

SURREY AFFORDABLE HOUSING STRATEGY

A FOCUS ON RENTAL HOUSING | 2018

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MAYOR'S MESSAGE



Mayor's Message

The City of Surrey has had a history of providing affordable housing options, especially for young families and newcomers interested in buying a home. However, as in the rest of Metro Vancouver, housing affordability is eroding. Our new *Surrey Affordable Housing Strategy* is a response to this challenge. It focuses on rental housing and provides a series of recommendations that we believe will make a difference.

The success of our Strategy will depend on partnerships – with private sector developers, the federal government and Canada Mortgage and Housing Corporation, the provincial government and BC Housing, foundations, and non-profit housing providers. The *Surrey Affordable Housing Strategy* identifies roles and opportunities for these partners, and we intend to work with all of them.

The City of Surrey has laid the foundation for successful partnerships, and we have started to see positive results with both new market and non-market rental housing units coming on-stream. We are especially encouraged by recent announcements by the federal and provincial governments to invest in affordable housing. Our new *Surrey Affordable Housing Strategy* signals our keen interest to continue working together.

Surrey is an emerging city. We are creating a dense urban City Centre and town centres, connected by a new Surrey Light Rail system and an improved Frequent Transit Network. Purpose-built rental housing will ensure that these urban centres develop as vibrant communities with a mix of young and old, families and singles, and households with a range of incomes.

The City of Surrey is serious in our commitment to ensuring that there is a continuum of housing that is appropriate and affordable for the diversity of households that call Surrey home. This *Surrey Affordable Housing Strategy* targets the need for secured purpose-built rental housing. The Strategy will contribute to our City's vision of a thriving, green, and inclusive city.

Sincerely,

A handwritten signature in black ink that reads "Linda Hepner". The signature is fluid and cursive, with a large, stylized "L" and "H".

Linda Hepner, Mayor

EXECUTIVE SUMMARY

Surrey Affordable Housing Strategy: A Focus On Rental Housing

The *Surrey Affordable Housing Strategy* is focused on a very specific and important part of the housing continuum - purpose-built market and non-market rental housing. Strategies are as follows:

STRATEGY 1.0: PREVENT THE LOSS OF PURPOSE-BUILT RENTAL HOUSING

- Adopt a one-for-one rental replacement policy for purpose-built rental housing units that are lost due to redevelopment.

STRATEGY 2.0: STRENGTHEN PROTECTION FOR TENANTS

- Develop a tenant protection and relocation policy to protect tenants who may be at risk of losing their housing through redevelopment.
- Monitor, and if needed advocate for, changes to provincial legislation to strengthen tenant protection around health, safety, discrimination and security of tenure.

STRATEGY 3.0: ENCOURAGE THE DEVELOPMENT OF NEW PURPOSE-BUILT RENTAL HOUSING

- Continue to fast-track the development approvals process for new purpose-built rental housing.
- Continue to reduce parking requirements in secured purpose-built rental housing projects located in areas that are well-served by transit and that contain an appropriate tenant mix that will use transit.
- Encourage the development of secured purpose-built rental housing, especially projects with affordable rental units, in locations close to Frequent Transit Networks. Explore potential partnership opportunities or alignment with federal and provincial government transit investments.
- Encourage the development of new secured purpose-built rental housing through partnerships.
- Foster relationships with companies that specialize in the development of long-term purpose-built market rental housing.
- Advocate for changes to federal tax policy to make rental housing operations exempt from paying GST/HST as part of a broader package of incentives to encourage and stimulate new rental housing construction as well as reinvestment in the existing rental housing stock.

STRATEGY 4.0: INCREASE THE SUPPLY OF HOUSING AFFORDABLE TO RENTER HOUSEHOLDS WITH LOW TO MODERATE INCOMES

- Continue to support the implementation of the priorities and actions set out in the *Master Plan for Housing the Homeless in Surrey*.
- Continue to work in partnership with BC Housing, Canada Mortgage and Housing Corporation, Surrey Homelessness and Housing Society, non-profit housing providers and others to increase the supply of purpose-built non-market rental housing units in Surrey.
- Re-introduce the requirement that all new rezonings for residential developments contribute \$1,000 per unit to support the development of new affordable rental housing.

INTRODUCTION

Why an Affordable Housing Strategy?

