

## SOCIAL INVESTMENT

# City pledges land for affordable housing

Seven civic-owned sites worth \$62 million to be contributed to non-profit providers

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Vancouver's new affordable housing agency plans to use seven city-owned sites to build the first 810 units of housing for low-income families, individuals and seniors.

The land, worth \$62 million, is the city's contribution to a partnership it hopes to form with non-profit housing providers and the provincial and federal governments. Under the plan, the city will give non-profit housing providers long-term leases of up to 99 years. In return, they have to organize either private or public construction and mortgage financing, and then repay those debts with rents geared to a range of housing types.

The first seven parcels are part of an ambitious plan by the city to create as many as 1,350 units on 12 properties over the next four years and 2,500 units on 20 properties by 2021.

The announcement Wednesday by Mukhtar Latif, the Vancouver Affordable Housing Agency's chief executive and the city's director of housing, signals the city's plan to dip further into its vast stock of land for more affordable housing projects. The city has already committed \$85 million to the agency, largely in the form of community amenity contributions and development cost levies collected from developers.

But the city has stopped short of financing the construction of the housing projects itself, saying that is best left to non-profits that can use the land value as security against private financing, or to encourage the involvement of senior governments. However, both Ottawa and Victoria have been hard sells on investing in large housing projects. B.C. Housing has started to target more of its support to individuals in the form of rent



JASON PAYNE/PNG FILES

Mukhtar Latif, Vancouver's director of housing, says the city plans to create 810 affordable homes.

supplements. City manager Penny Ballem said the program announced Wednesday is the city's best effort to entice the federal and provincial governments back into the public housing market.

"We have a menu by which you can drive down affordability," she said. "What we are trying to do is drive through the capacity. We're saying to our senior levels of government: 'Take your pick. Participate in whatever works best for you, whether it is through capital, equity financing and a combination of those things. We're very, very flexible.'"

Of the seven sites, Latif said, five are in the new and as-yet undeveloped River District in the southeast corner of the city. The other two include a vacant lot on

West Hastings across from the Army and Navy store, and a lot in Kensington-Cedar Cottage.

This is not the first time the city has dipped into its own property holdings — in the 1980s it partnered with union pension funds to try to build rental housing. But the company, now called Concert Properties, failed to achieve its goal of 750 units a year and moved into strata condo construction.

More recently, in 2013, the city gave long-term leases on four parcels of land worth \$22 million to the Cooperative Housing Federation of B.C. for a similar plan to build 350 units.

That project has been slowed by organizational, planning and financing challenges. Construction was supposed to start this

spring but has been delayed until August.

Darren Kitchen, the association's government relations director, said the group had trouble getting financing from lenders.

"It is the first time any of us have done this," he said. "I think the biggest mistake we made is that we underestimated the complexity of the deal, with the private equity and private money. I think we thought we could do it more quickly."

Latif said the co-op project has given the city valuable lessons as it looks to now start its own housing program.

"Just to put some context on the delay — this was an innovative approach where we were looking at ways in which we

could work with non-profits to help build more mixed-income housing across the city — the province at the time was concentrating only on vulnerable households and the supportive housing projects," Latif said in an email.

"There has been a lot of learning and creativity and the province has also come to the table. A lot of work has been undertaken to get to a point where they have planning resolved, a creative funding structure with equity from non-profits, the city, B.C. Housing, Vancity Credit Union as well as a social investment fund and construction contracts being finalized, with a start on sites this summer."

He said the co-op units will likely be finished and rented about the same time the agency's units will be finished, in about two years.

Although the city has the financial capacity to do its own construction financing, that would drive up costs and reduce the affordability because the debt would be held on the city's books, he said.

On its own sites, the housing agency said its target is to produce a mix of housing, including 45 per cent for families with children, 40 per cent for singles, couples and seniors of low and moderate income, and 15 per cent for SR0 residents.

In terms of affordability, it is aiming to provide 15 per cent of housing at provincial shelter rates, 54 per cent at subsidized rates at the low end of the market, and 31 per cent at "affordable market" rates.

The plan comes a day after Latif and Brian Jackson, the city's director of planning, unveiled a plan to look at inserting more row houses, townhouses and stacked townhouses into the city's single-family districts.

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