

Affordable Market Housing: Facilitating Change



Kim Flick, Manager
Community Development
City of Vernon



Vernon, B.C.

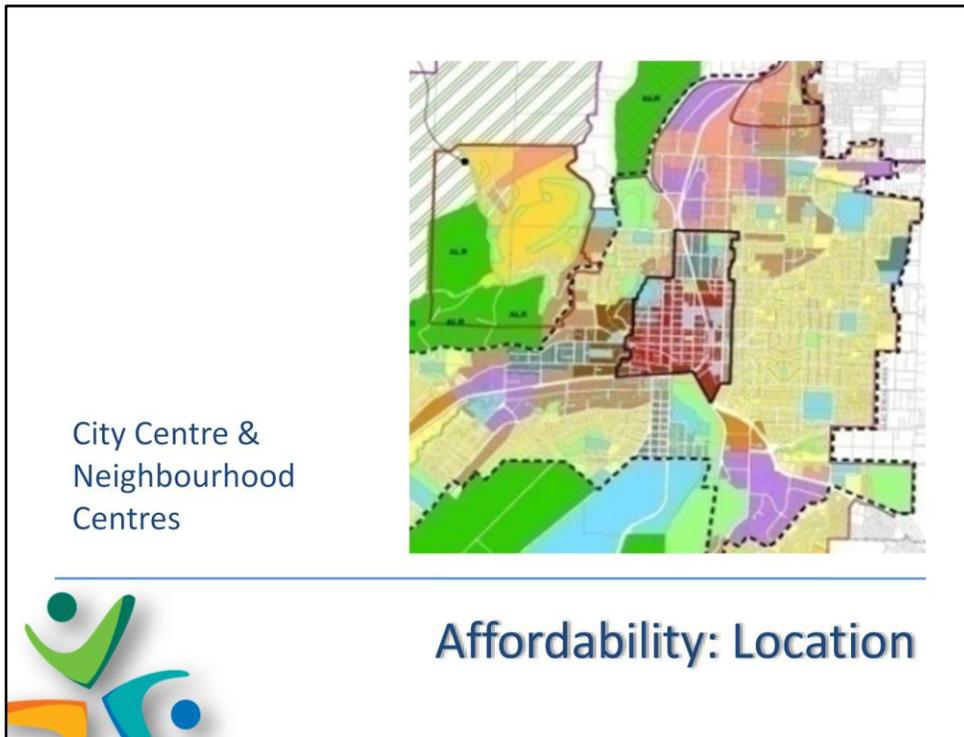
If you've been to Vernon, this was probably your first look at it, right after the Tel-a-Frend Motel . . .



Vernon, B.C.

But this is how Vernon residents think of it.

- Valley community with an agriculture and forestry background; nestled by what were always greenfield hillsides.
- It was the rapid development of those hillsides for luxury and resort properties, far out of reach of Vernon residents, that resulted in a new Council six years ago, whose mandate was to completely redo the OCP with the community.
- Our mandate was to fundamentally involve the community in the development of a new plan. More than 100 opportunities for public engagement were provided. The new OCP was adopted in 2008.
- One of the key issues identified by the community in the development of the new OCP was affordable and attainable housing.
- Affordable housing is typically associated with housing that involves subsidies, or is tied to a maximum monthly rent on par with what is provided through social services. The City of Vernon has strongly supported affordable housing initiatives, including long term land leases, reduction of servicing requirements in exchange for housing agreements, working with the non-profit sector and for-profit sectors on all manner of initiatives.
- Attainable housing is typically associated with market housing that does not involve subsidies. This is the focus of this presentation.



The first element of affordability relates to location.

For the homeowner – housing options that are close to shops, schools, services, work and amenities reduce the need for multiple vehicles in a household (in Canada, the average cost to own and operate a vehicle are \$9,000 per year). In communities the size of Vernon (approximate population of 40,000), public transit is still evolving and at present does not serve the entire community. The ability to walk or cycle to more destinations is an increasingly important economic consideration. Since the adoption of the OCP 2008, the City has targeted pedestrian and cycling connections in and around the City Centre, designated neighbourhood centres, schools and seniors' centres.

