

**HOUSING IN GREATER VERNON:
ANALYSIS AND STRATEGIES
FOR AFFORDABILITY THROUGHOUT
THE HOUSING CONTINUUM**



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EXECUTIVE SUMMARY

Background

Affordable and attainable housing has become a critical area of concern for Greater Vernon as housing prices have outstripped wage increases dramatically over the past decade. It is understood by a number of different community sectors, that lack of affordable and attainable housing is not just a social problem but is an economic issue as well.

For many companies, the decision to set up, maintain or expand their business depends on the community's ability to offer safe and affordable housing. In order to attract and maintain skilled and unskilled workers, they need to know that these individuals and their families can find suitable accommodation.

Lack of supported housing for the harder-to-house also has both social and economic ramifications. It is considerably more expensive to government systems (such as hospital emergency rooms and local jails) to deal with a person on the street as opposed to providing housing¹. Access to safe and affordable housing also reduces health risks for residents and levels of crime within neighbourhoods².

As a result, there are a number of groups working in consultation with each other to address housing gaps across the continuum. There is no silver bullet to solve the housing crisis but thanks to a variety of stakeholders, there have been some successes over the past four years. Greater Vernon is seen as a leader on affordable housing within the region and the province. It is important not to lose momentum and continue to seek projects, programs and partnerships that further the housing goals of the community.

Goals of Report

The Social Planning Council of the North Okanagan (SPCNO) provides a coordinating role for community stakeholders to ensure that initiatives are strategic and coordinated. In order to further assist these groups and continue to build on the momentum, SPCNO focused on the following goals:

- Provide an overview of housing affordability in Greater Vernon.
- Make recommendations for stakeholders on addressing gaps within each section of the housing continuum.
- Research financial models for partnerships between non-profits, developers and different levels of government for attainable housing.

This report is meant to act as a review of what has been accomplished and provide a framework for where the community can focus next. The following recommendations are based on the strategic plans from various community committees as well as interviews with individual housing organizations. SPCNO will use the information gathered in this report to further assist community stakeholders in their efforts to address affordable and attainable housing issues in Greater Vernon.

¹ See Ministry of Health Report: Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, www.carmha.ca

² See Canadian Council on Social Development, Social Interventions and Housing, www.ccsd.ca

RECOMMENDATIONS

AFFORDABLE HOUSING	ATTAINABLE HOUSING
<p>NON-PROFIT AGENCIES (PARTNERS IN ACTION COMMITTEE)</p>	
<ul style="list-style-type: none"> ▪ Support community efforts for an increase of at least 5 youth shelter beds. ▪ Create an inventory of agencies with land assets. Support agencies to create business plans for the development of their properties. ▪ Identify land sites for the three concept papers developed for supported housing for women and youth. ▪ Identify other land sites, agencies and partnerships for supported housing projects. Ensure planning of future projects directly correlates with meeting the identified gaps/targets. ▪ Host an annual strategic planning session with non-profit agencies. Provide information on models for low cost/below market housing from other communities. ▪ Duplicate the Under One Roof housing model with at least 18 more units. ▪ Identify other land sites, agencies and partnerships for low cost/below market housing projects. Ensure planning of future projects directly correlates with meeting the identified gaps/targets. ▪ Engage City Council and key businesses in the planning process. ▪ Continue to promote and advertise government supported programs for rental assistance (eg: family subsidy, SAFER for seniors). ▪ Assist agencies that may be considering selling their assets to create partnerships that will keep these housing assets in the affordable housing stock and maintain the affordability of the units. 	<ul style="list-style-type: none"> ▪ Research the creation of a housing corporation to focus on mid-range income initiatives (The Vernon and District Community Land Trust Society may be interested in this concept). ▪ Provide educational workshops for the non-profit sector on planning and building attainable housing. ▪ Continue to explore different models to see if they can be adapted for Vernon. Host speakers to present to the community. ▪ Conduct a community meeting with all housing partners (developers, other housing groups, municipal planners) outlining potential initial projects for the mid-income range. ▪ The Vernon and District Community Land Trust Society should continue to meet with Hesperia to discuss a potential partnership for monitoring the attainable units.

<p>CITY OF VERNON (AFFORDABLE HOUSING COMMITTEE)</p>	<ul style="list-style-type: none"> • Pursue an MOU with BC Housing for the funding of three new supported housing projects. • Continue to provide land and/or building incentives to assist non-profit agencies in leveraging funding from senior levels of government for supported and low cost housing. • Review rooming board housing zoning and encourage more of these types of housing in appropriate neighbourhoods. • Develop/promote a housing trust fund. 	<ul style="list-style-type: none"> ▪ Host an annual housing forum for all housing partners (developers, other housing groups, government funders) outlining potential projects for the mid-income range. ▪ Research and assist with the development of a local down payment assistance program. ▪ Promote innovative projects that create suites of less than 300 square feet. ▪ Consider allowing flex suites in multi-family units where appropriate by re-zoning. ▪ Research demolition policies, manufactured mobile home policies, fees for destination resort development and variance permits for second kitchens.
<p>SENIOR LEVELS OF GOVERNMENT</p>	<ul style="list-style-type: none"> ▪ Provide more funding opportunities for building new units of affordable housing (in particular to address community gaps). ▪ Ensure that funding opportunities and guidelines are clear to all stakeholders. 	<ul style="list-style-type: none"> ▪ Continue to explore and provide innovative funding opportunities for attainable housing.
<p>DEVELOPERS</p>	<ul style="list-style-type: none"> ▪ Provide skills, expertise and (if possible) donations to non-profit housing groups. 	<ul style="list-style-type: none"> ▪ Provide feedback to the City of Vernon on policies and procedures that either encourage or discourage attainable housing projects. ▪ Co-sponsor and participate in an annual housing forum with the Affordable Housing Committee. ▪ Participate in a local down payment assistance program. ▪ Design and build lower cost units that meet the demographic need of the region. ▪ Research new innovations for affordable construction such as modular design and/or less expensive materials.
<p>FINANCIAL INSTITUTIONS</p>	<ul style="list-style-type: none"> ▪ Create similar programs to Vancity in the Lower Mainland for non-profit organizations. ▪ Offer special interest rates for non-profit housing groups. 	<ul style="list-style-type: none"> ▪ Create similar programs to Vancity in the Lower Mainland such as the Springboard Mortgage. ▪ Provide low rate construction financing to non-profit organizations developing attainable housing.

