



Metro Vancouver Housing Redevelopment Plan

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1.0 CONTEXT

About Metro Vancouver Housing

Wholly owned by the Metro Vancouver Regional District, the Metro Vancouver Housing Corporation (Metro Vancouver Housing) is a non-profit organization that supports diverse, mixed-income communities, primarily for families, seniors, and people with special housing needs. Metro Vancouver Housing provides over 3,400 units to support over 9,400 tenants in 49 sites across the region.

The majority of Metro Vancouver Housing’s portfolio was developed in the late 1970s and 1980s through a variety of Federal and Provincial funding programs. This allowed Metro Vancouver Housing to develop and operate its portfolio of affordable rental housing, providing a major public asset valued at over \$923 million today.

Our objective is to provide affordable rental housing for low to moderate income households. Around 30% of our housing consists of Rent-Geared-to-Income in which the rent is not greater than 30% of the tenant’s gross household income; the remainder is intended for Low-End-of-Market rents, which are approximately 10% to 20% below market rental rents. By integrating a range of housing types, incomes, ages, abilities, and families, we support healthy, inclusive communities and provide flexibility to meet a variety of needs.

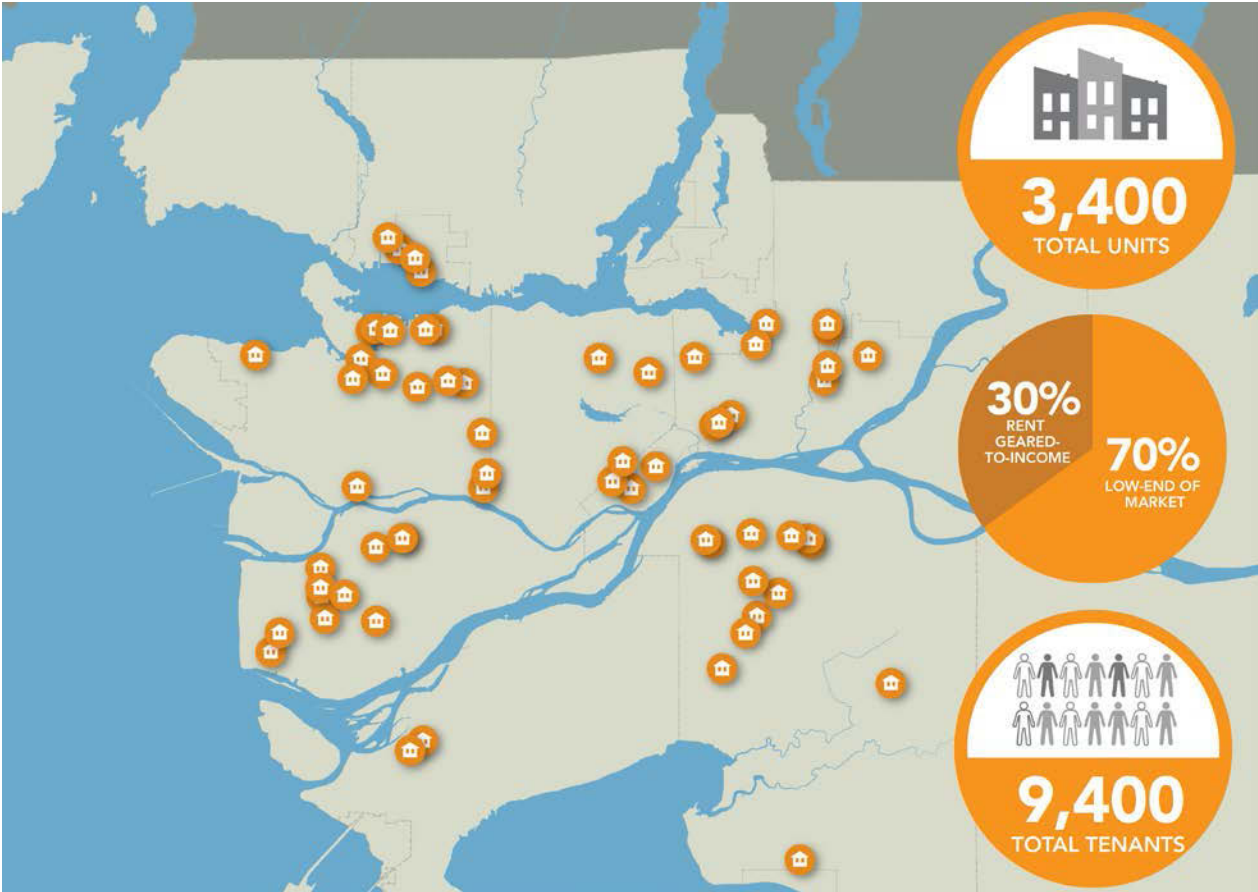


Figure 1 Metro Vancouver Housing Portfolio Overview

Planning for the Future

This is a critical time for Metro Vancouver Housing. As one of the largest affordable housing providers in the region, Metro Vancouver Housing recognizes both the need and opportunity to increase and renew our supply of affordable rental housing. The *Metro Vancouver Housing 10-Year Plan* provides an overarching vision for how the organization will provide, preserve, and expand its housing portfolio over the next decade.



The *Redevelopment Plan* is a key step in implementing the 10-Year Plan, providing a framework for achieving the targets set for redevelopment and maintenance. The *Redevelopment Plan* outlines a methodology for assessing existing housing sites to identify priorities for investment over time. This, in turn, supports asset management planning. Properties identified as priorities for redevelopment would continue to receive targeted maintenance to support safe and healthy homes for tenants but would not be targeted for major rehabilitation (see page 9 for details).

Ten Year Targets

The *Metro Vancouver Housing 10-Year Plan* sets key targets for the next decade.

<p>Mixed-income</p> <p>Maintain at least 30% of MVH portfolio as rent-geared to income</p>	<p>Diverse housing</p> <p>Maintain at least 70% of portfolio as 2-bedroom units or larger</p>	<p>Energy Efficient</p> <p>Reduce energy consumption by 25% for major renewals and new housing</p>
<p>Low emission</p> <p>Reduce GHG emissions by 45% over the next 10 years</p>	<p>Well-maintained</p> <p>Keep our housing stock in an adequate state of repair</p>	<p>Age-friendly</p> <p>Work towards 20% of all units as adaptable or fully accessible</p>
		
<p>Growth</p> <p>Increase our housing portfolio with 1,350 new and redeveloped units over the next 10 years</p>		

