

HALIFAX

**Density
Bonusing**
for Affordable Private
Rental Housing

Regional Council
2016-12-06

Affordable Private Rental Housing

The private market is producing housing units but the disparity between incomes and average rents is growing.

As part of the solution to housing affordability we can potentially affect rents in new units and, where appropriate, have new development contribute to a public fund that could be used to build affordable units elsewhere.

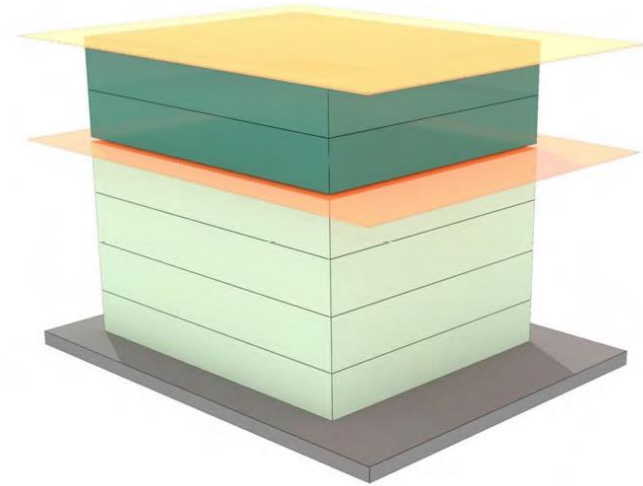


HALIFAX

Definition

The HRM Charter defines Incentive or Bonus Zoning.

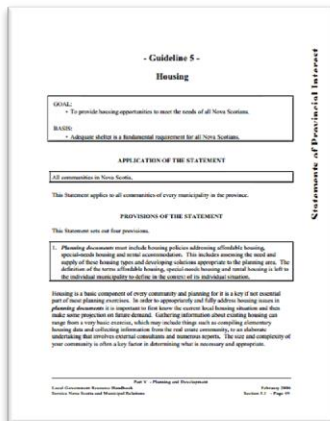
“requirements that permit the *relaxation* of certain requirements if an applicant *exceeds other requirements* or undertakes other action, *in the public interest*, as specified in the requirements”



Policy Support

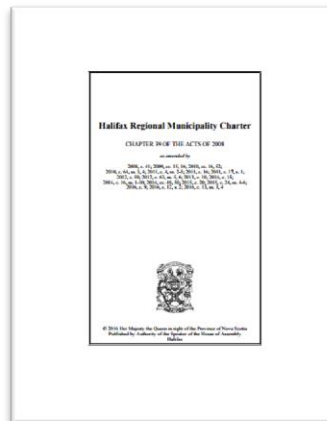
Statements of Provincial Interest

Planning documents must include housing policies for affordable housing including rental accommodation



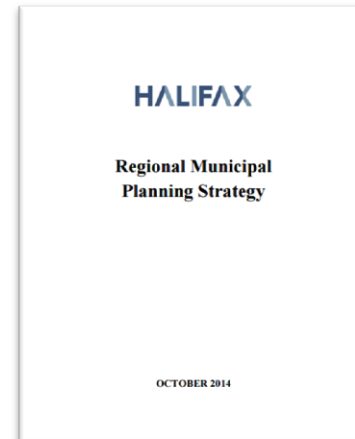
HRM Charter

Section 245A(4) states that where a Land Use By-Law provides for incentive or bonus zoning in the Centre Plan area, LUB must provide inclusion of affordable housing



HRM Regional Plan

Policies RC-3 & S-30 support the introduction of incentive or bonus zoning in the Regional Centre



Potential New Unit Discount

Average rents for new units in HRM and proposed affordable low and moderate range rent levels based on bedroom size (Fall 2015 CMHC Halifax CMA Rental Market Report)

	2 BDRM	3 BDRM
Avg Rent (New units, built post 2005)	\$ 1,427	\$ 1,607
Rent with 30% discount (Moderate)	\$ 999	\$ 1,125
Rent with 40% discount (Low)	\$ 856	\$ 964

Recommended Direction

Create a density bonusing program in the Regional Centre for private rental affordable housing that:

- creates affordable units within a density bonus development,
- designates density bonus areas,
- designates affordable units for low and moderate income households,
- ensures affordable units are long-lasting,
- captures cash-in-lieu for non-residential developments,
- sets the process for bonus zoning agreements, and
- supports economically diverse neighbourhoods.

