



**AFFORDABLE HOUSING ANALYSIS: MUNICIPAL
APPROACHES, PRACTICES AND IMPLICATIONS FOR THE
NADC REGION**

FINAL REPORT



**Prepared for:
Northern Alberta Development Council**

**Prepared by:
NEDIA Consulting Group**

March 2008



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**This research project has been commissioned by the Northern Alberta
Development Council – Alberta Employment, Immigration and Industry.**

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EXECUTIVE SUMMARY

This study examines the challenge of affordable housing supply within the NADC region and explores methods and approaches utilized to facilitate affordable housing.

Findings of the analysis point to the significance of consultative based strategic planning to unify local housing actors and to establish multi-tiered responses inclusive of regulatory, financial and procedural actions. Approaches documented in the study vary from direct intervention in the local housing sector, to regulatory reforms and incentives to support affordable housing development. Additional approaches include the utilization of alternative development standards, linkage programs, and the formation of municipal housing corporations to support the provision of affordable housing. The synergy and relation between these localized approaches and current provincial and federal housing programs is established.

Discussions with active municipalities suggest that the success of the various approaches documented remains largely contingent on holistic, strategic planning initially spearheaded and led by the municipality. These approaches have often spawned governance reform and the creation of supportive organizational structures to lead, define and implement affordable housing strategies.

The methods and approaches detailed as part of this analysis remain directly applicable to the municipalities and organizations within the NADC region. In order to advance these approaches, the study has identified the following recommendations for municipalities with the NADC region:

- Municipalities must explore potential partnerships for the development of regional affordable housing task forces. If established, the mandate of these organizations should be to establish local housing committees, conduct local/regional affordable housing needs assessments, facilitate public dialogue and discussion on affordable housing and a establish a regional affordable housing strategy.
- Municipalities must explore the establishment of local housing committees represented by diverse interest groups, of businesses, social workers, administrative members, industry workers and planning professionals. These committees should be directed to engage in ongoing consultation with the community and assessment of changing community demographics and emerging issues and needs. The formation of

these committees should be directly linked to support the mandate of regional affordable housing task forces and the development of affordable housing strategies.

- Municipalities must take a leadership role in developing affordable housing initiatives and proposals that clearly demonstrate community need, economic viability and sustainability in order to benefit from the various funding programs made available through federal and provincial programs.
- Municipalities must explore programs for facilitating affordable housing supply to retaining equity, partial ownership and control over the housing stock, to reduce exposure of rental stock to market fluctuations.
- Municipalities must immediately re-examine their formal statutory documents and policies to develop affordable housing policy and integrate approaches identified as part of this analysis. Once established, municipalities should ensure that various levels of planning and initiatives introduced remain consistent with this framework.
- Municipalities must immediately re-examine their land use bylaws to accommodate alternative forms of developments that possess potential for providing affordable housing solutions. The area of exploration may vary from, examining densities, intensification opportunities, innovation in designs and diversification of housing typologies.

Taken together, the analysis presents a thorough discussion of the affordable housing challenge in the region and establishes general direction for local and regional actors.

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PART 1. INTRODUCTION

The need for affordable housing has become critical for urban and rural municipalities across Alberta. As communities continue to grow, a diversity and continuum of housing options including types, sizes, price ranges and tenure arrangements are required to meet varying demographic needs.

In Northern Alberta, communities have faced rapid growth driven primarily by resource based development causing growth and migration to the region to outpace the delivery of core needs such as housing and public infrastructure. Rapid increases in construction costs combined with a shortage of labour have created inadequacies in the supply-demand cycle resulting in a climate of rapidly escalating housing prices, the erosion of rental housing stock, escalating rents, and low vacancy rates. The Government of Alberta, Northern Alberta Development Council (NADC) and municipalities across the region have recognized that appropriate and affordable housing remains crucial to ensuring the long term sustainable economic growth of Northern Alberta (NADC, 2007b).

This study was initiated by the NADC to explore the various approaches and initiatives applied by select municipalities to facilitate the supply of affordable housing stock within their communities.

1.1. AFFORDABLE HOUSING SPECTRUM AND SCOPE

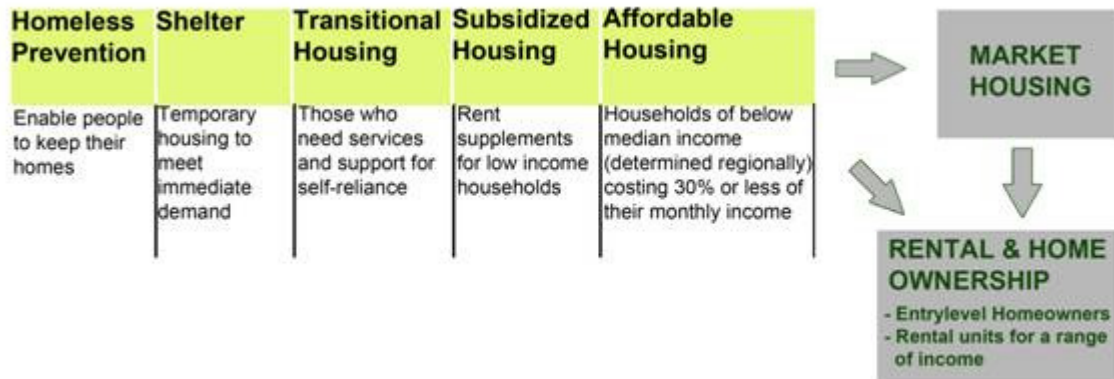
The challenge of affordable housing is a complex matrix of interlinked issues as are the practices and approaches developed to facilitate affordable housing supply.

Figure 1 highlights the wide spectrum of the affordable housing challenge which ranges from the provision of emergency housing to unassisted ownership models. Given the wide range of innovative practices supporting housing provision along this spectrum, it is important to clarify that the focus of this study remains centred on an inventory and examination of methods and practices primarily geared to facilitating affordable housing supply to low to moderate income households, seniors and single professionals.

For the purpose of this study Canada Mortgage and Housing Corporation's (CHMC) definitions of affordable housing, affordable rental and affordable homeownership shall apply. *Affordable housing* is defined as suitable and adequate housing where no more than 30% of household income is spent on shelter. *Affordable rental* is when rents for units in a housing project fall below certain levels specified by CMHC for units of a similar, type, size and number of bedrooms in the subject housing market. *Affordable Homeownership*: is when the

units are priced below the average selling price for comparable units in the market area, usually determined using the Multiple Listing Service (MLS) average for the municipality, as well as below comparable units in the immediate neighbourhood.

Figure 1: Affordable Housing Spectrum



Source: Alberta Municipal Affairs and Housing (2007a)

1.2. STUDY PURPOSE

The purpose of this project is to identify and assess affordable housing approaches and practices of active urban municipalities that may be applied by municipalities, Métis Settlements, and developers within the NADC region. The original intent of the project was also aimed at identifying approaches applied in rural municipalities, however due to the lack of available and applicable cases this section was not researched further. The study examines the overall framework of the various methods applied including the financial, organizational and legislative components. The report presents the results of the analysis and identifies key lessons for organizations within the NADC region. It is anticipated that the findings of this project will assist Municipalities and other organizations in defining regional and local responses to the affordable housing challenge.

1.3. STUDY OBJECTIVES

At the core of the project is the desire to identify and assess approaches and practices of select municipalities towards increasing the supply of affordable housing including market, non market, rental and ownership models. Cognizant of this overall direction, the objectives of the study are as follows:

- *To conduct an inventory and analysis of applied affordable housing approaches from select municipalities;*

- *To explore the federal/provincial/municipal legislative context and initiatives as they pertain to supply of affordable housing in Alberta;*
- *To summarize applied methods and practices facilitating the supply of affordable housing and to define “success factors:”*
- *To examine the applicability of applied affordable housing approaches and practices to the NADC region.*

1.4. METHODOLOGY

This study has been based on a progressive methodology that has included the following:

Document Review - The study was initiated via a document review of affordable housing approaches and municipalities actively engaged in the facilitation of affordable housing. Additional research to support the study and further establish an understanding of the regional economic drivers and demographic trends included an examination of Canada Mortgage Housing Corporation (CMHC) reports, provincial and federal housing programs, studies completed by the NADC and a review of census figures.

Selection of Municipalities – Based on the findings of the document review and research, municipalities that were active in the provision of affordable housing supply were identified and selected for additional assessment. These municipalities were selected on the basis of their activity, scale of population and relevance in identifying affordable housing strategies for Northern Alberta.

Qualitative Analysis – Interviews were conducted with administrators and practitioners from the selected municipalities to support the study. Interviews were directed at assessing the success and challenges of the various methods employed by the municipality to facilitate the provision of affordable housing.

1.5. REPORT STRUCTURE

Following this introductory section, the report is broken down into the following sections:

NADC Regional Context: Provides the context for the NADC region highlighting key economic drivers, demographic trends and associated implications for housing.

Regional Housing Dynamics: Provides information about the housing trends and associated issues in the NADC region. This portion of the study details the dynamics of the housing supply demand cycle identifying associated issues and challenges. The chapter concludes with a summary of regional housing challenges and their implications on the long term sustainability of the region.

Federal/Provincial Framework and Initiatives: This chapter briefly outlines the provincial land use policies in relation to the provision of housing. Further, this section of the report documents federal and provincial initiatives to assist municipalities in their efforts to facilitate the provision of affordable housing.

Municipal Approaches to Facilitate Affordable Housing Supply: This chapter identifies the municipalities surveyed as part of this study and the rationale for their selection. Further, this section first provides a brief summation and then a detailed assessment of applied approaches to facilitate affordable housing supply. The section concludes with a summation of best practices and core elements.

Applied Practices to Facilitate Affordable Housing: Success Stories and Challenges: This chapter provides case studies of applied practices in select municipalities, identifying success factors, tools utilised and implementation methods.. Each case study identifies the key factors essential for success and the barriers in implementation as garnered through discussions with local representatives.

Applicability of Applied Practices: This chapter examines the transferability of identified methods and approaches for municipalities and organizations within the NADC region. The chapter concludes with recommendations for municipalities in the NADC region to advance the affordable housing issue.

Conclusion: This chapter summarizes the results of the analysis.

PART 2. NADC REGIONAL OVERVIEW

2.1. CONTEXT

The NADC region is defined by the area of municipalities that are covered by the Northern Alberta Development Council (See Figure: 2). The NADC region represents a large number of urban and rural municipalities as well as Métis Settlements and Reserves. The NADC region comprises over 60% of Alberta's land while containing only 9% of Alberta's population (NADC, 2005).

2.2. ECONOMIC DRIVERS AND TRENDS

The region is largely active in three major resource based sectors: agriculture, energy and forestry. The region has 100% of the province's mineable oil sands development, 21% of provincial crop production, 10% of the provincial livestock production and 75% of the forestry portion of Alberta's Gross Domestic Product (NADC, 2005). The region

is the most resource rich location for oil and gas industries in Alberta and Canada. GTS Group International Inc (2006) projected the region's economic contribution for 2006 at \$3.2 billion, representing 14% of the total revenues for the Government of Alberta.

Due to the prevalence of resource-based industries, the NADC region attracts large investments creating significant materials and labour demand to support ongoing resource development. As the Northern economy continues to grow the region faces significant challenges towards sustaining growth including inadequate transportation infrastructure, and skilled labour shortages. The future growth of the region largely depends on improving access to markets through improved transportation networks, improving local education and skills, economic

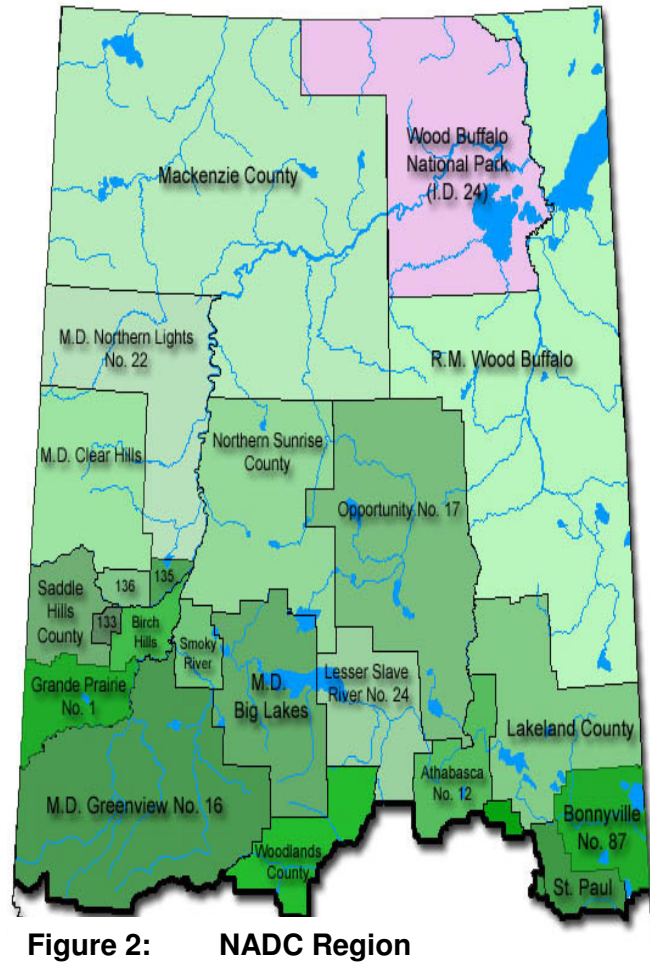


Figure 2: NADC Region

diversification and sustainable resource exploration and development (NADC, 2005).

