



Corporate Report

NO: R030

COUNCIL DATE: March 9, 2009

REGULAR COUNCIL

TO: Mayor & Council DATE: March 9, 2009
FROM: General Manager, Planning and Development FILE: 4815-01
SUBJECT: Terms of Reference for the Development of a Housing Action Plan

RECOMMENDATION

It is recommended that Council:

1. Receive this report as information; and
2. Authorize staff to proceed with the preparation of a Housing Action Plan, in accordance with the Terms of Reference attached as Appendix I to this report.

INTENT

The purpose of this report is to obtain Council's authorization to proceed with the preparation of a Housing Action Plan (the "HAP") for Surrey. Surrey's HAP will articulate a vision, guiding principles and a plan for municipal actions toward the goal of an adequate supply of housing to meet the full range of incomes and needs in the City of Surrey.

BACKGROUND

The development of a HAP for the City of Surrey will respond to a number of corporate and regional priorities including:

- **The Plan for the Social Well-Being of Surrey Residents** – (Social Plan), adopted by Council in February 2006, identified gaps in the housing continuum in Surrey, including an estimated additional need for: 125-150 emergency shelter beds; 500 units of transitional and supportive housing; and 5,000 units of housing for low income singles and families. The Plan recommended that the City "*identify opportunities to further encourage affordable housing development and preserve*

affordable housing stock, including secondary suites, and maintaining stock preservation initiatives and zoning support";

- **Surrey Official Community Plan** – Surrey’s OCP is currently undergoing a major review and the HAP will contribute to the OCP’s objectives and policies related to ensuring a continuum of housing for Surrey’s residents; and
- **The Surrey Sustainability Charter** - adopted by Council in September 2008, identifies housing as a key component of socio-cultural sustainability. The development of a HAP is listed as one of the immediate actions to be undertaken to advance the Vision and Goals of the Charter.
- **Metro Vancouver’s Regional Affordable Housing Strategy** – The *Regional Affordable Housing Strategy*, adopted by the Metro Vancouver Board in November 2007, identified that as part of the Regional Growth Strategy, Metro Vancouver set targets for the number of new affordable housing units required by 2016, and require that municipalities develop housing action plans which set out specific strategies and objectives for meeting established targets.

The new Regional Growth Strategy is currently under development and Metro Vancouver’s most recent 10-year estimates of future housing demand in Surrey are for 50,500 new housing units, with 32,800 being ownership units and 17,700 being rental units. Of the rental units, it is estimated that 12,600 will need to be "affordable" in order to accommodate low and moderate-income households. This includes an estimated need for 5,700 non-market social housing units and 6,900 affordable market rental units. The HAP will identify strategies for addressing future housing demand;

DISCUSSION

The City of Surrey plays a significant role in the provision of housing in Metro Vancouver. Through land use planning processes, Surrey continues to support the development of new neighbourhoods and the densification of existing ones, with approximately 35,000 housing starts over the past decade and the possibility for an additional 19,500 units to be added to the housing stock over the next five to eight years. As well as creating new market housing supply in the region, Surrey provides some of Metro Vancouver’s most affordable housing and, consequently, opportunities for first-time home ownership. In fact, 75% of Surrey households are owners, higher than the regional average of 65% owner households.

In spite of Surrey’s contribution to the regional housing supply, housing affordability is an issue for many households throughout the region, especially among renter households. There is a marked disparity between the income of renters and owners and, consequently, a significant difference in the range of their housing options. The median income of renter households in Surrey is \$31,420, which is 47% of the median income of owner households. The median household income in Surrey in the 2006 Census was \$52,966 and the average household income was \$62,247.

The 2006 census indicates that about 13,000 renter households, representing almost 40% of all rental households in Surrey, are considered in "core housing need" or living in housing which is crowded or in poor condition and/or where housing costs are in excess of 30% of the gross household income. Of these, over 3,000 renter households are "at increased risk of homelessness" as they are spending more than 50% of their gross income on housing.

