was engaged during this phase to provide understanding of the current community capacity to meet the affordable housing needs within the region. Housing policy and operational recommendations were carried forward to the Affordable Housing Program Final Report.

**Phase 3: Affordable Housing Program Final Report** – The Affordable Housing Program Final Report introduces the Comprehensive Affordable Housing (CAH) policy and Perpetually Affordable Housing (PAH) Policy / Bylaw and outlines guiding principles and draft policy for both. This Final Report also introduces a framework and strategic goals for the proposed SHO and provide three governance options for the management of current and future affordable housing in the District. During this phase, a stakeholder workshop was completed with District Staff and SIHSG representation to further understand the priorities and capacity of community housing organizations in Squamish.

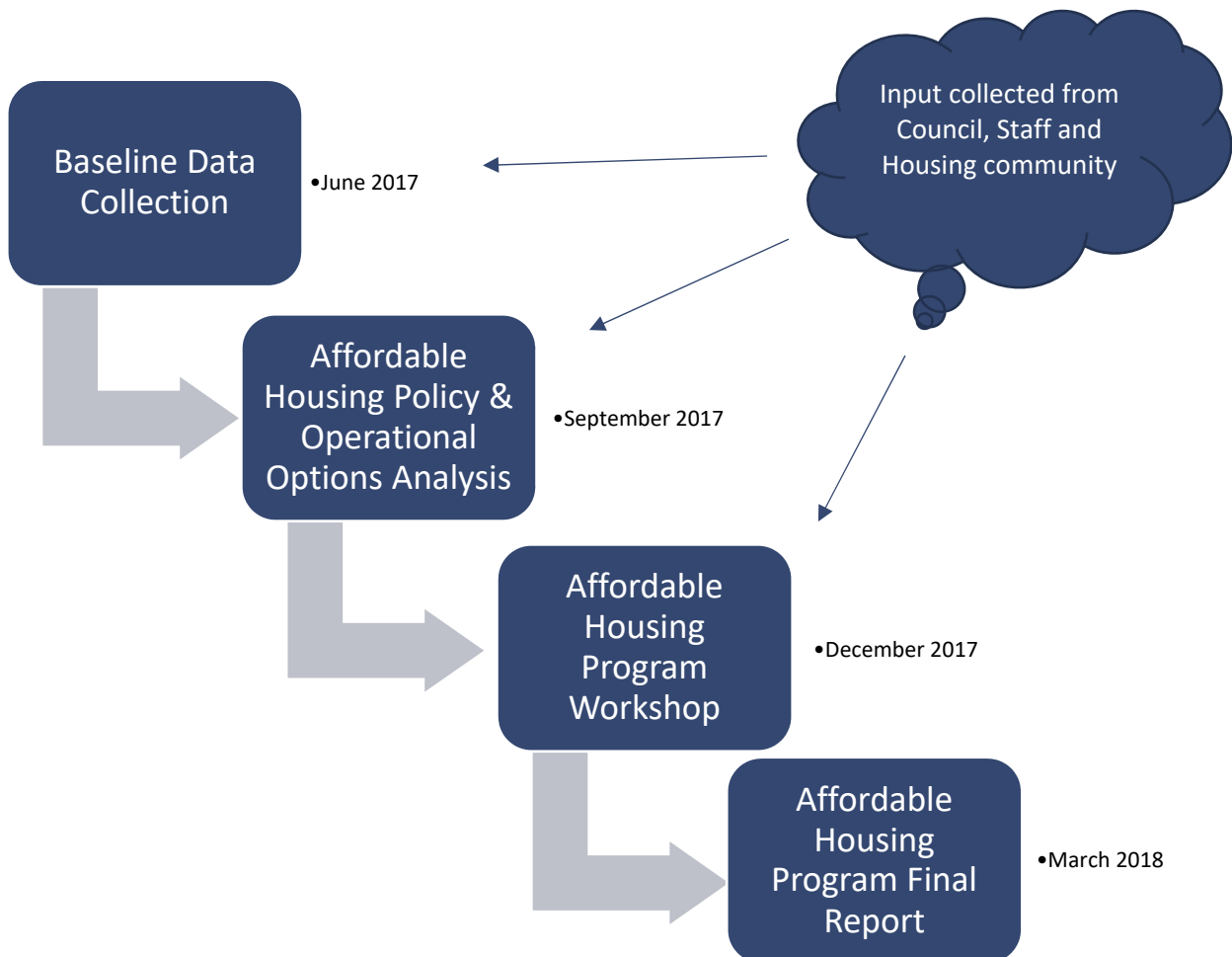
The Final Report has three primary objectives:

- ❖ Introduce the District of Squamish Affordable Housing Program, which includes both the Comprehensive Affordable Housing (CAH) Policy and Perpetually Affordable Housing (PAH) Policy / Bylaw and provide guiding principles and draft policy for each.
- ❖ Propose a Squamish Housing Organization (SHO) with an accompanying organizational framework and strategic goals.
- ❖ Provide three governance model options for the SHO relating to the management of current and future affordable housing in the District.

## SCHEDULE

The affordable housing program has evolved over three phases, which are highlighted in Figure 1 below.

Figure 1: Affordable Program Development Phases with Dates



# THE DISTRICT OF SQUAMISH AFFORDABLE HOUSING PROGRAM

## INTRODUCTION

The intent of the District's Affordable Housing Program is to provide clarity for the District, community members, developers, non-profit housing and service providers, and others in the community of policies and expectations for the planning and delivery of affordable housing in Squamish.

The Affordable Housing Program has two sections. The first section introduces the CAH Policy and the PAH Policy / Bylaw and provides the vision, goals and policy statements for both. The second section introduces the proposed SHO, outlines an organizational framework and a preliminary financial plan and provides four governance model options for the proposed SHO.



## SECTION 1: COMPREHENSIVE AFFORDABLE HOUSING POLICY

The CAH Policy addresses how the District will encourage and facilitate the creation of affordable housing, through coordination of a range of other municipal policies and bylaws. This policy focuses on increasing the affordable housing stock for the community, particularly for low and moderate-income families. The Policy includes four primary goals and nine policy statements. See Appendix A for the draft CAH Policy.

