

A GUIDE TO DEVELOPING A MUNICIPAL AFFORDABLE HOUSING STRATEGY

Introduction

There is an evident need to improve access to affordable housing in Canada. However, the old paradigm of sustained ongoing direct contributions from senior governments for the construction of social housing is no longer a viable approach in many parts of the country. Organizations interested in meeting the affordable housing needs are turning to a new paradigm of partnership to meet community affordable housing needs.

While local governments cannot make up for the lost funding for new social housing units, they do have considerable resources to bring to this partnership for use in financially supporting the creation of affordable housing. First of all, they are in the best position to bring on board the wide range of community interests that could contribute to addressing local housing affordability needs. Secondly, local governments have control over policy areas that can have a significant impact on housing affordability, including land availability, zoning regulations, development fees, property taxes, and so on.

Indeed, municipalities are showing increasing levels of interest and activity in supporting the creation of affordable housing, usually working with community partners and employing innovative new tools to reduce the cost of housing. In some cases, municipalities are gradually evolving affordable housing strategies in response to specific issues as they emerge. An example of such an “organic” strategy is the City of Vancouver, which has adopted a wide range of initiatives to improve affordability for specific target groups over many years of strong population growth.

In other cases, municipalities have developed or are developing more systematic strategies characterized by goal setting, data gathering, the formulation of integrated action plans, implementation and monitoring. Systematic affordable housing strategies can be of two types: focused strategies (such as those undertaken in Calgary, Winnipeg

and Saskatoon) that address a relatively narrow range of housing needs and comprehensive strategies (such as those undertaken in New Westminster and Coquitlam in BC and in many US cities) that address the full range of affordability issues facing the community.

Although a comprehensive approach requires more time and resources to develop than more focussed or organic approaches, it offers considerable benefits as well:

- It provides the community with an opportunity to discuss housing in its broad social development context and reach a consensus (or at least a widely-supported decision) on what should be done in order to ensure that housing needs are being met.
- Public acceptance of the strategy and its goals is eased by the fact that the strategy is based on a thorough and objective assessment of affordable housing needs in the community.
- By undertaking a municipal affordable housing strategy, the community can inventory the available resources for dealing with housing issues and identify potential partnerships to help address housing needs.
- Such a strategy can help to improve the overall social health of a community. Those working in community services (police, health workers, social service providers and educators) increasingly acknowledge there is a direct relationship between the quality and availability of appropriate housing in a community and the well being and functional capacity of the community.



- A comprehensive approach to meeting local affordable housing needs can “fit” well into other strategic goals of the community, such as sustainable development.

Purpose of the Guidebook

This Guidebook is meant to serve as a general introduction to the issues likely to be raised when a municipality undertakes to develop an affordable housing strategy. It also seeks to provide guidance on how to address those issues and where to find more information on potential solutions in the wider literature. In preparing the Guidebook, the authors drew (through interviews, written reports and web sites) on the experience of cities across North America that have developed affordable housing strategies. They also benefited from a thorough review of the document by senior municipal staff of several Canadian cities. Throughout the Guidebook, the emphasis is on procedural issues: what needs to be done and how a municipality and its local partners can get it done. About two-thirds of the book relates to the development of a strategy and about one-third is dedicated to strategy implementation.

Each of the main topics is explained in a step-by-step way and illustrated by case studies. Each chapter offers a “Checklist for Success” and a list of additional resources, including government documents, research reports, web sites and relevant agencies.

Steps in Creating an Affordable Housing Strategy

The procedure used to develop an affordable housing strategy will vary from municipality to municipality according to its affordability needs and the resources available to address them. No single approach can be applied uniformly in every case. However, there are key steps that most municipalities will want to include in their strategies.

I. Preparation and administrative set-up:

The first step is to set up the appropriate administrative and leadership mechanisms and to plan out the strategy development process.

- Appoint a Strategy Coordinator, to help launch the process of developing the affordable housing strategy and to provide administrative support as it proceeds.

- Create a Strategy Task Force and sub-committees to guide the whole strategy development process. This is a multi-disciplinary, multi-stakeholder committee responsible for identifying local needs and co-operatively working on action plans and implementation programs.
- Develop Terms of Reference, including a preliminary statement of key issues and goals.
- Develop time line and budget for strategy development process.

2. Launching a public participation process:

It is crucial that the affordable housing strategy be “owned” by the wide range of community interests involved in housing issues, either as potential recipients or partners. Launching a public participation process involves three steps:

- Identify participants: Participants may be drawn from the general public or from the wide variety of community, private and public sector groups that have a stake in the production, preservation or renovation of affordable housing.
- Choose consultation and communication methods, including the use of brochures, bulletins or newsletters, open houses, and focus group meetings.
- Hold a preliminary consultation to review/refine the goals and key issues of the strategy and to build interest and support for the process.

3. Assessing affordable housing needs:

In order to help identify those housing needs that will be addressed through an affordable housing strategy, the municipality will need to be properly informed of the current housing situation and emerging trends. Undertaking an affordable housing needs assessment is a research-intensive process involving three steps.