The OCP 2008 identifies several neighbourhood centres and the City Centre, all of which are designated for increased employment and housing options (increased density in these target areas is intended to support the expansion of public transit, and the Transportation Plan was developed in conjunction with the land use plan). In the City Centre, a variety of housing forms are designated to meet the specific needs of this community. In particular, several areas surrounding the commercial core are designated for small lot single and two family development, in order to meet the needs of families in particular. Much of the new housing development in Vernon prior to 2008 was greenfield lake view and hillside development, financially unobtainable for the average Vernon household. The OCP 2008 eliminated new greenfield subdivision opportunities, while preserving the capacity allocated in adopted neighbourhood plan areas. The OCP also targets redevelopment of older areas to facilitate small lot single and two family development.

For the City – location is key to asset management. First, redevelopment of these areas helps to replace aged infrastructure, so that development is carrying a share of the costs. Secondly, redevelopment eliminates the need to extend roads and services to greenfield areas, which then require maintenance and ultimate replacement. We're already plowing the streets downtown. Every time a new greenfield subdivision is built, municipal costs immediately go up as plowing, sanding and other maintenance requirements are immediately introduced.



Affordability: Size

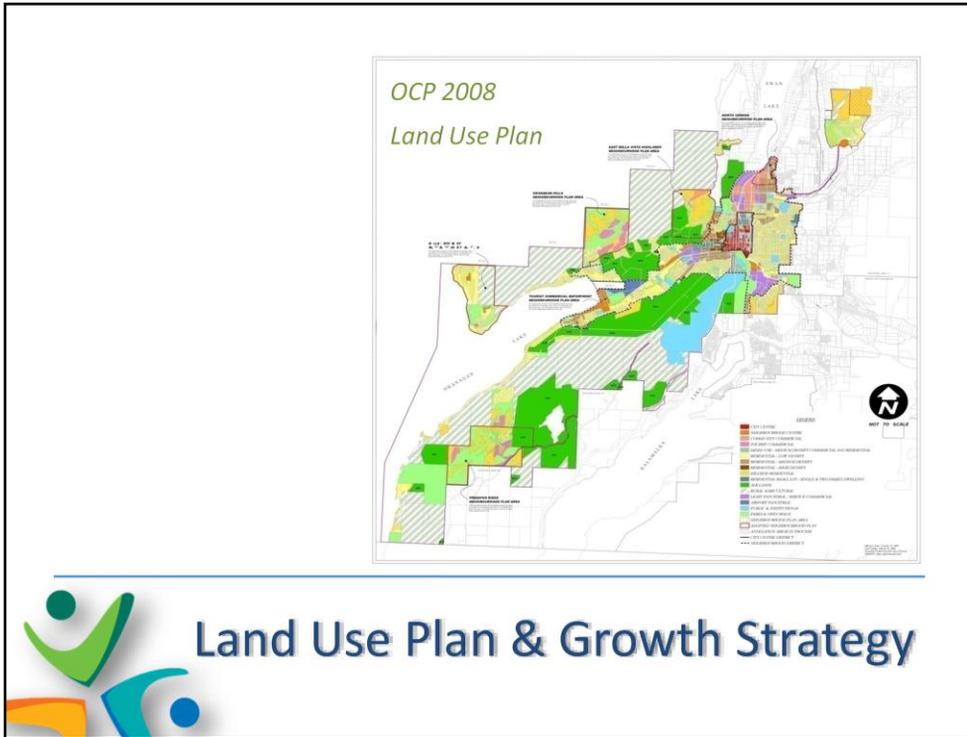
The City has limited means to subsidize housing. When looking at means to make homes more affordable – and most families in the north Okanagan are still intent on owning a single family detached home – reducing the size of the lot and the home is an immediate step in the right direction. Increasing energy costs are also addressed by a smaller home, as a smaller home requires less energy to heat and cool, a reality in the Okanagan.

There are many designs in use for small lot infill, from the heritage styles to more modern designs. Infill housing has been demonstrated to fit into any context. The major issue associated with this housing form in redeveloping areas is neighbourhood acceptance.