To support these targets, the 10-Year Plan outlines how Metro Vancouver Housing intends to invest **\$190 million** over the next decade including:

- **\$60 million** in redevelopment and expansion through partnerships
- **\$40 million** in new development on municipal /regional lands
- **\$90 million** in capital maintenance for existing housing



10-Year Targets for Redevelopment Plan

The following outlines how these targets will be used to guide redevelopment projects. Some targets, such as energy efficiency, are specific to an individual project. Other targets, such as greenhouse gas (GHG) emission reductions or accessibility, are for the entire housing portfolio; therefore, specific redevelopment projects may need to exceed these targets to support the overall portfolio housing.

Target	Implications For Redevelopment
Growth: Increase housing portfolio with 1,350 new and redeveloped units approved over the next 10 years.	500 units to come from redevelopment of existing housing sites.
Mixed-Income: Maintain at least 30% of our portfolio as Rent-Geared-to-Income to support a range of affordability needs and ensure long-term financial sustainability.	Redeveloped units must support the affordability mix of the overall portfolio. However, specific buildings may have higher or lower proportions of Rent-Geared-to-Income.
Diverse Housing Types: Maintain at least 70% of portfolio as 2-bedroom units or larger to support family-friendly housing and provide a mix of unit sizes to allow flexibility and suit a range of needs.	Redeveloped buildings will include a range of bedroom sizes to support the overall portfolio's targets. However, specific buildings may have higher or lower proportions of family units.
Energy Efficient: Reduce energy consumption by 25% for major rehabilitations. For new construction, achieve 25% greater efficiency from <i>2015 National Energy Code for Buildings</i> .	Buildings undergoing major rehabilitation (i.e., building envelope upgrades) must achieve 25% reduction in energy consumption compared to previous performance. Redevelopment projects must achieve 25% greater efficiency than the <i>2015 National Energy Code for Buildings</i> .
Low Emission: Reduce GHG emissions in housing portfolio by 45% (from 2010 levels) over the next 10 years to work towards the region's goal of being carbon neutral by 2050.	As the majority of older buildings have higher emissions, major rehabilitation and redevelopment projects must achieve low to no emissions to support the overall portfolio to reach this target.
Well-Maintained: Maintain a portfolio-wide Facility Condition Index (FCI) at or below 20% over the next 10 years to support safe and healthy homes for existing tenants.	As existing housing is renewed or redeveloped, particularly buildings with higher FCI, this will help to lower the overall portfolio's FCI to meet this target.
Age-Friendly: Work towards 20% of units as adaptable or fully accessible to support people of all ages and abilities.	As the majority of older buildings tend to be less accessible, major rehabilitation and redevelopment projects must provide higher levels of accessibility to support the overall portfolio to reach this target.

