Permanently Affordable Homeownership: A feasibility study

March 2019

SHBC the voice of small housing in bc

Photo: City of Vancouver archives

"The City must commit to a new direction for affordable housing delivery, with an emphasis on supporting and aligning with partners across all sectors, particularly non-profit, co-op, and Indigenous housing partners, as well as new stakeholders."

City of Vancouver, *Vancouver Housing Strategy*, p.5

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"To remain a diverse and vibrant city, we need to create and retain housing that is truly affordable to local incomes and suits the needs of people who live and work in Vancouver..."

City of Vancouver, *Vancouver Housing Strategy*, p.5

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Executive summary

Small Housing BC is a Vancouver-based registered society. As part of its mandate, it engages with diverse stakeholders to conduct research, outreach and build government relations in an effort to promote and encourage the development of small housing forms (see Glossary for definition) in British Columbia. For more on SHBC and small housing, see www.smallhousingbc.org/.

In the spring of 2017, Small Housing BC (SHBC) embarked on a multi-year project entitled Bringing Little Homes to the City. Funded by the Real Estate Foundation of BC, BC Housing's Licensing & Consumer Services and Vancity, its aim was to support the uptake of more small housing in municipalities across the province—ones that were seeking or already exploring new approaches and programs to gently densify their single-detached neighbourhoods.

As part of this work, SHBC has developed an innovative approach to address the growing equity and affordable housing gaps in BC's urban cities: the Permanently Affordable Homeownership (PAH) program/model. This feasibility study, developed in consultation with planning staff at the City of Vancouver, is the next step in bridging the affordability gap and providing new choices for homeowners and homebuyers.[1]

The City of Vancouver is very much an intentional starting point for this research. Rising costs of land make it nearly impossible for moderate-income earners to venture into homeownership. Currently, 60% of the city's land base is zoned single-family (RS-1), affordable to less than eight percent of Vancouver's households.[2] In response, city-supported strategies, such as the Making Room Housing Program[3] (2018), are introducing a wider array of infill housing options within low-density areas. Vancouver has a long history of supporting flexibility within its traditional single-detached neighbourhoods, including early adoption of secondary suites and laneway housing across the city. The serious affordability challenge in the city combined with its willingness to explore creative solutions makes it an ideal candidate for PAH.

As this study will outline, PAH is an innovative small housing program designed for single-family (detached housing) neighbourhoods via a *negative covenant*[4]. It leverages the city's land use regulatory tools, as well as legal and financial frameworks, to create perpetually affordable, below-market homeownership units through a property-owned and driven redevelopment of single-family lots—in partnership with a municipality, non-profit or community land trust. Using existing assets (land), planning tools (density bonus, strata-titling) and creative design, the Permanently Affordable Homeownership model incentivizes the creation of accessible and affordable housing for median household incomes ($80,000–$120,000) by blending non-market and market units (two- and three-bedroom units, 900 to 1080 square feet each) within a single houseplex configuration or infill layout. (See page 16 for more information on what is PAH.)

Under the PAH model, over 16% of households (more than 45,000 out of 283,916 (2016)) would qualify for this discounted homeownership program—allowing a new cohort of households to move into entry-level homes. This community-based homeowner-developed and non-profit initiative would increase the homeowner pool in an expensive city like Vancouver exponentially.[5]

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1 Note: While the PAH program is exploring affordable homeownership, this model could equally be used to incent affordable rental in the City of Vancouver.
2 See City of Vancouver section on page 8.
3 For more on the Making Room Housing Program, visit https://vancouver.ca/people-programs/making-room.aspx.
4 A covenant can guide or restrain how a homeowner builds or alters a property. A negative covenant restricts or prohibits an owner from certain activities. (See Glossary for more details.)
5 Based on $80,000 to $120,000 income-earners. Sources: Statistics Canada (2016) and https://vancouver.ca/files/cov/housing-characteristics-fact-sheet.pdf, City of Vancouver section and housing data within the Appendix B to D for more details.

To complete this study, SHBC formed an advisory group of leaders within the housing industry, representing a cross-section of sectors, including: design, urban/community planning, development, finance, legal, policy, First Nations and non-profit. We are thankful for their contribution and support in developing a project roadmap for the PAH model. (See Acknowledgements.)

That said, this research is preliminary. And while it ties into city strategies (see Appendix B and C), and is financially sound (five case studies and pro formas have been modelled), its impact will be best shown through vital partnerships, due diligence and pilot projects.

Small Housing BC is thrilled to take the first steps in this exploration, as it lays down the framework for further collaboration and discussion—to encourage and develop truly affordable and accessible homeownership models in the City of Vancouver, and ultimately, all BC municipalities.

Currently, 60% of the city's land base is single-detached homes, primed for PAH developments.

Photo: Gian-Paolo Mendoza | CBC

City of Vancouver

Overview

The gap and need for affordable housing among middle-income homebuyers is growing. On average, a single-family detached home costs $2,596,500[6] in Vancouver (2017). Meanwhile, in 2015, the median household income in the city was $65,423.[7] The cost of housing has outpaced incomes exponentially.

Table 1.0. City of Vancouver benchmark home prices (in $ thousands), 2007–2018[8]
Benchmark prices are from the month of October for each respective year.

YEAR	DETACHED				TOWNHOUSE				APARTMENT				RESIDENTIAL – COMPOSITE			
	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year
2006	$576.8	-	$1266.2	-	$411.9	-	$569.1	-	$249.2	-	$403.4	-	$449.8	-	$617.0	-
2007	$638.8	11%	$1508.8	19%	$455.5	11%	$632.1	11%	$282.6	13%	$452.4	12%	$503.0	12%	$701.9	14%
2008	$628.4	-2%	$1437.7	-5%	$453.3	0%	$626.2	-1%	$281.1	-1%	$427.8	-5%	$498.9	-1%	$667.3	-5%
2009	$665.5	6%	$1555.5	8%	$461.9	2%	$652.0	4%	$286.4	2%	$449.0	5%	$517.7	4%	$705.2	6%
2010	$708.9	7%	$1760.1	13%	$476.8	3%	$681.0	4%	$292.9	2%	$452.7	1%	$540.3	4%	$735.6	4%
2011	$825.7	16%	$2235.4	27%	$519.1	9%	$712.7	5%	$300.5	3%	$468.4	3%	$597.6	11%	$816.6	11%
2012	$841.5	2%	$2063.0	-8%	$508.8	-2%	$707.2	-1%	$308.5	3%	$468.1	0%	$607.9	2%	$794.4	-3%
2013	$849.6	1%	$2088.3	1%	$513.3	1%	$737.1	4%	$306.9	-1%	$467.2	0%	$609.6	0%	$801.9	1%
2014	$953.2	12%	$2308.4	11%	$548.4	7%	$785.6	7%	$313.0	2%	$501.1	7%	$655.7	8%	$868.8	8%
2015	$1175.4	23%	$2773.0	20%	$609.9	11%	$863.9	10%	$350.4	12%	$569.2	14%	$772.8	18%	$1004.9	16%
2016	$1516.9	29%	$3569.8	29%	$772.3	27%	$1138.3	32%	$449.9	28%	$687.0	21%	$990.7	28%	$1238.2	23%
2017	$1566.7	3%	$3626.3	2%	$855.2	11%	$1265.1	11%	$538.5	20%	$806.5	17%	$1083.9	9%	$1362.5	10%
TOTAL CHANGE	$989.9	172%	$2360.1	186%	$443.3	108%	$696.0	122%	$289.3	116%	$403.1	100%	$634.1	141%	$745.5	121%

6 While single-detached home prices have declined recently, this report will use the latest census and city data (2016 and 2017).
7 See *Metro Vancouver Housing Data Book* (revised 2019), http://www.metrovancouver.org/services/regional-planning/PlanningPublications/MV_Housing_Data_Book.pdf, p.130.
8 See *Housing Vancouver Annual Progress Report 2018 Data Book*, p.128, https://vancouver.ca/files/cov/2018-housing-vancouver-annual-progress-report-and-data-book.pdf.

Based on the detached home prices in Vancouver East and West in 2017 (as per Table 1.0), on average, households need to earn over $222,000 a year to buy in a single-family neighbourhood.

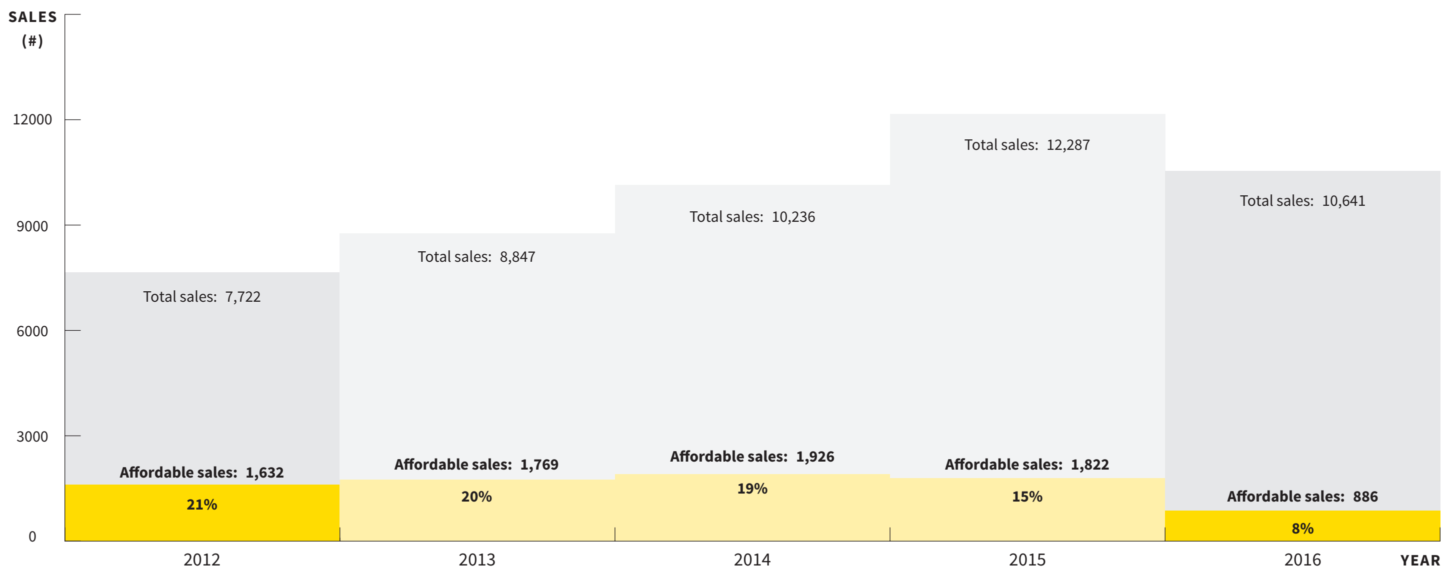
Table 1.1. Detached home prices in Vancouver East and West in 2017 and qualifying incomes

AREA	TOTAL DETACHED HOUSE PRICE	DOWN-PAYMENT	PRINCIPAL	INTEREST	AMORT YRS	PAYMENTS	MORTGAGE/MO	PROPERTY TAX, HEAT/MO	TOTAL SHELTER	SHELTER %*	QUALIFYING INCOME **
Vancouver (East)	$1,566,700	25%	$1,175,025	4%	25	300	$3,917	$500	$4,417	35%	$134,290
Vancouver (West)	$3,626,300	25%	$2,719,725	4%	25	300	$9,066	$800	$9,866	35%	$310,828
AVERAGE	$2,596,500	25%	$1,947,375	4%	25	300	$6,491	$700	$7,191	35%	$222,7559

** % Gross household income | ** Gross household Income before tax*

Meanwhile, the proportion of affordable housing sales[9]—includes single-family, townhouses, condos—has declined in Vancouver from 21% to 8% over a five-year period (2012–2016). Not only is there a need for more accessible housing relative to income, clearly there is a shortage of affordable supply.

Table 1.2. Affordable sales in Vancouver 2012–2016[10]



To address these challenges, the City of Vancouver launched the *Housing Vancouver Strategy*[11] (2018–2027). It seeks to explore new approaches that will reduce the serious impacts of the crisis on residents' and the city's health, diversity and vibrancy. (See Appendix C for more on the strategy's key objectives.)

9 In this case, affordability is measured by a household's ability to pay for housing as it relates to income. (See Glossary for full definition.) While the *Metro Vancouver Housing Data Book* (2018) considers ownership units affordable if households with median household income can purchase the unit with 10% down, a 25-year amortization period and pay no more than 30% of their income (set to median household incomes). Based on these considerations, the estimated affordable price in recent years is set at $385,000 (Greater Vancouver Area). Data sourced from the Real Estate Board of Greater Vancouver and the Fraser Valley Real Estate Board.

10 This is an excerpt from the *Metro Vancouver Housing Data Book* (revised 2019) affordable sales in Metro Vancouver chart, 2012–2016.

11 For more on the *Vancouver Housing Strategy*, visit https://vancouver.ca/people-programs/housing-vancouver-strategy.aspx. Key findings are outlined within Appendix C of the 10-year plan.

In developing the strategy, the city engaged broadly with key stakeholders and the public. Findings revealed a genuine concern and thirst for creative solutions, either in the form of rental or homeownership. Affordability is the most pressing issue for Vancouverites. In fact, responses demonstrated a growing uncertainty among renters about whether they can continue to afford to live in the city. Equally, residents want to see the right supply and greater diversity in terms of the cost and type of housing choices available to them; they also have high expectations for action from all levels of government.

In 2016, 109,260 (38%) of the 283,916 total occupied dwelling units in the City of Vancouver were ground-oriented dwellings. Of these dwellings, 41,330 (15%) dwelling units were single-detached houses, 57,450 (20%) were duplexes and semi-detached houses, 9,845 (3%) were rowhouses, and 635 (<1%) were other ground-oriented dwellings.

(Excerpt from the City of Vancouver's *Housing Characteristics Fact Sheet* (April 2017), see https://vancouver.ca/files/cov/housing-characteristics-fact-sheet.pdf.)

The crisis is more than just a renter's conundrum; it impacts residents across the full spectrum. Outreach showed that young households and families are increasingly unable to think of Vancouver as their long-term home. In the absence of viable solutions, the status quo will result in the loss of key mid-career workers in the local economy, as well as the loss of families and children from neighbourhoods. For many, life in the city means compromising on space, living at home with family or delaying or giving up on ownership altogether.

At the same time, although there is a strong need (and support) for more affordable housing options, there is a recognition that there is much to cherish about the city's lower-density neighbourhoods. A high-value is placed on retaining the character of these diverse communities. Finding ways to protect these areas, while allowing them to evolve and adapt to changing needs, is a central planning and design issue. Simply ramping up market supply without sensitivity to neighbourhood quality and affordability will not only provoke public resistance but may further accentuate the housing have/have-not divide.

With regards to these concerns, the city has shifted its attention towards creating the right supply of housing for residents through its Making Room Housing Program[12]. This program, endorsed by council in June 2018, aims at providing more diverse ground-oriented housing options (missing middle typologies, see Glossary) in low-density areas, that meet the income and housing needs of a broad range of families, downsizing seniors and other households.

In an effort to do more, the *10 Year Affordable Housing Delivery and Financial Strategy*[13] was adopted in 2018 and outlined ways in which the city could act as both an investor, regulator and advocate in delivering more affordable housing across the spectrum of income needs. Here are a few of its recommendations:

- Deploying city lands and capital grants as an equity partner,
- Creating policy to enable new development and redevelopment and to streamline development processes as a regulator, and
- Identifying local needs and investment opportunities for senior government partnerships and funding as an advocate.

Clearly, there is political will to introduce new mechanisms that not only deliver supply but affordably. As this study will show, the proposed Permanently Affordable Homeownership model does both.

[12] For more on the Making Room Housing Program, visit https://vancouver.ca/people-programs/making-room.aspx.
[13] For more on the *10 Year Affordable Housing Delivery and Financial Strategy* report, see https://vancouver.ca/files/cov/affordable-housing-delivery-and-financial-strategy.pdf.

Affordable homeownership

Models

While homeownership remains a valued financial and personal aspiration for many, rising housing prices in Vancouver (and other major centres) have far outpaced incomes, creating an environment ripe for alternative and creative solutions.

That said, affordable homeownership programs are far from new. Here are four categories:

TYPE OF AFFORDABLE HOMEOWNERSHIP PROGRAM	DETAILS
Subsidy forgiveness	One-time assistance to homebuyers in the form of a grant or loan with no expectation to be repaid if the household remains in the home for a certain period of time
Subsidy recapture	Temporary use of public fund in the form of a mortgage; loans are sometimes interest-free, and in some cases, loans are only deferred for a limited-time before making regular payments; a silent second mortgage* is the most common form of this category—it requires no payment of principal or interest until the home is sold
Shared appreciation loans	Second mortgage with no payments until the home is sold or the first mortgage is refinanced; at the time of sale, the original principal plus a share of the home's price appreciation is repaid
Subsidy retention	One-time investment of public funds to bring the sale prices below fair market value; it uses different formulas to keep resale price at affordable levels

* See Glossary for definition.

Some examples of affordable homeownership programs in the United States, United Kingdom and Australia:

- Framework (USA)
- Cornerstore Homeownership Innovation Program (USA)
- Homewise (USA)
- Champlain Housing Trust (USA)
- Shared Ownership Plus (UK)
- Support for Mortgage Interest (UK
- Rent to Buy (UK)
- Key Start (Australia)
- Home Start Finance (Australia)
- HomeBuild Access (Australia)

Shared equity

Often administered by a municipality or non-profit organization, shared equity infuses and preserves affordability with homeownership through various mechanisms. This allows income-eligible families to purchase a home at below-market prices.