### VISION

The District will establish and apply a clear and consistent policy that expresses its commitment to the creation of affordable housing in the District. The CAH Policy will outline the District's ongoing housing objectives, and incentivize the development of affordable housing, to ensure the current and future community need for affordable housing is considered. The CAH Policy is intended to support the housing needs of low and moderate-income households.

### GOALS

The CAH Policy will encourage the development of affordable housing by providing a clear plan, financial subsidies, and a streamlined development process for the creation of affordable housing units.

The goals of the CAH Policy are to:

1. Maintain a long-term vision for affordable housing;
2. Reduce financial barriers for affordable housing;
3. Expand the availability of sites for affordable housing; and
4. Generate additional capital for affordable housing.

## RECOMMENDED POLICY STATEMENTS

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### PROVIDE A CLEAR POLICY AND VISION FOR AFFORDABLE HOUSING

Incorporate the CAH Policy into larger municipal strategies and bylaws to create an overarching vision for affordable housing in the District and to coordinate housing actions and policies amongst the variety of other municipal bylaws and policies. The District's larger municipal strategies include the Official Community Plan (OCP), Zoning Bylaw, Community Amenity Contribution Policy, Development Cost Charges (DCC) Bylaw, Fees and Charges Bylaw, and the Long Term Real Estate and Facilities Strategy.

The CAH Policy vision may change over time to reflect successes and changing context. For example, the District may wish to alter the proposed focus on low-to-moderate income housing to include a greater focus on core needs targets.

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### CREATE AFFORDABLE HOUSING UNITS IN NEW DEVELOPMENTS THROUGH AMENITY CONTRIBUTIONS

Through the Community Amenity Contribution Policy, the District will negotiate the inclusion of affordable housing in proposed new residential and mixed-use developments, as either built units or cash-in-lieu contributions. Community amenity contributions should be combined with a density bonus model to secure additional built affordable units. All units created in this fashion should be protected under a Housing Agreement pursuant to the Local Government Act. Secured cash-in-lieu contributions will be placed into the Affordable Housing Reserve Fund.

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### AMEND THE ZONING BYLAW TO INCLUDE A DENSITY BONUS MODEL

The District will develop a model whereby construction of additional density will be offered to residential and mixed-use developments in exchange for affordable housing contributions; either as built units or cash-in-lieu contributions. A comprehensive schedule will govern expected affordable housing contributions.

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### WHEN APPROPRIATE, RELAX PARKING REQUIREMENTS FOR AFFORDABLE HOUSING DEVELOPMENT APPLICATIONS

Recent studies in the province, including the Metro Vancouver parking study, indicate that renter households have a much lower parking demand than owner households, especially when located near transit. Reducing the amount of required parking will decrease project capital requirements in the range of \$25,000-\$35,000 per parking stall while allowing more land area for affordable housing units.

Therefore, the District will consider relaxing parking requirements in the Zoning Bylaw for affordable housing developments that are located within the downtown area or within proximity to transit.

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#### EXPEDITE APPLICATIONS FOR AFFORDABLE HOUSING DEVELOPMENT APPLICATIONS CONCURRENTLY

To expedite the development approval process, the District is currently developing a policy to process rezoning and development permit applications concurrently, at no additional cost, for affordable housing development applications. This may include a specialized approach for review and approval of these applications, which would be formalized in the CAH Policy.

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#### WAIVE MUNICIPAL FEES FOR AFFORDABLE HOUSING DEVELOPMENT APPLICATIONS

The District will consider waiving development cost charges, rezoning fees, development permit fees, and building permit fees for affordable housing development applications. This may also include payment of the costs relating to the preparation and registration of Housing Agreements or other detailed documents required.

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#### REVIEW THE MUNICIPAL TAX REGIME AS IT RELATES TO AFFORDABLE HOUSING

The District will consider reviewing how municipal taxes impact affordable housing developments, and whether permissive tax exemptions may be appropriate, in part or in whole, to lower this impact. Similarly, the District will review how utility charges are imposed on affordable housing.

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#### IDENTIFY MUNICIPAL AND PROVINCIAL LANDS FOR AFFORDABLE HOUSING

Following the District's update of the Long Term Real Estate and Facilities Strategy, the District will consider undertaking periodic reviews of land holdings to determine if "surplus" lands can accommodate affordable housing. The District will also consider evaluating facility redevelopment plans to determine if affordable housing can be included in the designs, where appropriate.

In addition, the District should monitor the availability of local Crown land and consider acquisition where appropriate (at low or no cost) for the development of affordable housing through the sponsored Crown grant process.

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#### EXPLORE ALTERNATIVE FUNDING METHODS FOR AFFORDABLE HOUSING

The District will consider creating a parcel tax, or specific mill rate additions, with the purpose of creating new capital funding for affordable housing, along with actively pursuing appropriate grants and funding opportunities.



## SECTION 2: PERPETUALLY AFFORDABLE HOUSING POLICY / BYLAW

The PAH Policy / Bylaw addresses how District owned and built affordable housing units are managed to ensure perpetual affordability. (Council will determine if this needs to be crafted as a policy, or formally as a bylaw.) This includes creating a local definition of affordability, defined rental limits and tenant eligibility, and property and waitlist management of District owned units and those managed under Housing Agreements. The Policy includes five primary goals and five policy statements. See Appendix B for the draft PAH Policy / Bylaw.

### VISION

The District will establish and apply clear and consistent policy that expresses its commitment to the perpetual continuance of affordable housing in the District. The PAH Policy / Bylaw will ensure affordable housing in the District is managed and preserved in perpetuity to meet the current and future affordable housing need of the community.

### GOALS

The PAH Policy / Bylaw, and built PAH units, will introduce an additional housing option that is rental rate or price restricted to ensure affordability in perpetuity. PAH units are intended to meet the housing needs of low and moderate-income households and is not aimed at core needs, supportive or subsidized housing. Core needs, supportive or subsidized housing may be considered when potential residents are able to bring portable rent or income subsidy or support revenues from other housing agencies or programs.

The specific goals of the PAH Policy / Bylaw include:

1. Create a local definition for affordable housing.
2. Establish rental limits and thresholds for PAH units.
3. Define worker, income, and asset restricted occupant eligibility requirements for PAH units.
4. Create a waitlist management system for PAH units.
5. Determine how PAH units and assets will be sustainably managed.