2.3. POPULATION GROWTH

The NADC region is home to about 9.3 % of the provinces total population, including 51 % of Alberta's Aboriginal population (NADC, 2005). NADC (2005) reports the regions population in 2005 was 295,278. Population levels in the region have grown overall, with varying intensities amongst the urban centres and rural municipalities. From 1991 to 2001 the NADC region grew at about 12.7% lagging behind a provincial growth rate of 16.8% (NADC, 2005).

The recent release of the 2006 census figures points to a more competitive growth rate from 2001-2006 of 10.4 %ⁱ when compared to the provincial average at 10.6 % (Statistics Canada, 2007). Additional analysis of the 2006 census figures indicates the variability of population growth across the region. During the period 2001 to 2006 major growth areas such as the Regional Municipality of Wood Buffalo (RMWB) and the City of Grande Prairie have shown significantly higher population growth rates at 24.3% and 27.3% while some of the smaller communities such as Town of Fairview, Town of Whitecourt and City of Cold Lake have shown more modest and stable growth rates ranging from 4.5% to 5.5% (Statistics Canada, 2007). Despite this variability, many communities have shown increased subdivision and development permitting levels over the last two years in anticipation of ongoing population growth and associated demand for commercial, industrial and residential land.

2.4. MIGRATION PATTERNS

With a booming economy and increased job opportunities, the region has faced a significant amount of migration both within the province, inter provincially and from outside of Canada. Mobility status of people from 2001 indicated that 50 percent of people moving into the communities in the region were migrants, which include equal proportions of intra-provincial and inter-provincial migrants and a small number of external migrants (NADC, 2005). There is also a seasonal trend of workers being brought into the region to work within the oil and gas industries. The seasonal workers are termed as "*transient workers*," and

ⁱ It should be noted that due to the recent release of the 2006 census figures this calculation is based on a limited sample of five urban and two rural municipalities in the NADC region. Municipalities included in this sample were the City of Grande Prairie, the Regional Municipality of Wood Buffalo, City of Cold Lake, Town of Whitecourt, Town of Fairview, County of Grande Prairie, & Northern Sunrise County (note: Northern Sunrise County conducted their own census in Summer 2007 in response to disagreement over the federal census figures). This sample was selected and examined to provide a generalized assessment of population and demographic trends in the region from 2001-2006.

according to a shadow population study conducted by NADC in 2006, the population reflects more than 10% of the base population within the region (Aylward, 2007).

2.5. DEMOGRAPHIC CHARACTERISTICS

In terms of demographics, the population characteristics in the NADC region appear to be exhibiting a shift towards a younger demographic. As highlighted by Figure 3, 2001 demographics in the NADC region were characterized by:

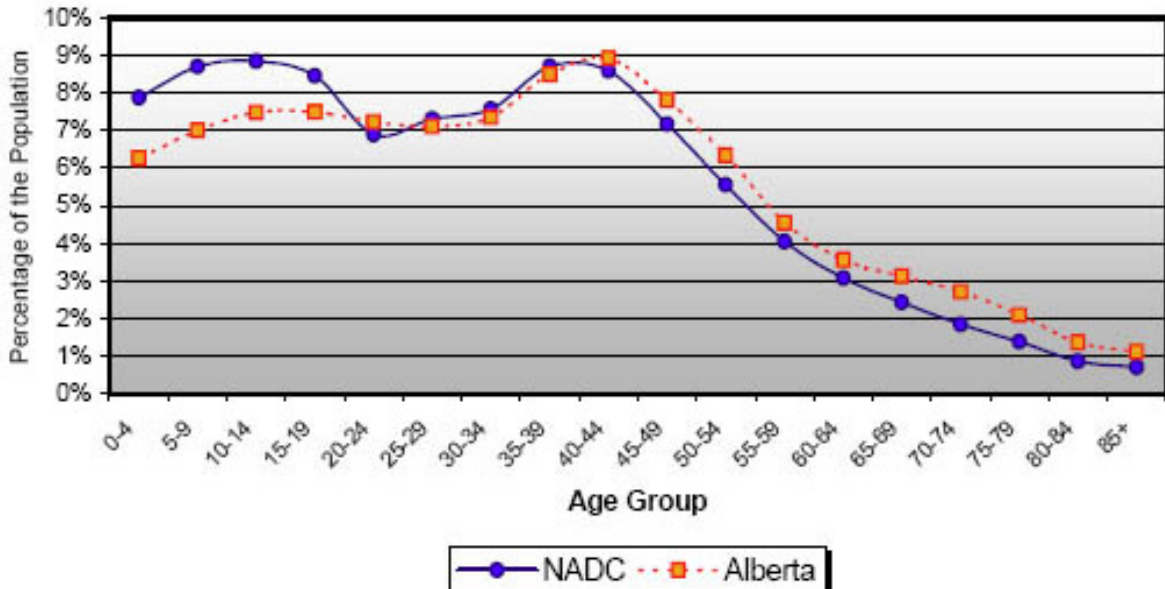
- A smaller percentage of population in the 40+ age cohorts in comparison to the provincial average;
- A higher percentage of population in the 0-19 age cohorts in comparison to the provincial average. (NADC, 2005).

A review of the select sample of the 2006 census figures indicates that there may have been some change since 2001. As shown in Figure 4, demographic characteristics were as follows:

- A smaller percentage of population in the 45+ age cohorts in comparison to the provincial average.
- A higher percentage of population in the 0-44 age cohorts in comparison to the provincial average

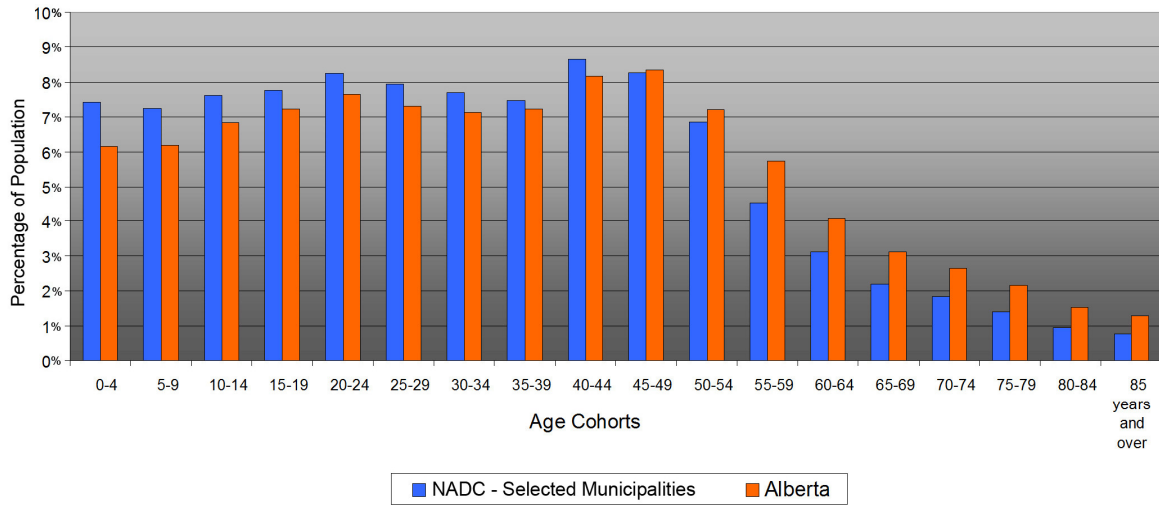
The most notable shift appears in the 20-44 age cohorts where the 2006 data indicates that this age cohort in the NADC region is increasingly exceeding the provincial average as opposed to situation in 2001. This assessment points to the changing demographics in the region whereby the population is increasingly becoming younger largely fuelled by migration to the region.

Figure 3: Alberta and NADC Area Population - Age Distribution, 2001



Source: Statistics Canada 2001 census, NADC 2005.

Figure 4: Alberta and NADC Areaⁱⁱ Population - Age Distribution, 2006

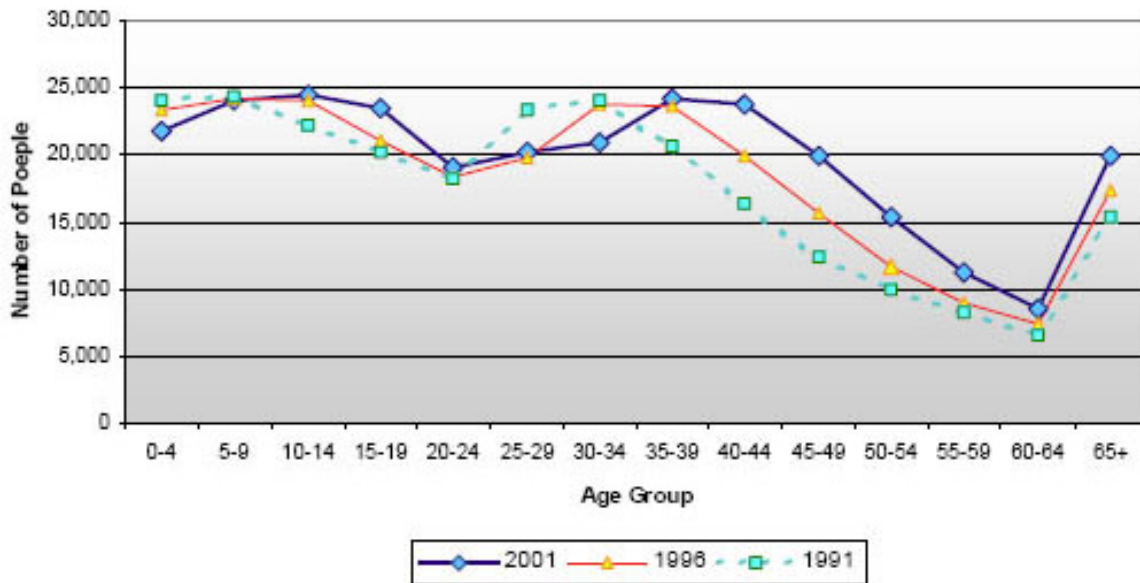


ⁱⁱ NADC - Selected Municipalities

Due to the recent release of the 2006 census figures this calculation is based on a limited sample of five urban and two rural municipalities in the NADC region. The cities and towns selected for this assessment include City of Grande Prairie, the Regional Municipality of Wood Buffalo, City of Cold Lake, Town of Whitecourt, Town of Fairview, County of Grande Prairie & Northern Sunrise County. This sample was selected and examined to provide a generalised assessment of the population and demographic trends in the region from 2001-2006.

Source: Statistics Canada, 2006.

Figure 5: 2001, 1996, and 1991 Age Distribution of the NADC Area



Source: Statistics Canada 2001, NADC 2005

While the trends from 2001 to 2006 point to a population increasingly characterized by a younger demographic in comparison to the rest of the province, Figure 5 underscores an additional trend which is the ageing of the existing population. As the baby boomer generation within the region continues to age, it can also be anticipated that NADC region will continue to see ongoing population growth of the older demographics. Taken together, the demographic characteristics of the region will continue to be shaped by migration fuelled by economic development and the ageing of the existing population.

2.6. EDUCATION AND INCOME TRENDS

The education levels within the NADC region are lagging behind the rest of the province. During the 2001 census high school completion rates were 76% compared to 80% for the rest of Alberta, and approximately 13% of the population had acquired university degree compared to 24% for the rest of the province. The percentage of people not completing grade 9 stands at 10% in the NADC region, compared to the 6% for the rest of the province. The common secondary qualification especially among men in northern Alberta is applied science technologies and trades, whilst one third of northern women with post secondary qualifications have commerce, management or business administration as their study major (NADC, 2005).

The NADC region shows disparity of income between the higher and the lower income groups. The income levels within the NADC region have a slightly higher percentage of people earning more than \$45,000 a year than Alberta as a whole. As of 2001, compared to Alberta the region had a lower percentage of people within the income group of 15,000 and \$44,999, and a slightly higher or equal percentage of individuals earning less than \$14,999 (NADC, 2005).ⁱⁱ

2.7. IMPLICATIONS FOR HOUSING

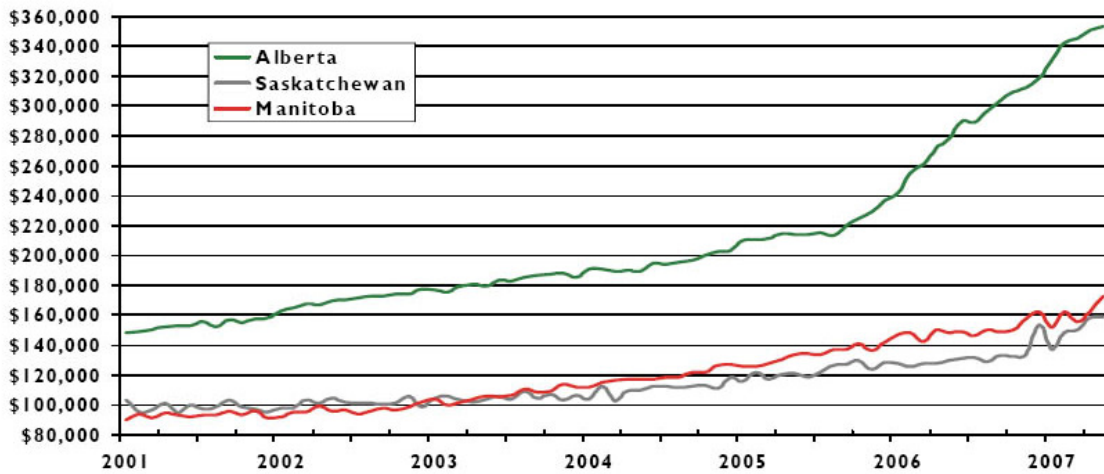
As highlighted in Sections 2.3 to 2.6, 2006 census data points to increased population growth throughout the NADC region, variable growth rates amongst municipalities, a shift towards a younger demographic, and a significant ageing population. These dynamics have created immense pressure on the housing industry to cope with the growing and variable demands amongst the population.

