

## Perpetually Affordable Housing (PAH): Considerations for New Developments

May 2015

### PURPOSE

There are unique challenges in creating Perpetually Affordable Housing (PAH) options. This briefing provides an introduction to PAH and factors that need to be considered in program and project design. It is recommended that developers proposing PAH speak with CCHC early to determine how to best incorporate PAH into their development.

### INTRODUCTION

The availability and affordability of housing is critical to create opportunities for the Canmore workforce to establish themselves in the community on a permanent basis. Perpetually affordable housing (PAH) is intended to create those opportunities, by meeting the housing demand of moderate income Canmore working households unable to afford to purchase or rent suitable housing in the regular housing market.

Municipal policy directs that PAH will be:

- Housing with price and resale or rental rate restrictions and used as a primary residence.
- Restricted to people who are qualified, based on employment, residency, income, asset, and other qualifications as determined from time to time.
- Provided to meet the demand based on a variety of income levels above the level of social housing and below the level of market housing.
- "Needs based" and provided for those unable to afford to purchase or rent suitable housing on the open Canmore real estate market.
- Provided in a diversity of locations across the community and in various housing forms.

CCHC is a PAH provider administering ownership and rental programs. It has an inventory of 44 condominiums and 60 purpose-built rental units, with another 48 purpose-built rental units under construction. CCHC also leases land to a 44 unit housing cooperative which administers its own program.

Each PAH program has eligibility criteria to ensure buyers and renters have a connection to Canmore and a need for affordable housing. Each program also has distinct partnership agreements that govern the terms of ownership or tenancy. Partnership agreements can take various forms, including a memorandum of lease, joint ownership agreement, option agreement, restrictive covenant, mortgage or a tenancy agreement. CCHC properties, eligibility criteria and partnership agreements are summarized in Table 1.

CCHC also has PAH Build and Price Guidelines, which set out affordable home prices for moderate income families and sets out basic unit size and amenity requirements. 2015/16 guidelines stipulate that the affordable purchase price of PAH units is \$250/sf. Minimum sizes and amenities are set out in Table 2.

Table 1: CCHC Properties and Programs							
Condominiums (44 units)				Purpose Built Rental Units (108 units)			
<p>In six condo developments in central Canmore and Three Sisters Mountain Village.</p> <p>In apartment, stacked &amp; row townhouse, and fiveplex developments which have 100% PAH, a mix of market and PAH, or are primarily market with a few PAH.</p> <p>Developed by CCHC and private developers</p> <p>Constructed between 2007 and 2011.</p>				<p><u>The Hector at Palliser Village – 60 units</u></p> <ul style="list-style-type: none"> <li>• 3 x 3 storey stacked townhouse buildings</li> <li>• Exclusively PAH developed by the Town</li> <li>• Occupancy in 2009</li> </ul> <p><u>Dyrgas Lane, Phase 1 &amp; 2 - 48 units</u></p> <ul style="list-style-type: none"> <li>• 3 x 2 storey stacked townhouse buildings</li> <li>• Exclusively PAH developed by CCHC</li> <li>• Occupancies Winter 2015 to Spring 2016</li> </ul>			
Type	#	Size (sf)	Price Range/ Median	Type	#	Size (sf)	Price Range
Studio	-	-	-	Studio	8	476	\$650-\$675
1 BDRM	2	696-817	\$185,000 - \$199,000 Med: \$191,795	1 BDRM	52	543-695	\$650-\$900
2 BDRM	30	709-1500	\$220,000-\$398,000 Med: \$272,405	2 BDRM	38	717-875	\$925-\$1,200
3 BDRM	12	1050-1856	\$320,000-\$426,000 Med: \$354,295	3 BDRM	10	1055-1108	\$1,240-\$1,350
4 BDRM	-	-	-	4 BDRM	-	-	-
PAH Own Program			PAH Rent Program			Other – MHCH Lease	
Eligibility Criteria							
<p><u>Connection to Canmore:</u> Work: Full-time permanent Employee Work &amp; Live: Self-employed, contract or part-time employee, or retiree AND has lived in Canmore one year. Live: Long-term Canmore resident of 5+ years</p> <p><u>Need for Affordable Housing:</u> Gross Household Income: 120% Canmore Median Income for couple families (~\$120,000) Assets: Net household assets not to exceed \$100,000 (excluding RRSP, RESP, RRIF)</p>			<p><u>Connection to Canmore:</u> Work: Employed/Self-employed working in Canmore Non-worker: Retiree or unable to work due to disability who previously worked in Canmore OR lived in Canmore at least five years.</p> <p><u>Need for Affordable Housing:</u> Gross Household Income: Max income by unit type CNIT: \$36,000-\$68,000 PAH : \$40,000-\$85,000 Assets: Cannot own residential real estate</p>			<p><u>Connection to Canmore</u> Work &amp; Live: Preference not a requirement</p> <p><u>Need for Affordable Housing:</u> Gross Household Income: 100% Canmore Median Income for couple families (~\$100,000) Assets: Preference not a requirement</p>	
Partnership Agreements							
<p><u>Memorandum of Lease:</u> Condominium leasehold interest for up to 100 years. Lease stipulates resale price, eligibility criteria and residency requirement.</p> <p><u>Option to Purchase:</u> Town/CCHC has the option to purchase at a stipulated price. CCHC buys property and sells the leasehold interest. No longer used.</p>			<p><u>Tenancy Agreement:</u> Fixed-term lease to eligible households for up to one year. Rents to be at least ten percent below market rents for equivalent units.</p>			<p><u>Lease of Land:</u> Lease of land to housing cooperative for up to 145 years Lease stipulates resale price formula and eligibility criteria.</p>	