Note: Due to the likely involvement of BC Housing and the Provincial Rental Housing Corporation (PRHC) in the creation and operation of affordable housing projects in the District, the PAH Policy / Bylaw is informed by, and will need to operate in conjunction with, BC Housing and PRHC operating standards. Therefore, the PAH Policy / Bylaw is meant as a foundation upon which the District may build future policy or bylaw.

### RECOMMENDED POLICY STATEMENTS

#### PAH WILL BE AFFORDABLE FOR THE COMMUNITY OF SQUAMISH

Based on the definition from Canada Mortgage and Housing Corporation (CMHC), affordable housing in the District is considered affordable when 30 percent or less of the before-tax household income goes toward shelter costs. PAH will be classified as low-to-moderate income housing units and will be provided at less than market rents or prices, with no operational senior government subsidy.

## PAH WILL BE HOUSING WITH RENTAL RATE OR PRICE RESTRICTIONS

PAH units will have rental rate or price restrictions to govern the ongoing level of affordability of these units. The PAH rental rates will be ensured through an Operating Agreement with a Provider. Table 1 outlines the suggested maximum monthly rental rates for units coming available within the 2017 calendar year (which would be updated annually). The maximum monthly rents have been established as 30% of the monthly income limit for each unit type.

Table 1: PAH Income Limits and Rental Rates

	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Size (sq. ft.)	350 - 475	550 - 695	795 - 969	1,000 - 1,195	1,260 - 1,560
Size (sq. m.)	32.5 - 44.1	51.1 - 64.6	73.9 - 90.0	92.9 - 111.0	117.1 - 144.9
Income Limits	\$37,000	\$41,500	\$42,500	\$55,500	\$65,000
Maximum Monthly Rent	\$925	\$1,038	\$1,063	\$1,388	\$1,625

## PAH WILL BE RESTRICTED TO QUALIFIED APPLICANTS

Qualified applicants are individuals who apply for PAH and meet PAH eligibility criteria based on, but not limited to, employment or residency, income, and assets. Eligibility criteria will be enforced using a centralized intake, or “single application”, system and will be reviewed on an annual basis. Table 2 outlines the suggested PAH eligibility criteria:

Table 2: PAH Eligibility Criteria

<b>Employment/Residency Requirement</b>	<p>Applicant must be:</p> <p>Employed/Self-employed working in Squamish for a determined number of hours per week</p> <p>OR a retiree or unable to work due to disability who worked in Squamish previously (for a defined period)</p> <p>OR have lived in Squamish for at least one/two/three years</p>
<b>Income Requirement</b>	<p>Applicant’s gross household income must not exceed (by unit type, updated on an annual basis):</p> <p>Less than two (2) bedrooms: \$69,360</p> <p>Two (2) or more bedrooms: \$99,910</p> <p>Applicant’s gross individual income must not exceed (by unit type, updated on an annual basis):</p> <p>Less than two (2) bedrooms: \$ 41,500*</p> <p>Two (2) or more bedrooms: \$ 65,000* <span style="float: right;">*(based on 2017 HILs)</span></p>
<b>Asset Limitations</b>	<p>An applicant may be restricted based on owning existing real estate assets in Squamish or elsewhere, or based on existing financial assets beyond an established threshold.</p>

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#### PAH WILL MAINTAIN A CONSISTENT AND CENTRALIZED INTAKE SYSTEM FOR APPLICANTS

The Housing Registry, developed by the proposed SHO in conjunction with BC Housing and partners, will assist housing providers manage applicant lists by maintaining a current database of appropriate applicants. It also provides applicants with a “single application” system for any development managed in the Housing Registry. This would require the development of relevant application forms and the verification mechanisms employed in the intake system.

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#### THE PROPERTY MANAGEMENT FUNCTION OF PAH UNITS WILL BE GIVEN TO PROVIDERS AND GOVERNED BY AN OPERATING AGREEMENT

PAH units will be leased to a Provider to carry out the property management function. The Provider may be the proposed SHO. Property management of PAH units will be governed by an Operating Agreement (in conjunction with a Housing Agreement as required by the District).

# THE PROPOSED SQUAMISH HOUSING ORGANIZATION

## INTRODUCTION

Based on the research conducted to date, and feedback from the housing community, District Council and Staff, the following section recommends the proposed Squamish Housing Organization (SHO) and presents three primary legal framework options.

The three options that are suggested share the same vision and strategic goals; these have been established through consultation with Council, Staff and the housing community. Each option includes a proposed governance and management structure, and a high-level financial plan to understand the financial investment required and potential risks.



## COMMUNITY HOUSING SECTOR REQUEST FOR INFORMATION

To determine an organizational structure of the proposed SHO that meets the community housing need, an understanding of the current capacity and resources contained in the community housing sector was considered. With this purpose, a request for information (RFI) was distributed to Society members of the Squamish Integrated Housing Solutions Group (SIHSG) in December 2017 to collect a baseline understanding of current resources in the community. A basic profile of the four societies included in the SIHSG umbrella are included below:

### **Squamish Senior Citizens Home Society (SSCHS)**

Incorporated in 1970, SSCHS currently owns and operates 69 units of independent seniors housing (studios and one-bedroom units). Staff consists of four positions, including the Executive Director and three onsite caretakers. SSCHS provides no program or support services to its residents.

### **Howe Sound Women's Centre Society (HSWC)**

Established in 1981, HSWC currently owns and operates a seven-bed transition house (24-hour) for women and children, one one-bedroom transition house (located in Pemberton), and two two-bedroom affordable rental units. HSWC also operates two affordable rental units (located in Pemberton) owned by BC Housing. HSWC runs several support programs and staff consists of seven administrative staff and 27 program staff.

### **Sea to Sky Community Services Society (SSCS)**

Formed in 1978, SSCS currently operates 156 units of low-to-moderate income housing with BC Housing, SSCS, and a private developer owning part of the unit portfolio. SSCS runs a wide range of living,

development, and outreach services and staff consists of three and a half full-time employees, including a full-time property manager, and three administrative staff.

### **Squamish Helping Hands Society (SHHS)**

Opened in 2007, SHHS provides a range of services including food access, emergency services, employment and training, funding and support, and supportive housing including: 15 low-barrier beds for adults, 10 extreme weather beds, and four transitional recovery beds, and five transitional stabilization beds. Staff consists of an Executive Director, Executive Administrator, three managers, and up to 30 employees at varying capacities and commitments.