Redevelopment Issues & Opportunities

When it comes to redevelopment, there are a number of issues and opportunities facing Metro Vancouver Housing:

- **Need for more housing:** With the region facing an affordable housing crisis, there is a strong need and desire for Metro Vancouver Housing to provide more housing, through expansion and through redevelopment of existing properties.
- **Aging buildings:** The majority of our buildings are aging and in need of ongoing capital investment, renewal, or redevelopment.
- **Well-located sites:** The majority of housing sites are well-located, with good access to transit, schools, and community amenities.
- **Potential for density:** Two-thirds of our housing sites are townhouses, with the remainder as low-rise apartments. As communities have grown over time, there is potential for additional density on many sites, particularly in areas near transit.
- **Larger sites:** A number of our housing sites are quite large. This can mean significant potential for density, but also more significant cost to renew or redevelop and more tenants to relocate, if redevelopment is needed.
- **Tenant relocation:** With extremely low vacancy rates, it is challenging to find homes to relocate tenants within Metro Vancouver Housing's portfolio for buildings in need of redevelopment.
- **Limited equity:** While budgets are allocated to redevelopment and capital maintenance, there is a limited amount of equity available over the next decade and priorities will need to be made about how and where to invest over time.

To address these issues and opportunities in a strategic way, the *Redevelopment Plan* provides an objective approach to assessing and prioritizing existing housing sites to help guide decision-making and investment.

Figure 2: Heather Place Redevelopment Rendering

2.0 REDEVELOPMENT ASSESSMENT METHODOLOGY

Overview

Metro Vancouver Housing applies a strategic methodology to assess and prioritize sites for renewal or redevelopment over time.

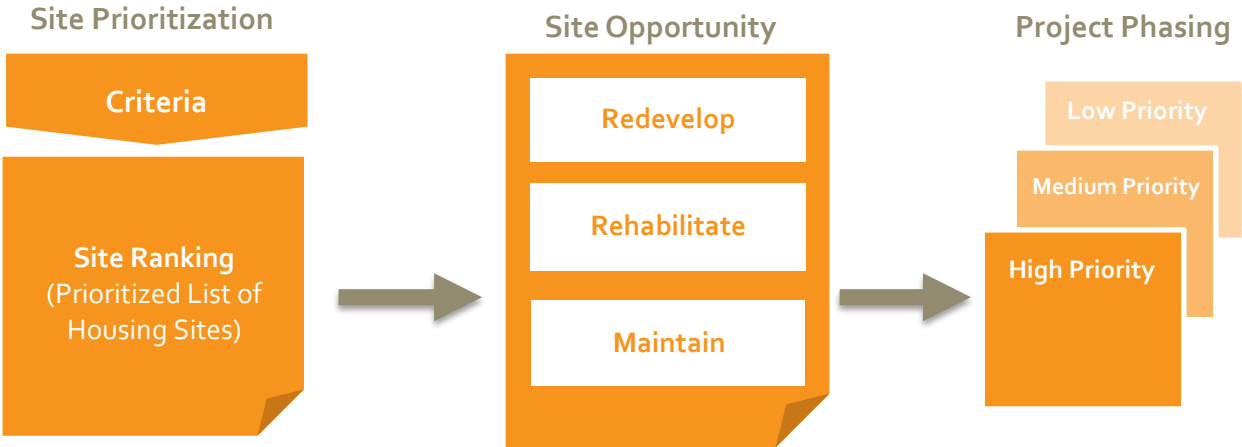


Figure 3: Redevelopment Assessment Process

Each property is assessed based on a series of criteria including development potential, building condition, social and financial criteria, and current cash flow. Each housing site is ranked based on these criteria, resulting in a prioritized list of housing sites.