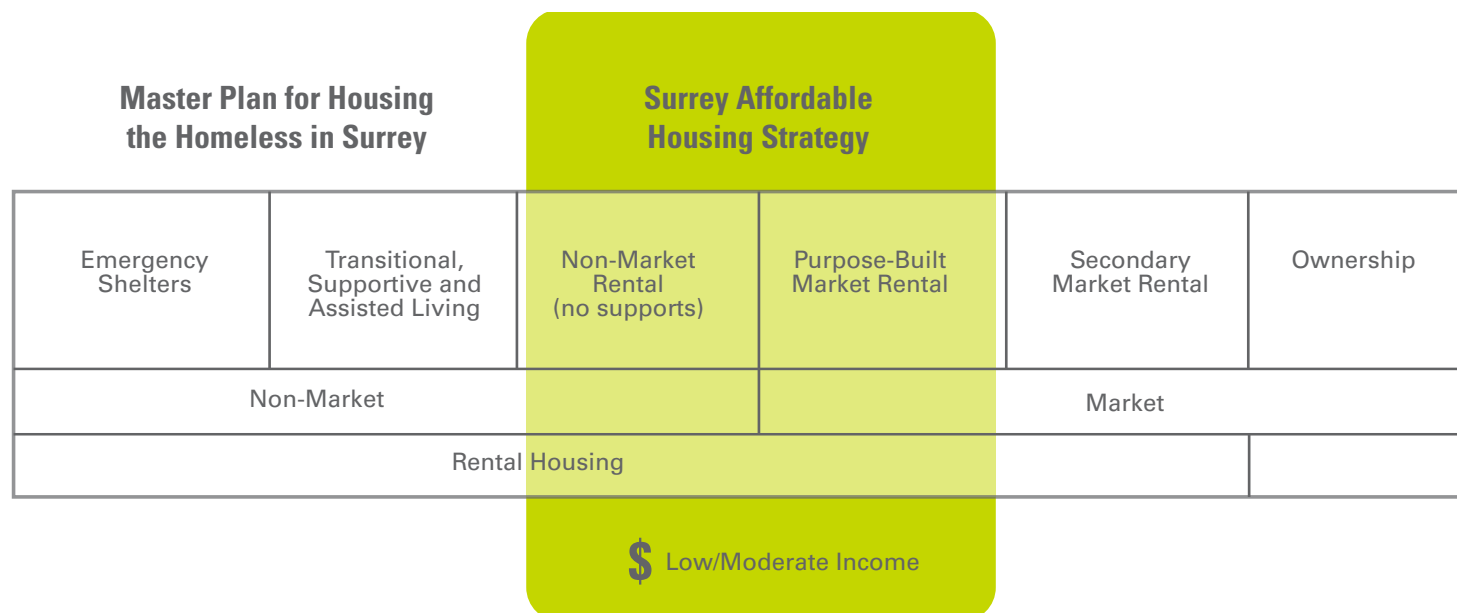
Affordable housing has become a significant challenge in municipalities across Metro Vancouver, including Surrey. Key issues include the following:

- The current housing supply system within the Metro Vancouver region is unable to respond effectively to existing and emerging rental and ownership housing demand;
- There are high and rising housing costs that have made the region unaffordable for many low and middle income households;

- There are on-going tight rental market conditions that have resulted in a significant number of renter households falling into core housing need;
- There is increasing polarization in the incomes and assets of owners and renters with fewer renter households being able to make the transition into ownership; and
- The current municipal “toolbox” does not have the leverage or resources to close the economic viability gap for new rental housing construction and to address on-going affordability challenges at the scale needed.

Given these affordability challenges, this *Surrey Affordable Housing Strategy* is focused on a very specific part of the housing continuum - purpose-built market and non-market rental housing in Surrey.

The Strategy is intended to complement other City plans and strategies, including the *Official Community Plan* and neighbourhood concept plans, the *Master Plan for Housing the Homeless in Surrey*, as well as other housing policies and regulations (see Appendix).



A Focus on Rental

To a large extent, Surrey has demonstrated a commitment to building diverse, socially inclusive neighbourhoods. The City has been effective in using its planning and regulatory powers to encourage and enable new supply, particularly a diversity of ownership options.

Over the past decade, the City of Surrey has targeted its housing investment to those in greatest need - people who are homeless or at-risk of homelessness. Guided by the *Master Plan for Housing the Homeless in Surrey*, efforts are continuing to increase the supply of supportive housing for these vulnerable residents.

However, as in other parts of the Metro Vancouver region, there is increased demand for affordable rental housing for a range of incomes that is not currently being met.

As housing prices rise, there are a growing number of middle income earners who cannot make the transition from renting to owning. Vacancy rates are at an all-time low in Surrey, and there is an increasing gap between rental rates and incomes.

In the absence of new rental housing supply, both the City of Surrey and the Metro Vancouver region as a whole are likely to continue to experience on-going housing affordability pressures into the foreseeable future.

Local governments alone do not have the resources needed to address the types of housing challenges and pressures that have been identified without significant financial investments and partnerships with the private sector, the non-profit housing sector and other levels of government.

The strategies and actions set out in the *Surrey Affordable Housing Strategy* focus on market and non-market rental housing. They include a series of actions designed to preserve and protect the existing rental housing stock, strengthen protection for tenants, encourage and enable new rental supply, and respond to the needs of low income renter households.

“In the absence of new rental housing supply, both the City of Surrey and the Metro Vancouver region as a whole are likely to continue to experience on-going housing affordability pressures into the foreseeable future.”

National and Provincial Context

The federal and provincial governments have recently released housing plans that include new investments in housing. Both identify municipal governments as key partners in responding to the need for more affordable housing.