*The responses to the RFI determined that the four societies included in the SIHSG have a long history of providing housing and support services in the community, with over 100 combined years of experience. All four societies are led by an experienced Board of Directors and Staff and continue to increase the availability of housing options in the community. Combined, the SIHSG societies span the entire housing continuum, providing a range of housing options for homeless and transitional housing needs, independent seniors, women and children (in crisis), and low-to-moderate income households.*

## **SQUAMISH HOUSING ORGANIZATION VISION AND STRATEGIC GOALS**

### **VISION**

The vision of the SHO is to provide housing solutions that support low-to-moderate income households and core needs housing within the District. The SHO will work with the District and community to sustain a diverse range and supply of affordable housing options in a fiscally responsible manner.

### **STRATEGIC GOALS**

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#### **INTEGRATE DIVERSE FORMS OF AFFORDABLE HOUSING INTO THE COMMUNITY**

In collaboration with the District of Squamish, funders, developers, and community partners, promote and facilitate the development of a mix of housing types, tenures, and rental rates to serve the community's affordable housing needs.

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#### **BE THE PRIMARY COMMUNITY RESOURCE FOR ALL AFFORDABLE HOUSING IN THE DISTRICT**

Provide a coordinated assessment and access system, including a "one-application" process for affordable housing applicants. This includes a centralized waitlist system from which affordable units will be allocated.

Communicate housing information to the community and provide comprehensive delivery of housing information services. This may include investing in research initiatives such as ongoing need and demand assessments for the community.

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#### **BE THE PRIMARY RESOURCE FOR AFFORDABLE HOUSING PROPERTY AND TENANT MANAGEMENT IN THE DISTRICT**

Administer property management for District owned properties and units and support the sustainable operation of other housing units owned by other providers in the community. This may include assisting providers streamline operations, avoid financial risk, and provide financial support as appropriate.

Provide a centralized information and support hub for property management, operating models, financial and administration help, and landlord and tenant information.

#### MANAGE ASSETS AND CONDUCT OPERATIONS IN A FISCALLY RESPONSIBLE MANNER

Follow best budgetary practices to ensure adequate reserves for the long-term maintenance, repairs and replacement of SHO owned assets, and that housing assets are managed effectively.

Ensure the long-term sustainability of the SHO by obtaining and utilizing capital and operating grants, operating and portable income subsidies, partnerships and alternative funding sources to finance operations of the Corporation.

#### LEGAL CONSIDERATIONS

Table 3 provides a brief outline of the options currently available to local governments and the key considerations for the District in deciding the best option for the proposed SHO.

Table 3: Agency Structure Options

Agency Structure Options	Corporation		Society	
<b>Legal Framework</b>	New legal Corporation		New non-profit Society	Existing non-profit Society
<b>Legal Tool</b>	Established under the Business Corporations Act; Partnership established through a Partnering Agreement under the Community Charter		New Society established under the Societies Act; Partnership established through a Partnering Agreement under the Community Charter	Existing Society established under the Societies Act; Partnership established through a Partnering Agreement under the Community Charter
<b>Governance</b>	Board of Directors (composition to be determined)			
<b>Ownership</b>	Corporation or District		Society or District	
<b>Operations Management</b>	Corporation to manage property management	External property management services	New non-profit Society to manage operations	Existing community non-profit Society to manage operations
<b>Tax &amp; Financing</b>	The Corporation is taxed independently from shareholder(s). The corporation could obtain tax exempt status if it provides services exclusively within the municipality's boundaries.		Non-taxable organization that is required to use its assets and income to fulfill its purposes (no share capital).	
<b>Care &amp; Control</b>	Care and control of the assets would be in the hands of the board of directors. This option offers the most flexibility, as corporations can participate in a range of business arrangements.		Care and control of the assets would be in the hands of the Board of Directors. Societies have significantly less flexibility in business arrangements.	

<b>Liability</b>	A separate corporation will, in almost all cases, protect the municipal shareholder from lawsuits or other claims against the corporation.		An incorporated society will, in almost all cases, protect the shareholder from lawsuits or other claims against the corporation.
<b>Resources</b>	Municipal liaison	Externally hired resources	Externally hired resources; municipal liaison may be required

## AGENCY STRUCTURE OPTIONS ANALYSIS

Based on the above table, three primary framework options emerge; the creation of a new legal corporation, the creation of a new non-profit society, or partnering with an existing non-profit society. The following section outlines the three primary framework options and includes the proposed legal tool and governance model, a financial plan/business model, and preliminary operating budget considerations.

Based on the community need for housing, community organizations feedback, best practices, and work conducted to date, the recommended legal arrangement of the proposed SHO is to create a corporation, owned and given authority by the District, to support the creation and management of affordable housing in the District of Squamish.

## LEGAL FRAMEWORK OPTION 1: NEW LEGAL CORPORATION

### GOVERNANCE AND MANAGEMENT

The creation of a new legal Corporation is enabled under the Business Corporations Act, with the District as the Corporation’s sole shareholder. The new Corporation operates at arms-length from the District and is governed by a Board of Directors.

The governing Board of Directors may consist of members from:

- ❖ District of Squamish Council
- ❖ The private sector (may include representatives from the development community and / or external property manager)
- ❖ The not-for-profit and/or services sector
- ❖ The community-at-large

District Staff may be incorporated in an advisory capacity with the purpose of liaising between the District and the new Corporation.

### ORGANIZATIONAL STRUCTURE

With the creation of a new legal Corporation, an opportunity exists to continue to build on the synergies established between the four societies of the SIHSG while strengthening service and housing provision in the community. Cost efficiencies will likely be realized through the Corporation if it were to provide property management services for community housing societies’ existing properties. This includes streamlining staffing and other resources to maximize value and local expertise. Finally, through the Corporation, existing societies may be able to access additional financial contributions from the District and senior governments to support streamlined operations. There are five primary advantages of this governance approach, which include:

1. Flexibility – The new Corporation can enter into a wide range of partnerships and agreements and may be eligible for tax exempt status.