The influx of workers attracted by the job opportunities has resulted in the need for various forms of housing suitable to the region's demographics. The predominant form of housing in Alberta of single detached residential dwellings has become virtually unaffordable (Merrill, 2007). As shown in Figure 6, the average prices of single detached dwellings in Alberta for the third quarter of 2007 were \$360,277.

As highlighted, the region's younger demographic characteristics points to the need for start-up homes and smaller more affordable multifamily units. This demographic is often characterized by single professionals, key workers (i.e. health care, education, and essential services), start-up households, and seasonal workers looking for various forms of residential arrangements including short-term rental opportunities before developing sufficient credit and transitioning into long term ownership units. Accommodating this demographic is remains crucial to the retention of workers and in turn, the long term sustainability of communities in the NADC region.

ⁱⁱ Further analysis of localized median income levels obtained from the 2006 census may help further underscore the relation of income levels in the region in comparison to localized median housing prices. This would assist in establish a deeper understanding of the affordable housing challenge on a local level throughout the region.

Figure 6: Prairie Provinces: Average MLS Prices



Source: CMHC, 2007f.

While not as significant (in proportionate terms), the region also supports an increasingly ageing population. This increases the pressure on municipalities to create housing and facilities for seniors and the baby boomers heading towards retirement in the following decade. This not only includes providing housing for seniors but also providing for caregivers and other members involved in the health and assisted living industry. Increasing the stock of seniors housing is one of the direct ways of addressing this issue, but alternate housing forms such as the addition of granny flats and secondary suites may also help accommodate older generations or care givers providing the needed assistance.

PART 3. REGIONAL HOUSING DYNAMICS

3.1. HOUSING SUPPLY TRENDS

The availability of adequate affordable housing to meet the demands of a growing population remains one of the most significant challenges facing the NADC region. Rapid growth in industry development is outpacing housing, public infrastructure as well as social amenities. A shortage of adequate housing has resulted in a climate of rapidly escalating housing prices within the available housing stock, the erosion of rental stock and a climate of minimal vacancy rates (NADC, 2007a). Further, there remains few rental and social housing units being built to meet the requirements of new labour to the region, and minimal housing being built to meet the demands of in migration, a slowly aging demographic and the population displaced by the escalation in housing costs (NADC, 2007b).

These inadequacies within the supply-demand cycle for residential housing development can largely be attributed to high construction costs, labour shortages/rising costs and in some instances the inadequate supply of land (NADC, 2007a). A shortage of builders and private developers, particularly in small communities, rural/remote areas and Métis Settlements combined with increased material costs have resulted in higher construction costs. Builders and developers located in regions with oil and gas industries often have to compete with the industry by providing higher wages for labour. The additional costs of importing labour from other regions and transportation of construction materials from large centres to smaller communities also present significant cost implications resulting in higher development costs (NADC, 2007b).

Beyond these core issues, the conversion of land to accommodate alternative forms of housing units often involves lengthy development approval processes resulting in delay and unpredictability from the perspective of financial investors. Further, site specific zoning initiatives to increase density in established lower density neighbourhoods has often been met by opposition in many communities. In large part, these challenges can be attributed to varying perceptions over the implications of higher density as well as a general lack of integration of diverse housing policy in statutory planning documents.

Amidst a high construction cost scenario, a lack of incentive and high risk to develop and maintain rental accommodation, private ownership development has become the primary mode of operation for most communities. This trend is particularly notable in the ongoing cases of rental conversion to accommodate condominium development resulting in the ongoing reduction of rental housing stock. With reduced risk and higher profitable propositions, the conversion of apartments to condominiums is another increasing trend within many

communities. This significantly challenges a community's long term viability to accommodate, sustain and retain a diverse population (NADC, 2007b)

3.2. DEMAND DYNAMICS

On the demand side, the NADC region continues to experience high housing demand due to ongoing population growth and migration to the region. With vacancy rates in many communities near nil, the housing market has evolved to a sellers market with houses selling at asking price (NADC, 2007a).

The increasing population within the 20-44 age cohorts represents a population migrating for jobs which is primarily in need of entry level ownership and rental housing. There is also significant need for entry level rental housing that would allow workers to secure short term accommodation prior to making a transition into more permanent or long term housing arrangements. The increasing costs of residential developments and higher maintenance costs also present a difficult scenario for seniors on a fixed income who are not able to keep up with the rising costs. This inflation creates an increased need for seniors housing and assisted living arrangements.

3.3. EMERGING ISSUES AND CHALLENGES

The subject of affordable housing has become a long term regional issue. Development in general has become so expensive that majority of house prices will continue to remain beyond affordable (NADC, 2007b). Population and demographic trends indicate that there is an entire group of people that may need assistance in some form to enter the housing market.ⁱⁱⁱ The applicability of the term affordable housing targeted at low income households is becoming a challenged concept as in the current context of large age groups of well employed professionals, start-up households, key workers and seniors are in need of adequate housing. While it is imminent that there is a need for more affordable housing to accommodate the growing needs of the region, there is also a need to make housing in general more affordable and accessible.

The challenges forthcoming to improve the affordable housing scenario lie at various levels of the development process. While some of the solutions may be achieved in the short term, long term co-operation between the various levels of government, institutions, organizations and stakeholders remains crucial in the development of comprehensive, long range solutions. Challenges faced by these

ⁱⁱⁱ As mentioned earlier, to substantiate this assertion, a detailed analysis of local median income levels by age-cohort may be required to evaluate the affordability of housing based on median housing prices at the local level.

parties vary from improving awareness around the various government programs to developing capacity to access funding aimed at addressing the supply and demand dynamics outlined thus far (NADC 2007b). Within this context, there remains a definite need for governments, municipalities and regulatory bodies involved in facilitating the provision of affordable housing to improve the synergy amongst them.

3.4. IMPLICATIONS FOR SUSTAINABILITY OF THE NADC REGION

Housing is a basic fundamental necessity for the well being of individuals and communities. The lack of adequate affordable housing for low and medium income families is a barrier to the economic growth and stability of communities in the NADC region. Amongst other necessities such as public infrastructure, transportation, amenities and labour needed for the regions continual economic growth, the provision of affordable housing remains pivotal. The recruitment and retention of skilled labour into the region will largely depend on the availability of housing; the absence of which can prove a barrier to the economic growth as well as impede the retention of the existing population (NADC, 2007b).

PART 4. FEDERAL/PROVINCIAL FRAMEWORK AND INITIATIVES

4.1. PROVINCIAL LAND USE POLICY

In the province of Alberta, municipalities are conferred with specific authority under Part 17 of the Municipal Government Act pertaining to planning and development. Section 622 of the Municipal Government Act requires municipalities to ensure that statutory plans and actions remain consistent with the provincial land use policies.

In 1996 the province identified six policies related to “*Residential Development*” directed towards the goal of high quality, affordable housing development to meet the needs of Albertans.

Pursuant to this goal, the Government (as cited in MacNeil, 2002,) established the following housing policies:

1. *Municipalities are encouraged to identify in consultation with the local housing industry and local housing associations, the magnitude and scope of housing need within their communities and to establish land use patterns in response to that need.*
2. *In establishing land use patterns, municipalities are encouraged to accommodate and facilitate a wide range of housing types.*
3. *In responding to policies #1 and #2, municipalities are encouraged to provide intensification opportunities within developed areas where existing infrastructure and facilities have adequate capacity.*
4. *In responding to policies #1 and #2, municipalities are encouraged to accommodate barrier free residences for persons with disabilities and residences in which the provision of care and support for the occupants is possible.*
5. *In responding to policies #1 and #2, municipalities are encouraged to eliminate any barriers which inhibit the use of housing constructed off site and to accommodate manufactured and modular housing in a fashion which is in harmony with existing or proposed neighbourhood design and architectural development.*

6. *In responding to policy #1 and other themes of this section municipalities are encouraged to review in cooperation with the land development industry, their current standards and practices with regard to neighbourhood design and residential servicing.*

The policies listed above are supportive of identifying a variety of housing forms that would cater to the diverse needs of Albertan communities. However aside from Section 622 of the Municipal Government Act, the policies alone do not dictate any specific actions to accommodate affordable housing. As such, the onus has remained on municipalities to establish plans and approaches for residential development consistent with this direction.

4.2. AFFORDABLE HOUSING PARTNERSHIPS INITIATIVE

The Affordable Housing Partnership Initiative (AHPI) was created as result of a Federal and Provincial initiative known as the Canada-Alberta Affordable Housing Program Agreement which was signed between Alberta Seniors and Community Supports (ASCS) and CMHC on June 24, 2002. The AHPI was created to assist the creation, restoration and conversion of existing housing and non-housing stock into affordable housing projects to accommodate low- and moderate income households, seniors and people with disabilities located in high growth, high need urban centers and other areas with considerable housing needs. In late 2006 the administration of this program was delegated to Alberta Municipal Affairs and Housing with input from Alberta Seniors and Community Supports. As of 2008 a new ministry for Housing and Urban Affairs was created.

The Canada-Alberta Affordable Housing Program Agreement signed in 2002 allocated a total of \$134 million (\$67 million from each order of government) of federal and provincial money to build affordable housing units in Alberta. Towards the end of July 2005, \$109 million had been spent on 2,449 units. During June 2005 an allocation of funds (\$9.6 million) was announced for the creation of 211 affordable housing units in Banff, Edmonton, Grande Cache, Grande Prairie, Medicine Hat and Whitecourt. In August 2005, the province and the federal government signed phase two of the Canada-Alberta Affordable Housing Program, committing \$31.5 million each to increase the supply of affordable housing in the province (ASCS, 2007).

Phase two of the program provides funding in the form of one time grants to assist municipalities, local community housing authorities, non profit organizations and private sector groups engaged in the facilitation of affordable housing. The initiative encourages the establishment of partnerships between non-profit organizations, local community housing authorities, municipalities and

private sector companies to plan, construct, own and administer the affordable housing initiatives. The funding is targeted for the creation of housing units for low-income working families and individual persons with special needs and seniors who are unable to pay conventional market rents (ASCS, 2002).

The funding is provided in the form of a capital grant with eligible projects receiving combined funding up to \$150,000 per unit. A set of criteria is established for each approved project specifying the terms and conditions over the term of the grant and enforcing the projects to remain affordable over a period of 20 years. Most of the projects under this program are rental units where the rents are expected to be at least ten percent or more below average market rents. The benefiting tenants are drawn from a social housing waiting list from the community in which the approved project is to be located. One of the important criteria of the program requires the municipalities and organization initiating the project to conduct a needs assessment identifying the targeted households and to secure land ownership or possess a legal purchase or lease agreement prior to making any application for the grants (ASCS, 2002).

4.3. ALBERTA AFFORDABLE HOUSING TASK FORCE: FINDINGS, RECOMMENDATIONS, AND ACTIONS

In response to recommendations of the Alberta Affordable Housing Task Force (AAHTF), the Government of Alberta pledged \$285 million to support more affordable housing (Alberta Municipal Affairs and Housing, 2007b). The increased funding was directed at establishing and strengthening a variety of initiatives including the following:

- Municipal sustainability housing program;
- Enhanced Capital Support;
- Homeless support and provincial homeless initiative;
- Rent supplement program;
- Housing providers and special purpose housing;
- Fort McMurray affordable housing capital support;
- Off-Reserve Aboriginal Housing;
- Homeless and eviction fund;
- Alberta transitional housing initiative.

The housing task force recognized that municipalities were in the best position to determine their housing needs and allocate funds accordingly. The funding is applicable to projects initiated by municipalities to address their housing affordability issues. Alberta Municipal Affairs and Housing (AMAH) (AMAH,

2007a) has identified that the funding is targeted at projects incorporating the following principles:

1. *Increasing the supply of access to affordable housing for low to moderate income families, individuals and persons with special needs. In this case, affordable housing is defined as housing that is modest in terms of floor area and amenities, which meets household needs and where rents or leases are below market rent in the community or area in which the unit is located.*
2. *Selected projects that will build on Alberta's competitiveness address growth pressures and improve the quality of life of Albertans.*
3. *Projects will be selected based on the greatest demonstrated need, financial viability and sustainability.*
4. *Selected projects are expected to remain as affordable housing as determined by the Municipality.*

The funding is applicable to all projects initiated by municipalities which identify a substantial need for affordable housing in the community. Unlike the AHPI program, the funding provided under the Municipal Sustainability Housing Program allows for a greater portion of capital assistance up to 70 % of the total project cost. The funding is administered through a request for proposal (RFP) process requiring municipalities to submit their business proposals. The funding is administered by Alberta Municipal Affairs and Housing based in Edmonton (AMAH, 2007b).