THE HOUSING CONTINUUM

AFFORDABLE HOUSING		ATTAINABLE HOUSING			
	EMERGENCY / TRANSITIONAL	SUPPORTED UNITS	LOW COST / BELOW MARKET UNITS	MARKET RENTALS (MODERATE)	MARKET OWNERSHIP (MODERATE)
INCOME RANGE	Little to no income	Below Low-income Cut Off	Below Low-income Cut Off	\$40,000 - \$80,000	\$40,000 - \$80,000
PROFILE EXAMPLE	Person living on the street with addiction/mental health issue or woman leaving abusive relationship	Senior in assisted living or person with mental health/addiction attending support programs	Entry level employee in service industry or parent on government assistance	Mid level employee in service industry or two income family	Young professionals and families
CHALLENGE	Person has no income and may not be connected with government assistance; most likely experiencing trauma or hardship	Most likely on income assistance or disability pension and in need of extra supports and services	Cannot afford market housing and challenged by higher rents to meet basic needs	Priced out of the real estate market	Moderate to high income earner without equity or down payment; cannot afford to purchase a home
SOCIAL / ECONOMIC IMPACT	People are vulnerable to health issues and criminal activity; this is a huge expense to the system for health and enforcement services	Without supported services, people become vulnerable to living on the streets; emergency housing is more expensive than supported housing	Many of our tourist/service industries rely on workers being able to live reasonably well on a lower wage	The local economy depends on the community's ability to attract and retain working families	Attracting young professionals and families is vital to economic growth and starting new businesses
CURRENT SITUATION	A number of shelters operate in the community; main gap is more beds for youth	Numerous gaps and wait lists for supported housing; seniors, women and youth in particular	Long wait list for BC Housing supported units; families the main focus	Majority of middle income earners in Greater Vernon are priced out of the real estate market	Young professionals and families find it challenging to get into the real estate market

HOUSING CONTINUUM GLOSSARY

There are numerous terms used for different segments of the housing continuum and they differ depending on the community or organizational body. For this report the terms are as follows:

Affordable Housing

This portion of the continuum is targeted for the harder to house, people receiving government assistance and/or people earning very low wages. Non-profit agencies and developers are unable to build and manage units without significant support from senior levels of government (in particular BC Housing). The first two sections of the continuum (emergency and supported housing), require ongoing funding for staff and programs. Although the third section (non market housing) does not require staff or programs, rental subsidies from the government and/or construction assistance is needed to maintain the affordability of the units.

Attainable Housing

The remainder of the housing continuum focuses on individuals and families who have been priced out of the market or are struggling with higher rents. For this segment of the population, the cost of housing in the local market is the major challenge. Support and/or grants from one or all levels of government are generally required initially for capital costs to create and maintain affordability. Once the units are built, there is no need for ongoing government subsidies. Depending on the project, non-market housing may fall into this section.

Low-income Cut Off

Many housing non-profit societies target people and families who are under the low-income cut off (defined by Statistics Canada).

Low-income measures, before tax for 2007

	Number of children					
	0	1	2	3	4	5
1 adult	18,178	25,449	30,903	36,356	41,809	47,263
2 adults	25,449	30,903	36,456	41,809	47,263	52,716

www.statcan.gc.ca/pub/75f0002m/2009002/tbl/tbl-5-eng.htm

BC Housing has a similar standard used by the majority of affordable housing property managers.

Region	Bachelor	1 bedroom	2 bedroom	3 bedroom
Kelowna	\$22,000	\$25,500	\$33,000	\$36,000
Kamloops	\$20,500	\$23,500	\$29,000	\$33,500
Vernon	\$18,500	\$22,500	\$28,000	\$32,000

Core Needs Income Threshold for Major Centres in British Columbia
(Excerpt from the 2006 Core Needs Income Threshold)

OVERVIEW OF HOUSING STRATEGIES

In 2006, Vernon City Council and the wider community identified the need to adequately address the issues of homelessness and affordable housing. The social and economic impact on the community as a whole was too great to be ignored. Previous to 2006, local non-profit agencies had attempted to meet the growing demand on their services but recognized that they were fighting a very difficult battle.

A collaborative approach was developed to ensure that gaps along the complete housing spectrum were addressed. The Partners in Action Committee³ created and pursued a Homelessness Strategy and the City of Vernon's Affordable Housing Committee⁴ developed and implemented an Attainable Housing Strategy. The two groups work in conjunction to increase the number of non-market "affordable" housing units for vulnerable populations (the Partner's mandate) and market "attainable" housing for low to moderate income earners (the City Committee's mandate).

HOMELESSNESS STRATEGY FOR THE NORTH OKANAGAN

Since the Homelessness Strategy was adopted by the Partners in Action Committee in March of 2007, the majority of the recommendations have been implemented. In particular, the opening of the Gateway Shelter and the provincial government's commitment to funding a variety of outreach workers has dramatically increased the non-profit sector's capacity to assist the homeless. The last and most crucial focus of the strategy is to secure permanent supported housing for this vulnerable population. Without this next step, it is virtually impossible to break the cycle of homelessness.

ATTAINABLE HOUSING STRATEGY

This strategy was unanimously supported by Vernon City Council in January of 2008. The majority of the strategy focuses on policy changes that encourage the development of multi-family housing. The committee also researches and promotes innovative strategies and practices that increase density and lower costs. The document does recognize that while the City cannot build and manage supported housing, there are ways that the city can assist the non-profit sector in their specific housing goals. In particular, the municipality can negotiate partnerships with senior levels of government that ensure this community receives funding opportunities for affordable housing.

SUCCESSFUL COLLABORATIVE APPROACH

Both committees continue to work together to ensure all the housing gaps in the community are addressed. As a result of this approach, Okanagan Homes Magazine recently identified the City of Vernon as having addressed the issue of affordable housing "the best" in the Okanagan.

³ The Partners in Action Committee is a community based committee working on social issues including homelessness and affordable housing. For more information, see www.socialplanning.ca/partners.

⁴ The City of Vernon's Affordable Housing Committee's mandate includes making recommendations on municipal policy that encourages the construction of both affordable and attainable housing. For more information, see www.vernon.ca.

RESULTS OF HOUSING STRATEGIES

Community Based PARTNERS IN ACTION		City of Vernon's AFFORDABLE HOUSING COMMITTEE	
Homelessness Strategy - March 2007		Attainable Housing Strategy - January 2008	
RECOMMENDATIONS	PROGRESS	RECOMMENDATIONS	PROGRESS
Permanent Shelter	✓	Lower The Development Cost Charges (DCC's) And Other Permit Fees, On Secondary Suites	✓
Drop In Program	✓	Strengthen the Strata Conversion Policy to Protect Existing Rental Housing	✓
Downtown Health Centre	✓	Restructure DCC's	✓
Housing Outreach Worker	✓	Waive DCC's for Non-profits	✓
Income Assistance Outreach Worker	✓	Assist Land Trust to Acquire Land	✓
Childcare Program for Parents at Risk	✓	Support Other Non-profits To Develop Non Market Units	✓
Employment Services	✓	Appoint Committee to Monitor Progress	✓
Creation of Land Trust Society	✓	Review Parking Requirements	In Progress
Increased Community Awareness	Ongoing	Increase/Expand Permitted Types of Housing	In Progress
More Supported Housing For People with Addictions/Mental Health	In Progress	Examine Mixed Use Developments and Revitalization Tax	Longer Term
More Affordable Housing for Individuals and Families	In Progress	Consider Inclusionary Zoning	Longer Term

**DEVELOPING AFFORDABLE HOUSING:
PARTNERSHIPS BETWEEN NON-PROFITS AND GOVERNMENT**

Emergency/Transitional Housing

Definition:

Temporary beds (usually up to one month) for people with little or no income and multiple barriers.

Current Inventory:

The main shelters in Vernon are: the Gateway Shelter (for men and women living on the street); the Vernon Transition House (for women and children leaving abusive relationships); and the Vernon Safe House (for youth at risk).