In return for a subsidized purchase price, the homebuyer's potential capital gain is limited with terms defined in the agreement between the granting agency and the homebuyer; the benefits of home price appreciation are shared between the subsidy provider and assisted homebuyer. In some cases, the subsidy provider's share of the equity (or a portion of it) remains with the home to reduce the cost for the next homebuyer.

Shared equity homeownership programs[14] are divided into two major categories: resale-restricted and resale-unrestricted. In a resale-restricted program, a buyer purchases and resells a home at prices below fair market value[15]; while in a resale-unrestricted scenario, homes are sold at fair market value only. Both models are financed through a combination of mortgage financing, subsidies and buyer cash investments (or downpayments).

Each resale category consists of the following sub-sections and characteristics:

Table 2.0. Types and characteristics of resale-restricted versus resale-unrestricted shared equity homeownership programs

RESALE-RESTRICTED PROGRAMS			RESALE-UNRESTRICTED PROGRAMS	
Limited equity housing cooperatives (LECs)	Community land trusts (CLTs)	Deed-restricted programs	Shared appreciation loan programs	Resident-owned communities
• Shareholder agreement • Stand-alone corporation collectively owned by residents • Can have a government or non-profit sponsor or steward • Corporation owns the land and improvements (building and built-structures) • Buyer has ownership stake and long-term right to occupy the unit but does not own the property in the traditional sense	• Retains ownership of land • Homeowner owns and finances improvements • Renewable ground lease with a definite term • Monthly land lease payment	• Home cost is subsidized directly or indirectly through inclusionary zoning • Homebuyer gets a mortgage for both the land and home	• Second mortgage loan upon sale, interest-free or low-interest • Non-profit or public entity receives a portion of the appreciation price when sold to secure affordability to the next buyer • Ownership share is outlined in a deed covenant or in a second mortgage loan document	• Shareholder agreement • Hybrid model • Often uses manufactured housing • Corporation retains ownership of the land • Resident purchases and retains ownership of the home (resale-unrestricted) • Shares and ground lease remain affordable

[14] For more on shared equity homeownership programs, see *Permanently Affordable Housing Sector Chart and Glossary of Terms*, National Community Land Trust (2014) at http://cltnetwork.org/wp-content/uploads/2015/01/Permanently-Affordable-Housing-Sector-Chart-Glossary-11-2014-design-update.pdf.

[15] For more on restricted resale programs, see *Permanently Affordable Homeownership*, Burlington Community Land Trust (2003) at https://community-wealth.org/content/permanently-affordable-homeownership-does-community-land-trust-deliver-its-promises; and *Preservation of Affordable Homeownership: A Continuum of Strategies*, Centre for Housing Policy (2007) at http://cltnetwork.org/wp-content/uploads/2014/01/2007-Preservation-of-Affordable-Homeownership.pdf.

Here are a few examples of reputed shared equity homeownership programs from across Canada:

Table 2.1. Examples of shared equity programs in Canada

WHO	OVERVIEW	PROS	CONS
BC Housing's Affordable Home Ownership Program (AHOP)[16] (BC-wide)	• Uses a shared equity second mortgage model • AHOP units are sold to eligible purchasers at their full market value, with the AHOP mortgage registered on title and credited towards the purchase price at closing • The mortgage is set to a 25-year term, interest- and payment-free, open to repayment in full at any time; at repayment, the homeowner must repay the proportionate share of the current fair market value of the home	• Zero-interest and payment-free mortgage	• Requires large development / investment • Units are resold on the open market
Options for Homes (Toronto)	• Shared appreciation (or downpayment) loan and homeownership program with loans issued through Home Ownership Alternatives[17] • Options develops and builds with partner Deltera, keeping marketing and sales costs low in order to pass on cost savings to the homeowner and provide downpayment support • Eligibility includes a 5% downpayment, securing a mortgage from a primary lender and planning to live in the Options home (typically high-rise condos)	• Eligibility is open to everyone, regardless of income and previous home purchases	• Limited to Greater Toronto Area • Units are resold on the open market
Habitat for Humanity (Canada-wide)	• Home equity mortgage where 100% of mortgage payments are refunded to the family once they choose to move out of their Habitat home[18] • Builds homes for income-qualifying families using volunteer labour and donated materials, and gifted or below-market land sales; families must contribute 500 volunteer hours before moving into their home; once a family moves out, the home is available to the next occupant and remains in the Habitat portfolio • The title is held by Habitat for Humanity	• Zero-interest and no down-payment mortgage • Provides families equity to buy into traditional homeownership market • Mortgage payments are set to less than 30% of income	• Slow to scale • Reliant on volunteer labour and sourced-materials

While these models are best suited to larger developments (high-rise or subdivision), the Permanently Affordable Homeownership program targets small-scale incremental redevelopment in detached-home neighbourhoods—a potentially large source of opportunity-sites in any city.

[16] For example, if the home were purchased with a 10% AHOP mortgage, then the homeowner must repay 10% of the current fair market value at the time of repayment. The homebuyer will own the property outright and have the full benefits, rights and responsibilities of homeownership, and must maintain the home as their principal residence for the first five years of the AHOP mortgage term. The buyer will be permitted to sell the property on the open market at any point, provided they repay the AHOP mortgage at that time. For more on BC Housing's Affordable Home Ownership Program, see https://www.bchousing.org/partner-services/housinghub.

[17] For more on Options for Homes, visit https://www.optionsforhomes.ca/#how_it_works.

[18] For more information on Habitat for Humanity Canada, see https://www.habitat.ca/en/how-we-help/building-and-ownership-process.

Photo: Dan Toulgoet | *Vancouver Courier*

Permanently Affordable Homeownership (PAH)

What is it?

Permanently Affordable Homeownership (PAH) is a voluntary affordable homeownership program with incentives (profit) to motivate property owners and qualified candidates (homebuyers) to participate; the model blends both resale-unrestricted (market) and resale-restricted (non-market) units within a houseplex development (stacked/rowhomes) or infill layout on a redeveloped single-family lot.

PAH is a density-bonus affordable housing program, in which the city grants additional development area to an existing homeowner who then redevelops his/her single-family lot with no land cost involved. In turn, the homeowner-developer (or homeowner and builder) delivers multiple units on the site, and agrees to sell at least one unit to a qualified buyer/resident at a price that reflects the land savings—typically 30% to 46% below market development prices[19] (depending on the size of the PAH non-market unit). This unit will remain affordable in perpetuity and be governed by a non-profit or community land trust via a *negative covenant** registered on title. The title ensures that the non-market unit will be sold at a price that excludes land value, in this case, the density bonus.

* A *negative covenant* restricts or prohibits an owner from specified activities. For example, limiting resale value to maintain affordability over the long-term. In the case of the PAH program, it would restrict resale value and require buyer prequalification (for the non-market unit) based on income. For more details, see *Covenant* in the Glossary.

This model requires relaxations to existing zoning (density bonus and strata-titling) in order to convert the increased property value into affordable housing for median household incomes of $80,000 to $120,000. The market units would be tailored to households in the $170,000 plus annual income range. (See comparative unit price and difference in affordability table on page 41.)

How it works

This is a proposed work plan, however, a more thorough process will be solidified once a pilot is underway. Also see the PAH Roadmap on page 44.

Small Housing BC proposes a pilot project. Under it, a homeowner would apply for a development permit specific to the PAH program. Should the pilot be successful, the city would review future applications under a development permit process via the building department. (Through a pilot project, no rezoning would be required.[20])

PAH program steps

1. Small Housing BC (SHBC) secures funding to run PAH program over a set term
2. SHBC identifies and secures key partners (non-profit, cities, advisors/consultants) to co-develop and manage PAH program
3. SHBC and partners (PAH team) develop strategic plan
4. SHBC and partners develop design and performance-based criteria and guidelines
5. SHBC and partners create eligibility criteria and selection process
6. SHBC and partners develop application package for homeowners and PAH non-market unit applicants
7. SHBC hires a lawyer to draft and finalize legal documentation
8. SHBC and partners produce marketing plan and outreach materials, include website, one-pager and possible social media channels
9. SHBC and partners to review candidates and provide listing of available non-market PAH homes for sale (most likely through a webpage)
10. *Repeat step number 9*
11. SHBC and partners review and refine program on regular intervals
12. SHBC and partners report on findings annually

[19] See Table 3.9 on Cost comparative between PAH market and non-market units (page 41).
[20] Note: Density bonuses do not require rezoning. City council can and has given the director of planning discretionary power to approve additional density in return for amenities and public benefits. For example, the *Downtown Official Development Plan* or the *Commercial District C-3A* bylaw in the City of Vancouver.

Homeowner-builder (or homeowner and builder)

DEVELOPMENT STAGE

1. Homeowner-builder designs future redevelopment (may hire architect or designer) in accordance to set design guidelines, city development processes and PAH covenant agreement (and restrictions therein)
2. Homeowner-builder meets criteria and applies for a development permit based on the PAH pilot project to redevelop his/her property
3. When the permit is awarded, the homeowner (or builder) develops the property

> Note: The homeowner-builder carries the debt until the development is done and PAH market and non-market are sold/mortgaged.

SALES STAGE

PAH market homes:

- The homeowner hires a licensed real estate agent and sells the PAH market units

AND

PAH non-market home(s):

- Once an occupancy permit is issued, the PAH non-market is made available to eligible and income-qualifying PAH participating households to buy*

> Note: This sale would be administered by a licensed real estate agent and qualifying buyers would meet covenant restrictions and subsequent regulations. The house will have a fixed price but follow conventional sale practices. This mechanism could use traditional methods of selling or go through a non-profit organization. For instance:
>
> - The qualifying household enters into an agreement of purchase and sale (at the restricted price), and applies for and secures a mortgage, and moves into the house
> - If and when the household wishes to move out/sell the home, it contacts a licensed real estate agent or non-profit entity (mechanism to be determined at a later date)
> - The PAH unit is available for purchase by another PAH qualifying-participating household who must then enter into an agreement/secure a mortgage
> - *Repeat above 3 steps*

* Eligibility criteria to be developed.

Key players

Here are a few proposed scenarios of key PAH actors: homeowners and future homebuyers (non-market units).

HOMEOWNER SCENARIO 01

Lot size	Neighbourhood	Number of PAH units	Motivation	Property value (2018)	Potential profit on project
50 by 120-foot lot	Kitsilano	Five (4 PAH market and 1 non-market)	Intergenerational living, aging in place	$2–3 million	up to 15%

Sabrinder and Mary Arya own a character single-detached home (50 by 120-feet) in the Kitsilano neighbourhood; they originally purchased the property in 2002. They are both 55 years-old and want to redevelop their lot to provide housing for themselves, their children and their aging parents. They are huge advocates for intergenerational living and affordable housing. Sabrinder and Mary hire a builder and construct a multiple conversion[21] (four units) and one infill (laneway house) configuration for a total of five units; the houses complement the neighbourhood feel and style, and range from 900 to 1100 square feet each. The Aryas will live in one of the units, sell three to their children and parents, and contribute the infill as a non-market unit to the PAH program.

HOMEOWNER SCENARIO 02

Lot size	Neighbourhood	Number of PAH units	Motivation	Property value (2018)	Potential profit on project
33 by 120-foot lot	Grandview-Woodlands	Four (3 PAH market and 1 non-market)	Income property	$1–2 million	up to 15%

Christine Stefanis bought her lot in 2010 as an income property. She wants to knock down the existing Vancouver Special and develop four units: three PAH market and one non-market home. She has opted to design the project herself in a rowhouse configuration. She will sell all market units.

HOMEOWNER SCENARIO 03

Lot size	Neighbourhood	Number of PAH units	Motivation	Property value (2018)	Potential profit on project
33 by 120-foot lot	Kensington-Cedar Cottage	Four (2 PAH market and 2 non-market)	Create community-driven affordable housing in neighbourhood	$1–2 million	up to 15%

Tony Silva has been living in this area since 1978. He wants to create an opportunity for moderate-income earners to enter homeownership and keep the neighbourhood vibrant and diverse with respect to its residents and small housing options. To do this, he has hired a builder and will construct four units on site as a stacked model: two market units and two PAH ones. He will keep one of the market units for himself and sell the other.

PAH HOMEBUYER SCENARIO 01

Nadia and Sammy have two children and earn $90,000 a year. They grew up in Vancouver and would like to live and work close to home and family. They are looking for a three-bedroom house in the Strathcona area but are open to buying anywhere close to amenities and a community centre for the kids.

PAH HOMEBUYER SCENARIO 02

Fortunato and Julia moved to Vancouver in 2012 and are looking to buy their first home. They make $120,000 a year but have been priced out of the detached-home market for quite some time. Currently, they are renting a one-bedroom but want to buy and move Fortunato's parents into the second bedroom. They are interested in a few neighbourhoods, close to transit, as Fortunato works 30 minutes outside downtown and want greater city access for his parents.

PAH HOMEBUYER SCENARIO 03

Magali is a single-parent of a little boy and earns $85,000 a year. She would like to buy a home in a safe single-family neighbourhood close to good schools and grocery shopping as she does not own or drive a car. She currently lives in Burnaby but would like to move closer to work too; she's a nurse.

[21] The City of Vancouver defines a multiple conversion as a conversion of an existing character house to contain more than one dwelling unit, but does not include a one-family dwelling with a secondary suite. See https://vancouver.ca/files/cov/G018.pdf, p.3.

The PAH model supports intergenerational living through its flexible and creative design.

Unique features

This table outlines the features and differences between single-detached homes, character homes, duplexes and the PAH model:

Table 3.0. Features and differences between single-detached homes, character homes and duplexes in the City of Vancouver, and the PAH model

ITEM	SINGLE-DETACHED HOME	CHARACTER HOME	DUPLEX	PAH
OWNERSHIP	Freehold ownership (under one title)	1 ownership or strata-titled	2 ownerships on 1 parcel	Strata-titled
DENSITY (FLOOR TO SPACE RATIO OR FSR)	0.7 + 0.16 (laneway house)	0.75 (multiple conversion or mc) 0.85 (mc + infill) 0.91 (one family, secondary suite + laneway)	0.75 + secondary suite	Case study 1[22]: 0.70 + 0.23[23] Case study 2: 0.70 + 0.2 Case study 3: 0.70 + 0.50 Case study 4: 0.70 + 0.18 Case study 5: 0.86 + 0.17
UNIT DENSITY PER LOT	1 + 2 rentals	3 (max)	2 + 2 rentals	4 to 6 (depending on PAH market and non-market configurations)
UNIT TYPE	1 primary residence + secondary suite, lock-off unit and/or laneway house	Infill - laneway house, secondary suite or mc	2 primary residence, secondary suite or lock-off unit	Multiplex, infill, and/or rowhouse
PARKING	1 spot (min)	1 per unit*	1 per dwelling*	Relaxed if car-sharing or using electric vehicle*

* Relaxation requires review and approval by the city's director of planning.

Designs that support PAH

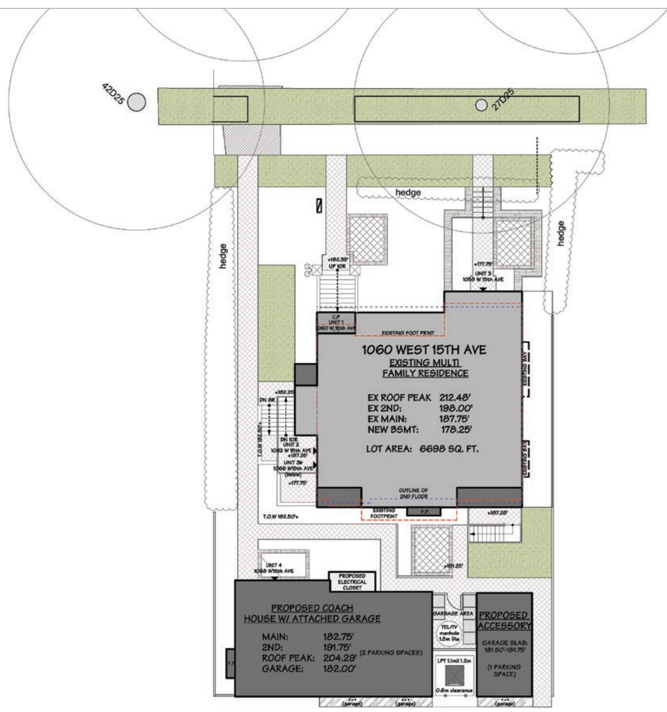
Here are three examples of multiplex and infill housing developments that have been built in the City of Vancouver (new construction, as well as redevelopment of heritage properties) that reflect the architectural style, unit count and density of the PAH program:

For more details on proposed and modelled PAH case studies, see pro formas in Appendix A.

1060 West 15^{th} Avenue, Vancouver
1720 Waterloo Street, Vancouver
1975 West 15^{th} Avenue, Vancouver

[22] See Appendix A for more information on the five modelled PAH case studies within this report.
[23] The second figure refers to the applied density bonus through the PAH program.