The most visible indication of a housing problem is homelessness. The 2008 Metro Vancouver Homeless Count found 402 individuals living on the streets or in emergency shelter beds in Surrey, which represents approximately 15% of the region's homeless population.

Surrey's HAP will identify actions already underway by the City of Surrey and will recommend strategies to address current and future housing needs, with a particular focus on the needs of low and moderate income households for whom home ownership is not an option.

Through a community and stakeholder consultation process, the HAP will seek solutions to the supply of:

- Non-market housing for low income households and for groups that require supportive or special needs housing;
- Market rental housing for low and moderate income households; and
- Affordable home ownership.

Non-Market Social Housing

The provision of social housing is a responsibility of the provincial and federal orders of government, not local governments. However, the federal government largely withdrew from funding social housing projects in 1993. The provincial government has continued to build new social housing, specifically for seniors and transition/supportive housing for the homeless or those at-risk of homelessness.

Surrey currently has approximately 6,500 social housing units. Non-market rentals for low-income aboriginals, families, seniors, adults with disabilities and singles account for 60% of Surrey's social housing stock. Seniors housing in residential care and assisted living units funded by government accounts for 27% of social housing. Other supportive housing, including transition housing and emergency shelter beds, comprises the remainder of the social housing stock in Surrey. Demand exceeds the supply of social housing, with approximately 980 Surrey applicants currently on the waiting list for non-market rental units.

The Social Plan identifies three primary roles that the City of Surrey can play in facilitating solutions. These are to:

- understand the issues;

- act as an advocate to other orders of government and funders and community stakeholders; and
- support the implementation of solutions through actions that are within the City's mandated responsibilities and jurisdiction.

Over the past couple of years, the City has been proactive in serving as a catalyst for action to address homelessness and housing affordability issues in Surrey, as follows:

- In 2007, Council approved the establishment of the Surrey Homelessness and Housing Society and Fund with a contribution of \$9 million from the City's Affordable Housing Reserve Fund. The Fund is intended to leverage public and private investment in addressing homelessness in Surrey; and
- In 2008, the City signed a Memorandum of Understanding with BC Housing that relates to the development of three new supportive housing projects on City-owned land for people who are homeless or at-risk of homelessness. In addition to the contribution of land, the City has agreed to cover certain municipal costs and fees related to these developments, and the non-profit sponsors of the housing projects may apply on an annual basis for a property tax exemption.

The HAP will explore ways to build on the City's current activities and identify options and opportunities to increase the supply of non-market housing for low income households, and supportive housing for seniors, youth, people with disabilities, and people with addictions and mental health disorders.

Market Rental Housing

Consistently low vacancy rates throughout Metro Vancouver are an indication of the critical shortage of market rental housing. Compared to other municipalities in the region, Surrey has tended to have higher vacancy rates and rents below the regional average. However, vacancy rates have dropped and rents have increased over recent years. While five years ago the average rent in Surrey was \$703 and the vacancy rate was 5.9%, in 2008 the average rent for a private apartment had risen to \$799, and the vacancy rate had dropped to 2.1%.

The current financing and taxation environment provides a significantly more competitive rate of return on condominium development, as opposed to purpose-built rental apartments. As a result, there has been very little new purpose-built rental housing developed. In Surrey, as in other Metro Vancouver municipalities, the secondary rental market, that includes units rented by the owners of secondary suites and condominiums, plays a significant role in helping to meet the rental housing demand.

The development of a HAP will provide an opportunity for Surrey to undertake an analysis of its current market rental housing stock, examine the City's policies and regulations that impact the supply of rental housing, and identify priority issues and recommended actions for tracking and increasing the supply of rental housing, including secondary suites.

Other Housing Types

Surrey has some other types of housing that need to be considered when examining affordable housing issues. Of significance is the City's current stock of manufactured homes, which represents an affordable, ground-oriented housing option in Surrey. It is estimated that there are about 2,900 residents who occupy approximately 1,700 units in 22 registered manufactured home or trailer parks in Surrey. The use of tourist accommodation as an affordable housing option and housing for seasonal farm workers, are also issues that may require further consideration.