In addition, the John Howard Society has 16 dormitory shelter beds for men at their south Vernon location.

Target Population	Number of Units	Program Providers
Men and Women (majority with mental health/addictions)	25 low barrier beds at Gateway Shelter (13 for men, 12 for women) 16 dormitory beds at John Howard Society	John Howard Society
Youth at risk	5 beds	First Nations Friendship Centre
Women leaving violent relationships	25 beds	Vernon Women’s Transition House

Gaps/Targets:

The opening of the Gateway Shelter in September 2009 was a huge step forward for Vernon. This facility is a starting point for many people with addictions and mental health issues to become connected to programs and housing.

Service providers have identified a need for more youth beds as the next priority in emergency housing. At least 5 additional beds are needed to meet the demand.

Funding:

Emergency housing cannot be built or maintained without government support. BC Housing and the Province of BC are the main funders for emergency housing and related programs. Senior levels of government look for community partnerships when considering funding programs. Vernon's success depends upon the non-profit sector working together on projects, building partnerships and sharing resources. The municipality can assist as well by offering land and/or building incentives (e.g. waiving development cost charges). This is the best way to secure government funding for the community.

The True Cost of Homelessness:

The cost of homelessness on government systems has been studied across Canada and the United States and the research results are consistent. Although the cost of shelters and supported housing is high due to the need for 24 hour staffing and/or additional programs, it is actually more costly to the taxpayer to have a person living on the street.

In April 2006, the Ministry of Health commissioned a report, entitled Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia⁵, to determine numbers and associated costs of homelessness.

According to the report (written by five academics at Simon Fraser University, the University of B.C. and the University of Calgary) a total of \$55,000 per person, or an annual total of \$644.3 million in health, corrections and social services is spent on the homeless in B.C. If housing and support were provided, it would cost the system \$37,000 a year per person. With an estimated 11,700 homeless people in BC, the cost savings to the taxpayer is significant.

⁵ To see the complete study go to: www.carmha.ca.

Supported Housing

Definition:

Housing plus programs for people under the low-income cut-off who have barriers to living independently. In some cases the support may be temporary, for example, a recovery program for people with addictions. In other cases, the support is permanent, such as a senior with health issues or a person with a severe developmental disability.

Current Inventory:

Target Population	Number of Units	Program Providers
People with mental health/addictions	174 units	Interior Health Canadian Mental Health Association
Men at risk	31 units	John Howard Society
Youth at risk	20 units	First Nations Friendship Centre Vernon Transition House
Seniors needing assistance	*755	Interior Health and a variety of non-profit agencies and private companies
People with developmental disabilities	37 units	Kindale Developmental Association North Okanagan Community Life Society
People with a physical disability needing assistance	Generally included in other target groups.	

* some of these units are rented/owned at market value depending on the senior's ability to pay

Gaps/Targets:

People with Mental Health/Addictions:

Amongst the agencies that are providing services to people who are homeless, it is agreed that there are huge gaps in this area. If the cycle of homelessness is to be broken, more supported housing is urgently required. In particular is a need for supported recovery programs for people with addictions and short and long term supported housing for people with addictions/mental health issues. Although additional units are needed for men, it is women and youth who are the two most underserved populations. Concept papers have been developed for the creation of 10-12 beds of shorter term supported housing for women with addictions and a further 35 units of permanent housing for women and children.

Youth at Risk:

For a variety of reasons, foster care may not be the best option for some youth aged 16 to 19. There are a very limited number of youth beds in the community and more are needed. A concept paper has been developed for a 35-40 unit apartment building for youth and young families.

Seniors Needing Assistance:

It is estimated that six percent of seniors will need some type of supported housing as they age. Given that Vernon has a higher than average seniors population (26% according to the last census), seniors' assisted living is a priority. The Social Planning Council for the North Okanagan released a report in November 2006 where it was estimated that approximately 1600 new units would be required by 2017 to keep up with the demand for units.

People with Developmental Disabilities:

There is a shift in the housing model for people with disabilities. Rather than building large institutions or segregated group homes, non-profit agencies are developing a community model for housing. This model includes supported units in larger housing developments for other populations and/or the general community. As with the rest of the community, this population is aging and many will need greater supports as they age. This is a recognized issue/gap within this population. Kindale Developmental Association reports their current waiting list for housing units at 25. The North Okanagan Community Life Society has set a target for 15 additional units in their agency's strategic plan.

People with a Physical Disability Needing Assistance:

The North Okanagan Handicapped Association (NOHA) recently closed its group homes creating a gap in housing for people with physical disabilities. Although many people with a physical handicap are capable of living independently if modifications are made to their home, there are some people who require additional supports. The closing of NOHA means that younger people with physical disabilities are being placed in group homes for seniors. Many of these individuals feel isolated and out of place within a senior's environment. At minimum, the community needs to replace the 20 beds that were lost when NOHA disbanded.

Funding:

Supported housing cannot be built or maintained without government support. BC Housing and the Province of BC are the main funders for supported housing and related programs.

Similar to emergency housing, senior levels of government look for community partnerships when considering funding programs. Vernon's success depends upon the non-profit sector working together on projects, building partnerships and sharing resources. The municipality can assist as well by offering land and/or building incentives (e.g. reduced parking requirements, density bonuses etc.). This is the best way to secure government funding for the community.

The Partners in Action Committee will continue to coordinate the creation of partnerships and development of business plans. So far, concept papers have been developed for women's supported recovery housing program and a mixed housing development for youth and young families.

In 2009, the City of Vernon drafted a Memo of Understanding (MOU) with BC Housing for three supported housing projects. BC Housing was unable to sign the MOU due to budget restraints. The City of Vernon will continue to work with BC Housing to ensure that the MOU is signed once funding becomes available.

Low Cost/Below Market Housing

Definition:

Housing for people under the low-income cut off who are unable to afford market rents and/or ownership. This includes people on government assistance who do not require additional programs or support and/or people earning low wages.

Current Inventory:

Target Population	Number of Units	Program Providers
Individuals and Families	176 units	BC Housing Native Housing Society Under One Roof Partners
Seniors	*1600	Various non-profit agencies and private businesses.

*some of these units are rented/owned at market value depending on the senior’s ability to pay

For very low-income households, rent is generally set so that no more than 30% of household income goes towards housing costs. Rents will vary depending on household income, rather than being set at a given rate per unit. An example of this is the Native Housing Society’s units at Kikannee Estates. These types of housing developments usually require ongoing subsidies to the agencies for the maintenance and administration costs for the building.

Individuals or families who are employed (but still fall under the low-income cut off) are eligible for below market housing. Usually, these buildings have a set rate and rents do not vary from one comparable unit to the next. An example of this is Under One Roof where each family unit is rented for \$725 per month plus utilities. In below market housing developments, capital funding is required for the building of the units but the rents generally provide enough income for building maintenance and administration.