ADDRESS	1060 West 15th Avenue, Vancouver
LOT SIZE	45 by 120-foot lot
NO. OF UNITS	Four units on a single-detached lot (within the character home)



Site plan

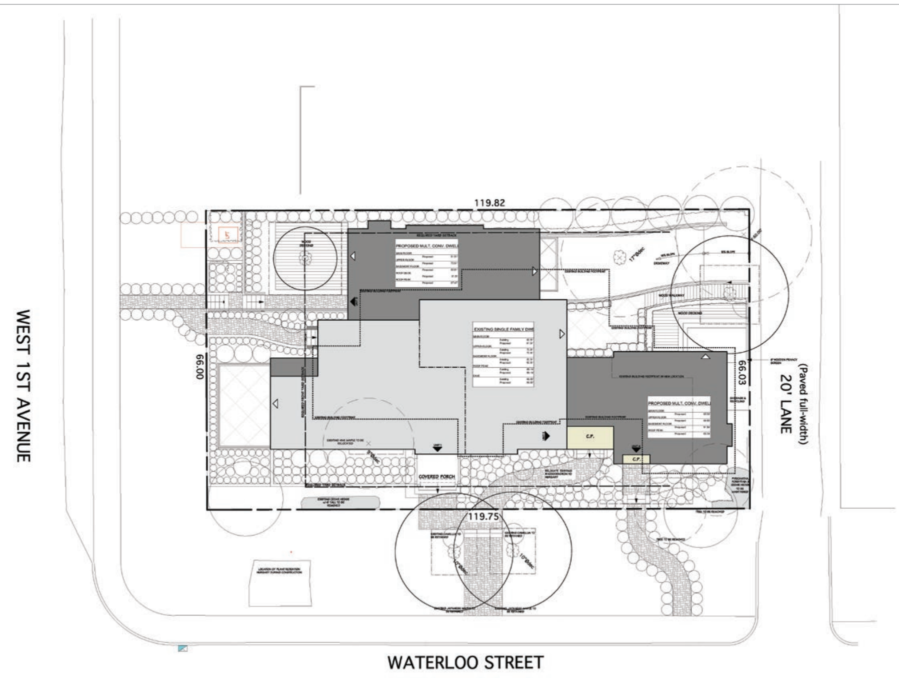
Basement
Main house

Main floor
Main house

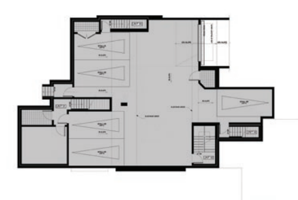
Second floor
Main house

Designs by Formwerks

ADDRESS	1720 Waterloo Street, Vancouver
LOT SIZE	50 by 120-foot lot
NO. OF UNITS	Five units on a single-detached corner lot



Site plan



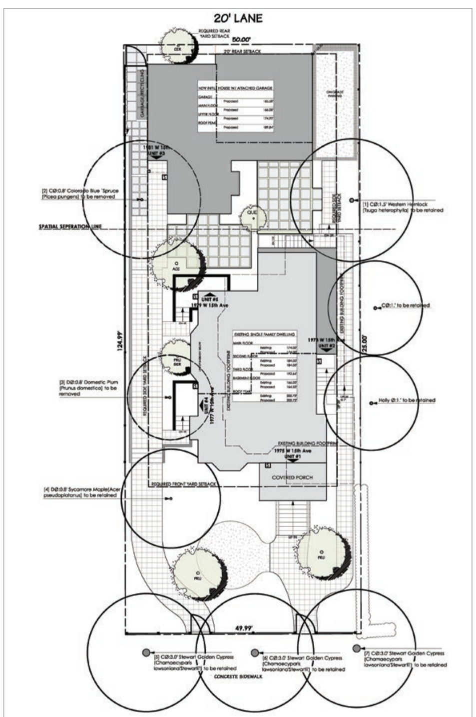
Basement
Main house

Main floor
Main house

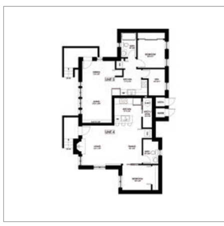
Second floor
Main house

Designs by Formwerks

ADDRESS	1975 West 15th Avenue, Vancouver
LOT SIZE	50 by 120-foot lot
NO. OF UNITS	Five units on a single-detached lot (mid-block)



Site plan


Basement
Main house


Main floor
Main house


Second floor
Main house


Third floor
Main house


Main floor
New infill house


Second floor
New infill house

Street-view demonstrates redevelopment's neighbourhood fit (see middle-left).

Designs by Formwerks

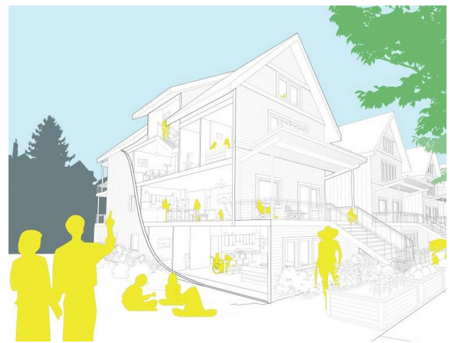
Here are additional designs that support PAH:

Jung Terrace by Architrix, Vancouver

Kit 3 by Architrix,
1964 West 5th Avenue, Vancouver

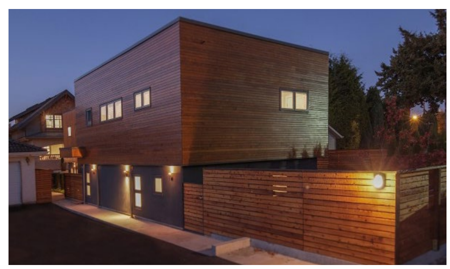
Urbanarium Missing Middle Competition,
design by Haeccity (Burnaby)

Urbanarium Missing Middle Competition,
design by Sean McEwen (Port Coquitlam)



1803 McDonald Aveune, Vancouver

The Glen by Architrix,
1152 East 26th Avenue, Vancouver



The Glen by Architrix,
1154 East 26th Avenue, Vancouver

Benefits of the PAH program

1. Delivers affordable homeownership within established, amenity-close single-family neighbourhoods
2. Increases homeownership options and supply within otherwise expensive low-density neighbourhoods
3. Addresses industry capacity gap by turning homeowners and community members into lead actors/developers in delivering accessible housing for themselves and others
4. Incrementally contributes to city housing supply targets (as outlined in its plans and strategies), while eliciting support from community partners without taxing city staff resources
5. Helps homeowners retain and maintain their homes and properties
6. Can maintain neighbourhood character while allowing neighbourhoods to evolve to meet changing needs
7. Creates a more affordable process to build less expensive market and non-market units
8. Achieves higher degree of affordability through small housing and compact design principles
9. Provides accessible housing at 900 and 1080 square feet each (two- and three-bedrooms) for two-person or more households (as outlined in modelled case studies later in this report; see Appendix A)
10. Lessens the pressure on social and market rental housing
11. Provides a mechanism to retain affordability over the long-term (affordability/negative covenant)
12. Removes land cost from the equation (almost a third of the cost of a new home) via property upzoning, thus requires less capital and financial barriers
13. Negative covenant restricts sale prices, thus eliminating land value from future resales
14. Allows property investors to use PAH to release capital from their properties rather than wait for the market to inflate again; for example, this releases viable housing which may otherwise remain dormant, and takes property out of circulation as strictly investment holding property
15. Removes speculation by reallocated the land lift to affordability, rather than solely profiting the current owner

Q & A

Below are some questions and answers readers may have on the PAH program:

NO.	QUESTION	ANSWER
1	Has something similar to PAH been done before elsewhere?	No. Research shows that other projects have elements of the PAH program but does not deliver on affordability through density bonusing on single-detached lots driven by homeowner-builders.
2	How is PAH different from other affordable homeownership models?	Two things: free land via the city density-bonusing the property and the negative covenant, in favour of the city placed on the title; this restricts the sale price of the new home to eliminate the land value from any resale.
3	How and when would the non-profit/community land trust partner participate in the PAH program?	This depends. They may not be required. And if they are, they would help fund the project and/or administer initial sales and resales of the PAH non-market units.
4	Why run PAH if a homeowner can develop a houseplex on his/her site, share the total value of the PAH non-market unit across all others, place a covenant on the former and sell it while ensuring its resale value remain perpetually affordable? In short, why not incent the homeowner to be the full driver of the program, along with a licensed real estate broker, and screen potential buyers rather than administer and manage a whole PAH program?	This is possible. Ultimately, this mechanism would be homeowner-builder driven and run through a conventional sales mechanism. The program could be administered by a non-profit or community land trust until this is achieved.
5	Why does the PAH program favour density bonusing program over rezoning?	In looking at individual single-detached lots, this requires a simpler process. Density bonusing can do this, while rezoning is typically applied to larger developments. The PAH program is also meant to be a repeat initiative, that could be done city-wide, rather than a one-off, and therefore contributes more greatly to meeting the city's housing targets. Council has the legal authority to create policy that delegates the discretion to approve additional density by the director of planning, making the process seamless with conventional development approvals.
6	Given PAH incents affordability via density bonusing, could affordability and tenure be secured more easily if the PAH non-market units were owned by a community land trust and offered as rentals? (This would avoid unintended labour market stickiness.)	It is possible. The city could incent an affordable rental program. However, the PAH program is targeted to households who are currently excluded from the homeownership spectrum, but traditionally would be entering it. Ultimately, the PAH model is meant to be simple, nimble and replicable. Sidenote: Rental economics would not likely work for the PAH model and pro forma since the city/non-profit would become the landlord and assume the responsibilities of the same for a fragmented portfolio of one-off units. The amount of money that would fund the PAH mortgage would fall by 25% as the landlord would have to pay property tax, maintenance, insurance, property management and licencing fees annually.

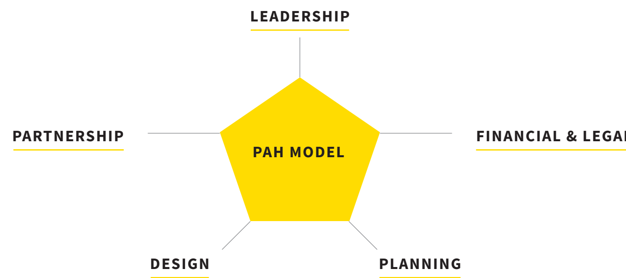
NO.	QUESTION	ANSWER
7	Does the PAH model require land assembly?	No. It can be incrementally done on a lot by lot basis. It can also work with assemblies of one or more lots.
8	Can the PAH model work without a strata title?	Not necessarily. Each owner would have to secure his/her own mortgage, however, lenders have shown interest in financing co-ownership models.
9	Can PAH non-market units be rented?	No. The PAH program is encouraging the development of affordable homeownership for multi-person households, including families. As such, mechanisms would need to be put in place to ensure it remains owner-occupied in perpetuity. However, this program could be modified to address rental homeownership too.
10	What would motivate a homeowner to take part in the PAH program?	It is two-fold. There are personal reasons: stay in my neighbourhood, stay in my house and accommodate family needs. The program also addresses the needs of current homeowners who can not leverage their current land assets while remaining in their neighbourhoods and house. Equally, there is the potential for a group of people to collectively redevelop a lot and buy the market units.
11	What is one of the main challenges to the PAH model?	There has to be a real financial incentive for a homeowner-builder to enter into this program. Density bonuses could be used to de-risk projects by making units more affordable to a broader spectrum of buyers.
12	What are the financial benefits for the original property owner-developer who engages in the PAH program?	There are two financial benefits. For a downsizing homeowner, they would recoup close to the original cost of the property should they sell it outright while retaining a unit for themselves. They could also redevelop the site, sell all units and make a small profit.
13	Is it expensive for a homeowner to develop a PAH development on his/her property?	At the 0.93 floor to space ratio (FSR) scale with four units, the capital cost of development (less land cost) would be approximately $1.8 million. The homeowner could finance all of this if he/she secures the loan with the value of their land. There would not be significant additional legal costs associated with the PAH model as the city would have a prescribed form of covenant. There would be the cost of stratification, surveys and so on.
14	What happens if market house prices increase or decrease?	It is safe to assume detached-home sale prices will ebb and flow. As such, the PAH program will need to consider applying restrictions or a formula under its negative covenant that would calculate the resale value. For instance, PAH non-market units could be resold at 80% of market value or so on.
15	As incomes increase, will income prequalification requirements for the PAH program change?	This is an important point. The PAH program assumes income threshold will move as household median incomes change. It will consider this factor in its negative covenant agreement.

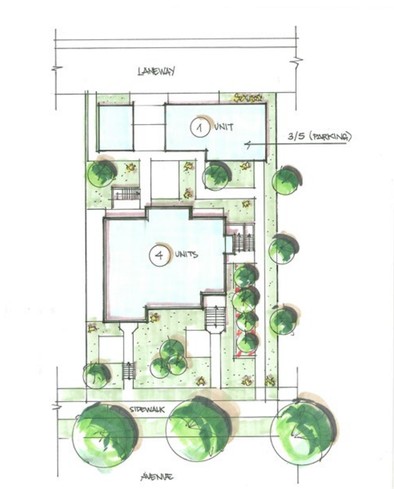
NO.	QUESTION	ANSWER
16	Will the homeowner-builder recoup any of the cost to create his/her PAH development?	Yes. The PAH program helps to recoup construction costs without land appreciation/cost, all while the PAH market units are sold at market value.
17	Is a homeowner-builder eligible for the PAH program if he/she wishes to build only a laneway house on the property and offer it as a PAH non-market unit?	No. You would need the density bonus to recoup costs; otherwise, the resale-unrestricted mechanism may not be financially viable in this scenario.
18	Who is responsible to sell the PAH market units?	The homeowner-builder would need to work with a licensed real estate agent.
19	Based on the modelled PAH case studies herein, how much profit could a homeowner expect to make per redevelopment in participating in the PAH program?	The PAH program is designed to regulate and residualize 15% profit return on costs. This is more than if the homeowner redeveloped and sold property under conventional options.
20	Does the homeowner have any say in terms of who gets the PAH non-market unit on their lot? For instance, can they pick their children, family or friends, so long as they are income-qualifying?	Yes.
21	Who's responsible for conflict resolution between unit owners?	Conflict resolution would be set as in any strata corporation. All strata units would have equal voting rights.

PAH in depth

Overview

The Permanently Affordable Homeownership model is a community-based program that draws on five key elements: leadership, partnership, design, planning, and financial and legal tools.



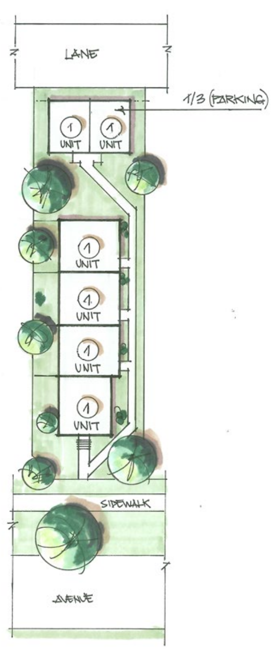


Design 1 (5 units)

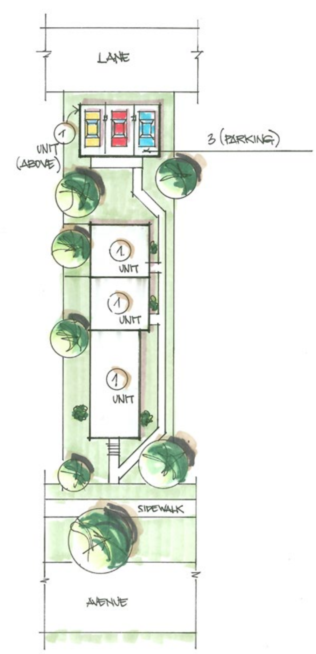
Strong stewardship is the main ingredient for PAH to fully be realized. This requires meaningful dialogue, vision and action, to create housing options that are both socially, economically and environmentally responsive to the broad spectrum of residents' needs. It necessitates an exploration of new approaches to support homeownership that is affordable and accessible to middle-income household earners. Notwithstanding, it calls for collaboration and partnership building between and across all levels of government, lenders, non-profits and housing providers, developers and industry, and of course, homeowners and the general public. This bridging of players will also help frame, manage and administer the program. There is positive impact across the board for all involved.

The success of PAH equally depends on creative design solutions that capture the feel and character of single-family neighbourhoods and achieves this through compact small housing such as infill, multiplex or stacked units and rowhomes (or built within a character home). These typologies optimize land use and can be established around community amenities and services.

Design 2 (5 units)



Design 3 (5 units)



Design 4 (4 units)

Alternatively, PAH housing units could be configured in a cluster setting (with or without land assembly) to accomodate common or shared spaces, as well as underground parking.

At a block scale, the impact is further demonstrated in terms of supply and ownership scenarios; on a square block with 12 properties, 12 to 24 PAH non-market units could be built, and up to 60 market ones (see modelled case studies in Appendix A for more details). The options are endless.

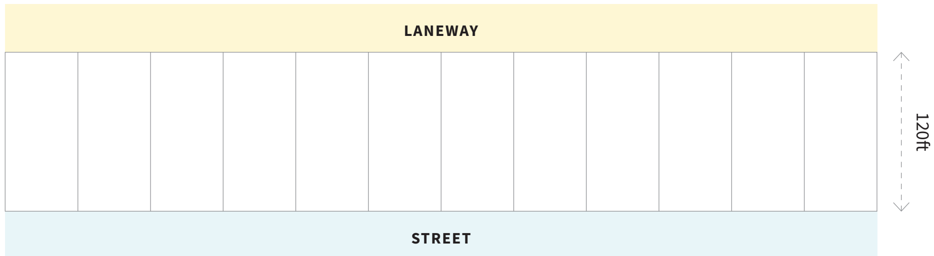


Table 3.1. PAH versus traditional block scale typology configurations based on 12 properties per square block

		PAH MARKET UNITS		PAH NON-MARKET UNITS	
BLOCK TYPOLOGY	OWNERSHIP TYPE	MIN. NO. UNITS	MAX. NO. UNITS	MIN. NO. UNITS	MAX. NO. UNITS
Single detached house	Single-titled	-	12	-	-
Primary residence + laneway house	Single-titled	-	24 = 12 market + 12 rental	-	-
Duplex + laneway house	2 ownership per lot	-	48 = 24 market + 24 rental	-	-
Character home (infill/multiple conversion)	Strata-titled	-	36	-	-
RS block transformed by PAH model	Strata-titled	24	60	12	24

Well-designed planning mechanisms, such as discretionary density bonusing, can support and secure affordability. And help us to rethink housing as a public benefit, that when done intentionally, can be captured in perpetuity.