NATIONAL HOUSING STRATEGY

Canada's *National Housing Strategy: A place to call home* (NHS) was released in November 2017. The NHS is a 10-year, \$40 billion plan. It follows a human rights-based approach and prioritizes the housing needs of Canada's most vulnerable.

The NHS includes a new funding program - the National Housing Co-Investment Fund. This program will contribute to repairing existing and developing new affordable housing. The Co-Investment Fund must be supplemented by investments from another level of government. Projects that bring more partners and additional investment to the table will be prioritized. The Fund will also support Canada's climate change goals, improve the accessibility of housing for people with disabilities and align with other public investments, including transit.

Other NHS programs include the:

- Community Housing Initiative, which will support community housing (social and co-op housing) by renewing expiring operating agreements and the repair, renewal, and expansion of existing supply.

- Canada Housing Benefit which will provide affordability support directly to households in housing need, including those currently living in social housing, those on a social housing wait-list and those housed in the private market but struggling to make ends meet.
- The NHS will deliver a \$16.1 billion investment to provinces and territories, and invest in an expanded federal homelessness program.

PROVINCIAL HOUSING PLAN

In February 2018, the Province released *Homes for B.C.: A 30-Point Plan For Housing Affordability In British Columbia*. The Plan's 30 points fall under the categories of: stabilizing the market; cracking down on tax fraud and closing loopholes; building the homes people need; security for renters; and supporting partners to build and preserve affordable housing.

The Plan commits the Province to making a \$6 billion investment in affordable housing including rental housing targeted to working families and seniors, student housing, and supportive housing for people who are homeless or at-risk. This housing will be delivered through partnerships, including working with all levels of government.

“The provincial and federal governments both identify municipalities as key partners in responding to the need for more affordable housing.”

PROCESS

How the Strategy was Developed



RESEARCH

Housing data was compiled to inform discussions on the priority housing needs in Surrey.

The *Surrey Housing Profile* provides information on housing stock, housing needs, affordability and City policies and practices.

The Profile compiles housing-related data from a variety of sources including Statistics Canada, Canada Mortgage and Housing Corporation (CMHC), Metro Vancouver and the City of Surrey's Planning and Development Department.

STAKEHOLDER CONSULTATION

Workshops and interviews with key stakeholders helped build a more complete picture of housing needs in Surrey, generated ideas and explored potential opportunities for action.

Stakeholders included non-profit housing providers, agencies serving low income and vulnerable populations, low and moderate income tenants, non-profit and private market rental housing developers, and other key experts.

ONLINE RESIDENT SURVEY

An online survey gathered feedback from 840 Surrey residents, including both owners and renters.

Survey questions explored issues and priorities related to affordable housing. A section of the survey focused specifically on renter households, gathering information about the situation of renters in Surrey.

Online Survey: What We Heard From Surrey Residents

840

Residents completed the online housing survey.

In January of 2017 the City conducted an online survey to solicit residents' input on housing and housing affordability in Surrey.

82%

Are concerned about housing affordability in Surrey.

Renters in Surrey are more concerned than owners – 96% of renters are concerned about housing affordability in Surrey, compared to 77% of owners.

Source: Surrey Online Residents' Survey, January 2017

28%

Feel that Surrey has affordable housing choices for residents.

Renters are even less positive than owners – only 21% of renters believe that Surrey has affordable housing choices, compared to 31% of owners.

Source: Surrey Online Residents' Survey, January 2017

78%

Agree that the City should be increasing availability of affordable housing.

Most Surrey residents agree that the City of Surrey should be taking more action to increase the availability of affordable housing. Renters feel more strongly than owners – 95% of renters believe the City should take more action compared to 72% of owners.

Source: Surrey Online Residents' Survey, January 2017

Online Survey: What We Heard From Surrey Renters

79%

Are likely to continue renting.

Renters are staying in the rental market for the long-term. 59% of renters have been renting for over five years. Looking ahead, 79% indicated they are likely to continue renting while only 21% are likely to purchase a home in the next five years.

Source: Surrey Online Residents' Survey, January 2017

92%

Identified affordability as the top barrier to finding housing.

Renters are experiencing challenges finding housing. Affordability was rated as the top barrier, followed closely by availability of suitable housing. 75% reported that finding rental housing is difficult.

Source: Surrey Online Residents' Survey, January 2017

74%

Moved at least once in the past five years.

Moving is a common experience for renters. 74% moved at least once in the past five years. 8% of renters moved more than four times.

Source: Surrey Online Residents' Survey, January 2017

84%

Were very satisfied with how close their housing is to community amenities.

Features related to location of rental housing tended to rank high in levels of satisfaction, including closeness to amenities and transit. Renters seem satisfied with the location of current rental stock.