- Assemble a database on current housing market, demographic and socio-economic characteristics.
- Assess future housing needs and determine housing shortfall.
- Prioritize needs and refine key issues,

4. Developing action plans:

At this point, specific tools that could be used to address the key issues need to be explored and assembled into a Draft Strategy.

- Assess what has already been done to address each key issue, identify options and choose tools for addressing each key issue. A good source of information on the various tools is CMHC that has an extensive

list of completed research work on every aspect of affordable housing. Currently CMHC is developing the Affordable Housing Advisor, a Web-based document that provides a detailed analysis of each of 50 tools, such as financing instruments, planning and regulatory measures, and construction techniques. For each tool, the Advisor provides a description of how the tool works, its advantages, issues or problems arising with its use, an assessment of the tool's effectiveness in improving affordability, along with sources of further information.

- Eliminate duplication, inconsistencies among the various action plans and integrate action plans into a preliminary Draft Strategy.
- Organize a well-publicized community forum to discuss and receive comments on the Draft Strategy.
- The Final Strategy along with an estimate of the municipal resources needed to implement it should then be sent on for approval to Council.

5. Implementing the strategy:

Implementation is “Part Two” of any affordable housing strategy—it involves its own set of procedures and problems and requires its own timeframe, set of resources, communication plan, and leadership. Some general guidelines include:

- Prioritize and schedule implementation steps. Most implementation plans list the measures to be undertaken and show who is responsible, the time frame and when they should report back to council on progress.
- Implementation of many measures can be aided by incorporating them into other strategic planning documents, such as the official plan and the capital budget plan.
- For many measures, financing will be required. A number of vehicles are available, such as capital revolving funds. This mechanism allows the municipality to offer loans at low interest rates to affordable housing providers and to low and moderate income home buyers as well as to tenants. As loans are repaid, the funds can then be lent out to other providers or households.

6. Building Partnerships:

In most Canadian communities, municipalities are increasingly working with community agencies, the development industry, and financial institutions to meet growing housing needs. Implementation of the strategy can build upon and strengthen these partnerships. Forms of partnership include:

- **Demonstration projects:** In this form of partnership, the public sector takes the lead in showing that affordable housing can be built without undue financial risk. In 1999, the City of Nepean completed a \$10 million, 66-unit life-lease project for seniors, called the Meridian. The project was self-financing with the help of a \$45,000 proposal development fund loan from CMHC and a CMHC-insured \$7.5 million mortgage loan to help finance the land purchase and construction.
- **Leveraging resources:** A municipality may offer resources and concessions to leverage the contribution of other partners. The municipality may offer free or discounted land or buildings, preferential leases, or financial support to independent developers, builders, or non-profit housing providers. Regulatory concessions might include streamlining the development process and financial concessions could take the form of development charge or property tax discounts, waivers of municipal fees for planning approvals and permits. Toronto's Let's Build program is an example of this type of partnership.
- **Community-based non-profit housing corporations:** Over the years, municipalities have partnered with a broad range of other housing stakeholders to establish community-based non-profit housing corporations. The Saskatoon Housing Initiatives Partnership, for example, is a community-owned non-profit corporation that brings together a wide array of community partners.
- **Strategic investments:** In a number of cases, municipalities are making strategic investments in renovation or new construction in order to trigger broader private investment in a declining neighbourhood. An example of this is Montréal's Program for rehabilitating boarded up or vacant buildings. The program is jointly funded by City, CMHC, the Société d'habitation du Québec and works in co-operation with a community-based neighbourhood revitalization organization.

7. Monitoring and Evaluation:

Implementation of the affordable housing strategy can be strengthened by incorporating provisions for the monitoring of progress made towards the objectives laid out in the action plans. On this basis, the municipality and its partners can make the necessary adjustments to the strategy and its implementation mechanisms.

Steps involved include:

- Design the monitoring system and select performance measures. A monitoring system shows: the links among the keys issues and goals set out in the strategy; the tools used to address the issues; the measures that will be used to assess performance with respect to each of the tools; and the current value and the targeted value for each measure.
- Collect data: Data on the selected performance measures can be collected through a wide variety of means including focus group meetings, surveys, complaint reports, statistical sources, and so on.
- Report monitoring results and adjust strategy: Finally, monitoring results need to be reported (e.g., through a community bulletin) and the strategy or implementation priorities revised if necessary.

Summary

This Guidebook is designed as an introduction to the issues likely to be raised when a municipality initiates the development of an affordable housing strategy. It also provides guidance on how to address those issues and where to find more information on potential solutions. Each of the main steps associated in developing an affordable housing strategy is explained in a detailed step-by-step manner including brief case studies to illustrate how municipalities are proceeding in concrete situations. Each chapter offers a “Checklist for Success”, which highlights key considerations that might otherwise be overlooked, and a list of additional resources, including government documents, research reports, web sites and relevant agencies which can be referenced by practitioners in developing each step in the process.

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Housing Research at CMHC

Under Part IX of the *National Housing Act*, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research.

This fact sheet is one of a series intended to inform you of the nature and scope of CMHC's research.

To find more *Research Highlights* plus a wide variety of information products, visit our Web site at

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