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MULTI-AGENCY
MODEL FOR

AFFORDABLE HOUSING

April 2014

In 2011, the City of Richmond and BC Housing issued an Expression of Interest to build affordable housing on a city-owned site at 8111 Granville Ave. Turning Point Housing Society and CPA Development Consultants reviewed the proposal and knew that Turning Point on its own could not do this alone. So they took the novel approach of assembling a group of six non-profit agencies to submit a collaborative proposal, focusing specifically on providing housing for people with low to moderate incomes with the addition of community amenity space to be co-located on site. Their bid was successful and the expected completion date is spring of 2016. The completed building will be strata titled; each agency will own and manage their own units within the building.

The sheer complexity of six agencies building and managing a housing development project together, along with the capital required, made some question why anyone would want to take this on and whether it could actually work. While the non-profit consortium is bringing significant capital to the table, it was quickly realized that in the absence of consistent senior government funding, additional funding from the City of Richmond would be necessary. Richmond's Affordable Housing Strategy, passed in 2007, includes inclusionary zoning requirements that require developments over 80 units to construct 5% of those units as affordable rental units in exchange for density bonusing. However, in special circumstances, the value of those units can be transferred as a cash-in-lieu contribution toward other affordable housing units in the city, with council approval. The City used this "Affordable Housing Value Transfer" to transfer the value of built units from two specific sites into a cash contribution toward the project. The City is also covering development cost charges, service cost charges and permit fees and providing \$3 million in interim capital funding through its Affordable Housing Reserve Fund to support the non-profit consortium to achieve project financial viability and BC Housing financing requirements.

Now the project is attracting significant attention because of its innovative model that in its initial stages is proving to be workable. This case study will identify some of the success factors that are making this project work, challenges and opportunities that have emerged, and initial lessons learned.

Key Details

- Gross capital construction costs: \$43 million
- 129 units in total; each society will own and manage suites designed for their tenants as well as providing supports ranging in intensity from limited supports to full program participation.
- A diverse range of low-income tenants will be housed including seniors, people with mental health challenges, women fleeing abuse, people recovering from addictions, youth, and families. The site also includes community amenities such as a gym, social enterprise space and non-profit offices.

Partners and funding

Non-profit consortium:

- Turning Point Housing Society
- S.U.C.C.E.S.S
- Coast Foundation Society
- Tikva Housing Society
- Atira Women's Resource Society
- Canadian Mental Health - Pathways Clubhouse
- Each of the non-profit partners will contribute equity to the project, to a combined total of \$1,950,000.

Government partners:

- City of Richmond: \$26,361,021 capital funding and lease of City-owned land (\$6.5 million estimated land value) for 60 years, and technical staff support
- BC Housing: construction financing and mortgage
- Government of Canada: \$1 million funding through the Homelessness Partnership Strategy