Source: Surrey Online Residents' Survey, January 2017

HOUSING PROFILE

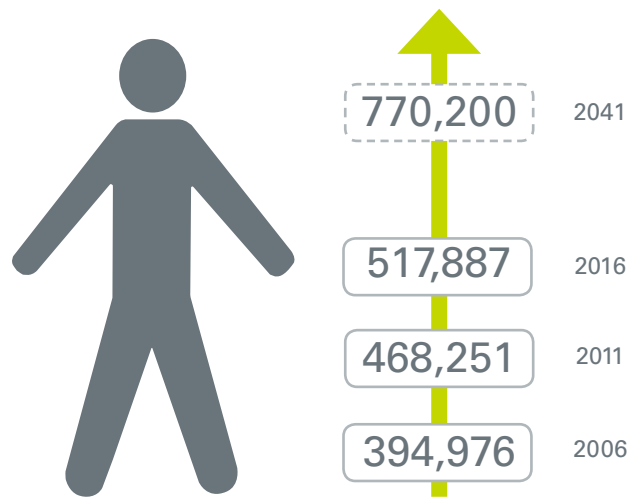
Population Trends

RAPIDLY GROWING POPULATION

Surrey is the second largest municipality in Metro Vancouver and one of the fastest growing.

Between 2006 and 2016, Surrey's population increased from 394,976 to 517,887. By 2041, it is projected that the City's population will reach 770,200 residents.

Population growth in Surrey and across the region will continue to result in ongoing demand for increased housing supply.



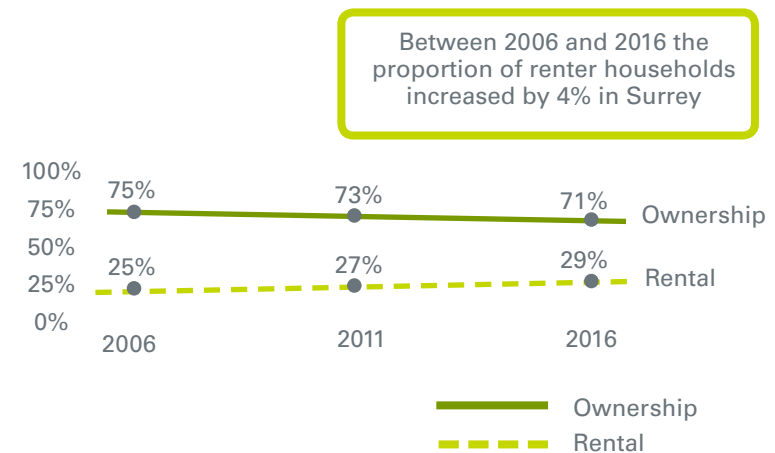
Surrey Population (2006 – 2016)

Sources: Statistics Canada, City of Surrey Census Profiles 2006, 2011 and 2016, City of Surrey Official Community Plan, 2013

CHANGING TENURE

Ownership as a form of tenure continues to dominate in Surrey, however the proportion of renters has been increasing.

In 2016, 71% of households were owners (120,940 households) and 29% were renters (49,020 households).



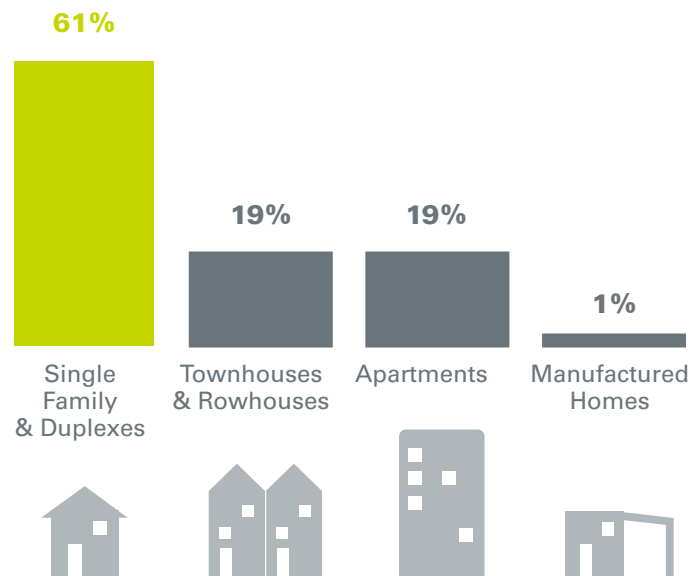
Proportion of Households by Tenure (2006 – 2016)

Source: Statistics Canada, City of Surrey Census Profiles 2006, 2011 and 2016

Housing Stock

EXISTING HOUSING STOCK

In 2016, there were an estimated 187,893 dwelling units in Surrey. Currently, single family homes and duplexes are the predominant form of housing in Surrey, making up 61% of the stock.