BEDFORD
BASIN

THE NARROWS

HALIFAX
HARBOUR

NORTHWEST ARM

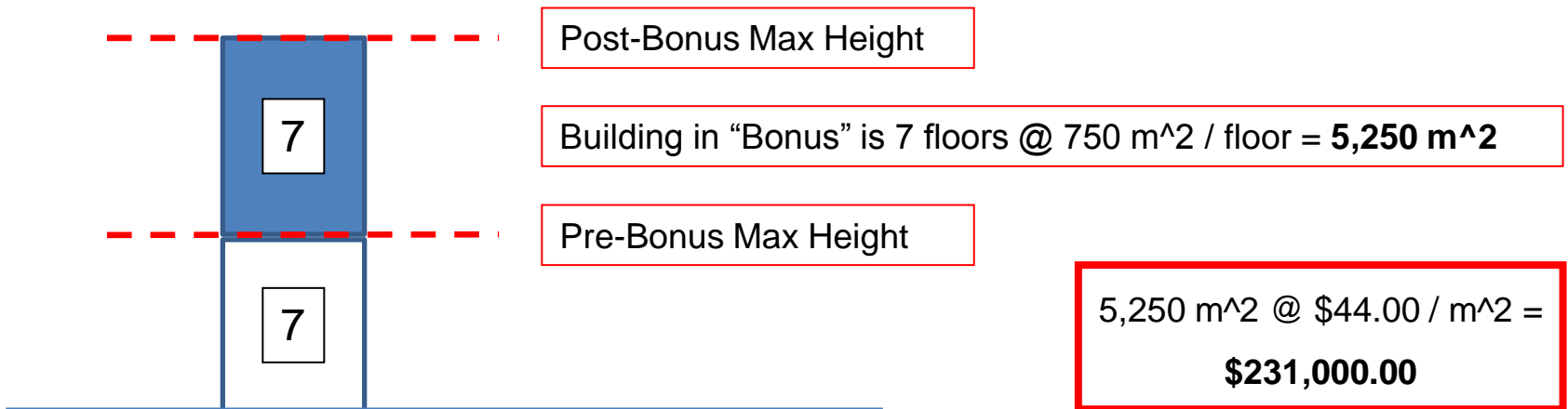


The Density Bonus Tool

Tool is currently in use in Downtown Halifax. When buildings are built that exceed a certain height the Municipality looks to capture public benefit that equates to a value of \$44.00 for every square metre of space that gets built above that height.

Example

A 14 Storey Residential Development in an area with a pre-bonus maximum height of 7 storeys, and floors that are 750 m².



Value for Bonus, Adjustments

With market values for land being in excess of \$400 / m² in the Downtown there is a recognition that an adjustment of value capture may be appropriate.

In the prior example, if we captured closer to 67% of the lift in land value, rather than the 10% we capture now we could be considering a contribution in the order of \$1.4M.

This is especially relevant with respect to the potential to effect private market rents, which can be costly.

Affordable Unit Types

Moderate Income Unit

Rented to a Moderate Income Household, which is intended to be a household with a gross annual income between 65% and 80% of the median income for the area.

Low Income Unit

rented to a Low Income Household, which is intended to be a household with a gross annual income less than 65% of the median income for the area.

Affordable Eligibility

HRM 2011 National Household Profile of Median Income

	Median	80% of Median	65% of Median
Median Family Income (all families)	\$80,097	\$64,077	\$52,063

The Example

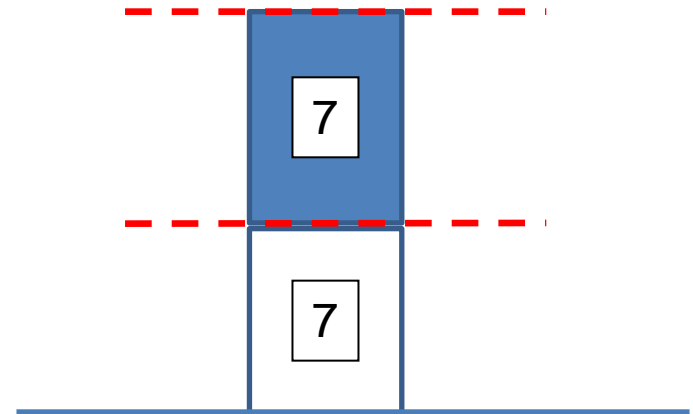
A 14 Storey Residential Development in an area with a pre-bonus maximum height of 7 storeys, and floors that are 750 m².

If we capture 15% of the Bonus building in Affordable Units that represents 787.5 m² reserved for affordable units.

If each unit is 93 m², then we would have **8.5 (round up to 9) affordable units in the building.**

These units at the rent discounts presented here represent an annual reduction in rent of ~\$53K.

With the Downtown rates of bonus capture this could be maintained for four years, but with an increase we expect to hold this for 25 years.



Implementation

Centre Plan Policy and Land Use By-Law: overall framework and requirements

Administrative Order: forms, standard agreements and clear process from pre-application to building permit & follow-up

Provincial MOU: income screening of tenants & potential partnership for cash-in-lieu

Monitoring: annual reports from owners, and from P&D to Council on the overall program