Gaps/Targets:

According to Statistics Canada, Vernon has a higher than average one to two person household, in part due to our larger senior’s population. This creates a huge demand for bachelor and one bedroom units. In addition, Vernon has more lone parent families than the provincial average, earning less in wages than other single parents in BC. This creates a demand for family units as well. The growing senior’s population also creates more pressure on the need for non-market housing. According to the Native Housing Society, their waiting list is approximately 300 households. The Vernon and District Community Land Trust Society is currently working on a plan to duplicate the Under One Roof model with at least 18 units of below market housing.

Funding:

One of the goals of this report was to explore whether non-profit agencies could develop affordable rentals/ownership without major government

grants/subsidies. During the research, it was established that developing non market housing without government support would require extensive fundraising by the non-profit agency. Given the numerous worthy projects and charities in the community, it is expected that housing non-profits would experience donor fatigue if too many projects were targeted. See Appendix A for the financial breakdown on challenges to non-profits to developing affordable rentals.

One exception to this rule was the renovation of rooming board houses from pre-existing buildings. Although rooming board operators report that they no longer rely on the "harder to house" to fill their units due to the scarcity of rental options, they still provide a relatively affordable option for renters. Recently, a local developer renovated an existing building into six self contained units each no larger than 300 square feet. By remaining below this square footage, the developer avoided paying development cost charges on these units. The building code allows for these units and does not consider them secondary suites. This model offered even more privacy than a rooming board house by providing kitchen facilities within the unit.

Similar to supported housing, senior levels of government look for community partnerships when considering funding programs. Vernon's success depends upon the non-profit sector working together on projects, building partnerships and sharing resources. The municipality can assist as well by offering land and/or building incentives (e.g. reduced parking requirements, density bonuses).

Recommendations

Partners in Action

- Support community efforts for an increase of at least 5 youth shelter beds.
- Create an inventory of agencies with land assets. Support agencies to create business plans for the development of their properties.
- Identify land sites for the three concept papers developed for supported housing for women and youth.
- Identify other land sites, agencies and partnerships for supported housing projects. Ensure planning of future projects directly correlates with meeting the identified gaps/targets.
- Host an annual strategic planning session with non-profit agencies. Provide information on models for low cost/below market housing from other communities.
- Duplicate the Under One Roof housing model with at least 18 more units.
- Identify other land sites, agencies and partnerships for low cost/below market housing projects. Ensure planning of future projects directly correlates with meeting the identified gaps/targets.
- Engage City Council and key businesses persons in the planning process.

- Continue to promote and advertise government supported programs for rental assistance (eg: family subsidy, SAFER for seniors).
- Assist agencies that may be considering selling their assets to create partnerships that will keep these housing assets in the affordable housing stock and maintain the affordability of the units.

City of Vernon

- Pursue an MOU with BC Housing for the funding of three new supported housing projects.
- Provide land and/or building incentives to assist non-profit agencies in leveraging funding from senior levels of government.
- Review rooming board housing zoning and encourage more of these types of housing in appropriate neighbourhoods.
- Develop/promote a housing trust fund.

Senior Levels of Government

- Provide more funding opportunities for building new units of affordable housing (in particular to address community gaps).
- Ensure that funding opportunities and guidelines are clear to all stakeholders.

Developers

- Provide skills, expertise and (if possible) donations to non-profit housing groups.

Financial Institutions

- Offer special interest rates for non-profit housing groups.

**DEVELOPING ATTAINABLE HOUSING:
PARTNERSHIPS BETWEEN NON-PROFITS, DEVELOPERS AND
GOVERNMENT**

ATTAINABLE HOUSING

Definition:

In a healthy housing continuum, the average market rents/mortgages should be close to 30% of the average household incomes. This means that individuals and families can afford to rent or own a safe and accessible home and still have money left over for food, recreation and other living costs. Housing is considered attainable if there are opportunities for the majority of residents in a community for safe and affordable housing.

Target for Attainability:

Currently, the average family income in Greater Vernon is approximately \$55,000. The target price for attainability to purchase a home at this income level is around \$224,000 (see table in Appendix C). In order to meet the attainable needs of the community, the average house price ideally needs to be close to this amount.

Attainability Chart for Family Households⁶							
Family Income Level	40,000	45,000	50,000	55,000	60,000	65,000	70,000
Attainable Target for Housing Costs Per Month⁷	1000	1125	1250	1375	1500	1625	1750
Attainable Purchase Price	142,511	173,049	203,587	223,945	254,484	285,022	310,470

Current Scenario:

In 2003, housing prices increased dramatically due to a number of factors including rising costs of construction, increased demand from outside markets (e.g. Alberta and the US), and low interest rates. As of February 2010, the median house price in Greater Vernon is \$322,500. This is well above the attainable target of \$224,000. During the same time period, the rental vacancy rate dropped to less than 1% resulting in a huge jump in rental market prices. Although the rental vacancy rate has recently increased to closer to 3%, CMHC reports that rents have not gone down in price and affordability still remains an issue.

⁶ See Appendix A for calculation of these targets

⁷ Based on CMHC's definition of housing affordability: 30% of household income

The *Demographia International Housing Affordability Survey* employs the “Median Multiple” (median house price divided by gross annual median household income) to rate housing affordability. Using this formula, Vernon’s rating comes out as “severely unaffordable”⁸.

There is recognition that moderate income workers and their families are the forgotten population on the housing continuum. Most of these individuals are employed but their wages have not kept pace with the increase in housing costs in the Vernon area. Higher rents and real estate prices are making it difficult for these households to maintain a comfortable standard of living. Young professionals and working families are finding it difficult to buy their first home which tends to be a consideration when choosing a location to live and work. This becomes a huge economic issue, as businesses rely on adequate attainable housing to attract and retain workers in the area.

Municipal Response:

Policies:

The City of Vernon understands that housing attainability is key to maintaining a healthy economy and has introduced policies and initiatives to help address the problem. The Attainable Housing Strategy was designed to provide incentives to encourage the development of smaller, multi-family units in neighbourhoods close to the downtown core. Because multi-family units are less expensive than single detached homes, increasing this type of construction means more attainable units. As already outlined in this report, some of the policy tools include density bonusing, reduced parking and reduced development cost charges for these types of units.

Secondary Suites Within Attainable Units:

Traditionally, municipalities have only allowed secondary suites in single family dwellings. Recently, however, some municipalities have been exploring permitting secondary suites in multi-family units (e.g. Vancouver and Richmond). The rental of legal suites or flex units would provide additional income for the purchasers of the townhouse thus enabling them to acquire the appropriate mortgage financing (see appendix D). Secondary suits are an easy way to provide additional attainable rental units and add more density to a project. A key issue in this arrangement is the number of parking stalls required depending on how closely the project is located to the downtown core and/or public transit. The City of Vernon may want to review this option within its Attainable Housing Strategy.

⁸ The *6th Annual Demographia International Housing Affordability Survey* covers 272 markets in Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States.

Table ES-1 Demographia Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 or Less

Covenants on Housing:

Covenants on housing units are often used by municipalities and BC Housing to keep the units in the affordable/attainable housing stock of the community. For example, the Under One Roof partners had to create a covenant that specifies that the groups will only rent units to people under the low-income cutoff. Housing covenants can also be used for attainable units to ensure that they are not “flipped” into the open market once purchased. These covenants are attached to the land title and contain conditions of sale that include restrictions on the re-sale of the property. For example, many attainable units can only be sold for original price plus cost of living increase.