Home Ownership

Historically, housing starts in Surrey have been dominated by the construction of single-family detached homes. This trend has changed over the years and there are now more housing starts for townhouse and apartment units than single family detached units. As a point of reference, a single detached house costing \$429,900 is estimated to require a qualifying household income of \$100,300. The required qualifying income drops to \$77,200 for a \$319,800 townhouse and \$58,300 for a \$229,900 2+ bed condominium.

The preparation of the HAP will include an analysis of the City's land use policies and regulations and investigate how to support and encourage the continued supply of ownership housing in a variety of forms, and explore opportunities for affordable home ownership.

Terms of Reference for the Development of a Housing Action Plan

A proposed Terms of Reference for the development of a HAP is attached as Appendix 1. In addition to identifying the context and providing a brief overview of housing issues in Surrey, it outlines the scope of the HAP and the process that will be undertaken to develop Surrey's HAP.

Scope

Surrey's HAP will focus on the housing continuum from home ownership through to non-market housing, including:

- Affordable home ownership through a variety of land use planning mechanisms relating to density, design and form of housing;
- Non-market housing for low-income households and for groups that require supportive or special needs housing;
- Market rental housing for low and moderate income households;
- Secondary suites; and
- Issues related to Manufactured homes.

For each scope area, the HAP will identify:

- priority issues in Surrey;
- recommendations for municipal action; and

- recommendations for actions by others, including provincial and federal action.

Process

The development of the HAP will involve:

- *Research and Analysis* - Staff have assembled a considerable amount of background information on Surrey's existing and projected housing supply. Further research and analysis will be undertaken on housing need/demand, housing stock/supply, documentation of the secondary rental market and current City policies and practices that impact the supply of affordable housing;
- *Consultation* - A consultation process will contribute to identifying a vision, principles, priority issues, and recommended actions. The process will include consultation with City staff and Committees, stakeholders and the public; and
- *Implementation* - The HAP will outline a proposed work program to implement the recommendations. It will prioritize actions into short-term (2010-2015) and longer-term actions. Council will be updated on an annual basis on the progress of implementing the HAP.

The HAP will be completed in 2009. The majority of the work will be undertaken by staff. Consultants will be retained only, as needed, to provide expert advice and facilitation.

CONCLUSION

A healthy and sustainable city is one in which every resident has access to affordable and appropriate housing. The City of Surrey's HAP will articulate a vision, guiding principles and a plan for municipal actions to ensure that there is an adequate supply of housing to meet the full range of incomes and needs in Surrey.

It is recommended that Council authorize staff to proceed with the development of the HAP in accordance with the Terms of Reference attached as Appendix I to this report.

Original signed by
Jean Lamontagne
General Manager
Planning and Development

AM/kms/saw

Attachment:

Appendix I - Terms of Reference for the Development of a City of Surrey Housing Action Plan

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TERMS OF REFERENCE

Development of a City of Surrey Housing Action Plan

INTRODUCTION

Surrey's population of 461,150 residents (December 2008) represents approximately 19% of the total population of Metro Vancouver. Surrey's share of regional growth is even higher and constituted 29% of growth in Metro Vancouver in 2008. In 2008, 4,749 new housing units were constructed in Surrey, representing the equivalent of 10,843 new residents. It is expected that an average of approximately 3,892 dwelling units will be added annually over the next five years, though it should be noted such estimates may be affected by economic conditions.

Surrey has been and will continue to be a primary supplier of housing in the region, given its relatively large supply of developable land. Through its planning processes for General Land Use Plans and Neighbourhood Concept Plans, the City has supported the provision of market housing by providing a framework for the development and build-out of new neighbourhoods. Policy A-4.2 under Section 2.A "Manage Growth for Compact Communities" of Surrey's *Official Community Plan* OCP stipulates that when residential growth capacity is less than five years, the City should begin planning for new capacity. Such planning processes are currently underway at various stages in several areas of the City, and it is estimated that Surrey has at least a five year supply of housing available in the City Centre, Town Centres and in NCP areas.