4.4. FEDERAL FUNDING - ABORIGINAL OFF-RESERVE HOUSING

In 2006-2007, the federal government established a one time funding investment of \$48.4 million for three years to support the affordable housing needs of aboriginal households living off reserve. The grants are administered Alberta Municipal Affairs and Housing request for proposal process. The program is designed to address the supply of affordable housing through the creation of new housing units, home repairs and home ownership assistance. Within the category of creating new housing units, there are provisions to support the development affordable rental units, post secondary student housing and detached single family housing for ownership.

The funding is provided in the form of one time capital grants to projects that demonstrate greatest need, financial viability and sustainability. Organization,

municipalities, non-profit and community groups are eligible to apply for funding (AMAH, 2007b).

4.5. CMHC - RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM & SEED FUNDING SUPPORT

The Residential Rehabilitation Assistance Program (RRAP) was created from federal funding announced in 1996 and is administered through the Canada Mortgage and Housing Corporation. The program involves providing assistance to developers and organizations as well as low income households, seniors and people with disabilities to facilitate the development of affordable housing. The RRAP initiative provides supplementary funding for an array of housing types including, secondary suites, non-residential development conversion into affordable housing, seniors housing, shelters, emergency repairs as well as rental assistance. The program is available in all provinces within Canada, and applied to all communities including aboriginals located both on and off reserve (CMHC, 2007e).

The RRAP program consists of various streams including the following:

- Home Owners Residential Rehabilitation Assistance Program;
- Rental Residential Rehabilitation Assistance Program;
- Residential Rehabilitation Assistance Program - Conversion
- Residential Rehabilitation Assistance Program For Persons with Disabilities;
- Residential Rehabilitation Assistance Program;
- Residential Rehabilitation Assistance Program – Off Reserve.

The program is administered directly through CMHC, as well as in partnership with municipalities. The program offers limited funding up to \$24,000 per unit for eligible households. The funding is provided through a careful selection of applications evaluated against the various RRAP program guidelines and income threshold criteria as established by the local municipalities (CMHC, 2007e).

To support the development of strong, supportable affordable housing projects CMHC also offers a seed funding program. The program is directed at supporting the development of strong affordable housing proposals establishing defined community need and a clear direction as per financing strategies. CMHC seed funding provides proponents with financial assistance to carry out these initial activities.

Seed funding may be used to pay for a variety of activities in the early stages of developing a housing project proposal. These activities must be directly related to the development of the housing project proposal. Eligible items include:

- Housing market studies to evaluate need and demand for the proposed project;
- Development of a business plan ;
- Exploration of funding sources or options;
- Evaluation of procurement options;
- Preliminary financial viability analysis;
- Environmental site assessment;
- Preliminary design of the housing project (new construction, renovation or conversion)
- Incorporation of a not-for-profit organization (CMHC, 2007g)

PART 5. MUNICIPAL APPROACHES TO FACILITATE AFFORDABLE HOUSING SUPPLY

This section extends the analysis thus far by documenting methods and approaches by select municipalities to facilitate affordable housing supply. The analysis examines strategic planning, policy development, regulatory reform, and utilization of provincial and federal programs to support affordable housing development. To supplement this section and the tools, and approaches discussed, please refer to Appendix A which provides a comparison matrix of the various tools discussed

5.1. MUNICIPALITIES SURVEYED AND RATIONALE

The municipalities examined for the purpose of this portion of the study ranged from small to medium urban centres and regional municipalities located across Alberta and British Columbia. Municipalities examined included the following:

- City of Coquitlam, British Columbia
- City of Langford, British Columbia
- Resort Municipality of Whistler, British Columbia
- City of Cochrane, Alberta
- City of Brooks, Alberta
- City of Edmonton, Alberta
- City of Grande Prairie, Alberta
- Municipality of Wood Buffalo, Alberta
- Town of Slave Lake, Alberta
- Town of Banff, Alberta

The rationale for the selection of these municipalities was based on indications that they were readily active in examining, developing and implementing various methods and strategies to facilitate the supply of varying forms of affordable housing in their respective jurisdictions. Municipalities of differing scales were selected to establish a potentially transferable framework to municipalities in the NADC region.

5.2. SUMMATION OF APPLIED APPROACHES

Local governments and municipalities can play an important role in stimulating and facilitating the supply of affordable housing. The involvement of the municipality can vary from being very active to passive. The process of planning

and developing affordable housing involves various components that require active engagement of industry professionals, administrative bodies, private developers and the target population.

Figure 7: Summary of Varying Affordable Housing Approaches, Concepts & Practices

APPROACHES	CONCEPTS & PRACTICES
RESEARCH ACTIVITY	<ul style="list-style-type: none"> • Special Purpose Task Force/Body • Housing Forums • Design Charettes/Ideas Competition • Housing Statements & Studies • Information & Monitoring
POLICY INITIATIVES	<ul style="list-style-type: none"> • Housing First Policy • Housing Levy
REGULATORY CHANGE	<ul style="list-style-type: none"> • Second Suites • Density Bonusing • Inclusionary Zoning • Exaction Programs or Housing Linkages • Demolition Control Bylaw • Infill Development • Alternate Development Standards • Performance Based Planning • Streamlining Approval Process
FINANCIAL INCENTIVES	<ul style="list-style-type: none"> • Exemption of Fees (e.g. Dev.Charges) • Special Tax Rates • Redevelopment Incentive Programs • Housing Grants and Loans • Housing Trust Funds & Land Trusts
ADMINISTRATIVE MEASURES	<ul style="list-style-type: none"> • Direct Administration & Funding of various housing programs
ADVOCACY	<ul style="list-style-type: none"> • Housing Task Force • Community Action Plans • Municipal/Housing Sector Activities • Political Leadership
DIRECT PROVISION	<ul style="list-style-type: none"> • Shareholder of Municipal Not-for-profit Housing Corporations • Direct Financing
COMMUNITY EDUCATION	<ul style="list-style-type: none"> • Community Forums • Information Videos
PUBLIC/PRIVATE PARTNERSHIPS	<ul style="list-style-type: none"> • Demonstration Projects • Proposal Calls • Municipal Not-for-profit/Private Sector Initiatives

The approaches examined as part of this analysis vary from informal to direct intervention. These include actions such as;

- Developing policy;
- Changing regulation;
- Promoting diverse affordable housing types;
- Actively engaging in more direct participatory roles such as acting as developers of affordable housing.

In its broadest form, the approaches examined span municipal actions at the regulatory, financial, procedural and partnership level to facilitate affordable housing supply. Figure 7 provides a general overview of the varying degree of approaches, concepts and practices developed in response to the affordable housing challenge within Ontario. In many respects, this analysis explores the spectrum of these approaches, concepts and practices as they pertain to the NADC region.
Source: Starr, 2001

5.3. DETAILED EVALUATION OF APPLIED AFFORDABLE HOUSING APPROACHES

The approaches examined have been used by municipalities in varying capacities, with some larger municipalities demonstrating multi-tiered approaches to address the affordable housing challenge. Conversely, the smaller municipalities examined have developed more direct approaches to tackle affordable housing. The approaches studied are applicable within the context of Alberta municipalities and can be implemented individually or and in a combined form.

5.3.1. INCLUSIONARY ZONING AND DENSITY BONUSING

Inclusionary zoning is an approach applied by municipalities that requires the developer contribution of affordable or social housing units. In most cases, municipalities have leveraged the inclusion of housing units via density bonusing mechanisms sought by developers during development approval processes. The City of Grande Prairie, Edmonton, Vancouver, Langford and Coquitlam have utilized this concept by means of implementing a density bonusing policy that requires a certain percentage of new developments as affordable housing in lieu of allowing for additional density. The application of this policy is largely used in multi-family and large scale residential developments. The resulting housing units are then handed over to the city to become a part of larger pool of affordable housing stock which can be rented or sold to qualifying individuals or households. The housing stock is often managed by the municipality or non-profit organizations (Tomalty et al., 2007).

The policy has been implemented in the City of Vancouver since 1988, requiring certain major developments to contribute approximately 20% of the housing as social housing. The City of Grande Prairie provides a 20% density bonus in lieu of 10% of the housing yield to be dedicated as affordable housing. Dedicated affordable housing stock is then turned over to the City to be administered as affordable housing either by the City or a non-profit organization (Merrill, 2007).

This approach remains dominant in larger urban centres experiencing larger scaled developments. They remain effective in circumstances whereby density is sought after by the development community. This is applicable in both larger urban centres or municipalities that are experiencing significant shortages of raw and serviced land to accommodate development. The strategy has significant potential to produce affordable housing if applied evenly on a regulated basis. However the policy is not effective in smaller towns where the cost of land is

cheaper, availability of land is not an issue and the predominant housing form remains low density, detached housing (Tomalty et al., 2007).

5.3.2. *FEE WAIVERS AND DEVELOPMENT COST CHARGE (DCC) INCENTIVES*

Development incentives are approaches employed by municipalities to encourage developers to build more affordable housing units for low-income individuals. Fee waivers can be instituted to provide incentives for housing projects by non-profit groups, charitable organizations and private developers.

The City of Edmonton (2007b) provides incentives in the form of property tax credits and fee rebates to developers engaged in building or refurbishing of affordable rental housing stock. The City of Grande Prairie implemented a policy for waiver of fees, levies and securities as a form of assistance specifically directed at entities engaged in the development of housing for people with special needs, affordable housing projects and any other project undertaken under the direction of the City. The fee waivers are applied to various levels of the development process including, development permits, building permits, subdivision applications and rezoning fees (City of Grande Prairie, 2007a).

A change in the application of development cost charges (DCC) is also utilized by certain municipalities to influence the development of smaller and hence more affordable housing units. The standard practice of applying DCC's is usually based on parcel size of the proposed development area. As an alternative, the City of Coquitlam applies DCC's on the basis of allowable density on a parcel of land. This approach encourages developers to fully utilize allowable density which in turn is intended to facilitate the development of smaller more affordable housing units. The strategy has been successful in increasing multi family housing stock (City of Coquitlam, 2007a).

Notwithstanding, the strategy is indirect and reasonably difficult to establish a correlation between affordability of units. The strategy is also weak in places where the developments are largely single and duplex forms of residential housing (Tomalty et al., 2007).

5.3.3. *SECONDARY SUITES*

Secondary suites are an approach to affordable housing that includes the modification of a single detached dwelling or garage to accommodate an additional dwelling unit. The majority of municipalities surveyed as part of this study have employed regulatory reforms and incentives to facilitate the creation of secondary suites.

Secondary suites offer homeowners a number of benefits while also creating an option for affordable housing. Creating a secondary suite often involves making changes to the building to ensure compliance with code requirements from a health and safety perspective. Secondary suites are self contained accommodations with a small living area attached to a small kitchen and a bedroom. The use of secondary suites varies from small home based offices, working studios, to accommodation and rental purposes (GVRD, 2007).

The trend of legalizing secondary suites has gained momentum within small and large urban municipalities within the last decade. In order to offset the additional servicing cost, most municipalities require the secondary suites to be registered as a separate title to ensure the appropriate assessment and taxation (City of Coquitlam, 2007c). The trend is gaining popularity as it provides opportunities for renting to students, extended family members or single working people and adds significant financial contributions. Further, in a climate where housing costs have not matched income growth, secondary suites are often looked upon as a mortgage helper (City of Edmonton, 2007d).

Recognizing the value of secondary suites, CMHC provides RRAP grants for the creation and upgrading of secondary suites for low and moderate income households. Municipalities such as the City of Edmonton (2007a) and Grande Prairie have partnered their regulatory reforms to accommodate secondary suites with specific RRAP initiatives to increase the supply of secondary suites catered to low to moderate income households.

5.3.4. *DIRECT INTERVENTION*

Direct intervention approaches often involve the direct engagement of the municipality in facilitating the supply of affordable housing. Municipalities can play a critical role in the facilitation of affordable housing in various forms spanning from:

- The development of comprehensive policy;
- Direct contribution to specific projects in the form of land or financial assistance;
- As administrators and partners with organizations engaged in implementing and operating affordable housing stock.

In the context of rapidly escalating housing prices and reduced rental housing stock, municipalities can play a pivotal role in the creation of non-market and non-profit rental stock. Some of the municipalities surveyed have played a direct role by providing land for new development projects. Others, such as the

Regional Municipality of Wood Buffalo (RMWB), have gone further in terms of direct intervention via the creation of separate housing corporations whose mandate is directed at addressing affordable housing needs within the municipality.

With the provision of new affordable housing funding programs, there is an increased incentive and onus on the local government to actively participate as a developer or partner in the creation of affordable housing. Within Alberta, many small and large municipalities such as RMWB, Edmonton, Cochrane, Brooks, and Slave Lake have demonstrated active participation in developing public policy and frameworks to stimulate affordable housing initiatives as well directly contributing to projects by supplying municipally owned land as well as financial assistance (McNeil, 2002).