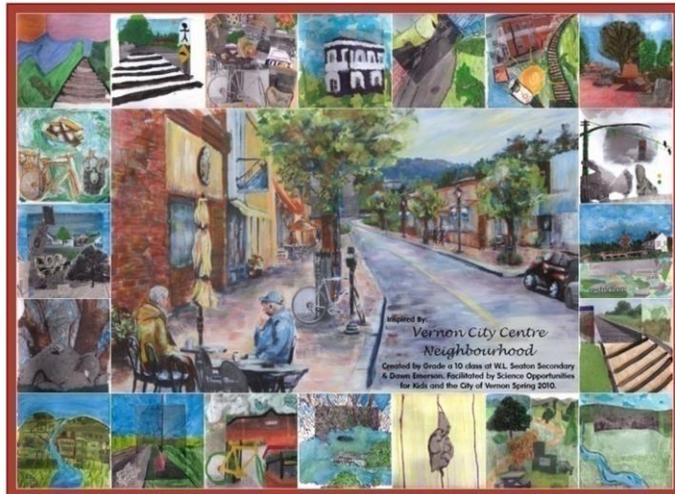


Community Involvement

As such, involvement of the community in the development of the OCP and detailed neighbourhood plans is important. This means fundamental engagement in order to identify issues and appropriate solutions. This step is important as it can lessen resistance to infill and redevelopment proposals in the development approval stage. From the developer's perspective, delays in approvals can be costly. If there is neighbourhood resistance at the Public Hearing, good proposals may not be supported.

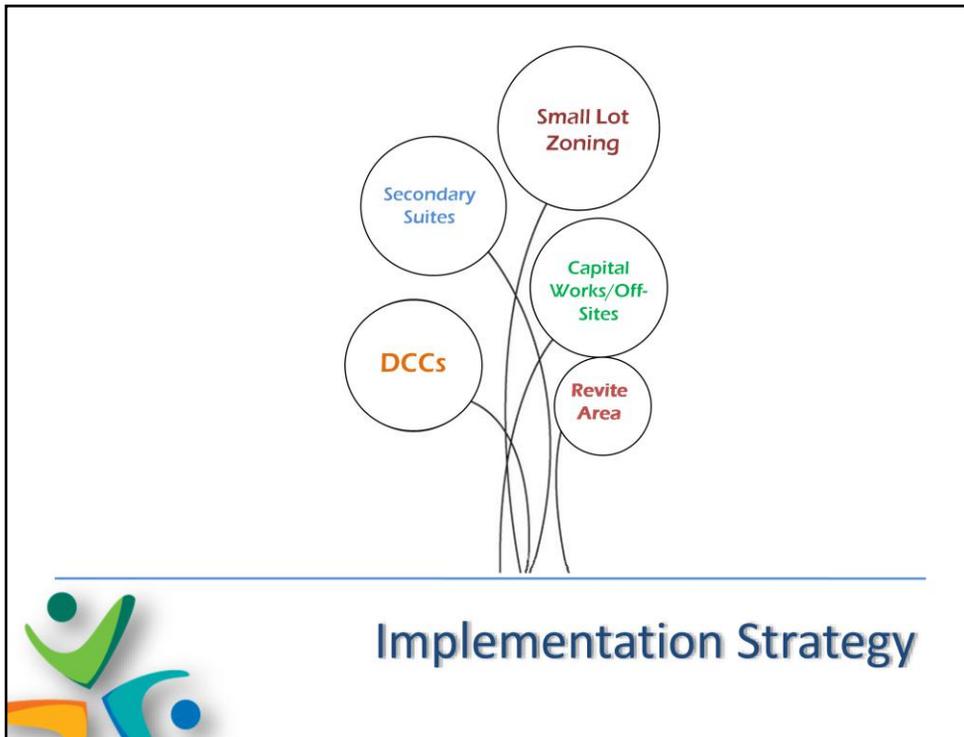


The City's new OCP 2008 removed the opportunity for new greenfield subdivisions and put the emphasis on redevelopment. The City Centre was identified as a key redevelopment area with a number of incentives for development. The new Hillside Residential and Agricultural District has new requirements for development to ensure that any development in this area – far from existing services and infrastructure – is more responsible for infrastructure than was the case previously.



City Centre Neighbourhood Plan

Extensive consultation was conducted to develop a detailed neighbourhood plan for the City Centre. The plan contains design guidelines and a detailed transportation and parking strategy (a key issue in Vernon).