In addition to ranking properties, each property is also assessed to determine the best opportunity for investment over time, based on its relative development potential and building condition. Each property is assigned one of three opportunities: maintain, rehabilitate, or redevelop.

Once sites have been ranked and assigned opportunities, sites are grouped into high, medium, and low priority. High priority sites are flagged for further analysis to confirm development potential and identify select projects for moving forward.

Due to the sensitive nature of redeveloping housing sites with existing tenants, the following provides a description of the methodology to guide the assessment and prioritization of Metro Vancouver Housing sites for renewal and redevelopment over time. Results of the assessment will remain confidential until specific projects are confirmed and ready to proceed with close consultation and communication with existing tenants.

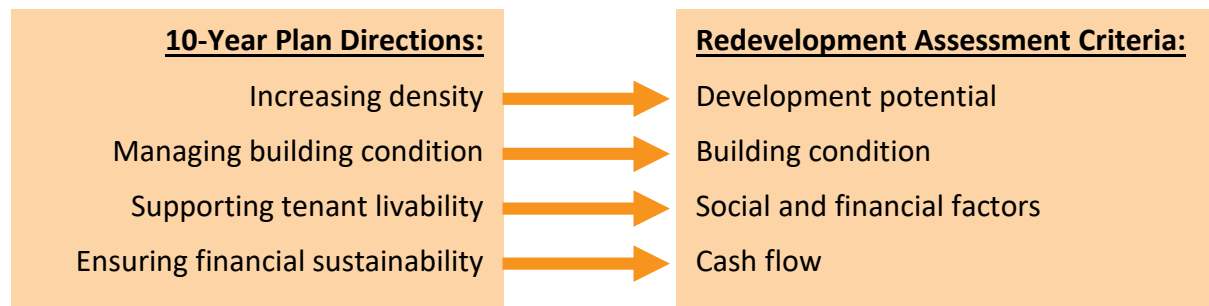
Site Prioritization

Housing sites are assessed and prioritized based on a series of criteria guided from key directions in the *Metro Vancouver Housing 10-Year Plan*. Key directions from the 10-Year Plan include:

- **Increasing density** to achieve a minimum of 500 units (redeveloped and new units) through redevelopment over the next 10 years.
- **Managing building condition** through capital maintenance and redevelopment to maintain the housing portfolio's Facility Condition Index at or below 20% over the next 10 years.
- **Supporting tenant livability.** A guiding principle of the 10-Year Plan is to support tenant well-being. The Plan also highlights best practices for locating affordable housing near transit and amenities such as schools, parks, and shops to support complete communities and a high quality of life for tenants.
- **Ensuring financial sustainability.** Another guiding principle of the 10-Year Plan is to ensure financial sustainability. This is done by maintaining healthy cash flow (through operating surpluses) to support reserves which can be re-invested back into existing housing.



The redevelopment assessment criteria directly reflect these key directions by exploring potential for additional density, building condition, social and financial factors, and cash flow.



Redevelopment Assessment Criteria

The following criteria are applied to each housing property to rank and prioritize sites that best align with Metro Vancouver Housing’s objectives.

Development Potential

This criterion explores the potential for densification to identify sites that are candidates for redevelopment versus those that are more appropriate for renewal or rehabilitation. The number of additional units that can be achieved is estimated based on current land use policy (Official Community Plan or Neighbourhood Plan) which describes the vision for development in an area rather than the current zoning which may or may not align with this vision. This assumes that rezoning may be needed on specific sites to achieve the maximum density the municipality envisions for the future.