And lastly, due diligence, along with financial and legal agreements and tools, to ensure PAH non-market units remain affordable over time. With these five pieces in play, the Permanently Affordable Homeownership program starts to take shape.

Key stakeholders

The PAH program requires partnership building and contribution from the following:

STAKEHOLDER	OUTPUT(S)/DELIVERABLES
Small Housing BC	PAH program, project management, marketing/ strategic planning
Funder	Funding
Homeowner (or homeowner-builder)	Developable land, housing designs, development permit
Builder	Housing development (all PAH units)
Legal advisor	Legal documents, covenant and strata-title
Public	Feedback (survey, consultation processes)
Licensed real estate agent	Home sales
Future PAH homebuyers (non-market)	Application, mortgage
Non-profit or community land trust	Eligibility criteria and selection process, application, review, co-management
Lender	Mortgage
City	Density bonus, zoning relaxations, covenant permits

PAH is well suited to a wide range of single-lot homeowners who want to participate in the program, such as:

- Seniors who wish to downsize but remain on their property
- Owners who want to live intergenerationally on a single lot
- Owners who want to encourage more affordable homeownership options in their community
- Owners seeking to capitalize on equity in their property without leaving their neighbourhoods
- Individuals, couples and young families who live and work in the city

See Roadmap on page 44 for more information on steps necessary to pilot the PAH program.

Administration, operations and monitoring

The PAH program is based on strong leadership, mutually beneficial partnerships and clear vision. As such, it is suggested that ongoing stewardship is a vital component of the model. This will ensure PAH is properly administered, and that homes remain owner-occupied and not listed as short-term rentals (as regulated by the covenant).

Similar to other affordable homeownership programs, PAH can be administered by the city or on its behalf through a community partner such as a non-profit or community land trust. Drawing on Vancouver's *Affordable Home Ownership Pilot Program* findings, here are some key administrative and operations activities to consider when developing this model:

- Designing and facilitating a mandatory homebuyer/owner education workshop,
- Screening applicants to ensure they meet eligibility requirements,
- Developing a pre-qualified list of lenders who support the program,
- Ongoing monitoring and stewardship,
- Reviewing of post-purchase applications for improvements and resale requirements,
- Reviewing program annually and reporting to council, and
- Recommending adjustments to keep viability, sustainability and affordability of the program, as well as efficiency of its administration and operation.

Like any partnership, communication is key. Seeking regular input from all parties is an effective means to monitor, evaluate and revise the program and its guidelines.

Photo: Jonathan Hayward | *The Canadian Press*

"We must address the impact of speculative demand on land and housing prices. We must also address calls from the public to work with partners at all levels of government to promote measures that advance equitable distribution of wealth gains from housing."

City of Vancouver, *Vancouver Housing Strategy*, p.5

Eligibility criteria

The PAH model is designed for median households incomes between $80,000 and $120,000 (PAH non-market unit) and those making upwards of $170,000 plus per year for the market units; however, the program team would only be responsible for choosing, administering and potentially monitoring candidates for the non-market home. (See Table 3.9 on page 41.)

As such, it is important the program be easy-to-use, setup and manage the selection process and that it outline an eligibility criteria, screening protocol and ways to prioritize qualified potential buyers. Below are some initial ideas on what to include when choosing PAH program homebuying participants as noted in the City of Vancouver's proposed *Affordable Home Ownership Pilot Program* (see Appendix B):

- Applicants must be Canadian citizens or permanent residents,
- Applicants must live and work in Vancouver year-round (and within the last five years),
- Applicants must be first-time homebuyers (although the program could consider move-up homebuyers, subject to some restrictions),
- Applicants must be owner-occupants of the unit,
- Applicants must earn between a set minimum and maximum income at the time of purchase[24], and
- Mortgage pre-approval with 10% downpayment.[25]

Also worth considering is the household to unit size. Individuals and couples could be limited to smaller units (two-bedrooms), while the larger homes are reserved for households with school-aged children or just more occupants (related or not).

Design criteria

In order to qualify for the PAH bonus density, the program would require the homeowner-developer (or homeowner and builder) to demonstrate design quality. This could be measured against a basic performance-based guidelines[26] that would speak to material use, shading, community feel and sustainability. These regulations would help preserve the vibrancy and diversity of the neighbourhood while maintaining character.

Design matters. PAH emphasizes intentional but flexible and appealing aesthetics both as a means to build long-term value and encourage design and development industries to join in the conversation and act—and encourages sectors to share methods and best practices with the PAH team. In this sense, typology (infill, multiplex, rowhomes), look, neighbourhood fit—are all elements that when defined and applied can fully round out a program and build more affordable (and valuable) homes.

There are various design principles that maintain the liveability and desirability of neighbourhoods. And there are various models of design that support affordable homeownership programs. The City of Vancouver and other municipalities across BC and Canada have seen many successful design initiatives that marry planning and regulatory actions to build up more supply of affordable and accessible homeownership.

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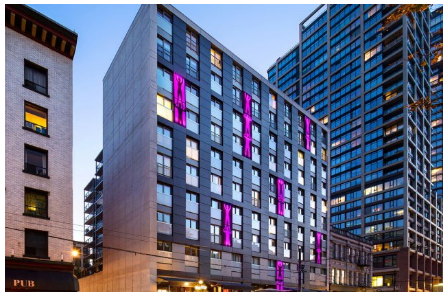
[24] Under the PAH model, potential buyers of the non-market unit would be required to pass a prequalification for income at the time of purchase only, in order to participate.

[25] Under the PAH model, potential homebuyers of the non-market unit would need to secure a traditional mortgage, although the case study pro formas in this report outline a downpayment of between 5% to 10%, and 25% for all PAH market units. Additionally, it is believed that since the program is focused on affordability, lenders may waive the stress test which could favour lower lending rates.

[26] Performance-based criteria is a ranking or point system that applies less to design and more to the performance of the building, as it meets affordability, but more often, sustainable and environmental thresholds such as reaching a particular energy or greenhouse gas inventory (GHGI) intensity metric.

Below are examples of creative projects in Canada and the United States that have inspired the PAH program:

#1. 60 West Cordova by Westbank, Vancouver, BC



#2. Arrive by Attainable Homes, Calgary-Redstone, AB

#3. Ashbury by Attainable Homes Calgary, Calgary, AB

#4. Columbia 26 by Homestead Community Land Trust, Seattle, WA

#5. Dave Murray Complex by Whistler Housing Authority, Whistler, BC

#6. Old Kennedy Village by Option Homes, Markham, ON

#7. Spruce Grove Single Family by Whistler Housing Authority, Whistler, BC

#8. Spruce Townhomes by Whistler Housing Authority, Whistler, BC

#9. The Terrace by Whistler Housing Authority, Whistler, BC

Table 3.2. Examples of affordable homeownership programs combined with creative design in Canada and the United States

NO.	DEVELOPMENT NAME	CITY	DEVELOPER	MODEL/TOOLS	DETAILS	URL LINK
1	60 West Cordova	Vancouver, BC	Westbank	Increased density, reduced parking, expedited approval process	Developed in collaboration with Vancity, Portland Hotel Society and Habitat for Humanity; includes 96 affordable market homes and 12 deeply discounted ones	westbankcorp.com/60-west-cordova
2	Arrive	Calgary-Redstone, AB	Attainable Homes	City-owned land; shared appreciation structure, gifted downpayment	1268 + 509 square feet, with optional basement (extra bedroom and bathroom)	attainyourhome.com
3	Ashbury	Calgary, AB	Attainable Homes Calgary	City-owned lands, shared appreciation structure, gifted downpayment	Two-storey townhomes, 838 square feet, for max. income \$83,000–\$103,000	attainyourhome.com
4	Columbia 26	Seattle, WA	Homestead Community Land Trust (CLT)	Homestead retains the ownership of the land, subsidy, minor monthly ground lease	26 townhomes with two- and three-bedrooms, targeting middle incomes	homesteadclt.org
5	Dave Murray Duplex	Whistler, BC	Whistler Housing Authority	Inclusionary zoning, density bonus, resale price restrictions, housing fund, waitlist system, rent restrictions	Includes secondary suites	whistlerhousing.ca/pages/dave-murray-duplex
6	Old Kennedy Village	Markham, ON	Options Homes	Shared appreciation loan/ second mortgage	140 stacked townhomes, 685-1110 square feet	optionsforhomes.ca
7	Spruce Grove Single Family	Whistler, BC	Whistler Housing Authority	Negative covenant[27]	-	whistlerhousing.ca/pages/spruce-grove-single-family
8	Spruce Townhomes	Whistler, BC	Whistler Housing Authority	Inclusionary zoning, density bonus, resale price restrictions, housing fund, rent restrictions	Includes secondary units	whistlerhousing.ca
9	The Terrace	Whistler, BC	Whistler Housing Authority	Negative covenant	The resort partners with homeowners to create affordable rental and ownership housing for those who live and work in Whistler. It restricts prices of the employee units by tying their appreciation to the consumer price index. It also controls resales, all of which must be individually approved by the municipality	whistlerhousing.ca/pages/the-terrace

[27] For more on covenants in Whistler, see https://whistlerhousing.ca/pages/legal.

Legal

The PAH model requires due diligence and a variety of legal mechanisms to safeguard stakeholders and to successfully administer its program. This includes using primary and supporting legal documents; moreover, tools to restrict the use, occupancy and resale of the non-market PAH unit. These will ensure shared interests are protected, obligations to funders/lenders are met and affordability is secured in perpetuity.

Three legal models were reviewed to assess which would deliver the greatest security and reward with the least amount of risk to all parties involved: co-ownership, second mortgage and covenants:

Table 3.3. Overview and comparison of co-ownership, second mortgage and covenants

	SHARED EQUITY		COVENANT[28]
	CO-OWNERSHIP*	SECOND MORTGAGE*	POSITIVE AND NEGATIVE COVENANTS
FEATURES	Buyer and city own share of fair market value	Buyer holds 100% of the property title; city mortgage must be paid out if unit is sold or rented	A negative covenant set resale restrictions to limit the buyer's share of appreciation; future buyers also must adhere to the price limitation when they sell the unit
PROS	Households build equity in step with market and eventually transition into full market ownership; density bonus counts as equity, reducing Canada Mortgage and Housing Corporation (CMHC) financing costs	City does not need to hold the second mortgage; can have a non-profit administer it	Limited appreciation model: qualified subsequent buyers can purchase at a below market price Units remain affordable in perpetuity; density bonus counts as equity, reducing CMHC financing costs
CONS	Ongoing adjustments to income and downpayment requirements/ discounts to maintain long-term affordability and sustainability; further, if the city/non-profit is on title alongside the purchaser, they also attract liability and risk for the use of the property	When the unit is sold, the second mortgage is paid out and requires time and effort to re-invest	Buyer's ability to move up and into market housing is more difficult with limited appreciation

** See Glossary for definitions.*

[28] There are two types: positive and negative. A positive covenant contains a requirement by the owner to do something; a negative covenant restricts or prohibits an owner from certain activities. Negative covenants run with title and apply to subsequent owners.

While all three approaches have their checks and balances, co-ownership and second mortgages hold the partnering city and/or non-profit or land trust liable should anything go awry with the home or associated property. Equally, they would be encumbered by the owner's financing. In either of the shared equity scenarios, both parties will be challenged should and when the PAH non-market unit gets resold at a later date. Administration of mortgages and titles could present significant work all around.

For this comparative example, the value of the single-detached home has been set at $1,109,773:

Table 3.4. Comparative analysis using co-ownership, second mortgage and affordability covenant models.

TYPE	MORTGAGE (PRINCIPAL)	EQUITY	DENSITY BONUS	NOTES
Co-ownership	$853,279 Buyer's title = 77% City/non-profit = 23%	$85,328	$256,494	City/non-profit is on title; this has legal ramifications for these parties.
Second mortgage	$1,109,773 Buyer's title = 100%	$85,328	$256,494	Second mortgage in favour of the city/non-profit
Negative covenant	$853,279 Buyer's title = 100% of the restricted price	$85,328	$256,494	Covenant in favour of the city/non-profit

From a legal stance, the negative covenant (or technically, a Section 219 Covenant; see Glossary) ensures the PAH non-market unit remains affordable in perpetuity and thus is the best mechanism for the Permanently Affordable Homeownership program. Under this approach, the city or partnering non-profit/land trust would need to set some reasonable allowances for price appreciation.

For example:

> If the unit were purchased at 77% of market rate, at the time of resale, the owner could not sell the unit for more than 77% of market value.

Moreover, a negative covenant will help define and restrict the sale, resale and transfer of the PAH non-market unit—factors that greatly impact the use, occupancy, resale, transition, inheritance and financial restrictions associated with this affordable homeownership program.

Planning tools

The long-term viability and sustainability of the PAH program greatly depends on city planning and financial incentives—whether the PAH units are designed as infill or in a multi-unit housing configuration (stacked or rowhomes) or built within the frame of a character home.

Key to the program is density bonusing: where the city allows a property owner additional developable floor area in exchange for securing the future affordability of the PAH unit(s). The density bonus approach leverages the discretionary authority of the city to allow a pathway that does not require the time and investment of a rezoning process. Additional support through the development approval process, including streamlined review and staff assistance, can further support the viability of the PAH program.

Here is an example of how a discretionary density bonus can work for a PAH model development on a 33 by 120-feet lot in the City of Vancouver:

Table 3.5. Example of density bonusing in City of Vancouver

ITEM	FLOOR SPACE RATIO	LOT SIZE (SQUARE FEET)	TOTAL FLOOR AREA (SQUARE FEET)
Baseline density	0.70	3,960	2,772
Bonus density (affordability + meets/exceeds design requirements)	0.23	3,960	900
Total	0.93	-	3,672

For the purpose of this study, five case studies have been explored, on either 33 by 120-feet or 50 by 120-feet lots (typical RS-zoned parcel sizes):

Table 3.6. Five modelled PAH case studies

CASE STUDY NO.	LOT DETAILS	NO. OF PAH UNITS	EXISTING ALLOWABLE DENSITY (FSR)	BONUS DENSITY*	TOTAL ALLOWABLE DENSITY (FSR)
1	33 × 120-feet	2 market + 2 non-market	0.7	0.23	0.93
2	33 × 120-feet	3 market + 1 non-market	0.7	0.23	0.93
3	33 × 120-feet	4 market + 1 non-market	0.7	0.50	1.20
4	50 × 120-feet	4 market + 1 non-market	0.7	0.18	0.88
5	50 × 120-feet	5 market + 1 non-market	0.86	0.17	1.03

**Density bonus applied to the PAH non-market unit.*

There are 283,916 households in the City of Vancouver (2016). Currently, 60% of the land base of the city is zoned for single-detached residences; however, properties are affordable to less than eight percent of residents. Based on 65,000 single-detached lots in the city and comparative income-earning data in the City of Vancouver, roughly an additional 15% (earners between $80,000 to $120,000, or 9,750 lots) of residents would be eligible for the PAH program, increasing the depth of affordability and those presently underserved by affordable homeownership opportunities. In theory, these sites could create 9,750 to 19,500 non-market PAH homes (based on one to two units per lot as outlined through the five case studies), and up to 48,750 market units (maximum of five per property as modelled). (See the City of Vancouver overview section for more details on housing statistics.)

Table 3.7. City of Vancouver owner household annual income distribution, 2005–2015.

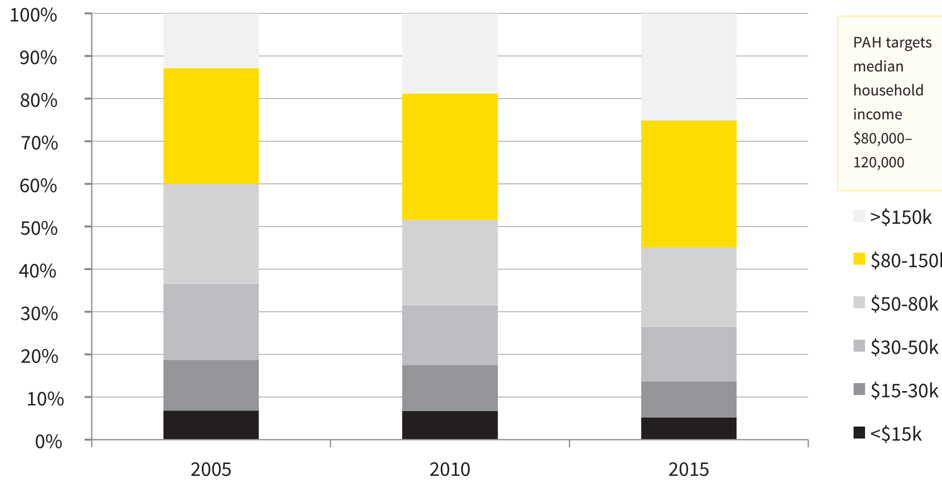


Table 3.8. Vancouver owner household income distribution, 2015.

HOUSEHOLD INCOME	PERCENTAGE OF HOUSEHOLDS, BY HOUSEHOLD TYPES			
	FAMILY	SINGLES	NON-FAMILY*	TOTAL
< $15,000	3%	11%	8%	5%
$15,000 to $30,000	5%	18%	7%	8%
$30,000 to $50,000	11%	19%	15%	13%
$50,000 to $80,000	16%	24%	24%	19%
$80,000 to $150,000	33%	21%	32%	30%
$150,000+	32%	7%	13%	25%

* *Non-family households are comprised of two or more individuals defined as a non-census family living in the same household.*

Financials

PAH non-market units are intended for multi-person households of two or more, including families. As such, the 900 square feet homes have been modelled with two-bedrooms (plus a den), and the larger units, three bedrooms; however, design and bedroom number can easily be tailored to meet the needs of a wider spectrum of homebuyers and to a site's unique characteristics and neighbourhood feel.