By actively contributing and participating in the creation of affordable housing, municipalities are better able to monitor the availability of housing within their jurisdictions. This approach is successful in creating and conserving affordable housing as municipalities are able to retain some form of equity or ownership of the land during the tenure of the project, hence making the projects less susceptible from being converted into market housing or condominium conversions (CMHC, 2005).

These approaches are seen in both the large and small municipalities surveyed, however, they remain of critical importance to smaller communities where there is generally a higher requirement of capital assistance for organizations involved in the provision and supply of affordable housing. When supported by the municipality, these smaller organizations often benefit from municipal support ranging from land contributions to improved access to additional funding resources.

5.3.5. *RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM*

RRAP programs initiated by CMHC are also administered by many of municipalities to stimulate the preservation of rental housing as well as facilitate housing for low-income households. Municipalities such as Edmonton and Grande Prairie have administered RRAP programs to support seniors housing and to stimulate the development of affordable housing in the form of secondary suites (A. Merrill, personal communication, October 5, 2007).

RRAP assistance is designed to cater to a variety of individuals including low income households, as well as landlords providing affordable housing for low income households. Some of the programs feature assistance to low income households towards renovation and upgrading homes to adequate and safe

living standards as well as adaptations to accommodate disabled residents. The program is also used by municipalities to encourage homeowners to construct affordable secondary suites. The program is also being used by the City of Edmonton to support redevelopment of brownfield sites as well as the conversion of non residential properties into affordable housing (City of Edmonton, 2007e).

5.4. EMPLOYER ASSISTED HOME OWNERSHIP

In locations of high inflation and expensive housing markets, workers often find it difficult to enter the housing market on the basis of mortgages alone made available by banking institutions. Lack of secure housing can affect the stability of workers and consequently jeopardize the stability of industries and businesses. Providing financial assistance to homebuyers in partnership with employers is a strategy developed by the Wood Buffalo Housing and Development Corporation (WBHDC) of the Regional Municipality of Wood Buffalo to help industries and businesses retain their labour pool (WBHDC, 2006).

The process involves providing additional mortgages at low interest rates and financial assistance with down payments to help workers become eligible for home ownership. One such program is used by the WBHDC to assist first time homebuyers become eligible for homeownership. The program involves a partnership between WBHDC and the regional employers in assisting employees via financial assistance in the form of a second mortgage and capital assistance for down payments to support the purchase of housing developed and controlled by the WBHDC. It should be noted that this assistance is restricted to facilitate the purchase of housing from this controlled stock and not the open housing market.

Similarly, the Whistler Housing Authority (WHA) of the Resort Municipality of Whistler partners with local business and industry to provide local employees with affordable ownership housing opportunities after employees have completed one year of employment in the municipality (WHA, 2007).

This approach is applicable in regions where there is an acute shortage of workers and the economic gains from the industries are high enough to cover the risks associated with providing direct financial assistance to employees (such as oil and gas). The strategy may not work in small towns where the municipalities have limited financial resources and local economic conditions are volatile and unpredictable.

5.5. ADDITIONAL APPROACHES

The approaches identified thus far have constituted applied practices implemented by municipalities surveyed as part of this analysis that are potentially transferable to the municipal context and regional dynamics present within the NADC jurisdiction.

However, there remains other approaches which have been used elsewhere that possess the potential to be applied. Additional approaches for consideration include the following:

- Linkage Programs
- Alternate Development Standards

5.5.1. *LINKAGE PROGRAMS*

Linkage fees are a form of levy that is applied to commercial developments in order to meet the increased need for affordable housing to support the additional demand generated from developments. The levy is usually applied as a condition of approval to be paid by developers which is accumulated in the form of a municipal fund dedicated towards the development and acquisition of affordable housing. In some cases, the developers are also provided the alternative to develop affordable housing themselves as an in kind contribution instead of the levy. The program has been implemented across the U.S in many cities including San Francisco, Seattle, Miami and Washington. The program has seen limited implementation in Canada with applications in Richmond and modified models in Banff and Whistler.

The program is generally popular in communities with unbalanced growth, where the linkage fee can generate considerable amounts of money within a short period of time. The success of implementing linkage fees requires the municipality to demonstrate a direct link between commercial development and housing shortages. The program implementation also requires a good balance as the additional levy may affect the profitability of certain developments. Municipalities may also shy away from imposing additional levies in order to attract commercial development. Lastly the program may be open to challenge on legal grounds for establishing a direct relation of housing problems being linked to incoming developments (Tomalty et al., 2007).

5.5.2. *ALTERNATE DEVELOPMENT STANDARDS*

Alternative development standards (ADS) involve making changes to the current planning and engineering standards to provide flexibility for design in the construction of communities. Some of the examples of alternate development standards include reducing setback requirements, developing on narrower lots, reducing road allowance and on street parking. The advantage of using alternate development standards can result from the reduced net costs, resulting from the better and efficient use of land and reduced construction costs (Tomalty et al., 2007).

Developments based on New Urbanism designs are the largest proponents of alternate development standards. Examples of communities using alternate development standards in Canada include McKenzie Town in Calgary, Cornell in Markham and Bois Franc in Montreal. ADS can also be used beneficially in the case of redevelopment and infill developments within existing communities by making better use of development opportunities from reduction in standards and thus making better use of land and municipal infrastructure (Tomalty et al., 2007).

The concept of ADS is becoming increasingly popular within the professional circles of planners and designers and widely accepted by municipalities across Canada. However the projects using ADS have demonstrated a weak linkage between cost savings and affordability. Some of the developments utilizing ADS have demonstrated inflationary prices post development of higher standards.. Application of ADS also needs to be complemented with significant investments in public infrastructure such as well connected transit systems and localised amenities to fully utilise the potential of higher standards and densities applied through ADS. There is a lack of framework that would allow the cost savings of development to be passed on to the customer which remains a significant challenge. The successful use of ADS for increasing affordability requires a supportive planning framework (Tomalty et al., 2007).

PART 6. APPLIED PRACTICES TO FACILITATE AFFORDABLE HOUSING: SUCCESS STORIES & CHALLENGES

The purpose of this section is to briefly document applied practices of the methods and approaches detailed thus far. Further, through discussions with municipal representatives, an assessment of the success factors and challenges experienced is addressed.

6.1. CITY OF LANGFORD- INCLUSIONARY ZONING/DENSITY BONUSING

Objective:

To ensure continued supply of affordable housing stock.

Actions:

The City of Langford is located on the southern end of Vancouver Island next to Victoria. Housing prices in the region are one of the highest in Canada. Due to the rising costs and increasing popularity of the region, the municipality embarked on a proactive approach to create sustainable solutions to ensure a steady supply of affordable housing. In 2004, Langford's mayor in consultation with the local development community worked together to create a "made in Langford" approach to facilitate new affordable homeownership housing for families. The City also established an affordable housing committee to review the application and monitoring of the housing stock. Under the program, the City requires all rezoning applications of 10 or more single family residential lots to include one small affordable lot and house. Council controls the decision to allow one or more affordable housing units to be provided on a site different than that being developed, subject to the location being confirmed prior to approval of the bylaw (Hall, 2005).

An affordable housing agreement is signed between the developer and the City of Langford to restrict the maximum sale price to \$150,000 and to qualified purchasers. Following the initial sale, the affordable housing committee controls the transfer or release of affordable homes for a period of five years and selects subsequent purchasers. After five years, the owner is permitted to increase the sale price by \$2000 for each year of the ownership period (City of Langford, 2005).

The British Columbia Local Government Act allows municipalities in B.C to approve residential projects with higher densities in exchange for affordable housing. Langford also uses density bonusing in conjunction with inclusionary zoning to acquire affordable housing. Since the implementation of the program in 2004, significant amount of new homes have been acquired as affordable housing (City of Langford, 2005).

Success factors:

- The development community played a key role in developing the policy;
- The policy is applied in an expensive real estate environment; hence the profits from remaining development cover the subsidizing on the affordable housing unit;
- The city controls the price of the affordable housing units, hence eliminating exposure to inflation (Personal Communication, Grant Liebscher, Planner 1, City of Langford, October 2007)

Challenges:

- Policy not applicable to small development schemes and individual developers;
- Policy also not transferable to locations with slow growth and where real estate is not expensive.
- B.C. Local Government Act does not explicitly authorize acquisition of affordable housing via inclusionary zoning (Personal Communication, Grant Liebscher, Planner 1, City of Langford, November 2007)

6.2. CITY OF COQUITLAM- SECONDARY SUITES

Objective:

To ensure more efficient use of municipal infrastructure and expand the existing affordable housing stock.

Actions:

The City of Coquitlam (2007a) undertook a comprehensive strategy on secondary suites starting in 1997. The City appointed a community advisory committee, followed by hiring a planning consultant to formulate regulations, and

conduct a public consultation process to help guide policy recommendations by the committee to Council. In response to these recommendations, a zoning bylaw was passed in 1999 permitting secondary suites in single-family zones. The city established a program for secondary suites including the following:

- An extensive array of public information materials (web site, guide, and video);
- A set of building codes, “alternate life safety standards” for secondary suites in place for houses that were built or had a building permit issued before July 1, 2000. This was intended to reduce the cost of legalizing existing suites;
- Charging 40% of the household utility rate for legal suites or 100% for suites that were not legalized or decommissioned;
- Waiving the standard utility charge for secondary suites for a grace period of 1 year;
- Recognition of secondary suites in the Official Community and zoning bylaws (City of Coquitlam, 2007c).

Success factors:

- Use of public process to involve the community early and address their priorities as well as reduce public opposition;
- Explored opportunities to reduce complexity of bylaws and accommodate existing suites;
- Encourage new homes to be built as suite ready;
- Gradual implementation process, with relevant information provided to the public;
- Provide incentives for people to legalize secondary suites (C. Van Porten, Personal communication, November 4, 2007).

Challenges:

- Additional cost of legalising existing secondary suites;
- Owners not intending to use an existing suite required to decommission;

- Uptake on legalising suites has been slow in recent years (C. Van Porten, Personal communication, November 4, 2007).

Additional Efforts:

During the 2005 land use bylaw review, the City also adopted policies around density bonusing and development approval fastracking for projects including provisions for affordable housing within specific commercial zones. However, there has been minimal action on this policy as most development in the area was undertaken prior to 2001. Further, the City is also participating in the development of a 55 unit affordable housing project in Coquitlam initiated by BC housing. The City made direct contribution by means of allocating the land needed for development through a 60 year long land lease for a nominal fee of \$1. The city retains the ownership of the land, and at the end of 60 years the land will be reverted back to the City (City of Coquitlam, 2007b).

6.3. TOWN OF COCHRANE; CITY OF BROOKS - AFFORDABLE RENTAL HOUSING

Objective:

To increase affordable rental housing stock

Actions:

The Town of Cochrane and the City of Brooks have both undertaken significant growth in the past decade. However due to majority to housing being single detached residential housing, there was very little affordable ownership or rental based affordable housing being developed. The municipalities established the need for housing geared towards start-up homes and single professionals. The municipalities established affordable housing committees comprised of planners, member of local chambers of commerce and industry professionals. The committees were responsible for public engagement and conducting a needs assessment within their communities (MacNiel, 2002).

The Town of Cochrane established a formal affordable housing strategy in 2002 based on needs assessment conducted. The town and Cochrane Society for Housing Options, a non-profit organization, became the initiating developer for a 21 unit Homestead Affordable housing project (C. Burns, Personal Communication, October 6, 2007). . The project is rental affordable housing providing accommodation at 10% percent below market rate rents. The municipality contributed the land needed for the development in the form of a 60

year long land lease and placed a waiver on the development fees. The project was funded under the AHPI initiative as well as the RRAP initiative with combined provincial funding of over \$1,000,000 (CMHC, 2005). The municipality has also developed a fourplex under the Municipal Sustainability Initiative (MSI) funding, thus playing the role of a developer and the landlord (C. Burns, Personal Communication, October 6, 2007).

The City of Brooks, under the recommendation of the affordable housing committee and in partnership with Brooks Housing Society, a non-profit organization initiated an affordable housing project including 39 townhouses. The project is rental affordable housing providing accommodation at 10% below market rate rents. The project initiated in 2002 received a funding of \$1,950,000 from provincial grants under the AHPI program and \$760,000 from Alberta Real Estate Foundation. The city provided the land needed for development and retains equity in the project in the form of land ownership. The city is currently working on a second project involving 42 units which pending grant approval (Alberta Seniors and Community Supports, 2003).

Additional Efforts:

In 1997, both the municipalities formally adopted bylaws legalizing secondary suites. The City of Cochrane has noted since this adoption they have seen very few developments incorporating secondary suites. In 2002, the City of Brooks limited the development of secondary suites to existing stock and discontinued secondary suites as a permitted use in newer subdivisions due to lack of popularity with local Council (G. Shaw, Personal Communication, September 22, 2007).

Success factors:

- The City of Cochrane and Brooks have benefited from a strategic framework that established a committee structure and structured coordinated planning from a needs assessment to a comprehensive housing strategy. This plan subsequently laid the framework for specific housing projects that received strong provincial support based on demonstrated need, financial viability and long term sustainability.
- Establishment of formal affordable housing committees overlooking the need assessment and continual engagement with the community;
- Partnership with non-profit organizations and partners committed to the implementation and administration of the project over the projects life time, hence reducing the administrative pressures on the municipality.