While Surrey will continue to contribute to the new supply of regional housing in Metro Vancouver, the community faces issues related to the affordability of this supply, especially for low and moderate-income renter households, necessitating the development of a Housing Action Plan (HAP).

PURPOSE

Surrey's Housing Action Plan (HAP) will articulate a vision, guiding principles and a plan for municipal actions to work toward achieving an adequate supply of housing to meet the full range of incomes and needs. It will provide an overview of current housing issues in Surrey. These terms of reference outline the scope of the HAP and the process that will be used to develop and implement the HAP.

CONTEXT

The development of a Housing Action Plan (HAP) for the City of Surrey is a response to a recommendation in the *Plan for the Social Well-Being of Surrey Residents* to address homelessness and housing issues in Surrey. The HAP will also respond to a requirement of Metro Vancouver's new Growth Strategy that municipalities develop Regional Context Statements and Housing Action Plans as a means of ensuring that there is an adequate supply of housing to meet the full range of incomes and needs. Finally, the HAP will contribute to the update of the City's Official Community Plan that is currently underway, and the implementation of an "immediate action" identified in the Sustainability Charter.

ISSUES IN THE DEVELOPMENT OF A HOUSING ACTION PLAN

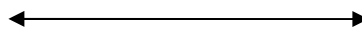
Historically, housing starts in Surrey have been dominated by the construction of single-family detached homes. This trend changed for the first time in 2007, when there were more housing starts for townhouse and apartment units than single family detached units. Between 1998 and 2008, the number of multi-family units, as a percentage of total units, has increased from 29% to 33%. It is projected that by 2013, approximately 37% of Surrey's housing stock will consist of multi-family dwelling units.

The vast majority (75%) of Surrey households are homeowners. Supply has largely kept pace with demand, with approximately 35,000 housing starts over the last 10 years, and an estimated 19,500 units to be added to the housing stock over the next five years. Nonetheless, home ownership is not an option for most low and moderate-income renter households.

The objective of the HAP will be to work toward the provision of housing within the entire housing continuum. The housing continuum refers to the full range of non-market and market housing types, and includes emergency shelters, transition/supportive housing, non-market rental, market rental and home ownership.

Emergency Shelters	Transition/Supportive Housing	Non-market Rental Housing	Market Rental	Home Ownership
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Requires more public funding



Requires less public funding

- Emergency Shelters offer temporary shelter food and other services for the homeless.
- Transition housing is temporary housing with support services to help people stabilize their situation before moving to more independent, permanent housing.
- Supportive housing refers to housing where residents have access to support services such as addictions treatment or mental health services, as well as to other supports such as meals and laundry services.
- Non-market rental housing is operated on a non-profit basis, and includes housing managed by government agencies, societies, and co-operatives.
- Market Rental is comprised of both purpose-built rental apartments and the secondary rental market, which includes the rental of condominiums, single and semi-detached, townhouses, and duplex units, secondary suites and dwellings above commercial buildings.
- Social housing is an inclusive term for the non-market range of the housing continuum, and includes emergency shelters, transition/supportive housing and non-market rental housing.

Current Social Housing Units in Surrey

	Number of Units	% of Social Housing
Non-market rentals for aboriginals, families, seniors, disabilities and singles	3,955	60%
Government funded and/or non-profit operated seniors residential care and assisted living	1,753	27%
Transition/supportive housing/other residential care	814	12%
Emergency shelter beds	71	1%

SCOPE

Surrey's Housing Action Plan will provide an overview of the complete continuum of housing in the City, and will seek solutions to the supply of:

- Affordable home ownership.
- Market rental housing for low and moderate income households; and
- Non-market housing for low-income households and for groups that require supportive or special needs housing;

For each scope area, the HAP will identify:

- Priority issues in Surrey
- Recommendations for municipal action – These are primarily actions that are within the City's legislated mandate including land use policies and regulations that support the maintenance and enhancement of the supply of affordable housing.
- Recommendations for others, including provincial and federal action – These are actions that relate to provincial and federal government responsibilities including the provision of social housing and affordable housing programs, and federal and provincial legislation that impacts housing affordability.