The PAH program clearly demonstrates it can produce non-market units that are truly affordable and well below market value for multi-person households. Table 3.9 outlines the net sale value and annual gross household income required to secure a market versus non-market PAH unit between 900 to 1080 square feet.

Table 3.9. PAH comparative unit price (market and non-market) for units 900 up to 1080 square feet, and the difference in affordability

CASE STUDY DETAILS	PAH MARKET UNIT		PAH NON-MARKET UNIT		DIFFERENCE IN AFFORDABILITY	
Case study 1 33 × 120-feet, FSR 0.93 2 PAH market + 2 non-market units	-	924 sf $1,234/sf	900 sf $874/sf	924 sf $883/sf	900–924 sf	924 sf only
Net sale value	-	$1,117,722	$770,578	$799,326	$347,144	$318,396
Annual gross household income required	-	$166,345	$94,351	$97,558	$71,994	$68,787
Case study 2 33 × 120-feet, FSR 0.93 3 PAH market + 1 non-market units	-	924 sf $1,234/sf	900 sf $513/sf		900–924 sf	-
Net sale value	-	$1,117,722	$452,148	-	$665,574	-
Annual gross household income required	-	$166,345	$58,818	-	$107,527	-
Case study 3 33 × 120-feet, FSR 1.20 4 PAH market + 1 non-market units	924 sf $1029/sf	1080 sf $1029/sf	900 sf $511/sf	-	900–924 sf	900–1080 sf
Net sale value	$932,149	$1,089,524	$450,421	-	$481,728	$639,103
Annual gross household income required	$150,771	$174,827	$64,795	-	$85,976	$110,032
Case study 4 50 × 120-feet, FSR 0.88 4 PAH market + 1 non-market units	-	1050 sf $1,144/sf	-	1050 sf $508/sf	1050 sf	-
Net sale value	-	$1,165,047	-	$517,213	$647,834	-
Annual gross household income required	-	$190,219	-	$74,982	$115,237	-
Case study 5 50 × 120-feet, FSR 1.03 5 PAH market + 1 non-market units		1032 sf $1,026/sf	-	1032 sf $508/sf	1032 sf	-
Net sale value	-	$1,026,716	-	$508,297	$518,419	-
Annual gross household income required	-	$168,651	-	$76,945	$91,706	-

The table below illustrates the high-level of affordability the PAH non-market unit can deliver. Based on unit size and PAH configuration, the discounted home would sell for 30% to 46% below market value.

Table 3.10. Cost comparative between PAH market and non-market units

ITEM	CASE STUDY 1 33 × 120-foot lot 2 PAH market + 2 non-market units	CASE STUDY 2 33 × 120-foot lot 3 PAH market + 1 non-market units	CASE STUDY 3 33 × 120-foot lot 4 PAH market + 1 non-market units	CASE STUDY 4 50 × 120-foot lot 4 PAH market + 1 non-market units	CASE STUDY 5 50 × 120-feet 5 PAH market + 1 non-market units
Original property cost (with home)	$1,500,000	$1,500,000	$1,500,000	$2,000,000	$2,000,000
Property transfer tax	$45,000	$45,000	$45,000	$40,000	$40,000
Subtotal	$1,545,000	$1,545,000	$15,000	$2,040,000	$2,040,000
Downpayment	25%	25%	25%	25%	25%
Downpayment	($386,250)	($386,250)	($386,250)	($510,000)	($510,000)
Principal	$1,158,750	$1,158,750	$1,158,750	$1,530,000	$1,530,000
Interest rate	4%	4%	4%	4%	4%
PLUS stress (if downpayment is < 25%)	2%	2%	2%	2%	2%
No. monthly payments	300	300	300	300	300
Mortgage payment per month	$5,794	$5,794	$5,794	$7,650	$7,650
Cost of heat per month (average)	$150	$150	$150	$150	$150
Taxes per month	$579	$579	$579	$765	$765
Strata fees per month	$50	$50	$50	$50	$50
Total shelter cost	$6,573	$6,573	$6,573	$8,615	$8,615
% shelter cost to income	33%	33%	33%	33%	33%
Annual gross household income required	$239,023	$239,023	$239,023	$313,273	$313,273
Difference in household income (vs. market unit above)	($72,678)	($72,678)	($88,251)	($123,054)	($144,622)
% difference (vs. market unit above)	-30%	-30%	-37%	-39%	-46%

According to the *Metro Vancouver Housing Data Book* (revised 2019), the monthly affordable housing cost for homeowners is $2,579, and $1,466 respectively for renters. Based on mortgage estimates for PAH non-market units (see below), monthly payments would fall between those ranges and open affordable homeownership to a larger cohort of both renter and current homeowners. (See Appendix D for more on housing affordability data for the City Vancouver.)

For assumptions and detailed financials on each modelled PAH case study (5), see Appendix A.

Table 3.11. PAH market vs. non-market units: Estimated monthly mortgage payments

		ESTIMATED MONTHLY MORTGAGE PAYMENT*	
CASE STUDIES	**UNIT SIZE (SF)**	**PAH MARKET UNITS**	**PAH NON-MARKET**
Case study 1 33 × 120-feet, FSR 0.93 2 PAH market + 2 non-market units	900	-	$2,159
	924	$4,104	$2,240
Case study 2 33 × 120-feet, FSR 0.93 3 PAH market + 1 non-market units	900	-	$1,265
	924	4,104	-
Case study 3 33 × 120-feet, FSR 1.20 4 PAH market + 1 non-market units	900	-	$1,440
	924	$3,733	-
	1080	$4,364	-
Case study 4 50 × 120-feet, FSR 0.88 4 PAH market + 1 non-market units	1050	$4,675	$1,660
Case study 5 50 × 120-feet, FSR 1.03 5 PAH market + 1 non-market units	1032	$4,120	$1,722

* *PAH market unit rates are based on a downpayment of 25% and a mortgage with a 25-year amortization. Non-market units have a 5% or 10% downpayment applied. (See case study pro formas in Appendix A for more details.)*

Roadmap to PAH

Here is a roadmap to deliver the PAH pilot program in the City of Vancouver:

		WORKFLOW & DELIVERABLES				
STAGES	**STAKEHOLDERS**	**PLANNING**	**PREPARATION**	**PROGRAMMING**	**IMPLEMENTATION**	**MONITORING/ REVIEW**
PROGRAM DEVELOPMENT	• Small Housing BC (PAH team) • City of Vancouver • Legal advisor • Lender/insurer	Evaluate/set program strategic goals and targets Evaluate/identify legal and financial frameworks Research design guidelines Explore budget and timeline	Draft/finalize strategic plan Draft/finalize legal and financial agreements Draft/finalize design guidelines Draft/finalize budget and project plan (timeline)	Review and refine targets	Review and refine targets	Review documentation Revise (as needed)
LEGISLATIVE	• City of Vancouver • PAH team	Draft/submit written request tao amend Vancouver Charter[29]				Review and refine
PARTNERSHIP DEVELOPMENT	• PAH team • City of Vancouver • Legal advisor • Lender/insurer • Funder	Identify/secure partners: funder(s), lender(s), developer(s), mortgage insurer(s), non-profit(s), city champion(s)	Identify/finalize roles and responsibilities Draft/finalize legal agreements with partners		Manage partners	Review and refine
POLICY AND PLANNING (PILOT PROGRAM)	• PAH team • Non-profit/ community land trust • City of Vancouver	Explore risks and impacts Evaluate/identify site selection process and criteria Identify outreach opportunities Explore marketing messaging and materials Explore design options	Draft/finalize selection criteria and process Select sites and draft/finalize policy guidelines Draft/finalize application Draft/finalize marketing plan and materials	Open application process	Control and review	Review and refine
OPERATIONS	• PAH team + partners				Review applications Select eligible candidates	Monitor pilot Review PAH program
EXECUTION	• PAH team + partners					Monitor pilot Review/refine PAH program Amend (as needed)

[29] Note: This step may not be necessary in other municipalities in the province.

Recommendations

The Permanently Affordable Homeownership concept and program is a viable solution to the City of Vancouver's housing shortage and affordability crisis. It can achieve the supply, partnership framework and built-form targets outlined in various city housing strategies and plans (see City of Vancouver section on p.8 and Appendix C on the *Housing Vancouver Strategy*'s key objectives).

To this end, Small Housing BC advocates that the city actively explore a PAH density bonus model that promotes more diverse compact infill and multiplex housing (missing middle) in low-density single-detached neighbourhoods. Combined with creative design, innovative planning and strong leadership, this initiative could support and supplement city's efforts without exhausting limited staff resources. As such, the city, as a regulator, can enable community-driven housing mechanisms via established and tested land use policies and incentives to create more affordable and attainable homeownership opportunities that reflect the incomes and the needs of its residents.

With this in mind, SHBC recommends the following:

1. Amend the Vancouver Charter (Section 565.2) to give the City of Vancouver authority to implement a city-wide (or pilot) affordable homeownership program or use a housing agreement to set and restrict the price of ownership and resale in order to maintain housing affordability in perpetuity. (Note: The process of amendment is estimated to take roughly eight months.);
2. Accommodate a wide range of legal models and agreements, such as a negative covenant, to maximize flexibility in securing and administrating affordable homeownership models and programs. As such, leverage existing density bonus planning tools and strata-title subdivisions, both well established in the city;
3. Present the PAH model to city council and work towards the approval of a pilot program[30];
4. Secure partners and develop framework, criteria and working materials (as outlined in the Roadmap); as well as create a pool of eligible buyers;
5. Market to secure pilot sites;
6. Execute, manage, review and refine pilot program over regular intervals; and
7. Share findings and best practices with other sectors, cities and levels of government.

This feasibility study and model, while centered on the City of Vancouver, can easily be implemented across the province. The aforementioned recommendations, therefore, apply to all municipalities in British Columbia.

[30] For example, PAH program could aim for 25 PAH non-market units over a set period of time.

Conclusion

According to the *BC Affordable Housing Plan*[31], an estimated $1.8 billion should be invested annually to address the province's housing affordability crisis. The plan further positions that local communities, along with government, become equal partners in finding tangible solutions to shared housing challenges. In fact, expanding the portfolio of shared or partial homeownership models is not only recommended, but part of a more sustainable and equitable way forward.

In this light, the Permanently Affordable Homeownership program is a creative and necessary mechanism, incenting the community to participate in developing affordable homeownership opportunities in single-detached neighbourhoods. More than anything, the findings in this study are a call to action—a call to partner, innovate and leverage existing assets: land, stewardship and resources such as planning, financial, legal and design tools.

And still, this study only scratches the surface on what can be done at the community-level to create more accessible and achievable housing. Ultimately, our cities play a vital role in advocating and enabling change that benefits our neighbourhoods and who has access to them. Through greater collaboration and ingenuity, the PAH mechanism can add to any municipal's toolkit in responding to homeownership diversity.

Some unknowns remain:

There is the question of equity. With demand outpacing supply, who ought to benefit from a publicly generated asset? And while some lenders are trailblazers and on board with the PAH concept, would a traditional bank hesitate to grant a mortgage to a property with a negative covenant? There is also concern about character retention and the public's perception of change and neighbourhood fit in terms of design and more density. Equally, what funding mechanisms would support this exploration and what's the true potential of this model in terms of impact size and reach?

Outside of what has yet to be seen, this research does demonstrate municipalities' need to pivot away from city-only resourced approaches and move towards alternative and forward-thinking solutions—ones that encourage community members to co-create the housing it needs—and strategically make room for the right supply, to house more, affordably.

[31] For more on the *BC Affordable Housing Plan*, see https://housingcentral.ca/SITES/HousingCentral/Affordable_Housing_Plan/HousingCentral/Affordable_Rental_Housing_Plan.aspx?hkey=433f9af0-e946-4a37-b827-94f68667dc0b.

Appendix A

A. PAH: Case study pro formas (1–5)

Case Study 1

33 × 120 lot with 2 market units + 2 PAH units

	SITE WIDTH	SITE DEPTH	FSR	GROSS AREA	UNITS	AREA
SITE	33	120	1.00	3,960		
Floor space ratio - Existing RS-1			0.70	2,772	3 regular	924
Floor space ratio - Bonus for PAH			0.23	900	1 PAH unit	900
Total floor space ratio (FSR)			0.93	3,672		

	UNIT 1	UNIT 2	UNIT 3 PAH	UNIT 4 PAH	TOTAL
	924	924	924	900	3,672
NET AREA	924	924	924	900	3,672
Floor space ratio (FSR)	0.23	0.23	0.23	0.23	0.93

SALE REVENUE					TOTAL	LINKED ASSUMPTIONS	
Sale/sf net	$1,234	$1,234	$883	$874		$1,234	/sf
Gross sale	$1,140,533	$1,140,533	$815,639	$786,305	$3,883,009		
Adjustments (commissions)	($22,811)	($22,811)	($16,313)	($15,726)	($77,660)	2%	sales commissions
Net sale value	$1,117,722	$1,117,722	$799,326	$770,578	$3,805,349		
TOTAL REVENUE	$1,117,722	$1,117,722	$799,326	$770,578	$3,805,349		

EXPENSES						LINKED ASSUMPTIONS		
Land	$500,000	$500,000	$256,494	$243,506	$1,500,000	$541	/sf EXCEPT PAH unit	48.7%
City community amenity contribution (CAC)	-	-	-	-	-	0	assume PAH unit = amenity	0.0%
Property transfer tax (PTT)	$15,000	$15,000	$7,695	$7,305	$45,000	3%	land	1.5%
Acquisition due diligence & legal	$5,033	$5,033	$5,033	$4,902	$20,000	$20,000	estimate	0.6%
Demolition	$7,549	$7,549	$7,549	$7,353	$30,000	$30,000	estimate	1.0%
Construction	$277,200	$277,200	$277,200	$270,000	$1,101,600	$300	/sf	35.8%
Hard cost contingency	$13,860	$13,860	$13,860	$13,500	$55,080	5%	hard	1.8%
Construction management	$11,642	$11,642	$11,642	$11,340	$46,267	4.0%	hard	1.5%
Wrapup insurance	$2,218	$2,218	$2,218	$2,160	$8,813	0.80%	hard	0.3%
Design & consultants	$24,948	$24,948	$24,948	$24,300	$99,144	9.0%	hard	3.2%
City development permit	$1,258	$1,258	$1,258	$1,225	$5,000	$5,000	estimate	0.2%
City building permit	$1,386	$1,386	$1,386	$1,350	$5,508	0.5%	hard	0.2%
City development cost levy (DCL)	$2,944	$2,944	$2,944	$2,868	$11,700	$13	/sf net new	0.4%
City street use permits	$1,258	$1,258	$1,258	$1,225	$5,000	$5,000	estimate	0.2%
Metro sewer/sanitary	$1,618	$1,618	$1,618	$1,618	$6,472	$1,618	per unit	0.2%
Utility connections	$6,000	$6,000	$6,000	$6,000	$24,000	$6,000	per unit	0.8%
Warranty	$1,500	$1,500	$1,500	$1,500	$6,000	$1,500	per unit	0.2%
Marketing	$22,811	$22,811	$16,313	$15,726	$77,660	2%	gross revenue	2.5%
Development management	$7,924	$7,924	$7,648	$7,447	$30,945	2%	all costs less land	1.0%
SUBTOTAL	$904,149	$904,149	$646,564	$623,327	$3,078,189	$838	sf GFA	100.0%
Finance estimate	$67,811	$67,811	$48,492	$46,750	$230,864	5%	subtotal x 1.5	

TOTAL COSTS	$971,961	$971,961	$695,056	$670,076	$3,309,053
Profit (loss) $	$145,762	$145,762	$104,270	$100,502	$496,296
Return on costs %	15%	15%	15%	15%	15%

COST TO OWNER	UNIT 1	UNIT 2	UNIT 3 PAH	UNIT 4 PAH	TOTAL
Unit sale price	$1,117,722	$1,117,722	$799,326	$770,578	$3,805,349
GST	$55,886	$55,886	$39,966	$38,529	$190,267
PTT	$20,354	$20,354	$13,987	$13,412	$68,107
SUBTOTAL	$1,193,963	$1,193,963	$853,279	$822,519	$4,063,723
Downpayment %	25%	25%	10%	10%	
Downpayment	$298,491	$298,491	$85,328	$82,252	
Second mortgage land lift	-	-	$243,506	$243,506	
CMHC insurance %					
CMHC insurance $	-	-	-	-	
Principal	$895,472	$895,472	$767,951	$740,267	
Interest rate	3.5%	3.5%	3.5%	3.5%	
PLUS B-20 mortgage stress test	2.0%	2.0%	0.0%	0.0%	
# payments	300	300	300	300	
Mortage/mo	$4,104	$4,104	$2,240	$2,159	
Heat/mo	$150	$150	$150	$150	
Taxes/mo	$497	$497	$356	$343	
Strata/mo	$100	$100	$100	$100	
TOTAL SHELTER	$4,852	$4,852	$2,845	$2,752	
Shelter %	35%	35%	35%	35%	
Annual gross household income required	$166,345	$166,345	$97,559	$94,351	

LINKED ASSUMPTIONS	
5%	of unit cost
2%	on value >200,000 & <3,000,000
$276	/sf GFA for PAH - PAH Land Price
PAH Units have more than 30% equity in 2nd mortgage	

