

1995 FEBRUARY 01

CITY OF BURNABY
HOUSING COMMITTEE

HIS WORSHIP, THE MAYOR
AND COUNCILLORS

**RE: CONSULTANT'S REPORT ON THE ROLE AND MANDATE OF
THE GREATER VANCOUVER HOUSING CORPORATION**

RECOMMENDATION:

1. **THAT** a copy of this report be sent to:

Mr. B.E. Marr, Regional Manager
Greater Vancouver Regional District
4330 Kingsway
Burnaby, B.C. V5H 4G8

REPORT

1.0 BACKGROUND

At its meeting of November 21, 1994, City Council referred a letter and report regarding a review of the mandate of the Greater Vancouver Housing Corporation to the Housing Committee for review. At its meeting of January 9, 1995 the Housing Committee discussed this report.

2.0 PURPOSE OF THE CONSULTANT'S REPORT

The GVRD Board, through its Intergovernment and Communications Committee, commissioned a consultant to review the role of the Greater Vancouver Housing Corporation in the context of the mandate and policy objectives of the GVRD. A copy of the executive summary of that report is attached to this report. The primary purposes of the review were to assess whether the operation of GVHC is consistent with the mandate of the GVRD and to explore delivery options for housing programs in light of changing priorities and programs of the federal and provincial governments.

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- DIR. PLNG. AND BLDG.

The consultant has recommended that the GVRD retain and reform the Greater Vancouver Housing Corporation. The Greater Vancouver Housing Committee has approved this option in principle. The Intergovernment and Communications Committee has requested comment from member municipalities so that they can be included in a subsequent report to the Intergovernment and Communications Committee, GVHC Board and GVRD Board. Specifically, local government comments about the following implications of the implementation of the recommended option are requested:

1. Revising the GVHC's mandate to give a higher priority to providing housing for lower income households in core housing need and deep core housing need. This would produce a gradual shift in the income profile of tenants in existing GVHC projects.
2. Establishing a new program of research, advocacy and direct development partnerships with municipalities and others to increase the production of affordable accommodation in the region.

3.0 RECOMMENDATIONS OF THE CONSULTANT'S REPORT

A summary of the study is *attached* to this report. The report notes that GVHC's mandate is to supply rental housing throughout Greater Vancouver in mixed income projects for people who cannot afford private sector housing. The consultant's note that GVHC is achieving a good range of incomes among its tenants, however, only 13% of the households make less than \$20,000 annually.

The report emphasizes that there is a continuing need for affordable rental housing, particularly for low income families and people with special needs. The GVHC's portfolio is well suited to meet this need due to its size and its geographic diversity. Also, the age of the stock means that the economic rents are substantially lower than equivalent recently built housing.

The report presents and evaluates five options. The consultants conclude that GVHC is a significant public asset that should be retained by GVRD but only if significant reforms are brought in as quickly as practical. Specific changes to improve GVHC's operations include:

- revising GVHC's mandate to incorporate the principle that GVHC's housing is intended for a range of people in need, with priority to low income households. The consultant suggest revising GVHC's mandate to be:

"To provide affordable rental housing for a range of households in need as equitably as possible across the region. While maintaining a mixed income approach to its family-oriented development, the Corporation will provide for low income households as a priority."

- restructuring GVHC's Board of Directors by enlarging it to 13, with seven directors drawn from the GVRD's Board four directors from the housing community (both non-profit and private sectors) and two tenant representatives;
- establishing tenant advisory groups.

The consultant adds that if there is a decision to shift the income mix of GVHC's portfolio the two strategies that could be used include working with senior governments to stretch social housing dollars and unilaterally, through lowered operating/ administrative costs generate more subsidy dollars.

Finally, the consultant describes several other activities that GVHC or GVRD could undertake to work towards GVRD's approved social strategic policies, including working with member municipalities to encourage land use policies at the local level which ensure that the private and non-profit housing sectors can build a range of housing types and tenures. The following housing mandate for GVRD is suggested:

"The GVRD will facilitate, on an equitable basis across the region, the development of new affordable housing and the maintenance of existing affordable housing of a variety of tenure, types and costs. This will be through partnerships with member municipalities, senior levels of government, organizations and the private sector."

4.0 RESPONSE OF THE HOUSING COMMITTEE

The Greater Vancouver Housing Corporation owns and manages three non-profit family development in Burnaby, including Ran Beamish Place in the Forest Grove neighbourhood, Greystone Village in the Montecito neighbourhood, and Eastburn Square on Sixth Street. Together, these developments comprise 248 units which is almost one-third of Burnaby's family oriented non-profit rental stock. Therefore, GVHC plays an important role as a provider of affordable family housing in Burnaby.