- Development of business proposals that established conformity and clarity of project which in turn resulted in strong federal and provincial support under the AHPI initiative.
- Municipality serving in a leadership capacity to contribute to local affordable housing solutions.

Challenges:

- Alternative forms of housing such as secondary suites have been less successful (G. Shaw, Personal Communication, September 22, 2007);
- The municipality becoming a landlord presents administrative complexity as the housing stock increases (C. Burns, Personal Communication, October 6, 2007).
- Little progress on facilitating affordable housing for home ownership due to lack of non profit organisation or developers indulging in providing housing at subsidised rates, as well a lack of programs and funding directed towards affordable home ownership.

6.4. CITY OF GRANDE PRAIRIE- REGULATORY REFORM, VOLUNTARY INCLUSIONARY ZONING, DENSITY BONUSING, SECONDARY SUITES, AND FEE WAIVERS

Objective:

The City of Grande Prairie development services has currently adopted four initiatives with the intent of increasing the affordable housing supply within its communities. These initiatives are currently in their infancy and as such the relative success and challenges experienced to date are not yet established.

Actions:

Regulatory Reform - Due to the high prices and general affordability challenges associated with the predominance of single detached dwellings in the City, the municipality is currently exploring measures and statutory adjustments that would require a greater percentage of all housing units in new neighbourhoods to be in a form other than single detached dwellings (Merrill, 2007).

Density Bonusing - The program is a voluntary based incentive program where should a developer choose to include a set percentage of affordable housing in their development they can exceed the allowable density for that parcel or neighbourhood to compensate for the provision of affordable housing. For every

10 % of units set for affordable housing the policy allows a 20 % percent increase in density resulting in higher number of units (City of Grande Prairie, 2007b)

Secondary Suites: In May 2007 the city adopted a policy to legalize secondary suites in all residential districts within the city to encourage alternate forms of affordable housing (Merrill, 2007). The city uses the RRAP program by CMHC to encourage the development of secondary suites in low to moderate income households by providing a forgivable loan of up to \$10,000. The city uses similar criteria as per CMHC and modesty guidelines for selection of applicants (A. Merrill, Personal Communication, October 4, 2007).

Waiver of fees, levies and securities: the city adopted a fee waiver policy to encourage developments by non-profit organizations involved in the developing affordable housing and any other public projects developed in assistance and under the direction of the city. The projects are required to be affordable for at least 15 years and the city would also provide consideration for cost sharing (City of Grande Prairie, 2007a).

Success Factors :

The policies identified have been recent initiatives and the status of implementation and success measures is currently unknown. The City has indicated that they will continue to monitor the effectiveness of these adjustments as they relate to facilitating an increased supply of affordable housing (A. Merrill, Personal Communication, October 4, 2007).

6.5. CITY OF EDMONTON - BUILDING THE CAPITAL PARTNERSHIP INITIATIVE

Objective:

Preservation and stimulating affordable housing opportunities within the existing housing stock.

Actions:

Policy Framework

The City of Edmonton has been continually developing its affordable housing strategy since 2002. The recent release of the “*Building the Capital Partnership Initiative*” highlights the current housing market and demographic trends underpinning the need for affordable housing. The report identifies an array of

housing initiatives to be implemented by the City in the future. Even though the City has seen more housing starts than the previous years new development remains primarily dominated by ownership housing and very little in the form of affordable rental housing (City of Edmonton, 2007a).

Density Bonusing

The City of Edmonton does not have a formally adopted density bonusing policy for acquisition of affordable housing. However in certain high density rezoning applications within Direct Control Districts, the City of Edmonton has required the developers to provide five percent of the developed units as affordable housing units, as a condition of the rezoning that would allow the development with a density bonus. Thus the strategy is utilized on specific sites based on an evaluation of the proposed development. The strategy is applied largely in Direct Control District and not uniformly across all land use districts.

In its report to the Alberta Affordable Housing task force, the city of Edmonton acknowledged that the Alberta Municipal Government Act does not explicitly authorize the Municipality to impose inclusionary zoning policy on new developments. However the City has been working on a policy known as “Cornerstones Inclusionary Affordable Housing” which is a combination of a density bonusing strategy along with the provision for five percent of the new development as affordable housing that shall be applied to all new development and redevelopment projects (Personal Communication, Graham Beck, Senior Planner, City of Edmonton, Jan 3rd 2008).

RRAP Programs

With the large amount of existing housing stock, Edmonton has implemented various programs to encourage alternative housing forms and preserve existing affordable housing units. Edmonton administers the CMHC’s RRAP program under its asset management department for supporting the development of affordable housing (J. Freeman, Personal Communication, October 17, 2007). The various RRAP initiatives in Edmonton include the following:

- Rent supplement program for low income households and seniors;
- Rehabilitation program to facilitate upgrading of housing for a low income household and to improve housing to accommodate housing for disabled residents;
- Assistance for low to moderate income households to accommodate the development of a secondary suite;

- Support to facilitate the conversion of non-residential developments into affordable housing.

Rent Supplement Program

The Rent Supplement program has been implemented in the form of a pilot project across Edmonton. The project is aimed at improving affordability for low income households in up to 400 private rental units in Edmonton over the next five years. Under the project a rent supplement of up to \$200 will be provided to up to 400 households living in privately owned rental units. The project will increase affordability to households with less than median incomes and spending more than 30% of their income on rents. The City of Edmonton will ensure the first source of applicant would be approved from the Capital region Housing Corporation (regional non-profit organization) wait list (City of Edmonton, 2007c).

Boardwalk Rental Communities is the first landlord partner to agree to supply 200 units of managed rental stock for the pilot project based on the adjusted markets rents specified by CMHC less the rate rent supplement. The project is funded through a combined contribution of provincial and federal funding to be provided in the form of grant under a Federal/Provincial Affordable Housing Program (City of Edmonton, 2007c).

Secondary Suites Development Assistance

The City of Edmonton adopted the policy in September 2007 to permit secondary suites within the existing and new single detached dwelling units. The policy was aimed at increasing options for densification as well as creating opportunities for increasing the rental stock within the city. The policy is also applied in conjunction with CMHC RRAP assistance programs administered by the City. Under the program, assistance is available to households to support the development of secondary suites as affordable housing rentals (City of Edmonton, 2007d).

Qualified applicants for the program are required to develop a bonafide affordable self-contained rental accommodation. Selected applicants are required to enter into an operating agreement which establishes the rent that can be charged during the term of the agreement. The assistance provided is in the form of a forgivable loan of up to \$24,000/unit (CMHC, 2007e).

The program is intended to offer an option for both existing households and new home owners as a means to develop a “mortgage helper” while also increasing affordable, safe, rental housing stock in the City. A peripheral benefit of the program to seniors is the added security and contribution to home and yard upkeep that a potential tenant can provide via negotiated tenancy agreements (City of Edmonton, 2007d).

Conversion of Non-residential developments to Housing

The RRAP conversion program administered by the City provides assistance to convert non-residential properties into affordable self contained rental housing units or beds. This program provides assistance to private entrepreneurs, non profit organizations and first nation's applicants owning and converting non-residential properties to create affordable rental units for low-income households. The eligible properties are required to be environmentally clean, feasibly converted to residential accommodation and financially viable based on agreed post conversion rents. The assistance is provided in the form of forgivable loan up to \$24,000 per unit (CMHC, 2007c).

The City of Edmonton (2007e) is exploring opportunities of using the program in its pilot project for the redevelopment of brownfield/industrial sites into affordable residential rental units. Applications for interested parties were requested for 2006 to implement 3 sites for redevelopment pilot project. The projects are in preliminary stages and the status of success and challenges with the program is yet to be realized.

Success factors:

- Rent supplement allows seniors and people with disabilities to retain ownership and increase the ability of low-income households to pay for rent and mortgages hence protecting them from displacement (City of Edmonton, 2007d).
- With very little rental stock being created in newer development, RRAP programs allow for maintenance and upgrading of existing rental stock to compete with other market rental housing (J. Freeman, Personal Communication, October 17, 2007).
- The RRAP also provides an incentive for the conversion of brownfield sites and other non-market developments into affordable housing stock, thus utilizing the existing municipal infrastructure in an efficient manner (CMHC, 2007c).

Challenges:

- Dropping vacancy rates, indicating the need for increasing affordable housing stock;
- In a market catering to sellers, there is a need for regulation to require developers to create affordable market rental and non-

market rental housing stocks (B. McMillan, Personal Communication, September 29, 2007).

- Enabling legislation for inclusionary zoning.

6.6. CITY OF EDMONTON – FIRST TIME HOME BUYERS PROGRAM (PILOT PROJECT)

Objective:

The program is a pilot project intended to develop moderately priced town home developments on specific undeveloped school building sites, for ownership by qualifying first time home buying households.

Actions:

In 2007 the city of Edmonton initiated the First Time Home Buyers Program on a pilot project basis on two of the 20 undeveloped school sites allocated towards the long term implementation of the project. The program aims at utilizing undeveloped school land within specific sites for developing moderately priced two (2) and three (3) bedroom town-homes. The homes are targeted towards employed individuals and families who are to qualify for mortgage on the market value of the homes.

In order to make the town-homes affordable to first time home buyers, the land cost associated with each town-home shall be deferred from the price of the town-home for the first five years. After the first five years the home owners shall be required to finance the remaining cost of the land at market value. The net proceeds from the land sale shall be split equally between the City and the school boards, whilst the City's share will be used for reinvestment into other affordable housing initiatives.

The process was initiated with consultation with the Edmonton School Board for acquisition of school sites throughout the city. The Transportation Department and other city's agencies responsible for infrastructure were consulted for increased impact from the development, and it was concluded that the adjacent roadways and infrastructure were capable of accommodating additional proposed town-homes development.

The city has bypassed the normal public involvement process on a site by site basis to reduce time delays in the implementation of the project. However a community consultation process is slated post rezoning of the sites for development. The process shall include a six step community consultation

project largely to gain input on the design of the new developments and the potential impacts on existing neighbourhoods. The pilot project is anticipated to undergo construction in mid 2008. Unlike other affordable initiatives which are drawn through a waiting list, the town-homes shall be sold to households through a First Time Homebuyers Program unit draw. The details of the program are in its infancy stage and the city shall provide further details of the program as it becomes available.

Key Highlights and Challenges:

- Utilisation of surplus land within school sites, conversion of school reserve is also supported by the MGA.
- The program creates infill development that's makes efficient use of roadways and existing infrastructure.
- The program is catered towards moderate income households capable of qualifying for mortgages on the market value of the town-homes, and as such is not necessarily cheaper or more affordable than market value homes.
- Deferral on land cost for the five years allows for an initial lower payment while purchasing the home and thus enables starter homes to benefit from lower initial costs.
- The housing stock created through the program is not a part of long term affordable housing stock.
- Lack of public consultation at initial stages may create larger public opposition at implementation stage.

6.7. REGIONAL MUNICIPALITY OF WOOD BUFFALO; RESORT MUNICIPALITY OF WHISTLER - EMPLOYER ASSISTED OWNERSHIP

Objective:

Providing affordable housing options for labour retention and stability

Actions:

The two municipalities demonstrate two different approaches aimed at a wider purpose of providing housing options to the regional workers for labour retention and stability of labour pool. Wood Buffalo Housing & Development Corporation (WBHDC) was created by the Council of the Regional Municipality of Wood Buffalo (RMWB) to administer and implement various housing initiatives within the region. WBHDC was approached by various small businesses to develop housing solutions for labour recruitment and retention challenges (WBHDC, 2006).

WBHDC in consultation with the Chamber of Commerce designed a multi tiered scheme that would assist small businesses. WBHDC plays a multidisciplinary role of a developer, administrator as well as secondary financier in conjunction with the businesses. WBHDC develops ownership homes for small businesses priced below market value. The program then involves the businesses assisting their employees with the initial down payment which results in better relationship with their employees fostering long term stability. The employee is required to acquire a primary mortgage from a bank, which is then supplemented by a low interest second mortgage financed by WBHDC. The program makes workers eligible for homeownership at the same time frees up the expensive rental housing market. The model is unique in Alberta, but was initially developed by a non-profit organization called “Options for Homes” from Toronto during the year 1992, where the agency acted as the developer, provided expertise on various housing programs as well as arranged financing (WBHDC, 2006).

The employee assisted ownership model helps reduce cost by providing housing at a cheaper price and secondly by providing a supplementary second mortgage at cheaper interest rates. The program has seen fruition in the form of three communities, Evergreen Village I and II and the Parry Crescent. The program has helped many households secure housing stability and helps create commitment towards their employers and their communities. In addition to the employer assisted ownership, WBHDC also provides other housing programs such as rental housing, subsidized housing and seniors housing.

The Resort Municipality of Whistler (RMOW) provides a slightly different form of employer based assistance. Whistler employees are eligible to register for the purchase of a home through the Whistler Housing Authority (WHA), if they have been employed for more than 12 months in Whistler. Applicants are required to be pre approved for a mortgage that corresponds to the price range and type of unit they are interested in purchasing. The WHA has an inventory of condominium, townhouses or single detached dwellings available for purchase acquired through the linkage programs as discussed in Section 6.8. The tenure

(whistler employees only) and price are restricted through a housing agreement with the Municipality of Whistler. A multiplier formula is used to determine resale price and maintain them at prices of restricted units to those comparable to the other parts of the region. Due to the restrictions housing prices are less exposed to inflation and market price fluctuations and the municipality is able to retain an inventory of housing stock for new employees becoming eligible for housing (WHA, 2002).