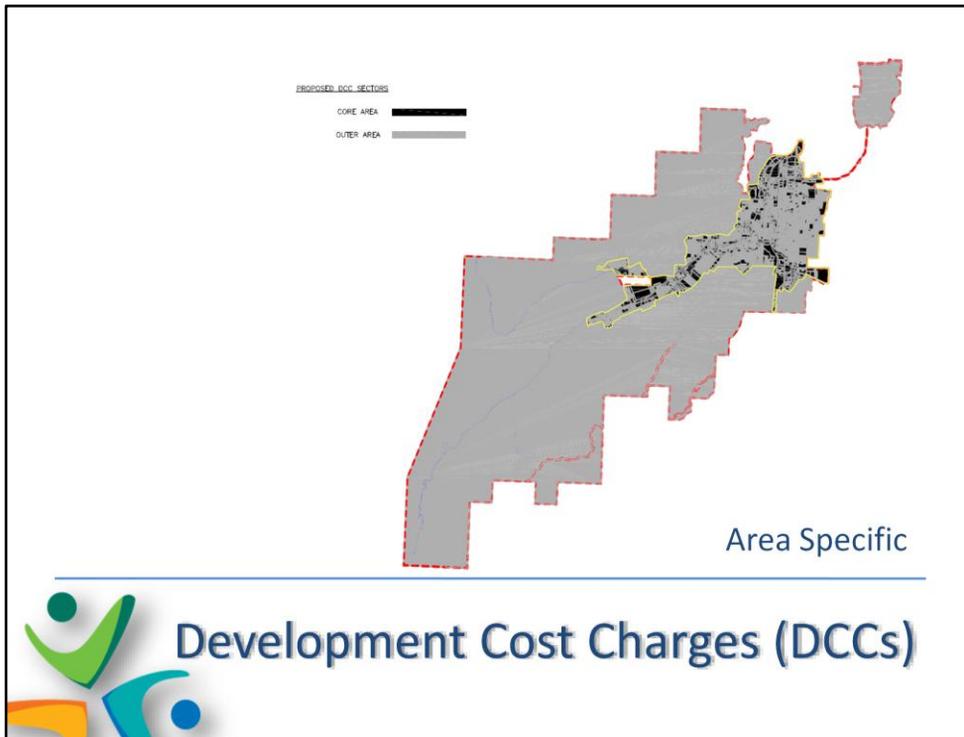


The plan is just the most expensive wall paper ever without an implementation strategy.

It's not enough to develop a plan and just sit back and wait for it to materialize. We all know that market forces will ultimately determine when things are built, but we actually have a lot of tools at our disposal to stimulate that development, where and how we want to see it. A comprehensive multi-prong implementation strategy was thus developed.

There's no single answer, no silver bullet – it's using all the tools available to local government and mobilizing all staff, agencies, groups and community members.

Some of the key implementation items that support the provision of attainable housing are changes to the City's DCC Bylaw, use of secondary suites, new small lot zoning district, targeted capital works in key redevelopment areas, capping of off-site works in key redevelopment areas and the establishment of a revitalization area bylaw.



Our DCC Bylaw was a key implementation component, and Engineering was the lead on this. We actually worked with Urban Systems, Dan Huang was our key consultant.

They worked with us to revamp a DCC system which two years earlier was a “one door, one fee” approach. No matter how big the unit or where it was, there was one DCC fee.

We moved to an area based DCC, as well as a size-based DCC.