Hesperia:

The City of Vernon purchased a 69 acre parcel of land in the early 1980s in the Okanagan Landing area. In 2005, the lands were taken out of the ALR and approved for development of attainable housing. The Hesperia Development Corporation (HDC) was created by the City and charged with planning and developing the property for the benefit of the City of Vernon.

The plan is to create 1000 units of multi-family housing over a 20 year time span beginning in 2011. At least 50% of the units will be attainable and carry housing covenants to ensure that they remain this way. It will be up to the developers who respond to the request for proposals to create models that will incorporate both market and attainable units together in the development plan. To be considered attainable for income earners between \$55,000 and \$80,000, developers will have to be able to construct and sell their attainable units from \$224,000 to \$366,000 (see table in Appendix C).

Challenges to Meeting the Target:

Challenges for Developers Building Attainable Housing:

Return on Investment (ROI):

Most developers require a 20% ROI in order to make a project viable. Given the cost of construction and the risk involved in developing a project, meeting the price point for attainable units and still receiving a reasonable return is challenging. For most projects, there will need to be a mix of market and attainable units to create a viable business plan. Some developers are exploring other ways to reduce construction costs, including modular design and/or sourcing more inexpensive materials. One entrepreneur on Vancouver Island is developing a micro-house which measures 144 square feet and uses 12 volts of power.⁹

Housing Covenants:

Developing housing units with housing agreement/covenants on title and then selling them in the open market produces a number of issues:

- The housing units would have to be discounted from market prices as the resale values would be a set percentage. Establishing the initial discounted price could be complex.
- Maintenance of the homes may be an issue if the owners cannot gain equity above an inflationary factor in that people may not invest in required maintenance without an equity guarantee.

⁹ Globe and Mail, Friday, February 5, 2010, page S4

- Turnover of the homes may be a factor as individuals use the housing to get a foothold but leave as soon as they can get into market housing - turnover creates wear and tear on the housing.
- Who would manage the covenants and at what cost?

One possibility is that a strata council can assume some of these responsibilities and deal with the issue of maintenance and turnover if the initial housing agreement clearly spelled out the terms and conditions of the resale of the units. In other models, a non-profit agency becomes the vehicle for monitoring the covenants. The strata council would also address maintenance of the outside of the unit while competition in the marketplace could be the motivating factor for maintaining the inside of the unit.

Marketing:

Although there is a demand for the target prices of attainable units, housing covenants are a relatively new concept. Developers will need to educate potential buyers and the wider community as to how this model works. If there is a mix of market housing and attainable housing, there could be a perception that the market units are subsidizing the attainable units. One way to address this is to ensure that the attainable units are smaller, more modest or in less desirable locations within the complex.

Challenges for Non-Profits Building Attainable Housing:

Cost of Construction:

Although non-profits don't require a 20% ROI, there are still considerable challenges to building attainable housing, in particular for rental purposes. Even though a construction manager's costs are considerably lower than a private developer's expected ROI, a non-profit developer would still need to fundraise anywhere from half to one-third of the cost of construction in order to rent units at an attainable price (see Appendix B).

Mandate:

Non-profit organizations involved in housing are often established as charities in order to receive donations and give charitable receipts. The charity status may prevent the non-profit from becoming involved in housing projects aimed at attainable housing as opposed to supported housing or the "hard to house". A possible solution to this problem is to create non-profit corporations without charitable status. This organizational structure may be better suited to building attainable housing as the mandate can include attainable units. A non-profit corporation could still access municipal and government support but would not be able to solicit donations from certain foundations or individuals/businesses that require a charitable tax receipt.

Expertise:

There are many local non-profits with experience in building and managing affordable housing in conjunction with senior levels of government. At this point, however, there is a lack of capacity within the non-profit sector to build attainable housing. Some of these agencies are interested in the concept but require more research, knowledge and skills development before embarking on an attainable project.

Financing:

For a non-profit developer, a major issue is access to financing. A major barrier for a non-profit organization is a lack of development experience and the "deep pockets" required for housing developments unless there is a considerable level of senior government contribution. If the non-profit does not have construction development experience, it may be difficult for the organization to access financing and therefore a partnership with a private firm

would be required. With the right business plan and proof of presales or rentals, certain financial institutions may consider reductions in financing costs for a non-profit organization.

Potential Solutions:

Partnerships Between Non-Profit, Developer and Government

A number of models from other communities were researched to see if there were projects that could be adapted for Vernon and area (see Models from Other Communities pg 23). Many of the researched models were aimed at established households with an income range of \$44,000 - \$80,000.

The majority of successful models for attainable housing include a partnership between a non-profit agency and a developer. In order for the partnership to be successful, at least one level of government (or a major private donor) needs to be involved. The researched projects have different aspects that allow for affordability including:

1. **developer (private)** support in terms of reduced pricing, down payment assistance, mortgage payment assistance, equity loans, interest free loans;
2. **direct government** subsidy either for building costs, equity loans and/or forgivable loans to the purchasers
3. **municipal support** in terms of OCP policies (inclusionary zoning and permitted uses), density bonusing, waived DCCs and permit fees, expanded permitted uses, down payment assistance, cash toward building costs, land, etc.

In all cases, a minimum of two of the three partners came together to make the project attainable (i.e. the municipality and developer, senior government and municipality, or senior government and developer). The most effective models appear to combine efforts from developers, senior governments and municipalities. Most of the models require the participation of a non-profit organization.

Sample Joint Venture Between Developer and Non-Profit:

Working with a local developer, some financial modelling was conducted to try and determine the actual cost of developing attainable housing in partnership. This model was based on an existing piece of property that the developer currently owned and thus is not representative of a generic model.

Three Storey Townhouse – 16 units - 3 bedroom Units of 1200 Square Feet		
Costs per square foot	Private	Private + Non-profit
Soft costs including Land	65.00	47.00
Hard Costs (Construction)	130.00	128.85
Management/ROI at 15%	29.00	26.38
Selling Price	\$268,800	\$242,673

There is approximately a 10% reduction in costs if a Return on Investment of 15% is used by the non-profit/private sector partnership. In this example it is assumed that the private sector would provide the financing and the unit would be kept affordable via a housing covenant.

Reduction in costs when a non-profit is involved includes:

- Reduction in marketing costs due to non-profit connection to individuals wanting housing
- Waiving of municipal development cost charges
- 1% reduction in financing costs due to non-profit accessing financing
- Reduction of 25% in construction management costs as some of the administration would be done by the non-profit
- No sales commissions as a realtor would not be required if non-profit has a wait list of buyers

If a non-profit agency is able to secure financing and takes on the role of developer, there are further savings. The non-profit can then hire a construction manager (which typically costs 4-6%) and defer the developer's fee (approximately 20%). Calculate in the DCC relief, lower cost of land, and reduction in marketing costs, as noted in the above example, and there may be an opportunity to reduce the cost per square foot by 10-15% thus making the units more affordable.