Unit Type	Min Size		Amenities
	ft <sup>2</sup>	m <sup>2</sup>	
Bachelor Apartment	400	37	Window Coverings, Range, Fridge, W/D*, Storage
1-Bedroom Apartment	550	51	Window Coverings, Range, Fridge, W/D*, Storage
2-Bedroom Apartment	700	65	Window Coverings, Range, Fridge, Dishwasher, W/D*, Storage
2-Bedroom Townhouse	750	70	Window Coverings, Range, Fridge, Dishwasher, W/D*, Storage
3-Bedroom Apartment	900	84	Window Coverings, Range, Fridge, Dishwasher, W/D*, Storage
3-Bedroom Townhouse	950	88	Window Coverings, Range, Fridge, Dishwasher, W/D*, Storage

\* W/D means either 1) provision for washer/dryer such as hook-ups within the unit, or 2) access to common washer/dryer within the development. Note that parking is required pursuant to the Town of Canmore parking requirements

## PAH PROGRAM DESIGN

A program is what connects households in need to affordable housing properties. Households unable to afford to purchase or rent suitable market housing are considered to be in housing need. Programs must be designed to meet policy objectives and complement existing programs. They must also transform housing need into housing demand by ensuring that households want and have an ability to pay for properties under the terms and conditions of the program.

Transforming need into demand is particularly challenging for ownership programs, as it requires market acceptance by buyers and lenders of the partnership agreement and form of ownership. Another factor to consider is that lenders and mortgage insurers typically have policies which limit the number or share of units that they may agree to finance and insure in any single development or area. This may make it necessary to mix tenures (rent/own), typologies, and market and PAH housing in order to maximize the amount of PAH possible in any single development or area. This will have an impact project design.

## PAH PROJECT DESIGN

Our ambition is to provide perpetually affordable housing options that residents are proud to live in and adds to the quality of the neighbourhood and community as a whole. CCHC has four general principles for perpetually affordable housing developments. These principles are applied to our assessments of new developments where PAH is contemplated.

1. QUALITY OF THE PRIVATE SPACE	
Aspect	Ambition
Architecture	<ul style="list-style-type: none"> <li>Quality architecture that adds to the alpine character of our town</li> <li>Recognizable buildings with a human scale, favouring ground-oriented units and small mid-rises</li> <li>Materials that age well functionally and aesthetically, and have low long-term maintenance costs.</li> </ul>
Use of Space	<ul style="list-style-type: none"> <li>Compact homes that appear larger than they really are as a result of creative, efficient, multi-functional and shared use of space</li> </ul>

	<ul style="list-style-type: none"> <li>• Homes designed for flexibility to accommodate different lifestyles, household types, ages and uses</li> <li>• Each home to have a compact private garden or terrace, and easily accessible storage for gear.</li> <li>• Adequate space and efficient use for parking</li> </ul>
<b>2. QUALITY OF THE PUBLIC SPACE</b>	
<b>Aspect</b>	<b>Ambition</b>
Fit with the Neighbourhood	<ul style="list-style-type: none"> <li>• Developments that integrate nicely into their surroundings, make good use of existing natural qualities and add to the quality of the neighbourhood.</li> <li>• Quality and utilized public spaces that stimulate interaction between neighbours and allow children to play outside safely</li> <li>• Engagement with neighbours and stakeholders to create a better project and build support for it.</li> </ul>
Fit with the Town of Canmore	<ul style="list-style-type: none"> <li>• Designs that stimulate walking, biking, car sharing and use of public transport</li> <li>• Good connections with Canmore's amenities and natural qualities.</li> </ul>
<b>3. DIVERSITY AND INCLUSIVITY</b>	
<b>Aspect</b>	<b>Ambition</b>
Diverse	<ul style="list-style-type: none"> <li>• Affordable housing is delivered in a range of sizes and types to attract different household types</li> <li>• Mix market and non-market, and owned and rented housing where appropriate to create a diverse community, avoiding segmentation or separation.</li> </ul>
Inclusive	<ul style="list-style-type: none"> <li>• Specific gaps in affordable housing are targeted to provide housing options where market supply is insufficient</li> <li>• Affordable housing is integrated into the social fabric of the developed community rather than making it visibly distinct.</li> </ul>
<b>4. SUSTAINABILITY</b>	
<b>Aspect</b>	<b>Ambition</b>
Financial	<ul style="list-style-type: none"> <li>• Housing projects are small, and scaled and timed in ways that the housing market can absorb</li> <li>• Housing and programs are designed in ways that can be financed</li> <li>• Long-term value of the homes is optimized by good decisions on design, materials and maintenance</li> <li>• New developments require minimal external subsidies</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Apply proven and economical innovations in building design</li> <li>• Materials and construction methods are carefully selected to minimize environmental impact</li> <li>• Our projects meet or exceed the targets of the Town's Green Building Regulations</li> </ul>