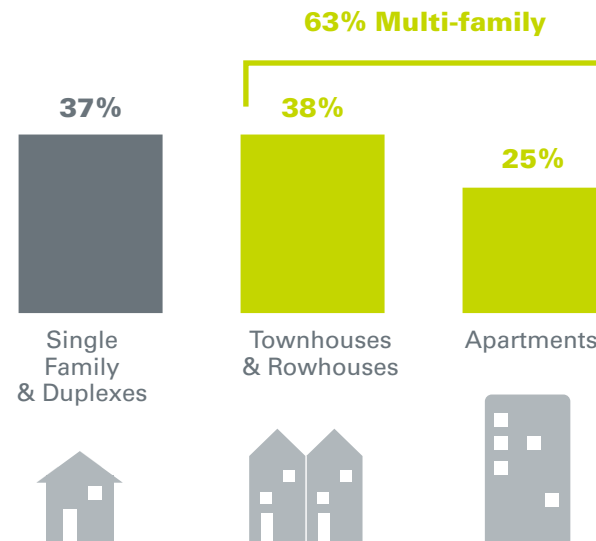


Existing Housing Stock by Type (2016)

Source: City of Surrey Planning and Development Department, December 2016

NEW HOUSING UNITS

The proportion of multi-family units is increasing. In 2016, 63% of new housing units added were multi-family (townhouses, rowhouses and apartments).



New Dwelling Units by Type (2016)

Source: City of Surrey Planning and Development Department, December 2016

Market Rental Housing

There are an estimated 39,335 private market rental units in Surrey. Eighty-six percent of market rental units are in the secondary rental market, while approximately 14% are in purpose-built rental buildings.

SECONDARY MARKET RENTAL HOUSING

The majority of Surrey's rental housing stock is secondary market rental – secondary suites, coach houses and condo rentals.

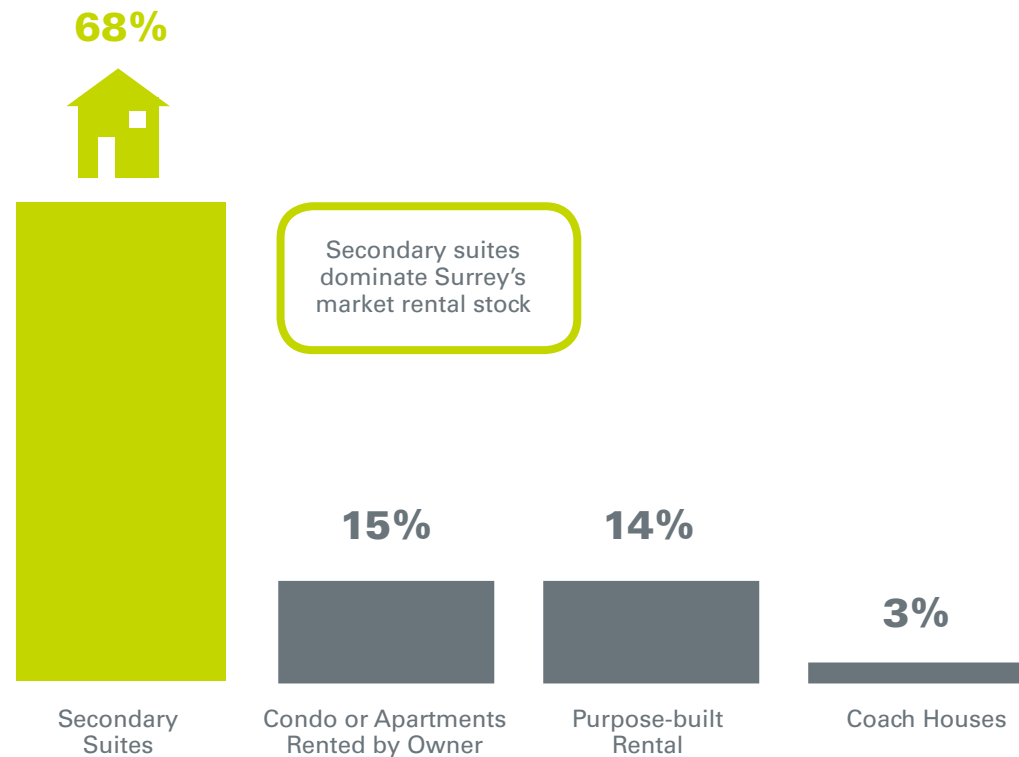
Secondary market rentals tend to have less security of tenure, as they can revert back to owner-occupancy when the owner pays down the mortgage and/or re-occupies the space, or if the house or condo is sold.

Secondary suites play an important role in meeting rental housing demand as they represent 68% of Surrey's market rental housing stock. These suites tend to provide lower rents. Surrey has a substantially higher proportion of rental stock in secondary suites in comparison to other municipalities in the rest of the region.*

Condo apartments rented by owners make up approximately 15% of Surrey's rental stock. These units are usually newer, with higher rents.

Coach houses currently form a small part of Surrey's rental market (3%).