2. Coordination – The new Corporation would allow for effective coordination of programs and activities among the entities already engaged in affordable housing provision in the community.
3. Expertise – Working with partners will assist the District in leveraging specialized expertise contained within community and private organizations. This will allow internal expertise to be more effectively developed and retained.
4. Risk-Sharing – Providing housing solutions for Squamish will require considerable capital investment and risk. The new Corporation will enable the District to mitigate risks by collaborating on projects with external partners.
5. Arms-length Independence – The new Corporation will allow the District to remove political involvement from housing provision in day-to-day operations. A contractual agreement will ensure long-term strategic plans and objectives of the District are met.

Potential risks and challenges of this governance approach may include:

1. Control of Assets – If the District decides to transfer housing stock and land to the new Corporation, control of those assets is also transferred. This will require an appropriate ownership model and mandate for the new Corporation led by an effective set of District bylaws and policies.
2. Public Perception – The new Corporation may garner negative public perception, based on its ability to be involved in private agreements/partnerships and pay out share capital. This will require deliberate action in the initial creation of the corporation to mitigate brand misperception.

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## CORE BUSINESS AND ACTIVITIES

The new Corporation’s internal organizational structure could consist of two divisions; operations and asset management. The operations division fulfills the property management function and will require staffing with on-the-ground experience and knowledge around operations of housing units. Asset management aims to administer the Corporation’s vision by owning and managing District housing stock.

Alternatively, the new Corporation could contract an external property manager, eliminating the need for an internal operations division.

### **Operations Management**

As District-owned housing stock is built and becomes available for occupancy, the new Corporation will be responsible for the operational agreement covering the property and tenant management of units. Additionally, it may provide these services to other affordable housing providers in the District. Operational management services and agreements will be consistent with the PAH Policy / Bylaw.

### **External Property Management**

Alternatively, the property management function could be undertaken through outsourcing to an external third-party property manager. The property management function would be transferred to an external third party through a Request for Proposal (RFP) or Expression of Interest (EOI) call led by the new Corporation.

While this would eliminate the need for an internal operations division, the new Corporation would require resources to ensure that contract provisions are monitored and maintained for compliance; the costs associated with this effort would be determined during the contract negotiations of the third-party



manager. Careful oversight of any RFP or EOI would be required to ensure accountability is maintained and issues such as revenues and expenses are maintained in accordance with any project financial model.

Outsourcing operations management to an external property manager may incur additional advantages:

1. Cost Efficiencies – The District Housing Identification Program may enable the District to compare different options for the delivery of housing solutions and allow the District to partner with community and private organizations.

Potential risks and challenges may include:

1. Capacity leaving the community – By outsourcing property management, a reduction or limiting of capacity may occur in Squamish’s community housing sector.
2. Competition – By outsourcing property management through a public tendering process, there is a risk that the private sector may compete with the existing community housing sector for this function.
3. Control of Assets and Operations – In addition to transferring control of District assets, the transfer of the property management function to an external organization increases the risk of losing the established vision and mission of the District in providing appropriate housing solutions to the community, with potentially less accountability. This will require an effective RFP or RFI process guided by a knowledgeable selection committee to mitigate this risk.

### **District Housing Identification Program**

The new Corporation may also work with the District and community housing societies to identify land with development potential and housing stock within the District that may be leased at a nominal cost to a provider through an RFP or EOI call. New housing stock to come online in Squamish would be awarded through a similar public tender process. The Corporation or the District may administer this tendering of potential opportunities through the establishment of a selection committee.

### **Asset Management**

The new Corporation is responsible for acquiring, holding and maintaining District housing stock, both current and future, as permitted through the Community Charter (partnering agreement). This responsibility may include managing land, cash, or other forms of equity to support the vision of the Corporation. The new Corporation will also be responsible for servicing the debt of District transferred properties.

## **FINANCIAL PLAN**

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### **FUNDING STREAMS AND CAPITAL CONTRIBUTIONS**

\*These may change based on the core business and activities undertaken by the new Corporation.

### **District Operating Grant**

With the implementation of the CAH Policy, contributions to the Affordable Housing Reserve Fund will be supplemented as development occurs in the District. A portion of the reserve fund should be earmarked to subsidize the administrative operations of the new Corporation in the short term of approximately 3-5 years.

As the housing stock of the new Corporation increases, a rental surplus can grow and be used to subsidize the administrative cost of the Corporation in the longer term (5-10 years).

### **Partner Property Management Fees**

In the circumstance where the new Corporation assumes the property management function for partner community housing societies, property management fees would be collected, through an operating agreement, from the partner to subsidize the costs associated with performing this function.

### **Rent Revenue**

The rental rates of new Corporation-owned units will be considered “low-to-moderate”, or just below market rate. It is anticipated that these rent levels will generate sufficient rent revenue to service debt and support the property management costs associated with operating the new Corporation units.

In the case of core housing unit provision and property management, portable rent subsidies from senior government housing agencies and programs could be leveraged to enable these needs to be accommodated in PAH units operated by the new Corporation.

### **District Land and Housing Stock Transfers**

At the discretion of the District, the new Corporation could be gifted District owned land and housing stock. The new Corporation will hold, develop, and manage District transferred land to forward its vision, in accordance with the PAH Policy / Bylaw.

### **Tenant Management Fees**

A rental housing waitlist fee or registration fee is one possible solution to offset administration costs associated with operating the new Corporation. Fees for waitlist registration (charged to applicants) and waitlist participation (charged to housing providers) have been explored by other municipal housing authorities in the Province with success.

### **Capital Grants**

As capital grants become available from senior governments, the new Corporation will apply for and leverage potential grants to invest further into the creation and management of affordable housing in the District.

## **OPERATING BUDGET**

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### **ASSET MANAGEMENT**

The new Corporation may require a financial subsidy to support the asset management division during the one to three-year period during start up. This may come in the form of an annual District operating subsidy in the range of \$100,000, taken from the Affordable Housing Reserve Fund. Assuming the initial assets to be managed are under 400 units, the asset management function of the new Corporation is suggested to begin with two staff:

- ❖ A manager-position assumed to have an annual expenditure of approximately \$80,000
- ❖ A part-time assistant-position assumed to have an annual expenditure of approximately \$20,000

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## OPERATIONS MANAGEMENT

It is anticipated that operating surplus from rent revenue will cover the salary expenses for the property management function, with an understanding that economies of scale can be achieved when certain unit thresholds are met (i.e. the maximum number of units that one property manager can handle before needing a second property manager). Tenant management fees are an additional option that may also be used to cover the salary expenses of the operations management function. The operations and property management function of the new Corporation will require two additional staff for the first approximately 400 below market non-supportive units:

- ❖ A property manager assumed to have an annual expenditure of approximately \$65,000
- ❖ An accountant/finance manager assumed to have an annual expenditure of approximately \$55,000

Once the number of new Corporation managed units exceeds 400, an additional assistant property manager position may be required. This position is assumed to have an annual salary of \$55,000.