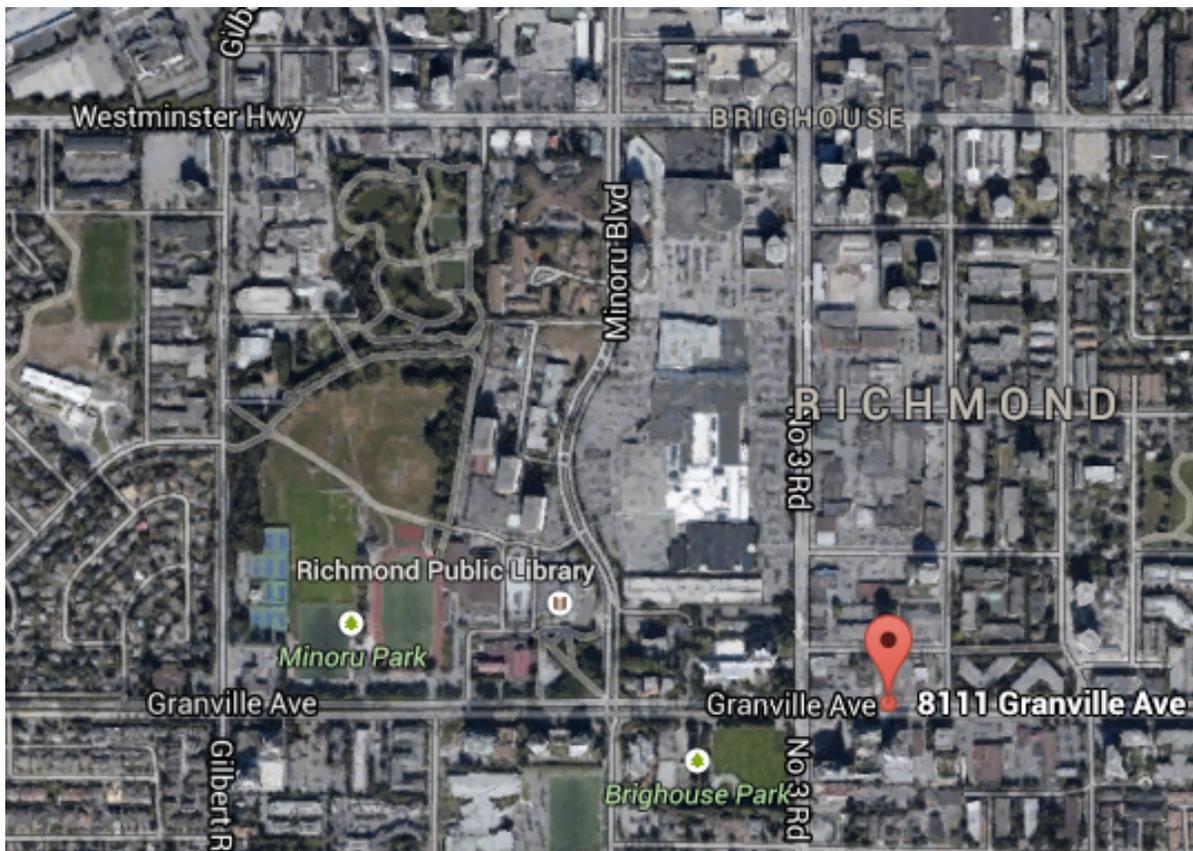
Development consultants:

- CPA Development Consultants

Strengths and Opportunities

A significant strength has been the **combined equity** of the non-profits and various government partners, which made the project possible and has the potential to keep **rents affordable**. The non-profit agencies are endeavouring to provide rents to the targeted low-income residents at affordable rates; maximum rents set by the City of Richmond are \$850 per month. However, non-profit agencies are also working collectively and independently to raise capital funds in an effort to keep rents to as close to shelter rates as possible.

The **collaborative approach** of the project was also identified as a key strength. Amongst the non-profit consortium, there was a strong realization that in their commitment to building a ‘community on 14 floors’ amongst their tenants they also needed to exemplify this in their own relationship which has been formalized in a Joint Venture Agreement. The City also utilized a collaborative planning model to engage all stakeholders to facilitate communication flow, and to work through technical requirements and community planning considerations together. **Synergy** has emerged from working together. For example, the agencies are putting together a joint proposal to potential sponsors to seek additional funding support. As each of the non-profit partners is required to contribute their own equity to the project, a Fundraising Strategy has been developed to ensure that there is no duplication of effort in seeking funding partners. Finally, the 129 affordable units will house a wide variety of clients, each connected to non-profits who are each committed to, and have expertise in, **meeting the needs of their diverse tenants**.



The project is located at 8111 Granville Ave in Richmond, BC

Challenges

There were some **key precedent-setting elements** in this project, including the multiple agency approach to building and managing social housing collectively and the City of Richmond's use of the Affordable Housing Value Transfer (AHVT). Although use of the AHVT ultimately facilitated a large capital contribution from Richmond, this policy measure required working through all potential scenarios with several developments in order to assess whether it was economically viable. It was also necessary to assess how using the transfer mechanism would impact achievement of the policy goals of Richmond's Affordable Housing Strategy. Both of these assessments took time to work through. Generally, the precedent-setting approaches in the project added time, as it was essential to ensure that all factors were considered and to work through any unanticipated problems. "A precedent setting project of this nature and scale also requires legal frameworks and structures that are a precedent in form," adds Dena Kae Beno, Affordable Housing Coordinator for the City of Richmond. **Uncertainty** also emerged in the process of trying new approaches; along the way, there were crises where the groups involved were unsure whether the project was going to proceed. This underscores the **risk** (along with the potential rewards) in trying new approaches.