*Metro Vancouver Housing Data Book 2018



Market Rental Housing Units by Type (2016)

Source: City of Surrey Planning and Development Department, December 2016

Market Rental Housing

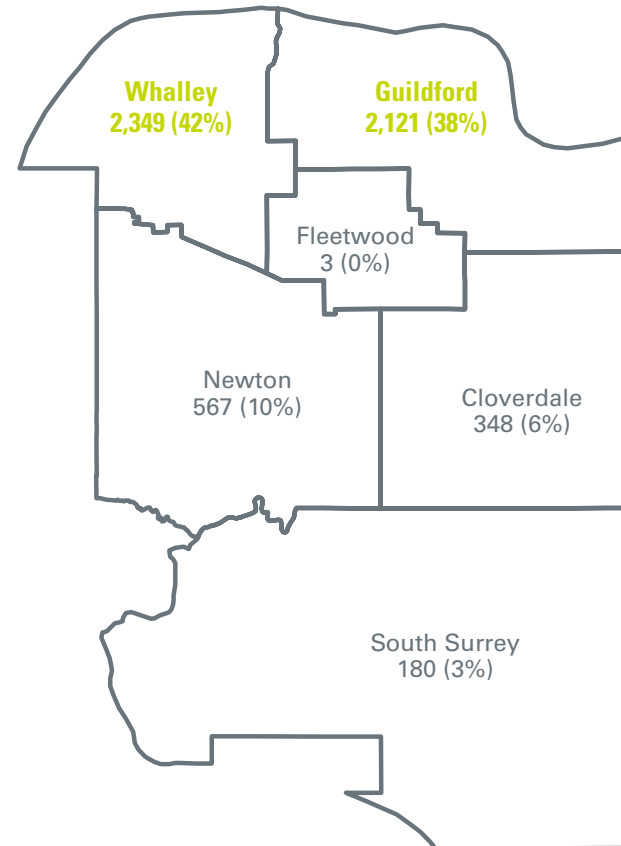
PURPOSE-BUILT MARKET RENTAL HOUSING

Surrey has approximately 5,600 units of purpose-built rental. Purpose-built rental generally provides greater security of tenure for renters and often provides more affordable rents (due to the older age).

The majority of Surrey's stock of purpose-built rental is in Guildford and Whalley. Much of this stock is located in areas with good access to transit and other services. The introduction of the Surrey Light Rail system will likely make these areas attractive for increased density and redevelopment, putting this older, more affordable purpose-built rental stock at risk.

The proportion of Surrey's purpose-built rental stock in relation to overall rental stock is significantly lower than other municipalities such as Vancouver, Burnaby and New Westminster.*

*Metro Vancouver Housing Data Book 2018



Purpose-Built Market Rental Units by Community (2016)

Source: City of Surrey Planning and Development Department, December 2016

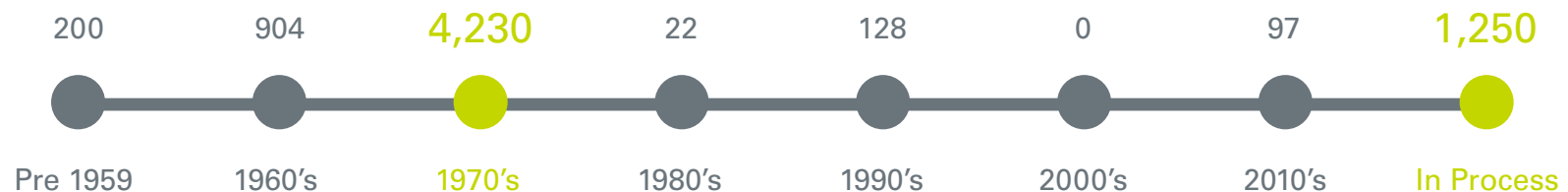
Market Rental Housing

NEW CONSTRUCTION FOR THE FIRST TIME SINCE THE 1970'S

The majority of Surrey's purpose-built market rental housing stock is low-rise buildings built in the 1970's.

For the first time since the 1970's, Surrey is seeing the development of new purpose-built market rental housing in significant numbers.

In 2017, a 97-unit market rental project was opened. In 2018, approximately 1,250 new units of purpose-built rental market housing are currently under construction or in the planning process.



Purpose-Built Market Rental Housing by Year of Construction (1900s - 2018)

Source: City of Surrey Planning and Development Department, December 2017

Non-Market Rental Housing

Non-market rental housing is a crucial form of affordable housing supply for low and moderate income households.

CURRENT STOCK

There are an estimated 5,307 non-market social housing units in Surrey. Of these, 694 are housing units with supports – transition, second stage, and long-term supportive housing; 4,613

are non-market rental units for low income residents living independently. This includes co-operatives, as well as rental units for low-income seniors, Indigenous people, singles, families and couples.

RENT SUPPLEMENTS

There are an estimated 3,058 Surrey households that are living in housing in

the private rental market and receiving assistance through the Province's SAFER and RAP programs.