### **External Property Management/District Housing Identification Program**

The identification of land and housing stock within the District would likely be incorporated into one of the above staff's positions and it is expected that, even without the operations management function, staff time will be required to administer the outsourcing of this function.

## LEGAL FRAMEWORK OPTION 2: NEW NON-PROFIT SOCIETY

### GOVERNANCE AND MANAGEMENT

The creation of a new non-profit Society is enabled under the Societies Act. The new Society operates at arms-length from the District and is governed by a Board of Directors that may consist of member from:

- ❖ District of Squamish Council
- ❖ The private sector (may include representatives from the development community and / or external property manager)
- ❖ The not-for-profit and/or services sector (may include a representative of external property manager if from not-for-profit sector)
- ❖ The community-at-large

District Staff may be incorporated in an advisory capacity with the purpose of liaising between the District and the new Society.

### ORGANIZATIONAL STRUCTURE

With the creation of the new Society, like option 1, the District can capitalize on the synergies between the four societies of the SIHSG and benefit service and housing provision in the community. This includes streamlining staffing and other resources to maximize value and local expertise. The primary difference between the creation of a new Society and option 1 is the new Society may be less efficient in fulfilling the vision and strategic goals, as set out by the District. Societies have less flexibility in the business arrangements in which they can participate, directly and indirectly, through partnerships, joint ventures and subsidiaries.

There are four primary advantages of this governance approach, which include:

1. Coordination – The new Society would allow for effective coordination of programs and activities among the entities already engaged in affordable housing provision in the community.
2. Expertise – Working with partners will assist the District in leveraging specialized expertise contained within community and private organizations. This will allow internal expertise to be more effectively developed and retained.
3. Risk-Sharing – Providing housing solutions for Squamish will require considerable capital investment and risk. The new Society will enable the District to mitigate risks by collaborating on projects with external partners.
4. Arms-length Independence – The new Society will allow the District to remove political involvement from housing provision in day-to-day operations. A contractual agreement will ensure long-term strategic plans and objectives of the District are met.

Potential risks and challenges of this governance approach may include:

1. Limited Flexibility – The new Society would be limited in the types of business arrangements in which it can participate, directly or indirectly, through partnerships, joint ventures and subsidiaries.
2. Control of Assets – If the District decides to transfer housing stock and land to the new Society, control of those assets is also transferred. This will require an appropriate ownership model and mandate for the new Society led by an effective set of District bylaws and policies.

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## CORE BUSINESS AND ACTIVITIES

Like Option 1, the new Society may have an internal organizational structure consisting of one or two divisions, depending on whether the created Society chooses to fulfill the property management function internally or to outsource to an external property manager.

The asset management side would administer the Society’s vision by owning District housing stock.

## FINANCIAL PLAN

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### FUNDING STREAMS AND CAPITAL CONTRIBUTIONS

The funding and capital contributions available to the new Society would be strongly influenced by current and future political social programs from the provincial and federal levels of government. Additionally, core or operating funding from the District may be required for start-up and on-going costs.

### OPERATING BUDGET

The operating budget for both asset and operations management is assumed to be the same as under Option 1.

## LEGAL FRAMEWORK OPTION 3: EXISTING NON-PROFIT SOCIETY

### GOVERNANCE AND MANAGEMENT

Partnering with an existing non-profit Society is enabled through the Community Charter (partnering agreement). The existing Society is governed by a Board of Directors.

The governance and management of the partnership between the District and the existing Society will change depending on the agreement reached between the two parties. District Staff may be incorporated in an advisory capacity with the purpose of liaising between the District and the existing Society.

## ORGANIZATIONAL STRUCTURE

Under this option, an existing non-profit Society with established property management experience in the community would assume the property management function for the current and future District owned projects. This option may include an RFP or EOI call to determine a suitable organization to fulfill this function. Under this option, the core business and activities fall under the purview of the existing Society and would depend on the agreement reached between the District and the existing Society.

The primary advantages of this approach include:

1. Capacity building – This option will enable an existing Society to grow its capacity through the transfer of assets and/or property management responsibility (and revenue). The capacity building potential may be off-set by the lack of coordination in efforts potentially leading to less capacity building in the community overall.
2. Risk Mitigation – Providing housing solutions for Squamish will require considerable capital investment and risk. The existing Society will enable the District to completely mitigate risks by downloading responsibility to an external Society.
3. Political Independence – The existing Society will allow the District to remove political involvement from housing provision in day-to-day operations. A contractual agreement will ensure long-term strategic plans and objectives of the District are met.

Potential risks and challenges of this governance approach may include:

1. Limited Flexibility - The existing Society would be limited in the types of business arrangements in which it can participate, directly or indirectly, through partnerships, joint ventures and subsidiaries.
2. Transparency – Depending on the procurement methods for property management, an adequate procurement policy should be established to ensure transparency for the allocation of procurement related to District-owned resources.
3. Decision-making and Governance – While a partnering agreement would determine the operational terms and conditions of the property management function, additional action by the District may be required to solidify ongoing decision-making authority within that agreement.
4. Limited Coordination – Relying on an existing Society limits the potential for coordination between programs and activities among the entities already engaged in affordable housing provision in the community.
3. Limited Expertise – Through consultation with the community housing sector, it was determined that while there is a long history of housing support service provision in the community a much greater investment is required to adequately respond to the community's need for safe, adequate and affordable housing.

## FINANCIAL PLAN

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### FUNDING STREAMS AND CAPITAL CONTRIBUTIONS

The funding and capital contributions available to the existing Society are largely the same as Option 1 and 2, depending on the agreement between the District and the existing Society.

### OPERATING BUDGET

The operating budget for both asset and operations management is assumed to be the same as under Option 1 and 2, depending on the agreement between the District and the existing Society.