Criteria	Definition	Rationale
Number of Potential Additional Units	Considers existing land use designations and physical constraints to estimate the maximum number of units that could be achieved on a property versus what is there today.	The number of additional units is a central factor to determine if a site should be redeveloped (potential for additional density) or rehabilitated (no potential for additional density).

Building Condition

This criterion examines future building condition to identify priorities for renewal or redevelopment.

Criteria	Definition	Rationale
Facility Condition Index (FCI)	Represents the estimated condition of a building and the maintenance needed to extend its lifecycle (i.e., the percentage of the replacement value that is due for renewal).	The criterion estimates the future state of buildings (FCI at the year 2029) given no capital maintenance. This provides an equitable assessment of future need to better assess priorities for renewal or redevelopment today.

Social and Financial Criteria

To ensure that new affordable housing is provided in an equitable way and supports the needs of tenants, additional criteria assess social and financial aspects of each property.

Criteria	Definition	Rationale
Proximity to transit	Proximity to frequent transit stops and the rapid transit network.	These criteria identify sites near transit to support tenants with convenient access and reduce reliance on personal vehicle use.

Proximity to amenities	Proximity to amenities such as schools, park space, and amenities (e.g., shops, community or recreation centres, libraries, etc.)	These criteria identify sites close to amenities to support tenants with convenient access and support walkable, complete communities.
Social housing demand	Identifies the number of social housing applicants on The Housing Registry by community, expressed as a proportion of the community's overall population.	This measure helps determine relative need in each community. By measuring need based on a proportion of overall population, this provides an equitable measure for communities of varying sizes.
Location and income	Identifies neighbourhoods with high real estate value (i.e., average rental rate by zone) and explores income disparity by comparing average rents to median incomes.	These criteria identify sites in neighbourhoods with high real estate values or high income disparity that may price out lower income households, thereby demonstrating a need for affordable housing.
Potential for additional revenue	Identifies opportunity for mixed-use developments to incorporate ground floor uses such as retail, restaurants, medical offices and social services.	Lease revenue from ground floor commercial uses can support the financial sustainability of redevelopment projects. These uses can also support tenants, providing convenient access to shops or services and supporting walkable, complete communities.

Cash Flow

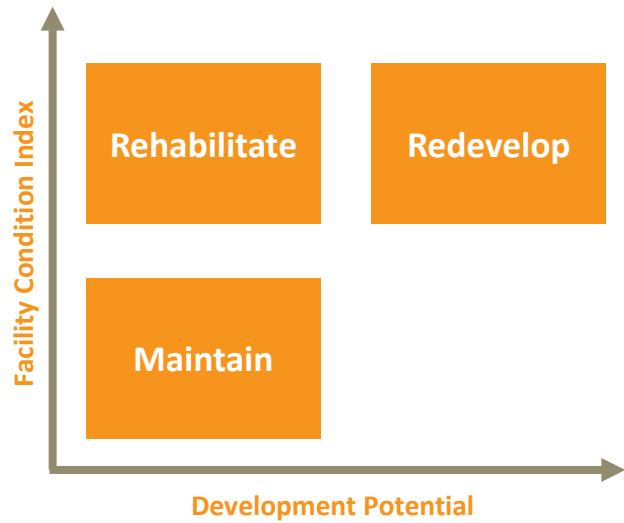
To support Metro Vancouver Housing’s commitment to financial sustainability, current cash flow is also assessed.

Criteria	Definition	Rationale
Current operating cash flow	Considers current operating cash flow and identifies existing surpluses or deficits for each housing site.	Sites that generate low or negative cash flows rank more highly for redevelopment over sites that currently generate surpluses. This will help to support overall financial sustainability and ensure reserve funds are sustained to be reinvested back into housing maintenance and development.

Site Opportunities

In addition to prioritizing sites for action, the assessment process applies the development potential and building condition criteria to identify the most appropriate opportunity for each site.

Housing sites with lower Facility Condition Index (FCI), that is newer buildings or those in better condition, will be maintained through regular capital maintenance. Sites with higher FCI and no to low development potential will be candidates for rehabilitation while sites with higher FCI and potential for additional density will be candidates for redevelopment.



