

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: July 26, 2021

TO: Governance and Legislation Committee

FROM: Carl Isaak, Director, Planning and Development Services

SUBJECT: Acquisition of Property for Affordable Housing

RECOMMENDATION

THAT the Governance and Legislation Committee receive the July 26, 2021 corporate report from the Director, Planning and Development Services, titled "Acquisition of Property for Affordable Housing."

EXECUTIVE SUMMARY

On June 14, 2021, the Governance and Legislation Committee requested a corporate report related to potential sites for affordable housing that would:

- identify the type of existing zoning categories that would be appropriate for an affordable housing project,
- provide examples of what property could be purchased for \$4M, and
- describe the process for assembling land for such purposes.

This corporate report provides the information requested by the Committee in the Background section that follows. Any detailed direction on acquisition of specific properties would be appropriately discussed in a meeting that is closed to the public as disclosure may influence the price of the property.

PREVIOUS COUNCIL DIRECTION

Motion # & Meeting Date	Motion Details
June 14, 2021 G&L (2021-G/L-067)	THAT The Governance and Legislation Committee requests staff to bring forward a report that identifies the types of lots and zoning that would allow for the investment of \$4,000,000 for an affordable housing project, included would be information in regard to potential land assembly.

INTRODUCTION/BACKGROUND

The purpose of this corporate report is to provide the Committee with general information related to the acquisition of property for affordable housing, as requested on June 14, 2021.

Zoning for Affordable Housing

The City's Zoning Bylaw does not currently restrict residential tenure (ownership vs. rental), except in cases where rental units are being provided as part of a requirement to receive bonus density by a development. Any property with zoning that permits a residential use (one-unit, multi-unit, or otherwise) could be considered for acquisition for affordable housing, and the scale of the desired housing and targeted tenants would determine which type of zone is appropriate.

The Housing Needs Report process may identify a particular group with special needs that are not currently being met by the housing market in White Rock, beyond general affordability issues (e.g. adults with developmental disabilities, seniors with chronic/progressive health conditions, women and children fleeing violence, etc.).

Single Family Zones (RS, RE, and RI)

If the intended tenants for affordable housing are a special needs group that is relatively few in numbers, or more suited to a small group setting, the purchase of a detached home would provide an opportunity for small-scale affordable housing. The specific use regulations for care facilities (section 5.1.2.1 of the Zoning Bylaw) allows a care facility for up to six (6) persons of whom are in care, in a single-family home (plus four (4) persons not in care). The facility would require a business licence and could not be located closer than 300 metres from another care facility. Any services required for the residents in care would likely need to be provided by a partner organization with the resources and expertise necessary to serve residents of the property.

Within properties in these single-family zones, there may also be buildings that have legally non-conforming ("grandfathered") uses such as apartment buildings. These properties may present more unique opportunities to support the depth of affordability (e.g., reduced / secured rents) necessary to serve those whose housing needs may not otherwise be met by the private market. If the City were to purchase a property which contains a legal non-conforming use it would be possible to retain this use subject to its continuation. As these uses tend to be found in older buildings there may be additional and higher maintenance liability if they have not been kept in good repair.

Community Care Facility (P-3, P-4) Zones

There are several existing assisted living and community living buildings in White Rock. These are generally zoned either P-3 (Low Density) or P-4 (Medium Density) according to the amount of units / floor area present on the property. These buildings are typically run by a long-term operator, and do not have additional redevelopment potential within the existing zoning (i.e. a zoning amendment application would be required to increase the size of the buildings on the site or to add additional units / density).

Acquisition of one of these properties would allow the City to secure it as housing for a special need group but would not necessarily increase the amount of housing available in the community. Further, since most of these facilities would require the on-going involvement of specialized care providers, it is likely that the pricing of such housing would remain status quo. The City may; however, choose to explore opportunities to subsidize rental rates within a community care facility by using City funds (other municipalities are understood to use housing reserve funds and/or the interest earned on investments made with such a reserve fund for this purpose, however this type of arrangement may not be feasible with the current parameters in the Affordable Housing Reserve Fund Bylaw and further research would be needed to confirm).

Multi-Family Zones (RM-1, RM-2, RM-3)

If Council's intended purpose of acquiring property for affordable housing is to maximize the number of units, a multi-unit residential zone would be the appropriate type of zone. The RM-1, RM-2 and RM-3 Zones are the three standard multi-unit residential zones for low-, medium-, and high-density residential uses. Potential acquisition of property within these zones could include purchasing an existing apartment building or "strata wind-up" (i.e., condo building that has collectively decided to sell) to continue to operate the existing units as affordable housing.

Alternatively, the City could purchase property zoned RM but not currently developed to its full potential (e.g. several adjacent detached homes, or a two-storey apartment building where a three-to-four storey building is permitted). There are few properties that would meet these criteria; to develop a three-four storey apartment with ten (10) or more units, a reasonable minimum lot area would be 1,250 sq.m. (~13,500 sq.ft.).