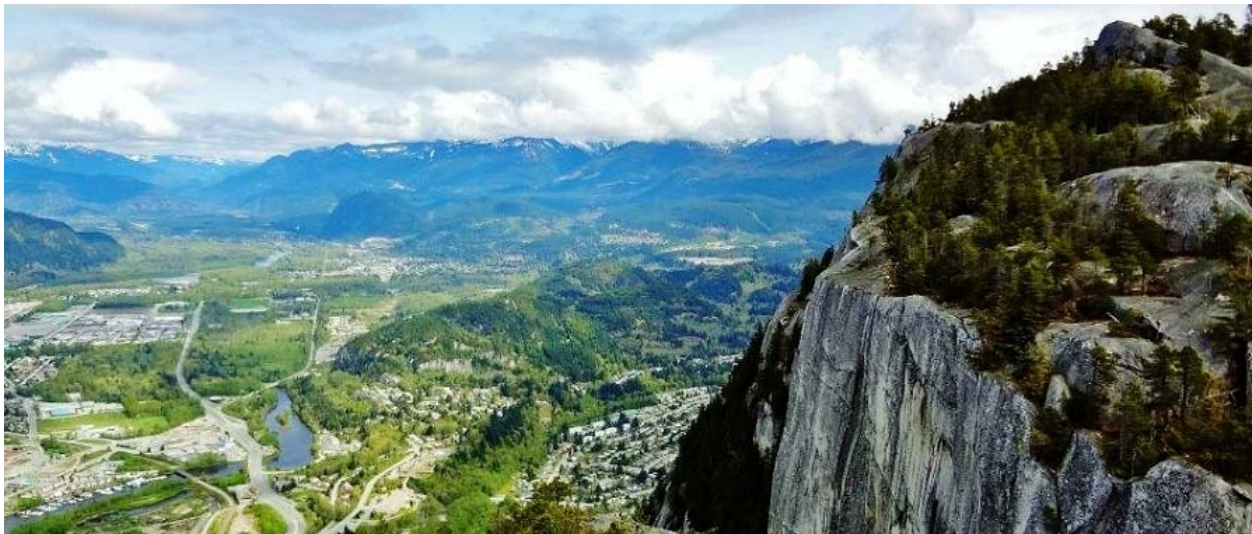
# CONCLUSION

The District of Squamish Affordable Housing Program Final Report identifies three key actions that are within the District's jurisdiction to implement and will allow for the Housing Program's successful implementation. These actions are:

- ❖ Create a **Comprehensive Affordable Housing Policy** that addresses how the District will encourage and facilitate the creation of affordable housing units.
- ❖ Create a **Perpetually Affordable Housing Policy / Bylaw** that addresses how District owned and built affordable housing units are occupied and managed to ensure perpetual affordability.
- ❖ Create a **Squamish Housing Organization** to provide housing solutions that support low-to-moderate income households within the District; the governance and operations of the SHO is to be determined based on further stakeholder, staff, and Council review.

For this program to be successful, the District of Squamish will need to continue to dedicate staff resources toward the implementation of the CAH Policy and PAH Policy / Bylaw in addition to creating a sustainable operating framework for the proposed SHO.

With the implementation of the Affordable Housing Program, the District of Squamish will continue to show leadership in supporting the creation and continuance of affordable housing in the community. This program is a framework to guide the District to future policy decisions that will help ensure a high quality of living for the entire community of Squamish.



Source : <https://www.slrld.bc.ca/about-us/slrld-member-municipalities/district-squamish>




# APPENDICES

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- A. Comprehensive Affordable Housing Draft Policy
- B. Perpetual Affordable Housing Draft Policy



	District of Squamish
	<b>Subject:</b> Comprehensive Affordable Housing Policy
	<b>Policy Number:</b> XX-XX

**1. Policy Statement:**

The District will establish and apply a clear and consistent policy that expresses its commitment to the creation of affordable housing in the District. The CAH policy will outline the District’s ongoing housing objectives, and incentivize the development of affordable housing in the District, to ensure the current and future community need for affordable housing is considered.

**2. Purpose:**

The CAH policy will encourage the development of affordable housing by providing a clear plan, financial subsidies, and a streamlined development process for the creation of these units. The CAH policy is intended to support the housing needs of low and moderate-income households in the District.

**GOALS OF THE DISTRICT OF SQUAMISH COMPREHENSIVE AFFORDABLE HOUSING POLICY:**

- 2.1. Maintain a long-term vision for affordable housing.
- 2.2. Reduce financial barriers for affordable housing.
- 2.3. Expand the availability of sites for affordable housing.
- 2.4. Generate additional capital for affordable housing.

**3. Definitions:**

- 3.1. “Affordable Housing” - housing that meets the needs of households in Squamish, with a goal that households spend no more than 30% of before-tax income on shelter.
- 3.2. “Amenity Contributions” – Contributions, secured through negotiations at rezoning, to various community improvements including, but limited to, affordable housing.

- 3.3. “Density” - the number of dwelling units on a parcel of land. Usually expressed as units per hectare or units per acre. Also, density relates to the total amount of floor space that is or can be developed on a parcel of land.
- 3.4. “Density Bonus” – A system of exchange between a local government and land developer whereby the developer can choose to either develop to the permitted base density with no additional contributions required or build additional bonus density or floor space in exchange for a contribution back to the local government.
- 3.5. “PAH Units” – or Perpetually Affordable Housing (PAH) units, are a range of housing types made available to eligible individuals at below market rental rates or prices and to be maintained as the occupants’ primary residence. Please see the Perpetually Affordable Housing Policy for specific policy statements.

#### 4. **Guiding Principles:**

##### **PROPOSED COMPREHENSIVE AFFORDABLE HOUSING POLICY:**

- 4.1. Provide a clear policy and vision for affordable housing.
- 4.2. Create affordable housing units in new developments through amenity contributions.
- 4.3. Amend the zoning bylaw to include a density bonus model that exchanges density for affordable housing provision.
- 4.4. When appropriate, relax parking requirements for affordable housing development applications.
- 4.5. Expedite applications for affordable housing development applications concurrently.
- 4.6. Waive municipal fees for affordable housing development applications.
- 4.7. Review the municipal tax regime as it relates to affordable housing.
- 4.8. Identify municipal and provincial lands for affordable housing.
- 4.9. Explore alternative funding methods for affordable housing.