Site Opportunity	Proposed Action
Maintain	Continue to provide regular capital maintenance to maintain FCI and building lifecycle.
Rehabilitate	Major renovation (e.g., building envelope) to fully renew the building lifecycle and bring FCI close to 0%.
Redevelop	Deconstruct current buildings and redevelop the site to provide more units and bring FCI to 0%.

Project Phasing

Using the ranked list of properties and identified site opportunities, properties are grouped into high, medium, and low priority to determine project phasing over time. High priority sites are identified as potential projects for the next 10-years, and undergo further analysis.

Priority Phase	Proposed Action
High Priority	Further analysis to assess specific opportunities and priorities. Targeted maintenance as needed until sites can be rehabilitated or redeveloped.
Medium Priority	Targeted maintenance to maintain the building until it is rehabilitated or redeveloped in the future.
Low Priority	Ongoing capital maintenance to maintain the building over time.

Once high priority sites are confirmed, equity requirements can be explored to develop a schedule for construction and estimate project costs. This includes considerations, such as:

- **Funding programs:** Exploring opportunities to access provincial and federal funding programs and the implications for Metro Vancouver Housing equity requirements.
- **Tenant relocation costs:** To help predict the full cost of development, tenant relocation costs must be considered. While tenant relocation policies vary by municipality, estimates can be made to capture the costs of moving and rental compensation, as well as the loss of rental revenue for buildings during deconstruction and redevelopment phases.
- **Type of development:** For properties with potential to develop above 6 stories, a premium must be applied to account for concrete construction. This gross up can also be applied in situations where development costs may be higher due to environmental or geographic constraints, such as areas with a high water table that require underground parking structures.
- **Escalation:** To more accurately assess the future costs of construction, annual escalation for construction costs must be considered as well as general inflation rates.

3.0 REDEVELOPMENT PROCESS

Overview

The redevelopment process includes four key stages. The *Redevelopment Plan* focuses on the first stage, assessing and prioritizing opportunities, while subsequent stages refine opportunities and progress select projects through the development process.



Assessing & Prioritizing Opportunities

The *Redevelopment Plan* uses a strategic methodology to assess existing properties and prioritize housing sites for renewal or redevelopment over time.

Refining Opportunities

For sites identified as high priority, additional analysis will be conducted, such as:

- **Feasibility studies:** Additional technical studies (e.g., geotechnical studies) to identify further information that could impact the feasibility of developing a site.
- **Consultation with municipal staff:** Early discussions with municipalities to confirm the development potential of specific sites.
- **Funding and Partnerships:** An assessment of the equity required, as well as potential funding and partnership opportunities.
- **Concept planning:** Architectural review and schematics to develop initial concept plans for further refinement.

Communications, Design, and Development Approvals

Once opportunities for priority sites have been identified and refined, and sites are selected for moving forward, this stage involves communications and engagement with tenants, neighbours, and municipal staff, refining initial concept plans to create a proposed building and landscape design, and preparing and submitting development and building permit applications for municipal approval.

One significant aspect of this stage is tenant relocation. This process often takes up to two years, and coincides with development planning and approvals processes.

Tenants are our priority. Our goal is to limit disruption to our tenants lives and make sure that everyone has a safe and healthy home.

Tenant Relocation

While no one wants to move, sometimes this is necessary for redevelopment to increase the amount of affordable rental housing in the region. The Provincial Tenancy Branch sets minimum requirements for tenant relocation and many municipalities also have their own specific requirements.

Metro Vancouver Housing uses a comprehensive tenant relocation process and works closely with tenants and municipalities to ensure that our tenants are fully supported in the event they need to relocate.

Some examples of the ways we support and engage tenants include:

- Early and ongoing communication, including tenant meetings and one-on-one support
- Multiple offers for comparable housing within Metro Vancouver Housing’s portfolio, preferably within the same property, neighbourhood, or community
- First right of refusal to the newly redeveloped building, providing that tenant’s income and assets don’t exceed Metro Vancouver Housing’s thresholds for affordable housing
- Refunding moving expenses (based on municipal requirements)
- Involving tenants in design elements of new buildings, such as community spaces

Construction

Once a project has development approval and tenant relocation is complete, deconstruction and redevelopment can begin.



Figure 4: Deconstruction at Heather Place