Rental supplement programs like SAFER and RAP address affordability challenges by providing direct assistance to eligible households. However, these programs do not add to the housing supply, and in some cases do not address the full depth of need.

| | CURRENT | PLANNED |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transition & Supportive Housing | <ul style="list-style-type: none"> Transition and second stage: 509 units Long-term supportive housing: 185 units Total: 694 units | <ul style="list-style-type: none"> 50-100 transitional housing units are planned for the new Green Timbers shelter facility Approximately 250 units of modular housing with supports on 5 sites will be funded by BC Housing. |
| Non-Market Rental Housing (no supports) | <ul style="list-style-type: none"> Low income rental housing: 1,883 Low income seniors housing: 1,700 Low income Aboriginal housing: 155 units Co-operative housing: 875 Total: 4,613 units | In 2016, BC Housing approved funding for 7 housing projects totalling 326 affordable housing units, to be delivered by a number of housing providers. |
| Rental Supplements | <ul style="list-style-type: none"> Rental Assistance Program (RAP): 1,379 families Shelter Aid for Elderly Renters (SAFER): 1,679 seniors Total: 3,058 households supported | The Province of British Columbia's Budget 2018 announced increases in rental assistance payments to families and seniors under the RAP and SAFER programs. |

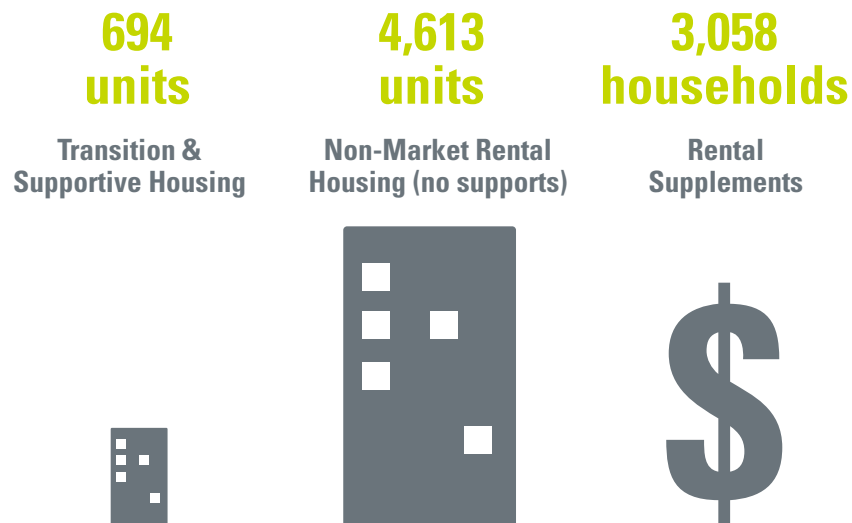
Non-Market Rental Housing Stock (2017)

Sources: City of Surrey Planning and Development Department, December 2017 and BC Housing Research and Corporate Planning Department, March 2017

Non-Market Rental Housing

NON-MARKET HOUSING IS LOW RELATIVE TO THE POPULATION

The number of non-market social housing units in Surrey is very low relative to Surrey's population. For example, Vancouver has a population of 631,500 and has approximately 16,000 units of non-market housing, whereas Surrey's population is 517,887 and has a non-market housing stock of approximately 5,300 units.*



Surrey's Non-Market Rental Housing Stock (2017)

NON-MARKET HOUSING PROVIDERS

Most non-market units are operated by non-profit housing providers. In addition, BC Housing and the Metro Vancouver Housing Corporation operate a number of projects. Non-profit cooperatives are managed by the residents who live there.

Given that non-profit housing providers are mission-driven, housing operated by the non-profit housing sector remains as a community asset. The non-profit housing sector prioritizes keeping housing affordable and surpluses are generally used to either further reduce rents or to develop new social housing.

Sources: City of Surrey Planning and Development Department, December 2017 and BC Housing Research and Corporate Planning Department, March 2017

* Statistics Canada, Census Profiles 2016 and Metro Vancouver Housing Data Book, 2018

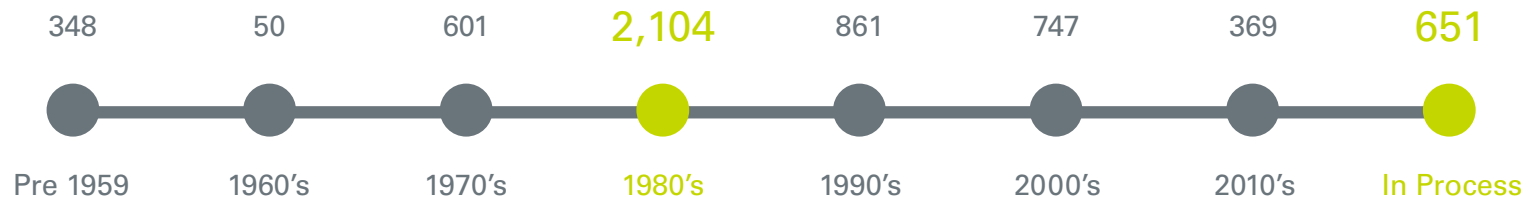
Non-Market Rental Housing

CONSTRUCTION OF NON-MARKET HOUSING PEAKED IN THE 1980'S

The majority of Surrey's social housing stock was developed in the 1970's through the 1990's, primarily with funding from the federal and provincial governments. This stock is operated by government and non-profit housing providers.

Of note, is that some housing providers are beginning to consider redevelopment of these sites, both to upgrade older stock and densify sites.