While the Plan may identify actions to increase the supply of ownership units, addressing issues of homelessness and housing affordability for low-income households and people with special needs will be the priority of the Housing Action Plan.

PROCESS

The development of the HAP will involve the following elements:

- *Research and Analysis of Current Conditions* – Surrey staff have already compiled a significant amount of information with regard to the existing and projected housing supply, and the characteristics of that supply. As well, staff have researched and assembled information on housing need in Surrey. Further research and analysis will be

undertaken on housing need/demand, housing stock/supply, and current City policies and practices that impact the supply of affordable housing.

- *Consultation* – A consultation process will contribute to identifying a Vision, Principles, Priority Issues, and Recommended Actions. The process will include consultation with the following stakeholders:
 - Staff – Staff from Planning and other relevant departments will be involved in providing input into the HAP.
 - The Social Planning Advisory and Development Advisory Committees will be invited to provide feedback on the HAP.
 - A Multi-stakeholder Advisory Group will be established that includes representatives of various sectors including the development industry, non-profit housing providers, provincial agencies, and other groups with an interest in affordable housing in Surrey. This group will assist in defining the vision and principles of the HAP as well as helping to develop recommended strategies and actions.
 - Public Consultation – A workshop will be held to engage the community in identifying priority issues and recommendations for action. In addition, a survey form will be made available on the City’s website to receive feedback from the general public. The public will also be consulted on the draft HAP.
- *Implementation* - The HAP will outline a Work Program to implement the recommendations of the Plan. It will prioritize actions into short-term (2010-2015) and longer-term actions. Council will be updated annually on the progress of implementing the HAP.
- *Indicators* – Key indicators will be identified to measure progress related to housing affordability and diversity. This same set of indicators may also be used to monitor progress on the implementation of the Sustainability Charter.

Attachment “A” provides a table outlining the activities and timeline for developing the Housing Action Plan.

The Housing Action Plan will be completed in 2009. The majority of the work will be undertaken by staff. Consultants will be retained only to provide expert advice and facilitation.

HOUSING ACTION PLAN (HAP): ACTIVITIES AND TIMELINE 2009										
Activities	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Phase 1 – Analyse Current Conditions										
Research and Compile Information on: <ul style="list-style-type: none"> • Housing Need/Demand • Housing Stock/Supply • Profile of housing demand and supply in each of Surrey’s six communities • Compilation of current by-laws, policies and practices that address housing affordability and diversity 	●	●								
Phase 2 – Develop the Plan										
Identify preliminary options for action - strategies and tools that the municipality could adopt to address housing needs.	●	●								
<i>Staff and Stakeholder Workshops:</i> to discuss and receive input on housing issues, action options and process for developing the HAP			●							
<i>Social Planning Advisory Committee & Development Advisory Committee Meetings:</i> to discuss the HAP process, and receive input on housing issues and recommended actions.			●							
Public Consultation: <ul style="list-style-type: none"> • Stakeholder and Community workshop to elicit feedback on priority issues and recommended actions • Questionnaire to be distributed at the workshop and posted on the City website 				●	●					

**HOUSING ACTION PLAN (HAP): ACTIVITIES AND TIMELINE
2009**

Activities	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<i>Multi-Stakeholder Advisory Group Workshop:</i> to receive feedback on priority needs and action options				●	●					
<i>Council Report</i> on the consultation results							●			
<i>Multi-Stakeholder Advisory Group Meeting:</i> to receive feedback on action options identified in the public consultation							●			
Prepare Draft Housing Action Plan						●	●	●		
<i>Staff:</i> will review and provide feedback on the Draft								●		
<i>Council Report:</i> on draft HAP								●		
<i>Social Planning Advisory Committee & Development Advisory Committee Meetings:</i> to receive input on the draft HAP									●	
<i>Multi-Stakeholder Advisory Group Meeting:</i> to receive feedback on the draft HAP									●	
<i>Public Consultation:</i> to receive feedback on the draft HAP									●	
Finalize Housing Action Plan									●	
<i>Council Report</i> and adoption of the Housing Action Plan										●