BASE CASE	
Original house (value)	$1,500,000
Property transfer tax	$45,000
SUBTOTAL	$1,545,000
Downpayment	25%
Downpayment	($386,250)
Principal	$1,158,750
Interest rate	4%
PLUS stress (if downpayment < 25%)	2%
# payments	300
Mortage/mo	$5,794
Heat/mo	$150
Taxes/mo	$579
Strata/mo	$50
TOTAL SHELTER	$6,573
Shelter %	33%
Annual gross household income required	$239,023
Difference in household income (vs market unit above)	($72,678)
% difference (vs market unit above)	-30%

Case Study 2

33 × 120 lot with 3 market units + 1 PAH unit

	SITE WIDTH	SITE DEPTH	FSR	GROSS AREA
SITE	33	120	1.00	3,960
Floor space ratio - Existing RS-1			0.70	2,772
Floor space ratio - Bonus for PAH			0.23	900
Total floor space ratio (FSR)			0.93	3,672

UNITS	AREA
3 regular	924
1 PAH unit	900

	UNIT 1	UNIT 2	UNIT 3	UNIT 4 PAH	TOTAL
	924	924	924	900	3,672
NET AREA	924	924	924	900	3,672
Floor space ratio (FSR)	0.23	0.23	0.23	0.23	0.93

SALE REVENUE					TOTAL
Sale/sf net	$1,234	$1,234	$1,234	$513	
Gross sale	$1,140,533	$1,140,533	$1,140,533	$461,376	$3,882,974
Adjustments (commissions)	($22,811)	($22,811)	($22,811)	($9,228)	($77,659)
Net sale value	$1,117,722	$1,117,722	$1,117,722	$452,148	$3,805,314
TOTAL REVENUE	$1,117,722	$1,117,722	$1,117,722	$452,148	$3,805,314

LINKED ASSUMPTIONS	
$1,234	/sf for Market Homes
2%	sales commissions

EXPENSES					
Land	$500,000	$500,000	$500,000	-	$1,500,000
City community amenity contribution (CAC)	-	-	-	-	-
Property transfer tax (PTT)	$15,000	$15,000	$15,000	-	$45,000
Acquisition due diligence & legal	$5,033	$5,033	$5,033	$4,902	$20,000
Demolition	$7,549	$7,549	$7,549	$7,353	$30,000
Construction	$277,200	$277,200	$277,200	$270,000	$1,101,600
Hard cost contingency	$13,860	$13,860	$13,860	$13,500	$55,080
Construction management	$11,642	$11,642	$11,642	$11,340	$46,267
Wrapup insurance	$2,218	$2,218	$2,218	$2,160	$8,813
Design & consultants	$24,948	$24,948	$24,948	$24,300	$99,144
City development permit	$1,258	$1,258	$1,258	$1,225	$5,000
City building permit	$1,386	$1,386	$1,386	$1,350	$5,508
City development cost levy (DCL)	$2,944	$2,944	$2,944	$2,868	$11,700
City street use permits	$1,258	$1,258	$1,258	$1,225	$5,000
Metro sewer/sanitary	$1,618	$1,618	$1,618	$1,618	$6,472
Utility connections	$6,000	$6,000	$6,000	$6,000	$24,000
Warranty	$1,500	$1,500	$1,500	$1,500	$6,000
Marketing	$22,811	$22,811	$22,811	$9,228	$77,659
Development management	$7,924	$7,924	$7,924	$7,171	$30,945
SUBTOTAL	$904,149	$904,149	$904,149	$365,740	$3,078,188
Finance estimate	$67,811	$67,811	$67,811	$27,431	$230,864

LINKED ASSUMPTIONS		
$541	/sf EXCEPT PAH unit	48.7%
0	assume PAH unit = amenity	0.0%
3%	land	1.5%
$20,000	estimate	0.6%
$30,000	estimate	1.0%
$300	/sf	35.8%
5%	hard	1.8%
4.0%	hard	1.5%
0.80%	hard	0.3%
9.0%	hard	3.2%
$5,000	estimate	0.2%
0.5%	hard	0.2%
$13	/sf net new	0.4%
$5,000	estimate	0.2%
$1,618	per unit	0.2%
$6,000	per unit	0.8%
$1,500	per unit	0.2%
2%	gross revenue	2.5%
2%	all costs less land	1.0%
$838	sf GFA	100.0%
5%	subtotal x 1.5	

TOTAL COSTS	$971,961	$971,961	$971,961	$393,171	$3,309,052
Profit (loss) $	$145,762	$145,762	$145,762	$58,977	$496,262
Return on costs %	15%	15%	15%	15%	15%

COST TO OWNER	UNIT 1	UNIT 2	UNIT 3	UNIT 4 PAH	TOTAL	LINKED ASSUMPTIONS	
Unit sale price	$1,117,722	$1,117,722	$1,117,722	$452,148	$3,805,314		
GST	$55,886	$55,886	$55,886	$22,607	$190,266	5%	of unit cost
PTT	$20,354	$20,354	$20,354	$7,043	$68,106	2%	on value >200,000 &<3,000,000
SUBTOTAL	$1,193,963	$1,193,963	$1,193,963	$481,798	$4,063,686		
Downpayment %	25%	25%	25%	10%			
Downpayment	$298,491	$298,491	$298,491	$48,180			
Second mortgage land lift	-	-	-	$487,013		$541	/sf GFA for PAH - PAH Land Price
CMHC insurance %							
CMHC insurance $	-	-	-	-			
Principal	$895,472	$895,472	$895,472	$433,619			
Interest rate	3.5%	3.5%	3.5%	3.5%			
PLUS B-20 mortgage stress test	2.0%	2.0%	2.0%	0.0%			
# payments	300	300	300	300			
Mortage/mo	$4,104	$4,104	$4,104	$1,265			
Heat/mo	$150	$150	$150	$150			
Taxes/mo	$497	$497	$497	$201			
Strata/mo	$100	$100	$100	$100			
TOTAL SHELTER	$4,852	$4,852	$4,852	$1,716			
Shelter %	35%	35%	35%	35%			
Annual gross household income required	$166,345	$166,345	$166,345	$58,818			

BASE CASE	
Original house (value)	$1,500,000
Property transfer tax	$45,000
SUBTOTAL	$1,545,000
Downpayment	25%
Downpayment	($386,250)
Principal	$1,158,750
Interest rate	4%
PLUS stress (if downpayment < 25%)	2%
# payments	300
Mortage/mo	$5,794
Heat/mo	$150
Taxes/mo	$579
Strata/mo	$50
TOTAL SHELTER	$6,573
Shelter %	33%
Annual gross household income required	$239,023
Difference in household income (vs market unit above)	($72,678)
% difference (vs market unit above)	-30%

Case Study 3

33 × 120 lot with 4 market units + 1 PAH unit

	SITE WIDTH	SITE DEPTH	FSR	GROSS AREA
SITE	33	120	1.00	3,960
Floor space ratio - Existing RS-1			0.70	2,772
Floor space ratio - Bonus for PAH			0.50	1,980
Total floor space ratio (FSR)			1.20	4,752

UNITS	AREA
3 regular	924
1 PAH unit	1,980

	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5 PAH	TOTAL
	924	924	924	1,080	900	4,752
NET AREA	924	924	924	1,080	900	4,752
Floor space ratio (FSR)	0.23	0.23	0.23	0.27	0.23	1.20

SALE REVENUE						TOTAL
Sale/sf net	$1,029	$1,029	$1,029	$1,029	$511	
Gross sale	$951,172	$951,172	$951,172	$1,111,759	$459,613	$4,424,888
Adjustments (commissions)	($19,023)	($19,023)	($19,023)	($22,235)	($9,192)	($88,498)
Net sale value	$932,149	$932,149	$932,149	$1,089,524	$450,421	$4,336,390
TOTAL REVENUE	$932,149	$932,149	$932,149	$1,089,524	$450,421	$ 4,336,390

LINKED ASSUMPTIONS	
$1,029	/sf
2%	sales commissions

EXPENSES						
Land	$359,813	$359,813	$359,813	$420,561	-	$1,500,000
City community amenity contribution (CAC)	-	-	-	-	-	-
Property transfer tax (PTT)	$10,794	$10,794	$10,794	$12,617	-	$45,000
Acquisition due diligence & legal	$3,889	$3,889	$3,889	$4,545	$3,788	$20,000
Demolition	$5,833	$5,833	$5,833	$6,818	$5,682	$30,000
Construction	$277,200	$277,200	$277,200	$324,000	$270,000	$1,425,600
Hard cost contingency	$13,860	$13,860	$13,860	$16,200	$13,500	$71,280
Construction management	$11,642	$11,642	$11,642	$13,608	$11,340	$59,875
Wrapup insurance	$2,218	$2,218	$2,218	$2,592	$2,160	$11,405
Design & consultants	$24,948	$24,948	$24,948	$29,160	$24,300	$128,304
City development permit	$972	$972	$972	$1,136	$947	$5,000
City building permit	$1,386	$1,386	$1,386	$1,620	$1,350	$7,128
City development cost levy (DCL)	$5,005	$5,005	$5,005	$5,850	$4,875	$25,740
City street use permits	$972	$972	$972	$1,136	$947	$5,000
Metro sewer/sanitary	$1,618	$1,618	$1,618	$1,618	$1,618	$8,090
Utility connections	$6,000	$6,000	$6,000	$6,000	$6,000	$30,000
Warranty	$1,500	$1,500	$1,500	$1,500	$1,500	$7,500
Marketing	$19,023	$19,023	$19,023	$22,235	$9,192	$88,498
Development management	$7,737	$7,737	$7,737	$9,013	$7,144	$39,368
SUBTOTAL	$754,412	$754,412	$754,412	$880,210	$364,343	$3,507,788
Finance estimate	$56,581	$56,581	$56,581	$66,016	$27,326	$263,084

LINKED ASSUMPTIONS		
$389	/sf EXCEPT PAH unit	42.8%
0	assume PAH unit = amenity	0.0%
3%	land	1.3%
$20,000	estimate	0.6%
$30,000	estimate	0.9%
$300	/sf	40.6%
5%	hard	2.0%
4.0%	hard	1.7%
0.80%	hard	0.3%
9.0%	hard	3.7%
$5,000	estimate	0.1%
0.5%	hard	0.2%
$13	/sf net new	0.7%
$5,000	estimate	0.1%
$1,618	per unit	0.2%
$6,000	per unit	0.9%
$1,500	per unit	0.2%
2%	gross revenue	2.5%
2%	all costs less land	1.1%
		100.0%
5%	subtotal x 1.5	

TOTAL COSTS	$810,993	$810,993	$810,993	$946,226	$391,669	$3,770,872
Profit (loss) $	$121,156	$121,156	$121,156	$143,299	$58,752	$565,518
Return on costs %	15%	15%	15%	15%	15%	15%

COST TO OWNER	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5 PAH	TOTAL
Unit sale price	$932,149	$932,149	$932,149	$1,089,524	$450,421	$4,336,390
GST	$46,607	$46,607	$46,607	$54,476	$22,521	$216,820
PTT	$16,643	$16,643	$16,643	$19,790	$7,008	$76,728
SUBTOTAL	$995,399	$995,399	$995,399	$1,163,791	$479,950	$4,629,938
Downpayment %	25%	25%	25%	25%	10%	
Downpayment	$248,850	$248,850	$248,850	$290,948	$47,995	
Second mortgage land lift	-	-	-	-	$350,467	
CMHC insurance %						
CMHC insurance $	-	-	-	-	-	
Principal	$746,549	$746,549	$746,549	$872,843	$431,955	
Interest rate	4%	4%	4%	4%	4.0%	
PLUS B-20 mortgage stress test	2%	2%	2%	2%	0.0%	
# payments	300	300	300	300	300	
Mortage/mo	$3,733	$3,733	$3,733	$4,364	$1,440	
Heat/mo	$150	$150	$150	$150	$150	
Taxes/mo	$415	$415	$415	$485	$200	
Strata/mo	$100	$100	$100	$100	$100	
TOTAL SHELTER	$4,397	$4,397	$4,397	$5,099	$1,890	
Shelter %	35%	35%	35%	35%	35%	
Annual gross household income required	$150,771	$150,771	$150,771	$174,827	$64,795	

LINKED ASSUMPTIONS	
5%	of unit cost
2%	on value >200,000 &<3,000,000
$389	/sf GFA for PAH - PAH Land Price

BASE CASE	
Original house (value)	1,500,000
Property transfer tax	45,000
SUBTOTAL	1,545,000
Downpayment	25%
Downpayment	(386,250)
Principal	1,158,750
Interest rate	4%
PLUS stress (if downpayment < 25%)	2%
# payments	300
Mortage/mo	5,794
Heat/mo	150
Taxes/mo	579
Strata/mo	50
TOTAL SHELTER	6,573
Shelter %	33%
Annual gross household income required	239,023
Difference in household income (vs market unit above)	(88,251)
% difference (vs market unit above)	-37%

Case Study 4

50 × 120 lot with 4 market units + 1 PAH unit

	SITE WIDTH	SITE DEPTH	FSR	GROSS AREA	UNITS	AREA
SITE	50	120	1.00	6,000		
Floor space ratio - Existing RS-1			0.70	4,200	4 units	1,050
Floor space ratio - Bonus for PAH			0.18	1,050	1 PAH	1,050
Total floor space ratio (FSR)			0.88	5,250		

	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5 PAH	TOTAL
	1,050	1,050	1,050	1,050	1,050	5,250
NET AREA	1,050	1,050	1,050	1,050	1,050	5,250
Floor space ratio (FSR)	0.18	0.18	0.18	0.18	0.18	0.88

SALE REVENUE						TOTAL	LINKED ASSUMPTIONS	
Sale/sf net	$1,144	$1,144	$1,144	$1,144	$508		$1,144	/sf
Gross sale	$1,201,080	$1,201,080	$1,201,080	$1,201,080	$533,209	$5,337,527		
Adjustments (commissions)	($36,032)	($36,032)	($36,032)	($36,032)	($15,996)	($160,126)	3%	sales commissions
Net sale value	$1,165,047	$1,165,047	$1,165,047	$1,165,047	$517,213	$5,177,401		
TOTAL REVENUE	$1,165,047	$1,165,047	$1,165,047	$1,165,047	$517,213	$5,177,401		

EXPENSES							LINKED ASSUMPTIONS		
Land	$500,000	$500,000	$500,000	$500,000	-	$2,000,000	$476	/sf EXCEPT PAH	47.8%
City community amenity contribution (CAC)	-	-	-	-	-	-	0	assume none	0.0%
Property transfer tax (PTT)	$10,000	$10,000	$10,000	$10,000	-	$40,000	2%	land	1.0%
Acquisition due diligence & legal	$4,000	$4,000	$4,000	$4,000	$4,000	$20,000		estimate	0.5%
Demolition	$6,000	$6,000	$6,000	$6,000	$6,000	$30,000	$30,000	estimate	0.7%
Construction	$315,000	$315,000	$315,000	$315,000	$315,000	$1,575,000	$300	/sf	37.6%
Hard cost contingency	$15,750	$15,750	$15,750	$15,750	$15,750	$78,750	5%	hard	1.9%
Construction management	$13,230	$13,230	$13,230	$13,230	$13,230	$66,150	4.0%	hard	1.6%
Wrapup insurance	$2,520	$2,520	$2,520	$2,520	$2,520	$12,600	0.80%	hard	0.3%
Design & consultants	$28,350	$28,350	$28,350	$28,350	$28,350	$141,750	9%	hard	3.4%
City development permit	$1,000	$1,000	$1,000	$1,000	$1,000	$5,000	$5,000	estimate	0.1%
City building permit	$1,575	$1,575	$1,575	$1,575	$1,575	$7,875	0.5%	hard	0.2%
City development cost levy (DCL)	$2,730	$2,730	$2,730	$2,730	$2,730	$13,650	$13	/sf net new	0.3%
City street use permits	$400	$400	$400	$400	$400	$2,000	$2,000	estimate	0.0%
Metro sewer/sanitary	$1,618	$1,618	$1,618	$1,618	$1,618	$8,090	$1618	per unit	0.2%
Utility connections	$6,000	$6,000	$6,000	$6,000	$6,000	$30,000	$6000	per unit	0.7%
Warranty	$1,500	$1,500	$1,500	$1,500	$1,500	$7,500	$1500	per unit	0.2%
Marketing	$24,022	$24,022	$24,022	$24,022	$10,664	$106,751	2%	gross revenue	2.5%
Development management	$8,674	$8,674	$8,674	$8,674	$8,207	$42,902	0.02	all costs less land	1.0%
SUBTOTAL	$942,368	$942,368	$942,368	$942,368	$418,544	$4,188,018			100.0%
Finance estimate	$70,678	$70,678	$70,678	$70,678	$31,391	$314,101	5%	subtotal x 1.5	

TOTAL COSTS	$1,013,046	$1,013,046	$1,013,046	$1,013,046	$449,935	$4,502,119
Profit (loss) $	$152,001	$152,001	$152,001	$152,001	$67,278	$675,282
Return on costs %	15%	15%	15%	15%	15%	15%