Institutional Zones (P-2)

The P-2 Church / Assembly Use zone allows the use of a property for assembly/community service use (i.e. as a place of worship), but also permits, under the specific use provisions for care facilities (section 5.1.2.2), the use of the property for assisted living and care facility residences. The City could acquire a P-2 parcel or partner with a P-2 property owner to develop this specific type of housing on an existing P-2 property.

The Official Community Plan (OCP) includes a policy that would support broadening the type of housing allowed on P-2 properties to rental housing in general, under policy 11.2.1.e ("Supporting the addition of ancillary rental housing on institutional sites, such as places of worship, where additional development can be accommodated"). Council could consider directing that the Zoning Bylaw be amended to permit rental housing on P-2 properties in conjunction with another institutional-type use (e.g., place of worship, childcare facilities, etc.).

Mixed Use Zones (CR)

Properties in the commercial areas are typically zoned CR-1, -2, -3, or -4, depending on where they are located. These properties accommodate mixed commercial and multi-unit residential uses. Due to proximity to transit and other businesses that generate foot traffic, and potentially higher development potential, these properties tend to be among the highest priced.

Current Availability of Properties in the \$4M Range

Asking prices for currently listed single family properties in White Rock range from \$1.025M to \$17.3M, with approximately 130 listings below \$4M. A scan of these properties did not indicate any that would be in the RM zones and therefore developable as an apartment building without require a rezoning and/or OCP amendment.

Properties with redevelopment potential and apartment buildings are frequently sold "off-market" via commercial brokers, but there are several buildings currently listed on Realtor.ca that offer an example of what is available for commercial properties below \$4M. These include:

- 1430 Blackwood Street (15 unit apartment constructed in 1973) for \$3.8M
- 14981 Marine Drive (Akash Chaat house) for \$3.7M
- 1225 and 1233 Johnston Road (1-2 storey commercial) for \$6.8M total

Process for Assembling Land

Acquiring two or more properties in order to develop them in a more productive way (i.e., more units or floor area) than they could be developed on their own is also known as land assembly. A land assembly can be initiated by a group of homeowners who see that their properties are more valuable together than apart, or by a broker / developer approaching a group of owners and

offering to purchase all of the properties. Typically, there is a premium associated with selling in a land assembly, which may be 20% or more than what the property would be worth as a single-family home, depending on the development potential associated with the parcel. If there are many parcels and landowners involved, there can be hold outs and additional complexity in the negotiations with multiple parties. Some land assemblies can take years or longer to complete if the assembler is waiting for particular parcels to become available at the right price. Involving a commercial broker in a property search and assembly would be advisable.

FINANCIAL IMPLICATIONS

This report is provided for Council's information. Any direction provided by Council to purchase a property for affordable housing purposes would require further analysis for the financial implications. Eligible funding sources for an acquisition would include funds from the Amenity Reserve Fund or the Housing Reserve Fund.

Operational costs (such as building maintenance and repair costs in excess of rent) arising from the purchase of a real property asset would need to be funded from general operating funds.

LEGAL IMPLICATIONS

Per section 90(e) of the *Community Charter*, if the subject matter of a meeting relates to the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality, that part of the council meeting may be closed to the public.

As this corporate report is provided for information, it is being shared in an open meeting. If Council were to provide specific direction on this topic, it would be appropriate to discuss in a closed meeting.

COMMUNICATION AND COMMUNITY ENGAGEMENT IMPLICATIONS

Not applicable.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

Not applicable.

CLIMATE CHANGE IMPLICATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES

Council has identified in the 2021-2022 Council Strategic Priorities, as a "top priority", the advancement of affordable housing policies as a component of the Official Community Plan Review in addition to the preparation of a Housing Needs Report, which will help identify areas of local housing need.

OPTIONS / RISKS / ALTERNATIVES

This report is being provided for the Committee's information.

CONCLUSION

This corporate report is provided in response to the Governance and Legislation Committee's request for information on potential sites for affordable housing that would:

- identify the type of existing zoning categories that would be appropriate for an affordable housing project,
- provide examples of what property could be purchased for \$4M, and
- describe the process for assembling land for such purposes.

It is noted that there are few properties in the City with existing zoning that would allow for multi-unit redevelopment which are not already built to their full potential. Several other options, including purchasing a single-family home for a small care facility, or partnering with an institutional landowner in the redevelopment of their property, are provided for the Committee's consideration.

If the Committee wishes to provide direction to staff regarding the acquisition, disposition or expropriation of land or improvements, and that disclosure could reasonably be expected to harm the interests of the municipality (e.g., influencing the price of a property the City may acquire), it would be appropriate to discuss that specific direction in a closed meeting.

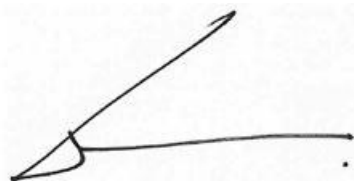
Respectfully submitted,



Carl Isaak, RPP, MCIP
Director, Planning & Development Services

Comments from the Chief Administrative Officer

This corporate report is provided for information purposes.



Guillermo Ferrero
Chief Administrative Officer