Presales

In all housing developments, non-profit or private sector, presales is a prerequisite for construction financing. Presales become much easier when two conditions are evident:

- A non-profit organization is involved and actively seeks and finds appropriate buyers (i.e. may have wait list for the program/projects)
- The selling price is reduced below market by contributions from developers and all levels of government

Financial institutions emphasize that the business plan behind the development is key to the ability to access financing regardless of the private/non-profit structure.

Models from Other Communities:

A review of different housing initiatives identified by CMHC provided models/structures that may be of interest to Greater Vernon:

Classic Construction

- Affordable home ownership model
- Builds housing for sale at below market prices
- \$5000 down payment subsidy provided by the developer
- \$18,000 mortgage subsidy provided by the developer
- Non-profit administrator of the funds
- CMHC provides flexible loan mortgage insurance that allows the developer's down payment assistance to be considered part of the down payment and the monthly mortgage subsidy to be considered income
- Municipality provided density bonusing

Trico Homes

- Provides 5% down payment donation to a non-profit
- Provides mortgage subsidy of \$200/month for five years
- Uses a non-profit to manage the donations and program
- Non-profit lends the 5% to the purchaser interest free for five years and then has a fixed interest rate of 5% per year
- Repayment does not have to be made until the house is sold
- Once the repayment is made to the non-profit, the funds are used to improve the affordability of other new units in other developments
- CMHC recognized the assistance from Trico and the non-profit as an eligible source of down payment
- CMHC also recognized the monthly mortgage subsidy as income in calculating monthly payments and mortgage amount
- The combined mortgage subsidy and interest free loan brings the qualifying income for a mortgage down by \$15,000

Somerset Gardens

- Partners - Teron International, City of Ottawa, and St. John Church
- Affordable home ownership model
- Home prices are reduced by \$11,000 per unit to those who meet City's affordability criteria
- Households must have an income of less than \$57,800 (2007)
- City defers DCC, permit fees, and park levies
- Teron matches municipal deferrals
- Units can be purchased with 1% down payment and can amortize up to 40 years
- \$11,000 does not require repayment while the family is living in the unit or if it is resold to another qualifying household
- Price range from \$147,000-\$207,850 (2006)
- St.John's purchased 10 units from Teron - six to be rented to those on social housing wait list and four to be rented at market rent
- City contributed \$300,000 toward purchase, CMHC provided \$600,000 towards purchase, and St.John's raised \$40,000
- St. John's manages the rentals

WAVE Lakeshore West

- Daniels Corporation
- "FirstHome" Program
- Provides condo units at below market prices, reduced the down payment for qualified buyers, and offered a loan program.
- Qualifying income of less than \$59,000, must be a renter, and use the condo as primary residence
- Prices ranged from \$119,900 - \$216,400
- Triple 5 down payment program
- Purchasers pay 5% down payment- Developer matches with a 5% loan which is payment free for 5 years - CMHC provides another 5% loan that is payment free for 20 years
- Amortization period is 35 years

Options for Homes

- Non-profit housing developer
- Keeps prices 15% below market by not taking profit but rather takes a developer fee
- Sells the homes at market price (~15% over cost)
- Buyer not required to pay full value at once
- Buyer's down payment and mortgage need only cover cost price

- Difference between cost and market price is booked as a second mortgage which the owner must pay off at re-sale (or can pay at anytime prior if they wish)
- No monthly principal or interest payments on second mortgage are required
- Second mortgage is held by another non-profit corporation
- Second mortgage has two functions: deters someone from buying at the affordable rate and then turning around and flipping the home at market rate; when second mortgage is repaid (plus its appreciated value of the unit), the proceeds from the discharge of the mortgage are used for another affordable housing project
- First units were done with no government assistance
- Then provincial government assistance provided additional reduction in price of between 20,000-50,000 per unit
- Municipalities involved provided waived DDC on the units
- Lowest income for households involved was \$32,000 but generally higher

Albion Sun Vista

- Manufactured home initiative
- Manufactured homes on leased land
- Land is held by a non-profit who uses the lease revenue to care take the property
- Cost of manufactured homes is lower than traditional homes

Golden Age Estates Ltd.

- Seniors Project - development of 10 "cottages"
- Rents geared to average market rents for the area – currently \$419
- Incomes can not exceed \$25,000
- \$350,000 from CMHC to build
- Balance was mortgaged and CMHC provided mortgage loan insurance

Ucluelet Perpetual Affordable Housing Program

- Goal is 20-50 ownership and rental housing unit that will be affordable forever
- Affordable policy in OCP, municipality requires developers to build between 15-20% of units in new multi-unit projects as perpetual affordable housing units
- OCP requires that resorts and hotel provide staff housing for the equivalent of 15-20% of the units.
- Developers must meet this requirement before final approval for occupancy of their development
- Developer may use density to increase the number of units in their development
- Perpetual affordable housing (PAH) units are available to household income less than \$52,000
- Restrictive covenants are attached to legal title (details not available)
- The price increase from the initial sale price unit is capped at 2.4 % per year
- First two units sold at \$155,000 and \$160,000 well below the average price of \$234,300

Affordable New Home Development Foundation

- Works with families who have a household income of \$52,000 or less
- Down payment of \$3000 provided to new buyers from the City
- Forgivable equity loans of up to \$20,000 were provided to households with gross income of less than \$52,000

Recommendations

Non-Profit Sector/Partners in Action

- Research the creation of a housing corporation to focus on mid-range income initiatives (The Vernon and District Community Land Trust Society may be interested in this concept).
- Provide educational workshops for the non-profit sector on planning and building attainable housing.
- Continue to explore different models to see if they can be adapted for Vernon. Host speakers to present to the community.
- Conduct a community meeting with all housing partners (developers, other housing groups, municipal planners) outlining potential initial projects for the mid-income range.
- The Vernon and District Community Land Trust Society should continue to meet with Hesperia to discuss a potential partnership for monitoring the attainable units.

City of Vernon/Affordable Housing Committee

- Host an annual housing forum for all housing partners (developers, other housing groups, government funders) outlining potential projects for the mid-income range.
- Research and assist with the development a local down payment assistance program.
- Promote innovative projects that create suites of less than 300 square feet.
- Consider allowing flex suites in multi-family units where appropriate by re-zoning.
- Research demolition policies, manufactured mobile home policies, fees for destination resort development and variance permits for second kitchens.

Senior Levels of Government

- Continue to explore and provide innovative funding opportunities for attainable housing.

Developers

- Provide feedback to the City of Vernon on policies and procedures that either encourage or discourage these types of projects.
- Co-sponsor and participate in an annual housing forum with the Affordable Housing Committee.
- Participate in a local down payment assistance program.

- Design and build lower cost units that meet the demographic need of the region.
- Research new innovations for affordable construction such as modular design and/or less expensive materials.

Financial Institutions

- Create similar programs to Vancity in the Lower Mainland such as the Springboard Mortgage.
- Provide low rate construction financing to non-profit organizations developing attainable housing.

ROLE OF KEY STAKEHOLDERS

Non-Profit Agencies

Non-profit agencies are the drivers for the majority of housing on the affordable side of the continuum. It is just not financially viable for a private developer to build and maintain housing for people under the low-income cut off given current construction costs. Some private seniors' homes do offer affordable units but for the most part, rely on government subsidies and market units to make their businesses profitable.