COST TO OWNER	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5 PAH	TOTAL
Unit sale price	$1,165,047	$1,165,047	$1,165,047	$1,165,047	$517,213	$5,177,401
GST	$58,252	$58,252	$58,252	$58,252	$25,861	$258,870
PTT	$23,301	$23,301	$23,301	$23,301	$10,344	$103,548
SUBTOTAL	$1,246,600	$1,246,600	$1,246,600	$1,246,600	$553,418	$5,539,820
Downpayment %	25%	25%	25%	25%	10%	
Downpayment	$311,650	$311,650	$311,650	$311,650	$55,342	$1,301,942
Second mortgage land lift	-	-	-	-	$500,000	$500,000
CMHC insurance %						
CMHC insurance $	-	-	-	-		
Principal	$934,950	$934,950	$934,950	$934,950	$498,076	$4,237,877
Interest rate	4%	4%	4%	4%	4.0%	
PLUS B-20 mortgage stress test	2%	2%	2%	2%	0.0%	
# payments	300	300	300	300	300	
Mortage/mo	$4,675	$4,675	$4,675	$4,675	$1,660	
Heat/mo	$150	$150	$150	$150	$150	
Taxes/mo	$623	$623	$623	$623	$277	
Strata/mo	$100	$100	$100	$100	$100	
TOTAL SHELTER	$5,548	$5,548	$5,548	$5,548	$2,187	
Shelter %	35%	35%	35%	35%	35%	
Annual gross household income required	$190,219	$190,219	$190,219	$190,219	$74,982	

LINKED ASSUMPTIONS	
5%	
2%	
$476	/sf GFA for PAH

BASE CASE	
Original house (value)	$2,000,000
Property transfer tax	$40,000
SUBTOTAL	$2,040,000
Downpayment	25%
Downpayment	($510,000)
Principal	$1,530,000
Interest rate	4%
PLUS stress (if downpayment < 25%)	2%
# payments	300
Mortage/mo	$7,650
Heat/mo	$150
Taxes/mo	$765
Strata/mo	$50
TOTAL SHELTER	$8,615
Shelter %	33%
Annual gross household income required	$313,273
Difference in household income (vs market unit above)	($123,054)
% difference (vs market unit above)	-39%

Case Study 5

50 × 120 lot with 5 market units + 1 PAH unit

	SITE WIDTH	SITE DEPTH	FSR	GROSS AREA
SITE	50	120	1.00	6,000
Floor space ratio - Existing RS-1			0.86	5,160
Floor space ratio - Bonus for PAH			0.17	1,032
Total floor space ratio (FSR)			1.03	6,192

UNITS	AREA
5 units	1,032
1 PAH	1,032

	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5	UNIT 6 PAH	TOTAL
	1,032	1,032	1,032	1,032	1,032	1,032	6,192
NET AREA	1,032	1,032	1,032	1,032	1,032	1,032	6,192
Floor space ratio (FSR)	0.17	0.17	0.17	0.17	0.17	0.17	1.03

SALE REVENUE							TOTAL
Sale/sf net	$1,026	$1,026	$1,026	$1,026	$1,026	$508	
Gross sale	$1,058,470	$1,058,470	$1,058,470	$1,058,470	$1,058,470	$524,017	$5,816,368
Adjustments (commissions)	($31,754)	($31,754)	($31,754)	($31,754)	($31,754)	($15,721)	($174,491)
Net sale value	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$508,297	$5,641,877
TOTAL REVENUE	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$508,297	$ 5,641,877

LINKED ASSUMPTIONS	
$1,144	/sf
3%	sales commissions

EXPENSES							
Land	$400,000	$400,000	$400,000	$400,000	$400,000	-	$2,000,000
City community amenity contribution (CAC)	-	-	-	-	-	-	-
Property transfer tax (PTT)	$8,000	$8,000	$8,000	$8,000	$8,000	-	$40,000
Acquisition due diligence & legal	$3,333	$3,333	$3,333	$3,333	$3,333	$3,333	$20,000
Demolition	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$30,000
Construction	$309,600	$309,600	$309,600	$309,600	$309,600	$309,600	$1,857,600
Hard cost contingency	$15,480	$15,480	$15,480	$15,480	$15,480	$15,480	$92,880
Construction management	$13,003	$13,003	$13,003	$13,003	$13,003	$13,003	$78,019
Wrapup insurance	$2,477	$2,477	$2,477	$2,477	$2,477	$2,477	$14,861
Design & consultants	$27,864	$27,864	$27,864	$27,864	$27,864	$27,864	$167,184
City development permit	$833	$833	$833	$833	$833	$833	$5,000
City building permit	$1,548	$1,548	$1,548	$1,548	$1,548	$1,548	$9,288
City development cost levy (DCL)	$4,316	$4,316	$4,316	$4,316	$4,316	$4,316	$25,896
City street use permits	$333	$333	$333	$333	$333	$333	$2,000
Metro sewer/sanitary	$1,618	$1,618	$1,618	$1,618	$1,618	$1,618	$9,708
Utility connections	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$36,000
Warranty	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$9,000
Marketing	$21,169	$21,169	$21,169	$21,169	$21,169	$10,480	$116,327
Development management	$8,442	$8,442	$8,442	$8,442	$8,442	$8,068	$50,275
SUBTOTAL	$830,517	$830,517	$830,517	$830,517	$830,517	$411,454	$4,564,039
Finance estimate	$62,289	$62,289	$62,289	$62,289	$62,289	$30,859	$342,303

LINKED ASSUMPTIONS		
$388	/sf EXCEPT PAH	43.8%
0	assume none	0.0%
2%	land	0.9%
	estimate	0.4%
$30,000	estimate	0.7%
$300	/sf	40.7%
5%	hard	2.0%
4.0%	hard	1.7%
0.80%	hard	0.3%
9%	hard	3.7%
$5,000	estimate	0.1%
0.5%	hard	0.2%
$13	/sf net new	0.6%
$2,000	estimate	0.0%
$1618	per unit	0.2%
$6000	per unit	0.8%
$1500	per unit	0.2%
2%	gross revenue	2.5%
0.02	all costs less land	1.1%
		100.0%
5%	subtotal x 1.5	

TOTAL COSTS	$892,806	$892,806	$892,806	$892,806	$892,806	$442,313	$4,906,342
Profit (loss) $	$133,910	$133,910	$133,910	$133,910	$133,910	$65,983	$735,535
Return on costs %	15%	15%	15%	15%	15%	15%	15%

COST TO OWNER	UNIT 1	UNIT 2	UNIT 3	UNIT 4	UNIT 5	NIT 6 PAH	TOTAL
Unit sale price	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$1,026,716	$508,297	$5,641,877
GST	$51,336	$51,336	$51,336	$51,336	$51,336	$25,415	$282,094
PTT	$20,534	$20,534	$20,534	$20,534	$20,534	$10,166	$112,838
SUBTOTAL	$1,098,586	$1,098,586	$1,098,586	$1,098,586	$1,098,586	$543,877	$6,036,808
Downpayment %	25%	25%	25%	25%	25%	5%	
Downpayment	$274,647	$274,647	$274,647	$274,647	$274,647	$27,194	$1,400,427
Second mortgage land lift	-	-	-	-	-	$400,000	$400,000
CMHC insurance %							
CMHC insurance $	-	-	-	-	-		
Principal	$823,940	$823,940	$823,940	$823,940	$823,940	$516,683	$4,636,382
Interest rate	4%	4%	4%	4%	4%	4.0%	
PLUS B-20 mortgage stress test	2%	2%	2%	2%	2%	0.0%	
# payments	300	300	300	300	300	300	
Mortage/mo	$4,120	$4,120	$4,120	$4,120	$4,120	$1,722	
Heat/mo	$150	$150	$150	$150	$150	$150	
Taxes/mo	$549	$549	$549	$549	$549	$272	
Strata/mo	$100	$100	$100	$100	$100	$100	
TOTAL SHELTER	$4,919	$4,919	$4,919	$4,919	$4,919	$2,244	
Shelter %	35%	35%	35%	35%	35%	35%	
Annual gross household income required	$168,651	$168,651	$168,651	$168,651	$168,651	$76,945	

LINKED ASSUMPTIONS	
5%	
2%	
$388	/sf GFA for PAH

BASE CASE	
Original house (value)	$2,000,000
Property transfer tax	$40,000
SUBTOTAL	$2,040,000
Downpayment	25%
Downpayment	($510,000)
Principal	$1,530,000
Interest rate	4%
PLUS stress (if downpayment < 25%)	2%
# payments	300
Mortage/mo	$7,650
Heat/mo	$150
Taxes/mo	$765
Strata/mo	$50
TOTAL SHELTER	$8,615
Shelter %	33%
Annual gross household income required	$313,273
Difference in household income (vs market unit above)	($144,622)
% difference (vs market unit above)	-46%

B. Timeline of City of Vancouver housing strategies

Over recent decades, City of Vancouver's political leaders have made various attempts to respond to housing demand and the growing crisis. This includes policies that guide the development of more economical, environmental and socially sustainable housing options that make better use of land while preserving neighbourhood character and amenities. Here is an abridged timeline of the city and the housing strategies, plans and initiatives it has supported since the 1950s:

1950s: Planning tools

Since 1956, Vancouver's City Charter has enabled its council to create a system of discretionary planning and delegated decision-making to incent new development and designs that benefit neighbourhoods, including:

- Land use zoning that sets out the allowable uses and baseline land use densities, setbacks;
- Design guidelines: Performance-based guidelines that describe desirable design outcomes; and
- Density bonuses: Additional density that is earned by delivering good design and social amenities.

1970s: Region-wide policies

A series of important studies and policies in the 1970s set the course for the growth of Greater Vancouver—specifically to intensify land use in regional town centres and to prevent development from encroaching into Agricultural Land Reserves. These policies direct us to make better use of existing development land that is well served by transit. See resources:

- *Choosing Our Future* (1973, 1990) documented public priorities for managing growth and improving urban liveability,
- *Agricultural Land Commission Act* (1973), freezing the subdivision and development of class I and II farmland in Greater Vancouver, and
- *GVRD Liveable Region Plan* (1976), directing growth to transit-oriented regional town centres.

1980s: Coach house and strata title multi unit infill (RT zones)

Through the 1980s, city politicians approved innovative types of strata-titled coach house infill in streetcar-era neighbourhoods of Kitsilano, Mount Pleasant, Fairview Slopes and Strathcona. These are primarily residential two-family or RT zones.

An attempt to legalize secondary suites between 1986 and 1988 (round 1) was met with resistance from RS-1 residents in many areas of the city. During the 1988 municipal election, council established a plebiscite process whereby voters indicated a yes/no preference. This was followed by an implementation program in those areas that indicated yes and a freeze on secondary suites in areas that voted no.

1990s: Review of secondary suites

Through the 1990s, rising housing costs prompted council to consider again the opportunity of legalizing secondary suites across all RS-1 neighbourhoods.

2000s: Secondary suite policy (round 2) and laneway homes

In 2004, council approved amendments to the Zoning and Development By-law to allow secondary suites in all RS, RT and RM zoning districts, limiting the number of secondary suites to one for every one-family dwelling.

In 2009, council approved planning policy to permit laneway coach house infill for rental use only, in contrast to the more wide-open tenure possible for coach houses in Vancouver's RT zones. Together with secondary suite rentals, this change allowed for up to three residences on a RS-1 lot.

2010 to now: Affordable Home Ownership Pilot Program and Making Room

In 2016, as a response to the establishment of a program for affordable homeownership for moderate income-earning households, the city laid out an outline for developer-initiated projects in Vancouver under the *Interim Rezoning Policy for Affordable Housing Choices* (IRP). See https://council.vancouver.ca/20160420/documents/cfsc2-presentation.pdf.

RS-1 neighbourhoods accounting for 60% of our land base today accommodate homes affordable to less than 8% of Vancouver's households. Faced with historically high costs for single-detached homes anywhere in Vancouver, in 2018 city council debated and ultimately approved planning policy to enable duplex residential uses for ownership tenure (with lock-off rental suites) in all RS-1 neighbourhoods, creating theoretically up to four units per lot (two large and two small). See https://vancouver.ca/people-programs/making-room.aspx.

C. *Housing Vancouver Strategy* and its key priorities

Below are key priorities taken from the *Housing Vancouver Strategy*[32] that align with the Permanently Affordable Homeownership program deliverables, methods and goals.

1. **Shift towards the "right supply"**

Strategy 2: Advance transformation of low-density neighbourhoods to increase supply, affordability, and variety of housing options (p.33)

Key action:

- Enable new opportunities to evolve low-density areas through creative ground-oriented, infill and low-rise options

Strategy 5: Ensure new housing accommodates diverse housing arrangements (p.36)

Key action:

- Create and support opportunities for homeownership that are affordable to entry-level home buyers

2. **Strengthening partnerships and aligning investments**

Strategy 1: Strengthen partnerships to deliver more affordable housing (p.41)

Key actions:

- Develop a social purpose real estate incentive and investment program to support development of new and redevelopment of existing non-profit housing on non-profit owned sites
- Create a Regional Partnership Table to align city housing programs with investment priorities of other levels of government and non-profit housing providers to deliver more housing at deeper levels of affordability
- Assist with the ongoing development of a strong and resilient non-profit and co-op housing sector
- Continue advocacy efforts with the federal government for the delivery of new and support for existing affordable housing

Strategy 2: Integrate city affordable housing investments into a comprehensive financial strategy to deliver the 10-year Housing Vancouver targets (p.41)

Key actions:

- Develop a comprehensive affordable housing delivery and financial strategy with new approaches and business models that will achieve the Housing Vancouver Strategy 10-year targets
- Continue to offer city land as a key contribution to affordable housing partnerships with an emphasis on achieving affordability
- Clarify renewal of lease terms with non-market housing providers on non-profit and city sites for redevelopment potential, with the goal to increase social and co-op housing units
- Clarify key lease terms that will structure partnerships for the delivery of affordable housing on city land

[32] For more on the *Housing Vancouver Strategy*, see https://vancouver.ca/people-programs/housing-vancouver-strategy.aspx.

Strategy 3: Increase the use of inclusionary housing policies and improve city processes to deliver affordable housing for low-income households (p.43)

Key actions:

- Ensure that new affordable housing serves those with greatest need
- Prioritize affordable housing development by reducing approval times and simplifying city regulations

3. Expediting and improving city processes for housing developments

Strategy 3: Enable the transformation of low-density neighbourhoods (p.69)

Key actions:

- Identify processes to simplify and incentivize new, creative forms of housing in single and two-family zones
- Create a Housing Renovation Centre to centralize knowledge and improve processes for renovations, with a focus on creative infill projects to help encourage density on low density lot development

Strategy 4: Review existing planning and development policies and regulations for opportunities to streamline, clarify and speed up processes (p.70)

Key action:

- Initiate a review of city regulations with a focus on simplifying unnecessary complexity; reconciling competing objectives, accelerating reviews, and aligning vision with policies and regulations

D. Housing and affordability data

According to the *Metro Vancouver Housing Data Book* (revised 2019), the monthly affordable housing cost for homeowners in the City of Vancouver is $2,579, and $1,466 respectively for renters. Note: All tables below are from the same source.

Table D. Household income by income groups in Vancouver 2016

ALL HOUSEHOLDS		RENTER HOUSEHOLDS			OWNER HOUSEHOLDS		
Total dwellings	Median household income	Total dwellings	Median household income	Affordable housing cost	Total dwellings	Median household income	Affordable housing cost
283,915	$65,423	150,750	$50,251	$1,466	133,170	$88,427	$2,579

Table D.1. Renter household income by income groups in Vancouver 2015

HOUSEHOLD INCOME									
UNDER $35,000		$35,000–$59,999		$60,000–$84,999		$85,000-$109,999		$110,000+	
#	%	#	%	#	%	#	%	#	%
54,335	36%	33,250	22%	26,870	18%	15,990	11%	22,700	12%

Table D.2. Household income by income groups in Vancouver 2015

HOUSEHOLD INCOME											
UNDER $35,000		$35,000–$59,999		$60,000–$84,999		$85,000-$109,999		$110,000–$149,999		$150,000+	
#	%	#	%	#	%	#	%	#	%	#	%
76,855	27%	54,695	19%	44,190	16%	30,995	11%	33,250	12%	43,945	15%

Table D.3. Median incomes in Vancouver for 2015, as per the City of Vancouver 2016 census income data

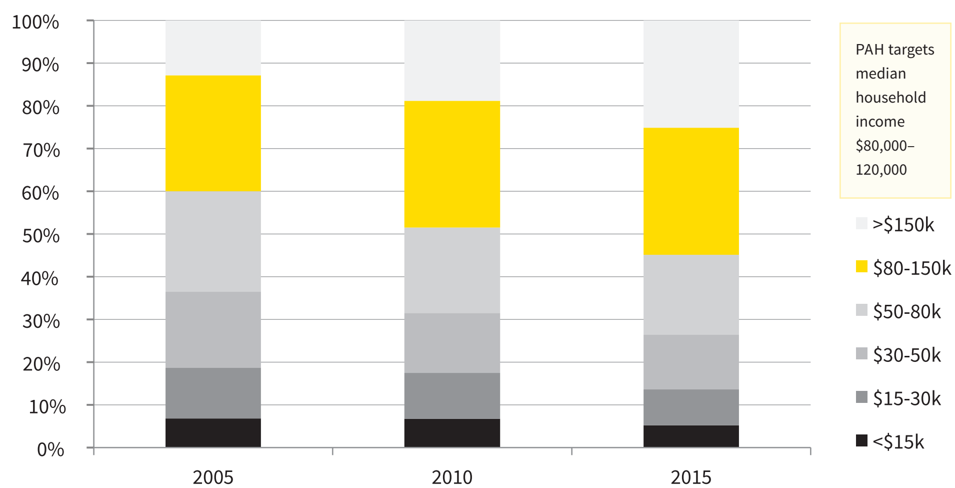
HOUSEHOLD TYPE	MEDIAN INCOME	HOUSEHOLD TYPE	MEDIAN INCOME
One-person households	$38,449	Couple families without children	$89,248
Two- or more person households	$89,507	Couple families with children	$96,822
		Lone-parent families	$52,242
Total households	$65,327	Total families	$90,754

These next three tables[33] demonstrate household income in the City of Vancouver and the imbalance in housing prices as outlined in the last chart. As illustrated in the City of Vancouver section of this report, homebuyers on average must earn more than $222,000 a year to buy a detached home (average price was $2,596,500 in 2017). The PAH program would open homeownership to a greater cohort of households.