The Housing Committee supports the recommendation of the consultant to retain and reform the GVHC. The Housing Committee agrees that GVHC has the potential to be a more effective organization in providing affordable rental housing throughout the Region. The Committee recognizes that due to its size, experience, well-maintained housing stock and administrative capabilities, GVHC is well placed to continue and expand its role in providing affordable housing to low and moderate income households. The Committee also agrees that to achieve GVHC's full potential, a number of changes would need to be implemented.

The Housing Committee strongly agree with the recommendation that GVHC's mandate be changed to incorporate the principle that GVHC's housing is intended for a range of people in need with priority to low income households. A target of forty percent of households being in core housing need with half of these units being occupied by very low income households appears to be appropriate. The Housing Committee suggests that as the new income mix is implemented, the implications of increasing the number of units targeted to low income households to 50% of units be evaluated.

The Housing Committee also agrees with the clarification of the Greater Vancouver Regional District's housing mandate to facilitate, in an equitable way across the region, the development of new affordable housing. This revised mandate is also in accordance with the policy outlined in the GVRD's Livable Region Strategic Plan that states:

In order to achieve more complete communities throughout the region, the GVRD Board will:

- *seek though partnerships on complete communities:*
 - *a diversity of housing types, tenures and costs in each part of the region in balance with job distribution.*

5.0 CONCLUSION

The Housing Committee concurs with the recommendation of the consultant that GVHC be retained and reformed, and with the GVHC who have approved this option in principle. In addition, the Housing Committee supports the clarification of the housing role of GVRD as an important ingredient to the successful implementation of the Livable Region Strategic Plan.

It is recommended that a copy of this report be sent to Mr. B.E. Marr, Regional Manager of the GVRD.

Councillor Lee Rankin
Chairperson.

Councillor Celest Redman
Member

Councillor Jim Young
Member

Study Summary

This report is the outcome of a study initiated by the Greater Vancouver Regional District (GVRD) to review the mandate, assets and policy objectives of the Greater Vancouver Housing Corporation (GVHC). The primary purposes of the review were to assess whether the operation of GVHC is consistent with the mandate of the GVRD and to explore delivery options for housing programs in light of changing priorities and programs of the federal and provincial governments.

GVHC – Current Operations and Mandate

- GVHC owns and manages a portfolio of 3,204 affordable rental housing units in 47 projects throughout Greater Vancouver. Almost 87 percent of these units are occupied by families. All housing has been built through one of three non-profit programs. Only two housing projects have been built since 1986 and no new projects are planned at this time.
- GVHC's mandate is to supply rental housing throughout Greater Vancouver in mixed-income projects for people who can't afford private sector housing. This mandate was affirmed by GVHC's Board in 1989.
- In the pre-1986 portfolio GVHC is achieving a good range of incomes among its tenants. However, from the standpoint of how well it serves lower income families, only 13 percent of households make less than \$20,000 annually.
- GVHC supplies almost 8 percent of all socially assisted units and beds in Greater Vancouver. Of the total number of units for families, GVHC provides almost 15 percent.

- Although GVHC manages housing in 11 municipalities, 60 percent of the portfolio is located in Vancouver, Richmond and Surrey. Only three percent is located on the North Shore. To date, no projects have been built in Maple Ridge, the Langleys, North Vancouver District, West Vancouver or Bowen Island.

GVRD – Mandate for Housing

GVRD's current housing mandate can be derived from its "Statement of Purpose", and the social goals, values and strategic policies contained in GVRD's *Creating Our Future* and *Livable Region Strategy* documents. Taken as a whole, these commit GVRD's Board to an ongoing role in ensuring that there is a diversity of housing throughout the region and choice for the region's residents. The role of GVHC as a vehicle to implement the Regional District's housing goals has not been fully defined.

Is the operation of GVHC consistent with GVRD's mandate?

The consultants conclude that the operation of GVHC is consistent with GVRD's mandate, social goals and strategic policies but that it is not essential for GVRD to retain GVHC in its present form to achieve or implement these.

Whose needs aren't being met by the private sector?

There is a continuing need for affordable rental housing in Greater Vancouver, particularly for very low income families and people with special needs. It is estimated, there are as many as 27,800 renter households who are in "Core Housing Need". While Vancouver is one of

Canada's least affordable cities, the ability of moderate income households to purchase a home has improved significantly as interest rates have declined.

Importance of GVHC's portfolio

Although there are a number of private non-profit agencies that have built housing for low income families, none is as large as GVHC or has a portfolio as geographically widespread. The sector is characterized by many small non-profit societies and co-operatives with one or two projects. Of the more than 500 societies receiving some form of housing subsidy in Greater Vancouver, only three have family-only portfolios with more than five projects.

The age of GVHC's portfolio is another significant advantage. Not only is a certain portion of the debt retired, but the debt is on projects that were built at lower land and construction costs. This means that economic rents are substantially lower than equivalent recently-built housing, an advantage that will increase over time.