Success factors:

- Employee assisted programs provide dual benefit, affordability for the applicant as well as stability of labour to the employers (J. Damond, Personal Communication, January, 2008).
- By involving employers, the risks associated in financing are better shared;
- The program in Whistler is beneficial from the aspect of maintaining affordable price, as they are controlled by the municipality and are less susceptible to market inflation (J. Averiss, Personal Communication, October 4, 2007).

Challenges:

- The programs are created for specific target groups, such as a group of small businesses and not all the employers or employees in the region;
- The programs require significant financial assistance, and hence work successfully with partners willing to invest in such programs and may not be applicable in other conditions where the resources available to municipalities are limited.

**6.8. TOWN OF BANFF AND RESORT MUNICIPALITY OF WHISTLER
– HOUSING POLICY AND LINKAGE PROGRAMS**

The Town of Banff has instrumented a “Required Housing” Policy as a part of their Land Use bylaw that requires all new developments to provide for housing proportionate to the intensity of use and square footage of the proposed development. The policy is applicable to all new developments, as well as redevelopment projects where the proposed intensity of use is higher than the existing one. The developers are also provided the option of cash in lieu of the equivalent amount of housing to be provided. The charges established for cash in lieu option are \$21,000 per bedroom. The housing created through this policy allows for a balance between the commercial development and the housing

needs arising from them. The housing thus created becomes part of the market housing stock which can be rented or sold to individuals residing within the municipality (Personal communication, Troy Pollick, Senior Planner, Town of Banff, Jan 3rd 2008).

A similar application has been applied in Whistler, although units created under in Whistler are attached with a covenant that restricts the price and inflation of price on those units. These units are then managed by the Whistler Housing Authority for administration of covenants during sale of units, or administering waiting lists for housing that is available as rental housing (Personal Communication, Guy Patterson, Housing Planner, Resort Municipality of Whistler, Jan 3rd 2008). The application of these approaches has been successful in alleviating the shortage of housing for employees in the tourist industry (Tomalty et al., 2007).

6.9. TOWN OF SLAVE LAKE – PUBLIC-PRIVATE PARTNERSHIPS

The Town of Slave Lake partnered with Nova Builders to initiate an 83 unit affordable rental housing complex within the municipality. The Municipality in this case played a supportive role during the acquisition of funding of over \$ 4 million dollars, under the provincial and federal affordable housing agreement. The Town shall not be involved in the operation and monitoring of the project, as the project is completely owned and managed by the Nova Builders, which is a private developer and shall be retained as affordable housing for a period of minimum 20 years. The housing complex is currently under construction phase and is anticipated to be completed by spring. This project will significantly increase the availability of affordable rental units within the Town amidst a scenario of reduced rental housing opportunities and minimal vacancy rates.

The municipality has also initiated an affordable student housing project located in the Town of Slave Lake. The Town acted as the applicant for affordable student housing program and successfully acquired funding of \$3 million dollars, which will be directed to the Northern Lakes College for the development of affordable student housing in the following years (Personal Communication, Lenny Richer, FCSS, Town of Slave Lake, Jan 3rd 2008)

PART 7. APPLICABILITY OF METHODS AND APPLIED PRACTICES IN THE NADC REGION

The purpose of this section is to comment on the applicability of the methods, and approaches documented thus far within the context of the local and regional dynamics present in the NADC region. Further, this section also addresses the core success factors as interpolated from the analysis including attention to strategic planning, community engagement and the definition of regulatory, financial and procedural actions to address the affordable housing challenge at the local and regional level.

7.1. APPLICABILITY OF APPLIED APPROACHES

The affordable housing challenges experienced by many of the municipalities considered throughout this analysis are similar in scope and nature to those being experienced by municipalities within the NADC region. Subsequently, the documented approaches and methods to facilitate affordable housing supply remain directly applicable to municipalities, and organizations in the NADC jurisdiction.

The core intent of the approaches and methods detailed is to facilitate the supply of affordable housing, either through direct participation of the municipality or stimulating the development sector to provide alternate forms of affordable housing. While there is tremendous value in the approaches themselves, the methods employed by municipalities to develop comprehensive, multi-tiered responses to facilitate affordable housing supply remains paramount. Often, the success of the various approaches has remained dependant on the attention paid by municipalities to establishing comprehensive and structured responses and in the development of locally based community affordable housing strategies.

Taken together, the tools, approaches and methods documented each provide lessons that may be applied within the NADC region. As each municipality and region within the NADC jurisdiction is unique, it is anticipated that respective organizations can draw upon the relevant tools and define locally based strategies to address affordable housing needs. To support the discussion and selection of appropriate tools and methods, Figure 8 provides a generalized cost-benefit assessment of some of the tools discussed in relation to the various types of municipalities and situations within the NADC region. For the purposes of

interpreting this chart, urban is in reference to a Hamlet, Village, Town or City while rural is in respect to a Municipal District or County within the NADC region.

Figure 8: Municipal Cost Benefit of Affordable Housing Approaches

PRACTICES	DIRECT COST			BENEFIT		
	LOW	MED	HIGH	RURAL	URBAN	GROWING URBAN
Housing First Policy		X		MED	MED	MED
Second Suites	X			LOW	MED	MED-HIGH
Housing Levy			X	MED	HIGH	HIGH
Inclusionary Zoning	X			LOW	HIGH	HIGH
Density Bonusing	X			LOW	HIGH	HIGH
Demolition Control	X			LOW	MED	LOW
Exaction Programs	X			LOW	HIGH	HIGH
Infill	X			LOW	HIGH	MED
Alternate Development Standards	X			LOW	MED	HIGH
Streamlining Approval Process		X		LOW	MED	HIGH
Performance Based Planning	X			LOW	MED	MED
Exemption of DC & Other Fees		X		LOW	MED	HIGH
Tax Credits		X		LOW	HIGH	HIGH
Grants & Loans			X	MED	HIGH	HIGH
Trust Funds		X		MED	MED	MED
Advocacy	X			MED	MED	MED
Direct Provision			X	HIGH	HIGH	HIGH
Public/Private Partnerships		X		HIGH	HIGH	HIGH

Source: Starr, 2001

7.2. MUNICIPAL ACTIONS AT THE STRATEGIC AND REGULATORY LEVEL.

As noted, the successful definition and implementation of specific housing approaches has stemmed from structured approaches implemented by the municipalities examined. Based on this assessment, this section establishes a generalized framework for municipalities within the region to initiate the development of appropriate local affordable housing responses at the strategic and regulatory level.

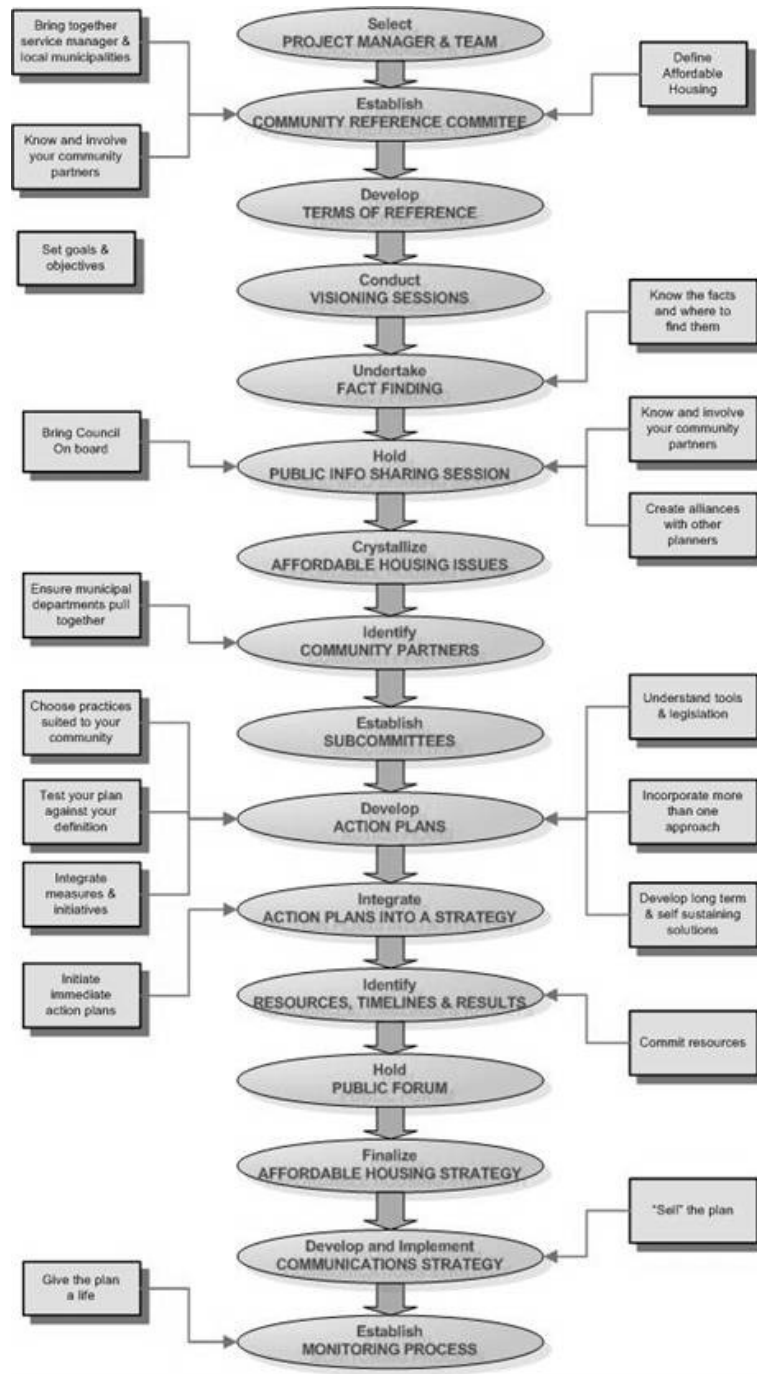
7.2.1. INITIATION OF CONSULTATIVE LOCAL/REGIONAL STRATEGIC PLANNING

Municipalities are able to engage in strategic initiatives that are based on a rationalized assessment of issues and needs within their communities. Strategic planning for affordable housing can provide opportunities to examine the existing development fabric and infrastructure, and identify gaps and opportunities for innovation and improvement. Strategic planning may occur at the municipal or regional level and has been identified throughout this study as the most significant first step in the development of a local or regional affordable housing strategy. In all instances, strategic planning was directed at broad community engagement to foster dialogue and communication working towards a broad, higher level strategic plan to address affordable housing. While the nature and scope of strategic planning may vary by community, the process should be clearly defined and led at the outset of the planning process. Figure 9 provides a generic overview of the process and elements in developing a community based affordable housing strategy.

7.2.2. GENERATION OF SUPPORTIVE ORGANIZATIONAL BODIES

A logical progression of strategic planning was the creation of supportive organizational bodies by select municipalities. Most of the communities surveyed noted that addressing the affordable housing issue was a long term challenge and required engagement and continuity over a considerable period of time. Committees and task forces constantly engaged in discussions surrounding affordable housing and developing flexible and adaptive responses proved to be one of the most significant factors ensuring the definition and application of the various approaches documented. Further, the composition of the committee was viewed as vital in bringing together various stakeholders and providing a platform to merge divergent interests, and identify partnership opportunities. The importance and significance of establishing a reference committee is also highlighted in Figure 9.

Figure 9: Process and Elements of a Community Affordable Housing Strategy



Source: Adapted from Starr, 2001

7.2.3. GOVERNANCE REFORM

A significant component involved in facilitating the application of affordable housing initiatives remained the definition of an effective organizational structure for the implementation process. The implementation process itself requires engagement with various bodies such as financial organizations, government agencies, private developers, and non-profit organizations and finally the targeted population or applicants. Municipalities possess the capability to establish formal entity/departments or a subsidiary organization that deals with the ongoing process of implementing the affordable housing initiative. Those that have done this including the Regional Municipality of Wood Buffalo, Town of Cochrane, and Whistler have recognized that a separate entity proved effective by allowing the organization to remain primarily focussed on its mandate, duties, and tasks.

7.2.4. REGULATORY REFINEMENTS

Municipal Development Plan Review and Update

Beyond higher level strategic planning, the development of cohesive housing policy in Municipal Development Plans (MDP), as authorized by the Municipal Government Act, marks a significant opportunity for municipalities to define localized policy with respect to affordable housing.

The development of a MDP often provides for public engagement and as such, a potential forum to examine the affordable housing issue. Through the development of an MDP, a municipality is well positioned to explore housing challenges, foster and improve understanding amongst various stakeholders and develop policy responses. Through these discussions, the development of the Municipal Development Plan can serve as the first step in establishing a housing policy framework that sets in motion actions on affordable housing within the municipal arena. Given the consistency requirements as outlined in the MGA, the MDP sets the stage for other forms of planning including area structure plans, intermunicipal development plans, and redevelopment plans.