Given that non-profit societies rely on senior levels of government for funding it is important that they understand what is required to secure both capital and ongoing program grants for affordable housing. Most funding proposals require partnerships and community support to be considered. Non-profit agencies in Greater Vernon have a reputation for working well together and should continue to strategize as a group and create business plans for specific gaps in the housing continuum.

In the area of attainable housing, the non-profit sector needs to begin building capacity for partnerships with private developers. This could include setting up a non-profit corporation, networking with other communities to learn from best practices and applying to senior levels of government for predevelopment funding for attainable projects.

Municipalities

Although building and maintaining housing is not a primary municipal function, it is clear that the City of Vernon can and has played a major role in encouraging both affordable and attainable housing.

The Attainable Housing Strategy adopted in January 2008 is a major step to supporting construction of housing. Although it focuses mainly on encouraging attainable units, there are benefits to non-profits built into the strategy. By waiving the development cost charges for non-profit housing groups, the City of Vernon is seen as a partner by senior level of governments who view this practice as a financial contribution. This contribution is often the starting place for a non-profit agency's business plan.

The City of Vernon's significant donation of land to the Hesperia Corporation is another concrete example of the municipality encouraging attainable housing. This is a huge opportunity for the community and means the addition of up to 500 units of attainable housing to the overall housing stock.

It is important for the City of Vernon to continue to review and adopt policies that encourage housing along the entire continuum. Part of this process should include consultation with developers, non-profits and senior levels of government. To date, the City of Vernon has followed through on a number of the recommendations within the Attainable Housing Strategy and shown commitment to finding solutions to the problem.

Senior Levels of Government

The provincial government is probably the most important player in ensuring that affordable housing is readily available in communities. BC Housing has a number of different initiatives for identified target populations along the housing continuum. Recently, they have also been encouraging innovation and partnerships with the private sector with one time grants from the Housing Endowment Fund. Unfortunately, the economic downturn and budget

restraints have stopped the approval of new projects. At some point, however, funding will be available again and it is up to community stakeholders to use this time to plan and be ready for future funding announcements.

The federal government no longer builds and maintains housing but does offer other supports through the Canadian Mortgage and Housing Corporation (CMHC). The community is connected to CMHC and some groups have retained funding for development planning and workshops. Recently, there has been a call from numerous associations and lobbying groups for a national housing strategy. Canada is the only country in the G20 that does not have a national strategy.

Developers

Meeting the housing needs of Vernon is the responsibility of the whole community, including resident developers. Developers have an important role to play and can also help to create profitable projects for the local housing sector.

Many local developers also understand the impact on their own businesses and families when there is a shortage of affordable and attainable units. In order to keep workers and young families in a community, there must be safe and affordable housing. These are key demographics for the economic health of any region. Some local developers have partnered with non-profit agencies and reduced their fee or profit margin in order to make the projects successful. An example of this is the Under One Roof where Heartwood Homes partnered with Habitat for Humanity, Kindale Developmental Society and The Vernon and District Community Land Trust.

The real key to encouraging affordable and attainable housing is the construction of multi-family projects with possibly a mixture of affordable and attainable units. It is important for developers to provide feedback to the City of Vernon on policies and procedures that either encourage or discourage these types of projects. The use of housing covenants, density bonusing and reduced parking requirements is relatively new. Developers and planners need to continue to engage in discussion and refine how these tools are used within the community.

Financial Institutions

For an affordable housing project to be financially viable, a non-profit agency has to find partnerships from a variety of sources. Financial institutions can do a number of things to support affordable housing in their communities. Vancity in the Lower Mainland is a great example of a credit union providing programs and incentives for non-profit housing.

Local credit unions could also take a lead on this issue and set up similar programs. Other options include creating a special non-profit interest rate for construction and take out financing. Recently, the Interior Credit Savings Union supported the Under One Roof project by offering the construction financing at 0%. This was seen as a significant community contribution by BC Housing and assisted in the partners meeting their fundraising goals.

CONCLUSION

As can be seen by the number of options outlined in this report, there is no silver bullet to solving the housing affordability issues in the community. Partnerships and initiatives will change depending on which section of the housing continuum is being addressed and the needs of the target population being housed.

To be constructed and maintained, affordable housing, or housing geared towards those under the low-income cutoff, depends heavily on non-profit agencies and government funding. In order to solicit more government funded projects, the non-profit sector must show that there is an identified need and community partners that support the project. Those communities that are organized and working together have a better chance of securing grants from senior levels of government.

For attainable housing, or housing geared towards individuals and families with a moderate income, the partnerships need to be more innovative and involve the private sector. Municipal policies can have a huge impact on the success of these types of projects depending on whether policies encourage or discourage smaller multi-family units, higher density and mixed use projects.

Vernon, as a community, is very well organized with a strong desire to solve its housing challenges. It is important that the key stakeholders continue to understand and develop their role in housing solutions. Success will be achieved one project at a time, fulfilling the vision of a housing continuum that provides for all its citizens.

APPENDIX A
Challenges to Developing Affordable Housing

Cost analysis for non-profits to develop housing units and RENT to low-income individuals

RENTAL OF UNITS - NPO DEVELOPS					
BC Housing Low-income Cut-Off levels	Bachelor	1 bedroom	2 bedroom	3 bedroom	4 bedroom
	\$18,500.00	\$22,500.00	\$28,000.00	\$32,000.00	\$35,000.00
Statistics Canada Low-income Cut-Off levels	1 person	2 people	3 people	4 people	5 people
	\$17,784.00	\$22,139.00	\$27,217.00	\$33,046.00	\$37,480.00
Rent @ 30% of gross income	\$462.50	\$562.50	\$700.00	\$826.15	\$937.00
less maintenance/strata	\$150.00	\$175.00	\$200.00	\$225.00	\$250.00
Balance	\$312.50	\$387.50	\$500.00	\$601.15	\$687.00
Minus a debt ratio of 1.2 = Cash available for Mortgage/month	\$260.42	\$322.92	\$416.67	\$500.96	\$572.50
Mortgage available on cash Available (BMO November 2009)	\$51,936.44	\$64,401.00	\$83,098.00	\$99,916.00	\$114,275.00
Size in square feet	450	600	900	1100	1300
Building Cost per Square Foot	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00
Cost to Build	\$94,500.00	\$126,000.00	\$189,000.00	\$231,000.00	\$273,000.00
Cost per sq ft from Mortgage Payment	\$115.41	\$107.34	\$92.33	\$90.83	\$87.90
Amount to be raised through fundraising to cover building costs per square foot	\$94.59	\$102.67	\$117.67	\$119.17	\$122.10
Total amount required to be fundraised per unit	\$42,563.56	\$61,599.00	\$105,902.00	\$131,084.00	\$158,725.00

Key Issues for non-profits to develop housing and rent to low-income individuals:

The percentage of income for rent has been calculated at 30%. Increasing this amount to 35% decreases the fundraising requirement considerable i.e. in a bachelor suite from \$27,577 to \$12,305 or in a two bedroom suite from \$80,283 - \$57,015.