Category	Unit	Previous	Core Area	% Change	Outer Area	% Change
Single Detached Housing	Per lot	\$ 17,172	\$ 16,430	-4.3%	\$ 21,183	23.4%
Single Detached small lot * (less than 400 sq.m.)	Per lot	\$ 17,172	\$ 11,581	-32.6%	\$ 14,749	-14.1%
Duplex/Semi-Detached ** (based on 167 sq.m.)	Per sq.m. unit		\$ 65.44		\$ 83.58	
Max Duplex/semi-detached (167 sq.m.)		\$ 10,303	\$ 10,928	6.1%	\$ 16,715	62.2%
Row Housing (based on 130 sq.m.)	Per sq.m. unit		\$ 81.59		\$ 104.89	
Max Row House (130 sq.m.)		\$ 10,303	\$ 10,806	2.9%	\$ 13,835	32.3%
Apartment Housing (based on 93 sq.m.)	Per sq.m. unit		\$ 85.42		\$ 110.47	
Max Apartment (93 sq.m.)		\$ 10,303	\$ 7,944	-22.9%	\$ 10,274	-0.3%
Small Apartment (less than 56 sq.m.)***	Per sq.m. unit		\$ 77.88		\$ 98.48	
Small Apartment max (56 sq.m.)		\$ 10,300	\$ 4,350	-57.8%	\$ 5,515	-46.5%
Office Retail Commercial	Per sq.m. GFA	\$ 48.21	\$ 37.05	-23.2%	\$ 46.37	-3.8%
Highway Commercial	Per sq.m. GFA	\$ 48.21	\$ 48.95	1.5%	\$ 62.93	30.5%
Industrial	Per ha site area	\$ 182,543	\$ 152,768	-16.3%	\$ 191,911	5.1%
Institutional	Per square metre	Varies	\$ 51.02	Varies	\$ 65	Varies
Secondary Suite	Per unit	\$ 8,586	\$ -	-100.0%	\$ -	-100.0%

Bylaw adopted March 8, 2010



Development Cost Charges (DCCs)

- Within Core Area, significant reductions DCCs reduced for Small Lot Single Detached and Apartments. DCCs for Secondary Suites were eliminated altogether – in both areas.
- Also introduced lower DCCs for commercial and industrial uses in the City Centre and Core, which was the idea of Dan Huang from Urban Systems.
- Within Outer Area, DCCs were also reduced for Small Lot Single Detached and small apartments. But otherwise, they generally went up, particularly for SFD, Semi Detached and Highway Commercial.
- On average, total Residential DCCs have increased slightly (0.9%)

RST1

9.18 RST1: Residential Single and Two Family

9.18.1 Purpose

To provide a zone for the **development** of small lot single and two family residential units with vehicle access from an adjacent lane.

9.18.2 Primary Uses

- duplex housing
- semi-detached housing
- single detached housing

9.18.3 Secondary Uses

- boarding rooms
- care centres, minor
- home based businesses, minor
- secondary suites with single detached housing only)

9.18.4 Subdivision Regulations

- Minimum lot width for interior lots is 7.6m.
- Minimum lot width for corner lots is 10.0m.
- Minimum lot area for interior lots is 230m².
- Minimum lot area for corner lots is 310m².
- Minimum lot area for lots not serviced by a community sewer system is 10,000m².