#### 5. **Density Bonus Zoning:**

- 5.1. The District will develop density bonus zoning whereby construction of additional density will be offered to residential and mixed-use developments in exchange for affordable housing contributions, either built units or cash-in-lieu.

5.2. Cash-in-lieu contributions, secured through density bonus zoning, will be placed into the Affordable Housing Reserve Fund.

5.3. The District will allow affordable housing development applications to take advantage of the density bonus provision without paying for the additional density.

**6. Responsibility:**

The policy shall be administered by, and reviewed annually by, the Community Planning Department. Reviews of the Policy will be based on information gathered from the development and non-profit community, District Council and Staff.


**7. References:**

District of Squamish Affordable Housing Program Final Report Document.

**8. Distribution:**

- Municipal Council
- Department Heads
- Community Planning and Infrastructure
- Appropriate District Committees
- Squamish Affordable Housing Task Force



 <b>SQUAMISH</b> HARDWIRED <i>for</i> ADVENTURE	District of Squamish
	<b>Subject:</b> Perpetually Affordable Housing Policy / Bylaw
	<b>Policy Number:</b> XX-XX

**1. Policy Statement:**

The District of Squamish will establish and apply a clear and consistent policy that expresses its commitment to the perpetual continuance of affordable housing in the District. The Perpetually Affordable Housing (PAH) Policy / Bylaw will ensure affordable housing in the District is managed and preserved in perpetuity which meets the current and future affordable housing needs of the community.

**2. Purpose:**

The PAH Policy / Bylaw, and built PAH units, will introduce an additional housing option that is rental rate or price restricted to ensure affordability in perpetuity. PAH units are intended to meet the housing needs of low and moderate-income households. PAH is not supportive or subsidized housing.

**GOALS OF THE DISTRICT OF SQUAMISH PERPETUALLY AFFORDABLE HOUSING POLICY:**

- 2.1. Create a local definition for affordable housing.
- 2.2. Establish rental limits and thresholds for PAH units.
- 2.3. Define worker and income restricted occupant eligibility requirements for PAH units. Outline how a waitlist for PAH units will be managed.
- 2.4. Determine how PAH units will be managed.

### 3. Definitions:

- 3.1. “Affordable Housing” – housing that meets the needs of households in Squamish, with a goal that households spend no more than 30% of before-tax income on shelter.
- 3.2. “Affordable Housing Reserve Fund” – refers to the bylaw established by the District of Squamish that receives contributions to be used toward Affordable Housing initiatives. These contributions may be used to facilitate any aspect of constructing, producing, or delivering PAH units.
- 3.3. “Low and Moderate-Income Households” – Households whose income does not exceed the median income for families without children in B.C., as determined by BC Housing from time to time based on data provided by Statistics Canada.
- 3.4. “Operating Agreement” – A legal document containing the terms which govern both parties (the District and the Provider) in the operation of PAH units.
- 3.5. “Perpetually Affordable Housing (PAH)” – Is a range of housing types made available to eligible individuals at below market rental rates or prices and to be maintained as the occupants’ primary residence. PAH will be restricted to individuals who are qualified based on, but not limited to, employment, residency, and income. PAH is intended to meet the housing needs of low and moderate-income households in the community of Squamish.
- 3.6. “Primary Residence” – The residence that is the place the applicant will ordinarily and continually occupy as a residence on a full-time basis, as determined by the District or the Provider.
- 3.7. “Provider” – An organization authorized by the District, through an Operating Agreement, to operate PAH units.
- 3.8. “Qualified Applicant” – An individual who applies for PAH and meets PAH Eligibility Criteria based on, but not limited to, employment, residency, and income. Eligibility criteria will be reviewed on an annual basis.



4. **Guiding Principles:**

**PROPOSED PERPETUALLY AFFORDABLE HOUSING POLICY / BYLAW:**

- 4.1. PAH will be affordable for residents of the community of Squamish.
- 4.2. PAH will be housing with rental rate or price restrictions.
- 4.3. PAH will be restricted to qualified applicants.
- 4.4. PAH will maintain a consistent and centralized intake system for applicants.
- 4.5. The property management function of PAH units will be given to providers and governed by an Operating Agreement.

**PAH Income Limits and Rental Rates**

	<b>Studio</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4+ Bedroom</b>
<b>Size (sq. ft.)</b>	350-475	550-695	795-969	1,000-1,195	1,260-1,560
<b>Size (sq. m.)</b>	32.5-44.1	51.1-64.6	73.9-90.0	92.9-111.0	117.1-144.9
<b>Income Limits</b>	\$37,000	\$41,500	\$42,500	\$55,500	\$65,000
<b>Maximum Monthly Rent</b>	\$925	\$1,038	\$1,063	\$1,388	\$1,625

5. **PAH Eligibility Criteria**

- 5.1. PAH eligibility criteria will include requirements related to: employment and/or residency, and income. These requirements are included in Table 1 below.
- 5.2. The Provider will maintain a waitlist of approved applicant households if there are no PAH units available that meet the applicant household’s requirements.
- 5.3. Providers may establish additional eligibility criteria and administer an application process that do not supersede the policy statements contained in this policy / bylaw.

**PAH Eligibility Criteria**

<b>Employment/Residency Requirement</b>	Applicant must be: Employed/Self-employed working in Squamish OR A retiree or unable to work due to disability who worked in Squamish previously OR lived in Squamish for at least five years
<b>Income Requirement</b>	Applicant’s gross household income must not exceed (by unit type): Less than two (2) bedrooms: \$69,360 Two (2) or more bedrooms: \$99,910
<b>Asset Limitations</b>	An applicant may be restricted based on owning existing real estate assets in Squamish or elsewhere, or based on existing financial assets beyond an established threshold.

## **6. PAH Operating Agreement**

6.1. Providers will enter into an operating agreement with the District, which will govern the terms of operations and tenancy. Terms of the PAH operating agreement will be contained in a specific agreement created at the time the provider is selected. This agreement will contain terms and conditions of rent or resale including, but not limited to, lease terms, rents, fees, restrictions on buyers, and occupancy restrictions.

## **7. Responsibility:**

The policy / bylaw shall be administered by, and reviewed annually by, the Community Planning Department. Reviews of the Policy will be based on information gathered from the development and non-profit community, District Council and Staff.

## **8. References:**

District of Squamish Affordable Housing Program Final Report Document.