

# Public Land Transfer Practices for Affordable Housing

## INTRODUCTION

Across the country, publicly owned land is being made available to support affordable housing developments and increase the supply of housing for lower-income households. Local jurisdictions are taking a broad view of public land development opportunities, exploring the potential for affordable housing on not just vacant publicly held sites but also underutilized parking lots, sites where no-longer-needed public facilities are located, and—increasingly—as part of the development of new public facilities, such as community centres, libraries, fire stations and police stations.

To support awareness and knowledge in the affordable housing sector of the different approaches being taken to provide low- and no-cost land for affordable housing developments, CMHC commissioned a research study to review the public land transfer policies, programs and initiatives in key jurisdictions across Canada.

## PROJECT OVERVIEW

The project involved the identification, compilation and review of publicly available information and interviews with key informants of selected provincial, territorial and municipal governments (PTMs) to develop a list of leading public land transfer policies, practices and strategies that support affordable housing. It identified specific examples of effective or promising policy instruments, approaches and strategies that PTMs have or are using to transfer lands for affordable housing projects.

The research covered the sale, discount and donation or transfer mechanisms, as well as other strategies, such as affordability policies, flexible payment structures, strategic land acquisition, land banking, land pooling, land swap/land exchange, air rights, etc. It also addressed post-land transfer ownership arrangements that help ensure the continuity of transferred lands for affordable housing.

## KEY FINDINGS

- Approaches to partnering and selection of land transfer recipients varied among the PTMs studied. Broadly speaking, however, approaches could be summarized as falling under one of two branches: working with private developers and working with non-profit organizations.
- Working with private developers: This tended to be regions with high land values and high demand for residential units. As a result, private developers in these regions are more likely to be motivated to build affordable housing units within a larger housing development, in exchange for a discount on the land (relative to market prices). Working with private developers allows PTMs to minimize financial losses on the site transfer, particularly when a bidding approach is taken to final selection of site recipients. This private developer approach can be used with both sale and lease agreements for land transfer.

- Working with non-profit organizations: This prioritizes leveraging the skills and experience of existing non-profit housing providers to create housing developments wholly dedicated to providing housing at affordable rental or homeownership rates.
- Both lease and sale agreements were compatible with working with non-profit organizations and private developers on land transfers.
- Each PTM jurisdiction examined had different approaches to land transfer for affordable housing—in terms of issues such as how to define affordable housing, transfer mechanisms, length of transfer, and others—but all used the approach of leveraging existing, non-liquid assets of land to partner with external organizations to provide needed housing in their communities.
- PTMs that worked with non-profit organizations were more likely to use a formal request for proposals (RFP) process, as RFPs allow for PTMs to identify non-monetary scoring criteria, such as past experience in working with vulnerable groups or depth of affordability that the organization would be able to offer to tenants.
- Working with non-profit organizations saw benefits in terms of long-term stability of affordable units, as once a non-profit organization had established and begun operating an affordable housing development, its non-profit mandate allowed it to continue operating beyond the “bare minimum” affordability period. They were in a strong position to leverage funding from a variety of levels of government (as they required funding only for ongoing operations and maintenance, not large capital investment).
- Some PTMs leveraged other levels of government to more effectively administer land transfers, and/or more carefully target supports in areas where they were needed. One PTM, for example, required that Canada Mortgage and Housing Corporation (CMHC) Seed Funding approval be obtained as a qualification for bidding. This effectively leveraged the CMHC Seed Funding review process to reduce the administrative burden on the PTM to conduct in-depth financial and technical reviews of the organization and their proposal.
- Many PTMs that took a non-profit-oriented approach to eligibility for land transfers also encouraged or required buy-in from other levels of government in terms of operating agreements for providing affordable housing on a long-term basis.
- These approaches successfully leveraged already-existing programs at other levels of government, to reduce costs and maximize each project's chances of success.

## IMPLICATIONS FOR THE HOUSING INDUSTRY

This project identified and summarized the practices selected provinces, territories and municipalities are using to make public land available to encourage and support affordable housing projects. It found many common practices and approaches. The research shows that an array of approaches have been developed to address the conditions, affordable housing needs and sector capacity specific to local markets. The transfer of public lands is a key tool and valuable incentive that governments have to encourage the development of enduring affordable housing projects.

## FURTHER READING

Full report – *Summary of Case Studies on Land Transfer Practices for Affordable Housing*  
([https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research\\_2/summary\\_of\\_case\\_studies\\_on\\_land\\_transfer\\_practices\\_for\\_ah.pdf](https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/research_2/summary_of_case_studies_on_land_transfer_practices_for_ah.pdf))

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