Changing priorities of senior governments

In 1993, the federal government withdrew from funding new non-profit and co-operative housing. In contrast, the Province has become more active in housing matters. In mid-1993, it re-established a Housing Ministry with a mandate to develop a comprehensive housing strategy. This year, the Province introduced a four-component program - HOMES BC - to be administered by British Columbia Housing Management Commission (BCHMC).

GVHC - Options for Consideration

The report presents and evaluates five options, none of which represent the status quo.

1. Retain and reform GVHC and its entire portfolio. Reorient policies. Reorganize Board. Establish performance targets. Reposition income mix. Pursue development opportunities.
2. Retain GVHC but contract asset management with another organization. Policy-making function to remain with GVRD.
3. Dissolve GVHC. Transfer some or all of the portfolio to one or more existing private non-profit housing societies. Retain GVHC as a shell corporation only.
4. Dissolve GVHC. Transfer the entire portfolio to BCHMC. Retain GVHC as a shell corporation only.
5. Dissolve GVHC. Sell part or all of the portfolio to private sector firms.

Best Option - Retain and reform

The consultants conclude that GVHC is a significant public asset that should be retained by GVRD but only if significant reforms are brought into effect as quickly as practical.

There are a number of changes which are essential to improve GVHC's operation and make it more consistent with the overall mandate and housing objectives of GVRD.

- ✓ revising GVHC's mandate to incorporate the principle that GVHC's housing is intended for a range of people in need, with priority for low income households. Commence use of Core Housing Need and Deep Core Housing Need categories for wait list and records management;
- ✓ A suggested revision to GVHC's mandate for consideration by GVHC's Board:

"To provide affordable rental housing for a range of households in need as equitably as possible across the region. While maintaining a mixed income approach to its family-oriented

development, the Corporation will provide for low income households as a priority."

- ✓ restructuring GVHC's Board of Directors by enlarging it to 13, with seven directors drawn from GVRD's Board, four directors from the housing community (both non-profit and private sectors) and two tenant representatives;
- ✓ establishing tenant advisory groups for each of GVHC's property management sub-regional offices;
- ✓ establishing performance targets to be achieved over a three-year period.

The accompanying implementation schedule (Table xx) is recommended as a basis for moving forward on a reform strategy.

The consultants stress that retaining GVHC is the best option only if the GVRD and GVHC implement changes. If these are not made, more of the region's residents who are in housing need could be better served through Option 3 (transfer to the private non-profit sector) or Option 4 (transfer to the Province).

Repositioning GVHC's portfolio

If there is a decision to shift the income mix of GVHC's portfolio, there are two strategies that could be used to effect this change:

- working with senior governments to stretch social housing dollars; and
- unilaterally, through lowered operating/administrative costs leading to reduced economic rents, more subsidy dollars are generated.

Enhanced Role for GVHC or GVRD

There are several other activities that GVHC or GVRD could undertake to work towards GVRD's approved social strategic policies, including:

- ✓ working with member municipalities to
 - encourage land use policies at the local level which ensure that the private and non-profit sectors can build a range of housing types and tenures;
 - encourage land use and land lease policies which support affordable rental housing through new construction, conversions, secondary suites and rented condominiums;
 - encourage the use of new legislation (Bill 57 and Bill 31) to increase the supply of affordable rental housing: housing agreements, authority for land leases, density transfers;
- ✓ maintaining a good information base that is useful/accessible to member municipalities;
- ✓ providing staff as a resource to member municipalities related to specific projects and local housing studies;
- ✓ undertaking research on regional housing issues;
- ✓ preparing an annual report on regional housing issues, identifying trends and highlighting activities/programs of other levels of government which impact on the region's housing; and
- ✓ serving as an advocate for the GVRD and its member municipalities on housing issues in representations to the provincial and federal governments and the housing industry.

In addition to a research, policy and advocacy role, GVRD/GVHC might consider contracting a project development manager for a three year period using the annual interest earned from GVHC's capital reserve fund. This individual could assist interested member municipalities in undertaking and/or facilitating joint ventures to create affordable housing.

Table 14
GVHC Option 1 – Implementation Schedule

Tasks	1994	1995	1996	1997
• GVRD approves reform strategy – GVHC mandate revised	■			
• Hire project development manager (contractor) to initiate projects independently or in partnership with others, including member municipalities		■		
• Restructure GVHC Board to a total of 13 directors, five from outside GVRD's Board.		■		
• GVHC prepares operational policies and establishes standardized reports for performance review.		■		
• Wait list established – coordinated with BCHMC and other non-profits.		■		
• Task Force on Section 27 housing meets to find ways to increase the number of low income households. Implements these changes.		■		
• GVRD/GVHC review operating costs and in-house charges.		■		
• For Section 95 housing, implement policy to achieve 40 percent low income households.		■		
• GVRD undertakes regular review of GVHC's performance		✓	✓	✓

CitySpaces Consulting Ltd.