Land Use Bylaw Review and Update

Land use bylaws are regulatory mechanisms implemented by municipalities to align development with higher level statutory policy. Land use bylaws provide the regulatory framework for implementing polices into built form. Municipalities can engage in re-examining their bylaws in consultation with industry professionals to identify ways of stimulation innovation and efficiencies in the development of

diverse housing forms. The case studies presented examples of re-examining regulations to accommodate alternate forms of housing such as secondary suites. Similar approaches could be implemented in identifying intensification opportunities as well opportunities for identifying building typologies that generate a better mix of land uses.

7.3. NEXT STEPS FOR MUNICIPALITIES WITHIN THE NADC REGION

Based on the findings of this study, the following are general recommendations in order of significance for municipalities within the NADC region to address the issue of affordable housing:

- Municipalities must explore potential partnerships for the development of regional affordable housing task forces. If established, the mandate of these organizations should be to establish local housing committees, conduct local/regional affordable housing needs assessments, facilitate public dialogue and discussion on affordable housing and establish a regional affordable housing strategy.
- Municipalities must explore the establishment of local housing committees represented by diverse interest groups, of businesses, social workers, administrative members, industry workers and planning professionals. These committees should be directed to engage in ongoing consultation with the community and assessment of changing community demographics and emerging issues and needs. The formation of these committees should be directly linked to support the mandate of regional affordable housing task forces and the development of affordable housing strategies.
- Municipalities must utilize available funding and take a leadership role in developing affordable housing initiatives and proposals that clearly demonstrate community need, economic viability and sustainability in order to benefit from the various funding programs made available through federal and provincial programs.
- Municipalities must explore programs for facilitating affordable housing supply to retaining equity, partial ownership and control over the housing stock, to reduce exposure of rental stock to market fluctuations.

- Municipalities must immediately re-examine their formal statutory documents and policies to develop affordable housing policy and integrate approaches identified as part of this analysis. Once established, municipalities should ensure that various levels of planning and initiatives introduced remain consistent with this framework.
- Municipalities must immediately re-examine their land use bylaws to accommodate alternative forms of developments that possess potential for providing affordable housing solutions. The area of exploration may vary from, examining densities, intensification opportunities, innovation in designs and diversification of housing typologies.

PART 8. CONCLUSION

This study has examined the challenge of affordable housing supply within the NADC region and assessed measured responses to facilitating affordable housing supply by select municipalities. The examination has documented key economic drivers, and assessed the changing nature of population and demographic trends. The implication of these trends on housing supply, demand dynamics and regional sustainability has been explored.

In consideration of these factors, select municipalities actively engaged in the provision of affordable housing were examined and affordable housing approaches documented. The approaches employed by these municipalities ranged from direct intervention in the local housing sector, to regulatory reforms and incentives to support affordable housing development. Some of the municipalities examined presented well structured programs that bridged regulatory reforms, with incentives and provincial and federal programs. The success of these various approaches was often linked to structured methods employed by these municipalities that stemmed from strategic planning, to the creation of organizational structures and in some instances, the creation of specific housing entities to control and implement affordable housing approaches.

The application of these methods and approaches remains directly applicable to the municipalities and organizations within the NADC region. In order to advance these approaches, the study has identified a range of recommendations for municipalities spanning from the creation of regional affordable housing task forces to immediate refinement of current statutory planning documents.

Taken together, the assessment has provided a holistic and thorough documentation of the affordable housing challenge in the region and established a context for local and regional actors to address the challenge in a structured and logical fashion.

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APPENDIX A – COMPARISON MATRIX OF AFFORDABLE HOUSING APPROACHES

SUMMARY OF APPROACHES APPLIED BY SELECTED MUNICIPALITIES TO FACILITATE AFFORDABLE HOUSING SUPPLY

	INCLUSIONARY ZONING	SECONDARY SUITES	DIRECT INTERVENTION	DEVELOPMENT INCENTIVES	RRAP PROGRAM	EMPLOYER ASSISTED OWNERSHIP
DESCRIPTION	Inclusionary zoning is a regulatory approach applied by municipalities that requires the provision of affordable housing as a part of the approval process for large scale new housing development projects. The approach is used mostly in conjunction with density bonusing to allow developers to add more density in exchange for providing affordable housing at specified rates.	Secondary suites is an approach to increase affordable housing options by addition or modification of a dwelling unit of accessory building (garage) to include an additional dwelling unit.	Providing affordable housing through public private partnerships. In Alberta, partnerships have utilized the AHPI grants as well as provincial funding provided by Municipal Affairs whereby the municipality can be a direct partner in developing affordable rental housing.	Involves an array of incentives to encourage provision of affordable housing such as fee waiver, tax credits, streamlining of approval processes etc....	Residential Rehabilitation Assistance Programs are funding programs initiated by the Federal Government and administered by CMHC and in many cases jointly with municipalities for stimulating the preservation of homeownership and rental stocks for low income households, Seniors and people with disabilities.	Employer assisted ownership involves the provision of housing to employees at subsidized rates or in the form of a capital assistance provided by the employer during the purchase of the home. This is a common practice used by smaller and especially resort municipalities across Alberta and British Columbia such as Banff and Resort Municipality of Whistler, as well as the Regional Municipality of Wood Buffalo
OBJECTIVE	To ensure continued supply of affordable housing stock supported by all new developments.	To ensure more efficient use of municipal infrastructure and expand existing affordable housing stock through conversion of existing or new dwelling units and/or accessory buildings.	Increasing affordable rental housing stock with below market rents utilizing provincial funding and various grants.	Increasing the overall supply of affordable housing through an incentive based approach	Preservation and stimulating affordable housing opportunities within the existing housing stock	Providing affordable housing options for labour retention and stability
SUPPORTIVE APPROACHES AND PROGRAMS	<ul style="list-style-type: none"> Density Bonusing 	<ul style="list-style-type: none"> RRAP programs 	<ul style="list-style-type: none"> AHPI Funding MSI Housing Component AMAH Affordable Housing Fund 		<ul style="list-style-type: none"> MSI Housing Component AMAH Affordable Housing Fund RRAP funding 	
TARGET	Renters, low to moderate income households for home ownership opportunities	Renters, students, single professionals, key workers	Low to moderate income families, industry professionals, Key workers, Seniors and people with disabilities	Non- profit organizations, private developers, home owners	Low-income households, Seniors and people with disabilities	Employees situated in smaller resource towns or resort municipalities
FINANCIAL IMPLICATIONS	Requires market assessment study to determine potential of density bonusing	<ul style="list-style-type: none"> Increased pressure on municipal infrastructure Staff requirements for enforcement and monitoring Increased building cost to meet codes Increased revenue to homeowners 	<ul style="list-style-type: none"> Direct fiscal expenditures in developing affordable housing Cost associated with providing land for affordable housing Fee waivers 	<ul style="list-style-type: none"> Providing financial incentives for promoting the development of affordable housing Reduction in revenue from providing incentives and waivers such as development fee 	<ul style="list-style-type: none"> Providing financial grants in the form of forgivable loans Limited financial implications to the municipality as the funding is provided by CMHC Administrative cost associated with program implementation 	<ul style="list-style-type: none"> Financial implications for the employers arising from directly assisting in the provision of affordable housing Long term administration of subsidized housing stock Employees required to qualify for mortgages Requires establishment of some form of Housing Authority for long term administration of housing stock
STRENGTHS	<ul style="list-style-type: none"> Minimum requirement of public money Better integration of affordable housing with market housing Private sector involvement Increases affordable housing stock 	<ul style="list-style-type: none"> Increases efficiency and use of existing municipal infrastructure Increase affordable housing options within existing stock Mortgage helpers in the form of supplementing income for house owners Increases Density Minimum cost to the municipality Effective mechanism for utilizing RRAP grants 	<ul style="list-style-type: none"> Municipalities can directly control the affordable housing stock Reduce exposure to inflating rents Public-private partnership opportunities Increase rental opportunities for low income households Effective utilization of capital grants provided by Provincial and federal governments Ensures continuity of housing as affordable housing via equity in project 	<ul style="list-style-type: none"> Informal strategy involving minimum expenditure Encourages non-profit organizations and developers to promote affordable housing Practice applied by many municipalities such as the City of Edmonton and the City of Grande Prairie 	<ul style="list-style-type: none"> Proven mechanism for prevention of homelessness and loss of ownership within low -income households Assists people with self sufficiency Assists low income tenants, seniors and people with disabilities with financial assistance for making rent payments Keeps rental units at specified costs and reduces exposure to market fluctuation 	<ul style="list-style-type: none"> Proven mechanism for providing suitable housing in smaller municipalities Effective method of creating an inventory of subsidized housing Long term benefit is significantly higher compared to the initial costs to the borne by the employer Allows workers in smaller communities to find suitable and stable housing accommodation at affordable prices

	INCLUSIONARY ZONING	SECONDARY SUITES	DIRECT INTERVENTION	DEVELOPMENT INCENTIVES	RRAP PROGRAM	EMPLOYER ASSISTED OWNERSHIP
WEAKNESSES	<ul style="list-style-type: none"> Often not favored by developers Lack of enabling legislation at provincial scale Difficult to enforce Additional cost borne by market rate housing 	<ul style="list-style-type: none"> Increases cost for upgrading to meet building codes Public acceptance of secondary suites as a long term residential arrangement Increased tax assessment Difficult to monitor Effective largely for singles 	<ul style="list-style-type: none"> Significant cost implications Need for partnership with non-profit organization or developers Acceptance by the community 	<ul style="list-style-type: none"> Loss of revenue from providing incentives or waiving fees 	<ul style="list-style-type: none"> Limited funding may not be sufficient May create perpetual dependence on the program Subject to abuse and difficult to monitor Limited number of households that can access funding Administrative costs Requires long term agreement with landlords and homeowners utilizing funding to provide housing at affordable price 	<ul style="list-style-type: none"> Requires home buyers to qualify and may not be applicable to lowest income households Requires strong economic base for businesses and commercial establishments Target specific, may apply to employees only Requires significant financial assistance to be supported by employers Involves establishing a some form of Housing authority for long term administration of housing stock
APPLIED	<ul style="list-style-type: none"> City of Langford, City of Grande Prairie, City of Vancouver, City of Edmonton 	<ul style="list-style-type: none"> City of Coquitlam, City of Vancouver, City of Langford, City of Brooks, Town of Cochrane, City of Edmonton, City of Grande Prairie 	<ul style="list-style-type: none"> City of Brooks, Town of Cochrane, City of Edmonton, City of Airdrie, City of Red Deer 	<ul style="list-style-type: none"> City of Edmonton, City of Grande Prairie, Town of Cochrane, City of Airdrie 	<ul style="list-style-type: none"> Federal Program applicable across Canada, City of Edmonton, City of Grande Prairie 	<ul style="list-style-type: none"> Resort Municipality of Whistler, Municipality of Wood Buffalo
SUCCESS FACTORS	<ul style="list-style-type: none"> Acceptance by Development Community Applicable in expensive real estate markets Provides some measure of control to the city on creating affordable housing stock 	<ul style="list-style-type: none"> Enabling legislation and supplemental information available to homeowners Use of effective public communication and acceptance by community Providing incentives to homeowner to build secondary suites 	<ul style="list-style-type: none"> Establishing long term consultation process with community and other non-profit organizations and developers Conducting effective needs assessment Developing a sustainable proposal for creating long term affordable housing rental developments Developing financially viable proposals for affordable rental housing 	<ul style="list-style-type: none"> Effective communication with development industry and the community Enabling legislation for fee waiving and incentive policies 	<ul style="list-style-type: none"> Funding such as rent supplements allows seniors and people with disabilities to retain ownership and increase the ability of low-income households to pay for rent RRAP programs allow for maintenance and preservation of rental stock catered towards serving low-income households, seniors and people with disabilities Programs can be innovatively integrated with conversion projects such as brownfields sites into affordable housing projects Often effective when integrated with municipal initiatives such as efforts to stimulate creation of secondary suites 	<ul style="list-style-type: none"> Support from business community Availability of finances
SUCCESS MEASURES	<ul style="list-style-type: none"> Increased housing stock 	<ul style="list-style-type: none"> Increased no of secondary suites New housing built suite ready 	<ul style="list-style-type: none"> Increased affordable rental stock 	<ul style="list-style-type: none"> No of developments receiving incentives or fee waivers 	<ul style="list-style-type: none"> Number of low income households, seniors, people with disabilities and homeowners utilizing the grants 	<ul style="list-style-type: none"> Number of units created, employers and employees involved in program
CHALLENGES	<ul style="list-style-type: none"> Developing enabling legislation and bylaws Consultation with Development community for acceptance Difficult to enforce in smaller towns and smaller housing projects due to market dynamics 	<ul style="list-style-type: none"> Enabling legislation that formalizes secondary suites Making available relevant information to the public Allowing for gradual implementation and monitoring issues arising from densification and increased pressure on municipal infrastructure Public acceptance of secondary suites in existing and new single family neighborhoods 	<ul style="list-style-type: none"> Acceptance by community Developing financially viable and sustainable plans for affordable housing Sustaining long term interest from the community and partnering organizations 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Applicable to limited projects Funding amount is limited and may be insufficient in expensive real estate markets 	<ul style="list-style-type: none"> Does not address housing for Seniors and other groups with disabilities Continual financial investment