A preliminary review of the BC Rental Assistance Program indicates that if rents were increased by \$50 for the three bedroom or more units, the families involved could recover the \$50.00 through the BC Rental Assistance Program. However the higher rents would increase the amount of mortgage available from rental income thus decreasing the amount of fundraising required. For example, if the rent for a 3 bedroom unit was increased by \$50.00/month, the fundraising requirements for that unit would decrease from \$100,110.00 to \$90,169.00.

The cost to build has been estimated at \$210 per square foot (including land). Obviously, if this cost is lowered the total amount to be fund raised would lower. The analysis completed during the summer of 2009 indicates that it may be difficult to meet a \$210.00/square foot cost but may be accomplished through innovative partnerships with the private sector. Cost of building has started to decrease in the North Okanagan due to the economy but additional analysis would be required for any particular site and would be site specific.

The cost of \$210/square foot is fairly consistent with the current costs of building for the Under One Roof Project. There are six units (a mixture of one and three bedrooms) and the average cost of each unit is \$200,000 with an average size of 1000 square feet.

APPENDIX B

Cost Analysis – Non-profit Developer of Rental Units for Income Ranges of \$40,000 - \$80,000

RENTAL OF UNITS - NPO DEVELOPS																				
Annual Family Income	\$40,000.00	\$45,000.00	\$50,000.00	\$55,000.00	\$60,000.00	\$65,000.00	\$70,000.00	\$75,000.00	\$80,000.00											
Household hourly wage based on 35 hours a week	\$21.98	\$24.73	\$27.47	\$30.22	\$32.97	\$35.71	\$38.46	\$41.21	\$43.96											
Rent @ 30% of gross income	\$1,000.00	\$1,125.00	\$1,250.00	\$1,375.00	\$1,500.00	\$1,625.00	\$1,750.00	\$1,875.00	\$2,000.00											
less maintenance/strata	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00											
Balance	\$650.00	\$775.00	\$900.00	\$1,025.00	\$1,150.00	\$1,275.00	\$1,400.00	\$1,525.00	\$1,650.00											
Minus a debt ratio of 1.2 = Cash available for mortgage	\$541.67	\$645.83	\$750.00	\$854.17	\$958.33	\$1,062.50	\$1,166.67	\$1,270.83	\$1,375.00											
Mortgage potential based on cash available (BMO November 2009 at 5% for 35 years)	\$107,893.00	\$128,834.00	\$149,575.00	\$170,515.00	\$191,058.00	\$211,898.00	\$232,739.00	\$253,480.00	\$274,220.00											
Size in square feet	850	900	950	1000	1100	1200	1300	1400	1500											
Building Cost per Square Foot	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00	\$210.00											

APPENDIX C

Cost Analysis – Purchase of Homes for Income Ranges of \$40,000 - \$80,000

PURCHASE OF HOUSING UNITS	\$40,000	\$45,000	\$50,000	Average Income	\$60,000	\$65,000	\$70,000	\$75,000	\$80,000
Annual family income levels				\$55,000	\$60,000	\$65,000	\$70,000	\$75,000	\$80,000
Household hourly wage based on 35 hours a week	\$21.98	\$24.73	\$27.47	\$30.22	\$32.97	\$35.71	\$38.46	\$41.21	\$43.96
Buyer has a 5% down payment (by buyer or through an assistance program) but must borrow CMHC Insurance									
Mortgage	135,725.10	164,809.05	193,893.00	213,281.25	242,366.25	271,450.20	295,686.30	319,923.45	349,077.75
CMHC	4,071.75	4,944.27	5,816.79	6,398.44	7,270.99	8,143.51	8,870.59	9,597.70	10,472.33
Total	139,796.85	169,753.32	199,709.79	219,679.69	249,637.24	279,593.71	304,556.89	329,521.15	359,550.08
Monthly Mortgage Payment	700.00	850.00	1,000.00	1,100.00	1,250.00	1,400.00	1,525.00	1,650.00	1,800.00
Additional Housing costs	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00
Total	1,050.00	1,200.00	1,350.00	1,450.00	1,600.00	1,750.00	1,875.00	2,000.00	2,150.00
% of Income (GDS)	32%								
Other debt monthly payment	250.00	250.00	250.00	350.00	350.00	350.00	350.00	350.00	350.00
Total Debt Payments	1,300.00	1,450.00	1,600.00	1,800.00	1,950.00	2,100.00	2,225.00	2,350.00	2,500.00
% of gross income (TDS)	39%	39%	38%	39%	39%	39%	38%	38%	38%
Selling Price of the Home**	142,511.36	173,049.50	203,587.65	223,945.31	254,484.56	285,022.71	310,470.62	335,919.62	366,531.64

Selling price is based on mortgage plus 5% down payment amount.

VantageOne's GDS Maximum is 32% and Total Debt Service Ratio (TDS) is 40%

CHMC's GDS Requirement is 32% and TDS is 40% however in some cases they will do TDS at 44%.

Other housing costs include strata, heat/hydro, taxes

Other debt monthly payment refers to another required payment i.e. car loan

APPENDIX D

Cost Analysis – Purchase of Homes With Flex Unit for Income Ranges of \$40,000 - \$80,000

PURCHASE OF HOUSING UNITS	Average Income		Average Income		Average Income		Average Income	
	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000
Annual family income levels	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000
Rental income from Flex units \$500/month x 65%	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900
Total Income	\$43,900	\$48,900	\$53,900	\$58,900	\$63,900	\$68,900	\$73,900	\$78,900
Mortgage	135,725.10	164,809.05	193,893.00	213,281.25	242,366.25	271,450.20	295,686.30	319,923.45
CMHC	4,071.75	4,944.27	5,816.79	6,398.44	7,270.99	8,143.51	8,870.59	9,597.70
Total	139,796.85	169,753.32	199,709.79	219,679.69	249,637.24	279,593.71	304,556.89	329,521.15
Monthly Mortgage Payment	700.00	850.00	1,000.00	1,100.00	1,250.00	1,400.00	1,525.00	1,650.00
Additional Housing costs	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00
Total	1,050.00	1,200.00	1,350.00	1,450.00	1,600.00	1,750.00	1,875.00	2,000.00
% of Income (GDS)	29%	29%	30%	30%	30%	30%	30%	30%
Other debt monthly payment	250.00	250.00	250.00	350.00	350.00	350.00	350.00	350.00
Total Debt Payments	1,300.00	1,450.00	1,600.00	1,800.00	1,950.00	2,100.00	2,225.00	2,350.00
% of gross income (TDS)	36%	36%	36%	37%	37%	37%	36%	36%
Selling Price of the Home**	142,511.36	173,049.50	203,587.65	223,945.31	254,484.56	285,022.71	310,470.62	335,919.62

The inclusion of Flex Units assists to reduce the families overall GDS and TDS by providing additional income.

Selling price is based on mortgage plus 5% down payment amount.

VantageOne's GDS Maximum is 32% and Total Debt Service Ratio (TDS) is 40%

CHMC's GDS Requirement is 32% and TDS is 40% however in some cases they will do TDS at 44%.

Other housing costs include strata, heat/hydro, taxes

Other debt monthly payment refers to another required payment i.e. car loan