The **complexity** of working with six agencies also rippled out in different ways through the project. For example, the Memorandum of Understanding and subsequent Joint Venture Agreement had to be reviewed by more than 10 lawyers and six Boards, and there are different security arrangements for different client groups throughout the building. The collaborative planning approach also meant that there were many decision-makers at the table. Working with multiple government bureaucracies meant working with multiple policies, procedures and timelines - which may not always jive with each other. Each layer of complexity requires more time.

Critical Success Factors

With a \$43 million price tag for the project, this project simply would not have been possible without **funding from multiple levels of government and the agencies** themselves. The size of the contribution and the demonstrated commitment of Richmond Council and planning staff to provide affordable housing by using tools available to local governments like inclusionary zoning was particularly impactful and is relatively rare for municipal governments.

Leadership and commitment were key to making a complex collaborative actually work. All those involved, governments and non-profits alike, are strongly invested in the project's success and the ultimate outcome of providing affordable housing. This has been essential to working through unforeseen obstacles or delays. As Brenda Plant, ED of Turning Point commented, "Sure there's going to be bumps along the road, but everybody's so committed that we just plow through them - there's open communication, there's transparency, there's all the key ingredients...[everyone is] willing to show up no matter how uncomfortable it may be."

Amongst the non-profits, taking time to develop an MOU and a Joint Venture Agreement together was vital to cementing the collaboration, as is a collective commitment to resolving issues through consensus. The result of this commitment is that - to everyone's pleasant surprise - no significant issues have emerged to date amongst the consortium. As an example, the biggest issue that has emerged amongst the agencies to date is

whether to allow bikes and shopping carts in the lobby of the building. The group came to consensus in a few hours, and now have an agreement on how to manage this.

The **strength of the team** was also essential to the project's success. All of the non-profits are credible, strong operators. This, combined with the track record of each non-profit in working with diverse tenant groups was significant to demonstrating that they had the necessary capacity to construct and manage the housing and provide tenant supports. As well, each non-profit had past experiences in working in partnerships that was essential to pulling off a deeply collaborative effort. Finally, the strength of the broader team - the architects, contractor, designer, and development consultants etc. all contributed to the collective effort.

Lessons Learned

Project participants stressed that the hardest work will likely start *after* the building is constructed. However, as with any new model, some initial lessons learned have already emerged:

- Multiple funding sources can increase the possibility of making a project happen but also increases complexity. The commitment and ability of a municipality to use tools available to fund affordable housing can be a key factor in creating a funding model that works.
- New and innovative processes will require additional time (and patience). Uncertainty and ongoing problem-solving is the nature of development. However, the more parties involved, the more 'new' elements - and the longer the process. Each layer increases the complexity.
- For those interested in utilizing a similar approach, it is essential to 'know your municipality'. Every municipality will be at a different starting point with respect to level of commitment and past experience with tools for affordable housing. The relative starting point will impact both timelines and abilities to work through challenges.
- In forming a collaborative, pick partners wisely. Know your partners and create a strong team. Past histories of working in partnership are essential. A strong lead agency and a good development consultant with related experience are also critical to project success.
- Spend time at the beginning of the process to understand each other, values, and the practical details of who has to do what by when. Aligning the expected outcomes of the involved stakeholders can enhance joint commitment to the project and collaborative efforts.
- Be proactive instead of reactive. Anticipate issues or challenges and work through them ahead of time as much as possible. Bring in the key players at an early stage.
- Municipalities need to consider internally that some of the development requirements may or may not support non-market developments, and will need to adapt accordingly (ex. relaxation of parking requirements).

For More Information:

- Richmond's Inclusionary Zoning / Density bonusing approach is profiled in Metro Vancouver's *What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities*: www.metrovancouver.org/planning/development/housingdiversity/Pages/default.aspx
- Richmond's Affordable Housing Strategy: www.richmond.ca/plandev/socialplan/housing/strategy.htm