Table D.4. Household income by housing tenure, 2005-2015

		OWN (TOTAL)	OWN (WITHOUT MORTGAGE)	OWN (WITH MORTGAGE)	RENT (TOTAL)	RENT (NON-SUBSIDIZED)	RENT (SUBSIDIZED)	TOTAL
2005	Average household income	$93,733	-	-	$44,671	-	-	$68,262
	Median household income	$66,087	-	-	$34,532	-	-	$47,293
2010	Average household income	$107,765	$106,124	$109,261	$54,698	$58,862	$29,047	$80,459
	Median household income	$77,753	$68,883	$85,316	$41,433	$45,798	$18,165	$56,113
2015	Average household income	$126,348	$126,957	$125,811	$65,326	$70,630	$32,043	$93,947
	Median household income	$88,431	$77,134	$98,379	$50,250	$56,182	$19,223	$65,421

Table D.5. City of Vancouver owner household annual income distribution, 2005–2015.



[33] Data is sourced from the Statistics Canada Census (2016), also referenced in https://vancouver.ca/files/cov/2018-housing-vancouver-annual-progress-report-and-data-book.pdf, pages 109, 112 and 113.

Table D.6. Vancouver owner household income distribution, 2015.

HOUSEHOLD INCOME	PERCENTAGE OF HOUSEHOLDS, BY HOUSEHOLD TYPES			
	FAMILY	SINGLES	NON-FAMILY*	TOTAL
< $15,000	3%	11%	8%	5%
$15,000 to $30,000	5%	18%	7%	8%
$30,000 to $50,000	11%	19%	15%	13%
$50,000 to $80,000	16%	24%	24%	19%
$80,000 to $150,000	33%	21%	32%	30%
$150,000+	32%	7%	13%	25%

* *Non-family households are comprised of two or more individuals defined as a non-census family living in the same household.*

Table D.7. City of Vancouver benchmark home prices (in $ thousands), 2007–2018[34]
Benchmark prices are from the month of October for each respective year.

YEAR	DETACHED				TOWNHOUSE				APARTMENT				RESIDENTIAL – COMPOSITE			
	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year	Van East	Annual % change from prev. year	Van West	Annual % change from prev. year
2006	$576.8	-	$1266.2	-	$411.9	-	$569.1	-	$249.2	-	$403.4	-	$449.8	-	$617.0	-
2007	$638.8	11%	$1508.8	19%	$455.5	11%	$632.1	11%	$282.6	13%	$452.4	12%	$503.0	12%	$701.9	14%
2008	$628.4	-2%	$1437.7	-5%	$453.3	0%	$626.2	-1%	$281.1	-1%	$427.8	-5%	$498.9	-1%	$667.3	-5%
2009	$665.5	6%	$1555.5	8%	$461.9	2%	$652.0	4%	$286.4	2%	$449.0	5%	$517.7	4%	$705.2	6%
2010	$708.9	7%	$1760.1	13%	$476.8	3%	$681.0	4%	$292.9	2%	$452.7	1%	$540.3	4%	$735.6	4%
2011	$825.7	16%	$2235.4	27%	$519.1	9%	$712.7	5%	$300.5	3%	$468.4	3%	$597.6	11%	$816.6	11%
2012	$841.5	2%	$2063.0	-8%	$508.8	-2%	$707.2	-1%	$308.5	3%	$468.1	0%	$607.9	2%	$794.4	-3%
2013	$849.6	1%	$2088.3	1%	$513.3	1%	$737.1	4%	$306.9	-1%	$467.2	0%	$609.6	0%	$801.9	1%
2014	$953.2	12%	$2308.4	11%	$548.4	7%	$785.6	7%	$313.0	2%	$501.1	7%	$655.7	8%	$868.8	8%
2015	$1175.4	23%	$2773.0	20%	$609.9	11%	$863.9	10%	$350.4	12%	$569.2	14%	$772.8	18%	$1004.9	16%
2016	$1516.9	29%	$3569.8	29%	$772.3	27%	$1138.3	32%	$449.9	28%	$687.0	21%	$990.7	28%	$1238.2	23%
2017	$1566.7	3%	$3626.3	2%	$855.2	11%	$1265.1	11%	$538.5	20%	$806.5	17%	$1083.9	9%	$1362.5	10%
TOTAL CHANGE	$989.9	172%	$2360.1	186%	$443.3	108%	$696.0	122%	$289.3	116%	$403.1	100%	$634.1	141%	$745.5	121%

[34] See *Housing Vancouver Annual Progress Report 2018 Data Book*, p.128, https://vancouver.ca/files/cov/2018-housing-vancouver-annual-progress-report-and-data-book.pdf.

Glossary

A

Affordable Housing | Affordability is a measure of a household's ability to pay for housing—it relates the price or cost of housing to household income. Housing is considered to be affordable when it comprises 30% or less of a household's total income before taxes. Households paying over 30% of their total income on housing costs are considered to be housing cost burdened. This is particularly relevant for low and moderate-income households whose household expenses take a higher overall share of their monthly budgets, whereas higher-income households may be able to absorb higher housing costs.

B

BC Housing | BC Housing is the Crown corporation that develops, manages and administers subsidized housing in the province.

Benchmark Home | A home with typical attributes and characteristics of the area in which it resides. Benchmark prices are different from average or median prices. Residential composite benchmark prices are an index for all dwelling types.

C

Canada Mortgage and Housing Corporation (CMHC) | A federal Crown corporation that functions as Canada's national housing agency. CMHC's mandate is to facilitate access to housing and to contribute to financial stability in order to help Canadians meet their housing needs. CMHC is a leading source of housing data and market information.

Community Amenity Contribution (CAC) | A voluntary in-kind or cash contribution provided by a developer when additional development rights are granted through a rezoning. CACs can help address the increased demands new residents and/or employees may have on city facilities. CACs are used to fund community centres, libraries, parks and other community spaces.

Community Land Trust (CLT) | A CLT is a non-profit corporation that develops and stewards affordable housing on behalf of a community. CLTs balance the needs of individuals to access land and maintain security of tenure with a community's need to maintain affordability.

Co-operative Housing | A housing co-op is an organization incorporated under the Cooperative Association Act that provides housing to its members. Members purchase a share to join and elect directors to govern the co-op. Most housing co-ops in BC are non-profit co-ops with a rental (not equity) model of housing, though there are also a few equity housing co-ops here too. Co-op members do not have a landlord and monthly rents are called housing charges.

Co-ownership | Co-ownership is where multiple owners are tenants-in-common on a single-titled property with an agreement that speak to what portion of the property is exclusive to them and what portions are for joint-use by all owners.

Core Housing Need | Core housing need is a measure of housing need in Canada. Core housing need reports on the number of households in a community who unable to find housing that is suitable in size, in good repair and affordable without spending 30% or more of their income on housing.

Covenant | A covenant can guide or restrain how a homeowner builds or alters a property. As such, a covenant can be either positive or negative. A positive covenant includes a requirement by the owner to do something; whereas a negative one restricts or prohibits an owner from certain activities. For the purpose of the PAH program, the covenant would be negative and is technically referred to as a *Section 219 Covenant*, pursuant to Section 219 of the Land Title Act.

D

Density | The size of a building (measured as the amount of floor area in square metres or feet), relative to the size of the lot on which it is located. Density is often described as a ratio. (*See Floor Space Ratio*.)

Density Bonuses | Density bonusing permits developers to build at higher densities than current zoning allows in exchange for community amenity contributions such as affordable housing.

Development Cost Levy (DCL) | Most new development in the City of Vancouver pays development cost levies (DCLs). A DCL is paid by property developers based on square footage. DCLs are an important source of revenue for city facilities such as parks, childcare facilities, social and non-profit housing and engineering infrastructure.

Dormant Second Mortgage | *See Second Mortgage.*

E

Emergency Shelters | Emergency shelters provide single or shared bedrooms or dormitory type sleeping arrangements with varying levels of support to individuals usually on a limited-time basis. Emergency shelters play an important role in responding to homelessness but are not a long-term solution.

F

Family Household | A family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage or adoption. All people in a household who are related to the householder are regarded as members of his or her family.

Family Income | Sum of the total incomes of all family members who live in the same dwelling.

Floor Space Ratio (FSR) | The measurement of a building's total floor area relative to the area of the site on which it is located. A building with a density of 2.0 FSR has a built area equal to twice that of the land parcel on which it is located. For example, if the maximum FSR were set at 0.7, then for a 4,000 square foot lot, the maximum building size would be 2,800 square feet (4,000 x 0.7 FSR).

Form of Development | The physical design of a building, including the height, massing, and architectural features. The city has form of development guidelines to ensure new buildings provide a pleasant street experience, do not shadow public spaces and so forth. We also use the term form of development to refer to specific types of housing, such as low density homes, townhomes, row homes, and low-, mid- and high-rise apartments.

H

Household | Refers to a person or group of persons who occupy the same dwelling. Household examples include: census family, two or more families sharing a dwelling, group of unrelated persons or a person living alone.

Household Income | Sum of the total incomes of all members of a household. Median family income is typically higher than median household income because of the composition of households.

Housing Action Plan | A Housing Action Plan (HAP) establishes a framework that municipalities can use to identify objectives and actions for increasing the supply, diversity and affordability of housing in a municipality. This tool can be used to raise the profile of housing issues in the community. It can assist with implementing housing policies and practices to address housing affordability and supply; and also help target policies to local needs and assess the effectiveness of municipal actions in meeting housing needs overall.

Housing Agreements | Housing agreements are a regulatory tool that takes the form of contractual arrangements between local governments and property owners or housing providers that govern the tenure, occupancy, rent levels and resale restrictions of affordable housing units. When in place, these agreements help ensure the long-term affordability of housing units and are typically used in combination with the leasing of municipally-owned land and municipal capital grants (from housing funds).

Housing Continuum | The housing continuum provides an important organizing framework for understanding housing needs and housing choices. In most cases the housing continuum can include emergency shelters, transitional/supportive housing, non-market housing, market rental housing and ownership housing.

I

Inclusionary Housing Policies (also Inclusionary Zoning) | A condition included in Official Development Plans and other city policies such as the rezoning policy for sustainable large developments that requires new development to make a proportion of the units available for affordable housing. This encourages balanced and diverse communities, and helps to create more opportunities for people with low and moderate incomes to live in conveniently located neighbourhoods that provide access to transportation and amenities.

Infill | A type of residential building added to a lot which already contains an existing building.

Interim Rezoning Policy (IRP) | Introduced in 2012, the City of Vancouver's *Affordable Housing Choices Interim Rezoning Policy* encourages innovative types of affordable housing by allowing consideration of a limited number of rezoning proposals that meet specific affordability, location and form of development criteria.

L

Laneway House | A laneway house is a small, detached home built on a low-density lot at the lane. Laneway homes are permitted in addition to a secondary suite in the main house, and like secondary suites, are for rental or family-occupancy only and cannot be strata-titled. Also known as cottage houses, carriage homes and granny suites.

M

Median Family Income | Median family income is typically higher than median household income because of the composition of households. Family household tend to have more people, and more of those members are in their prime earning years. The drawback to using family income measures is that persons living in non-family household are disregarded. In some cases such as housing affordability, it is appropriate to consider family income rather than household income because non-family households are not typically buyers.

Missing Middle | Missing middle refers to a range of housing (multi-unit or clustered) compatible in scale with single-family lots that help meet the growing demand of urban living. This includes ground-oriented typologies such as: houseplexs, townhomes, infill and so forth.

Missing Middle Households | This term refers to households who earn moderate incomes (between $30,000 and $80,000 per year in 2016) who are increasingly under-served by private market housing in the city. A broad range of households fall into the missing middle, including key workers in the city: families, students and younger households.

Multifamily Housing | A residential building containing three or more dwelling units.

Multiple Conversion | The City of Vancouver defines a multiple conversion as a conversion of an existing character house to contain more than one dwelling unit, but does not include a one-family dwelling with a secondary suite.

N

Negative covenant | *See Covenant.*

Non-Market Housing | Non-market housing refers to government-assisted housing which was built through one of a number of government-funded programs. This housing is typically managed by the non-profit or co-op housing sectors. Most non-market housing receives an operating subsidy. (*Also see Non-Profit Housing, Social Housing and Co-operative Housing.*)

Non-Profit Housing | Non-profit housing is housing that is owned and operated by non-profit housing providers. This housing is typically built through government-funded housing supply programs.

O

Official Community Plan | As forward-looking document, an official community plan addresses a broad range of issues including land use, urban design, transportation, housing, parks and open space, community facilities, local economy, heritage, culture, environment and public safety. A successful community plan is clear in its intentions while setting a vision framework that can be responsive to changing circumstances over time. Official community plans are adopted by city council to guide growth and change in a neighbourhood over time.

P

Performance-based criteria | Performance-based criteria is a ranking or point system that applies less to design and more to the performance of the building, as it meets affordability, but more often, sustainable and environmental thresholds such as reaching a particular energy or greenhouse gas inventory (GHGI) intensity metric.

Positive Covenant | *See Covenant.*

Private Market Rental Housing | The private rental market provides the majority of low-cost housing. This can include purpose-built rental housing as well as housing supplied through the secondary rental market such as basement apartments and rented condominiums.

R

Regional Affordable Housing Strategy | The policy document adopted by the Greater Vancouver Regional District Board in 2016 to provide leadership on housing needs in the Metro Vancouver region, and to advance the goals of the Regional Growth Strategy, *Metro Vancouver 2040: Shaping Our Future*.

Regional Context Statement | The City of Vancouver's *Regional Context Statement Official Development Plan By-law* demonstrates how the city's existing plans and policies support the goals, strategies and actions identified in the Regional Growth Strategy, *Metro Vancouver 2040: Shaping our Future*. All Metro Vancouver municipalities are required to have a Regional Context Statement.

Resale-restricted and Unrestricted Programs | A resale-restricted mechanism is a form of shared equity homeownership that restricts the maximum price a home may be resold. In other words low- to moderate-income buyers purchase and resell the homes at prices below fair market value in order to keep the home affordable; while in a resale-unrestricted scenario, homes are sold at fair market value.

Rezoning | The City of Vancouver's *Zoning and Development Bylaw*—along with land use and development policies and guidelines—help shape the city and make its communities more liveable.They legally define the type of development that is permitted across all areas of the city. A rezoning is a legal change to the bylaw to permit an alternate type of development. Rezoning is either initiated by city staff following a change in policy for an area, or by the public, through a rezoning application submitted by a developer. Council makes all decisions regarding changes to bylaws.

S

Second Mortgage | A second mortgage is a loan that allows a homebuyer to borrow against the value of his/her home; in short, an additional loan on a property that is already mortgaged. Also known as a home equity line of credit. A dormant second mortgage does not require any interest or principal payments during its term, although there may be some sort of additional payment at the end of the mortgage term. While, a silent second mortgage is a second mortgage placed on an asset for downpayment funds that is not disclosed to the original lender on the first mortgage. A silent second mortgage is the most common form of second mortgage; it requires no payment of principal or interest until the home is sold.

Secondary Suite | Typically an additional unit within a principal residence. Includes basement suites in detached houses and lock-off suites in townhouses or apartments.

Silent Second Mortgage | *See Second Mortgage*.

Small Housing | Small housing is small-scale, ground-oriented housing that is either detached or attached and well suited to existing single-family neighbourhoods. Units can range from 200 to 1500 square feet. Small housing typologies include: small lot homes, houseplexs, grow homes, cohousing, secondary suites, laneway housing, suites in duplexs, lock-off suites, micro-suites and tiny houses.

Small Housing BC (SHBC) | A registered society, SHBC promotes the development of small housing forms across British Columbia through research, engagement and projects with decision-makers and municipalities.

Social Housing | Social housing refers to housing built under federal and/or provincial housing programs and is designed to accommodate households with low to moderate incomes in core housing need. Social housing includes public housing as well as non-profit and co-op housing.

Supportive Housing | Supportive housing is housing which includes ongoing supports and services to assist those who cannot live independently. There is no time limit on the length of stay for supportive housing.

Shared Equity Homeownership (SEH) | Shared equity homeownership programs provide homeownership units with lasting affordability. With a one-time investment, these homes are affordable and available for purchase by a low- to moderate-income homebuyers. In return for purchasing a home at an affordable cost, the homeowners agree to limit their returns upon resale. In effect, homeowners share some of the proceeds from resale to pay the homeownership opportunity forward to the next low- or moderate-income household who buys the home. (Resale-restricted and unrestricted are forms of shared equity homeownership.)

T

Transitional Housing | Transitional housing also referred to as second stage housing can include a stay of anywhere between 30 days to two or three years. Transitional housing provides access to services and supports needed to help individuals improve their situation and is viewed as an interim step on the housing continuum.

V

Vacancy Rate | Rental vacancy rates are published by CMHC as part of the annual Rental Market Survey. According to CMHC, a unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental. The rate is equal to the number of vacant rental units as a percentage of total rental units.

Vancouver Affordable Housing Agency (VAHA) | Created in 2014, VAHA is a legally independent agent of the City of Vancouver. VAHA liaises with investment, development and community partners to create below-market housing options. Using innovative building techniques and unique partnerships, VAHA is focused on building high quality rental housing for individuals and families on moderate incomes across Vancouver. VAHA is working toward the delivery of 2,500 new homes on city lands by 2021.

Z

Zoning | The legal tool used to regulate how land can be developed. Each part of the city has a zoning district schedule that sets out rules for development. Zoning regulates the use of a site (retail, residential, office) and the characteristics of buildings on a site (height, density and other physical aspects of the development).

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