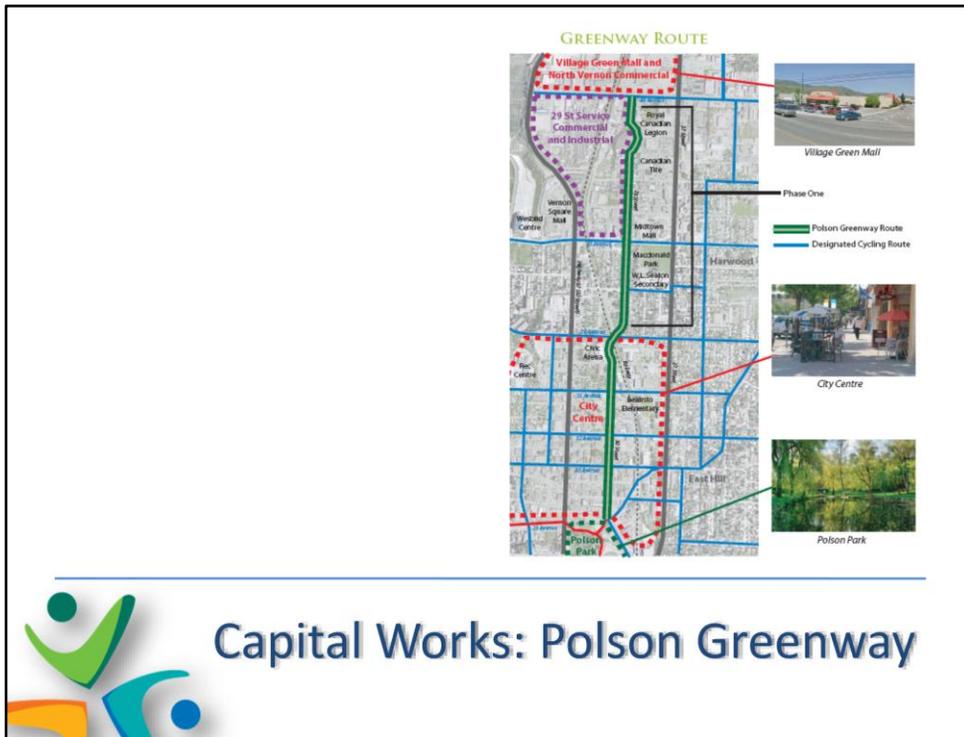
9.18.5 Development Regulations

- There shall be no more than two residential units per lot including secondary suites.
- All vehicular access to the **development** is only permitted from the rear lane.
- Maximum site coverage is 80%, and together with driveways, parking areas and all other impermeable surfaces shall not exceed 85%.
- Maximum height is the lesser of 10.0m or 2.5 storeys, except it is 4.5m for secondary buildings and secondary structures.
- Minimum front yard is 2.5m.
- Minimum side yard is 1.0m, except it is 3.5m from a flanking street. The minimum side yard setback for shared interior party walls is 0.0m.
- Minimum rear yard is 6.0m, except it is 1.0m for secondary buildings.
- Maximum density is 87.0 units per gross hectare (55.2 units/gross acre).
- Where more than one building is to be located on a lot the minimum horizontal distance between buildings shall be 2.0m.



Small Lot Zoning

A small lot single and two family zoning district was developed, predicated on the prevailing lot size in the areas targeted for redevelopment to this form (that is, the typical residential lot is 15.2 m wide with an older single family detached in the centre – the new zoning district accommodates subdivision of this size into two lots, each accommodating a single or two family dwelling). The new zoning district permits single and two family development on lots with a minimum width of 7.6 m.



Not only has the City prioritized capital works for the target redevelopment areas, it has initiated major works to enhance the livability of these areas. A key initiative is the Polson Greenway, which will provide a north south route that is designed to favour pedestrians and cyclists, and does create an additional north south routes for vehicular traffic, as well. The greenway bisects the City Centre and connects Polson Park in the south with Polson Mall in the north. Currently, there are only two north south routes in Vernon (the highway and 27th Street), neither of which provides a pleasant and desirable route for pedestrian and cyclists. Phases one and two are complete.

Additional capital works in the target redevelopment areas include new park areas, a relocated transit terminus to a more central location, road and infrastructure improvements and new sidewalk and cycling connections.



Incremental Tax Financing? Revitalization Area



Revitalization Area being proposed as part of the new City Centre Neighbourhood plan, which can provide tax breaks for new improvements for up to 10 years. This is being considered for commercial and residential development.

A problem with the Revitalization area is that it doesn't help with the significant infrastructure issues that we have, nor does it provide a great incentive for the developer (unless it is a developer-owner; and it does help marketing the product to the end purchaser).

So, we are exploring something called incremental tax financing, by which a municipality can borrow against future increases in assessment in order to front end the infrastructure. Used in the U.S., Alberta and Ontario.

Benefits to incremental tax financing are:

Send a message to the development community: we're serious.

Alleviates some of the off-site works and services required by the developer, which in the case of small redevelopments can kill the development proposal, particularly if you have multiple frontages.

The down side is that we don't have the legislation to permit this at this time. But if Council supports this direction, we will petition the province to grant the enabling legislation that's needed.



Preferential Processing

In the development world, time is money.

Vernon used to have a preferential processing opportunity, which basically meant that if you could put the cash on the table to hire outside resources to move your application ahead, you went to the front of the line. This was used by major developments but doesn't work for smaller redevelopment initiatives.

Our new approach is to move those applications in the key redevelopment areas of the City to the front of the line. The new land use plan has far more opportunity to do small scale redevelopment, and it's important to ensure that these move ahead in a timely fashion. It is in the community's interest to see these areas redevelop and provide housing options for Vernon residents, as well as additional employment opportunities.

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