Surrey is beginning to see the development of new non-market rental housing in significant numbers. Since 2015, over 650 units of non-market housing have confirmed funding and/or are in the planning process. These units will primarily be operated by non-profit housing providers, and have received support from the City of Surrey, federal and provincial governments, private funders and the broader community. Financial support from the federal and provincial governments has been critical to enabling this new development.



Non-Market Purpose-Built Rental Housing by Year of Construction (1900s - 2017)

Source: City of Surrey Planning and Development Department, December 2017

Terms to Know

MARKET RENTAL

Purpose-Built Market Rental Housing

Privately initiated rental buildings with 3 or more units constructed with the intent to be rented for the long-term in the private market, and not subdivided into co-op or strata condominium. This is also known as the 'primary rental market'.

Secondary Rental Market

All units not in the primary rental market. This includes secondary suites, coach houses and condominiums rented out by owners.

Secondary Suite

A second dwelling unit (self-contained living quarters including cooking equipment and a bathroom), located within the structure of an owner-occupied single family dwelling.

Coach House

A second dwelling unit that is separate from and accessory to the single family dwelling on the lot and is located either above a garage or at grade attached to a garage at the rear of the single family dwelling.

NON-MARKET RENTAL

Non-Market Rental Housing

Housing units that rent at rates that are below market rents. This housing includes supportive housing, as well as housing that is rented to low to moderate income households living independently. Non-market rental housing is usually developed and operated by non-profit housing providers, and may or may not use government housing funding programs, may rely on a mixed-income model of rents, and / or financial contributions from government, non-profits, philanthropic organizations or others. Also called social housing or non-profit housing.

Supportive Housing

Housing with below market rents and support services that help individuals stay housed.

Transitional Housing

Housing intended to help people move from homelessness or emergency housing, to more stable, permanent housing. Services and supports are usually provided. Transitional housing provides a time-limited stay, typically ranging between 3 months to 3 years.

Rental Assistance or Supplements

Government-funded payments that bridge the gap between what a household can afford to pay and what the actual cost of housing is. In BC, these have typically been provided for households to access housing in the private market, and have generally been portable – tied to the tenant and move with the tenant from unit to unit.

Rental Assistance Program (RAP)

A program operated by BC Housing that provides rent assistance for low income working families with children living in the private rental market.

Shelter Aid For Elderly Renters (SAFER)

A program operated by BC Housing that provides rent assistance to low income seniors living in the private rental market.

HOUSING AFFORDABILITY

Housing & Income

RENTERS GENERALLY EARN LESS THAN OWNERS

Renter households generally have significantly lower incomes than owner households. The median income of renter households in Surrey (\$42,595) is slightly more than half that of owner households (\$79,265).

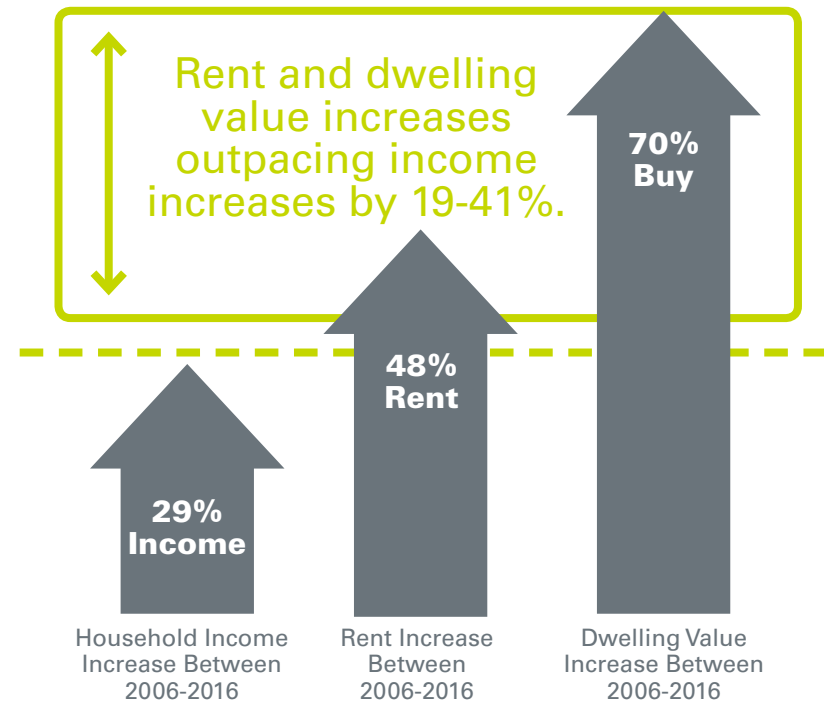


Median Income of Owner and Renter Households (2011)

Source: Statistics Canada, Census 2011

HOUSING COSTS OUTPACING INCOME

Over the past ten years, incomes have not kept pace with increases in rent and housing prices in Surrey. From 2006 – 2016, household incomes increased by 29%, while rents increased by 48% and dwelling values increased by 70%.

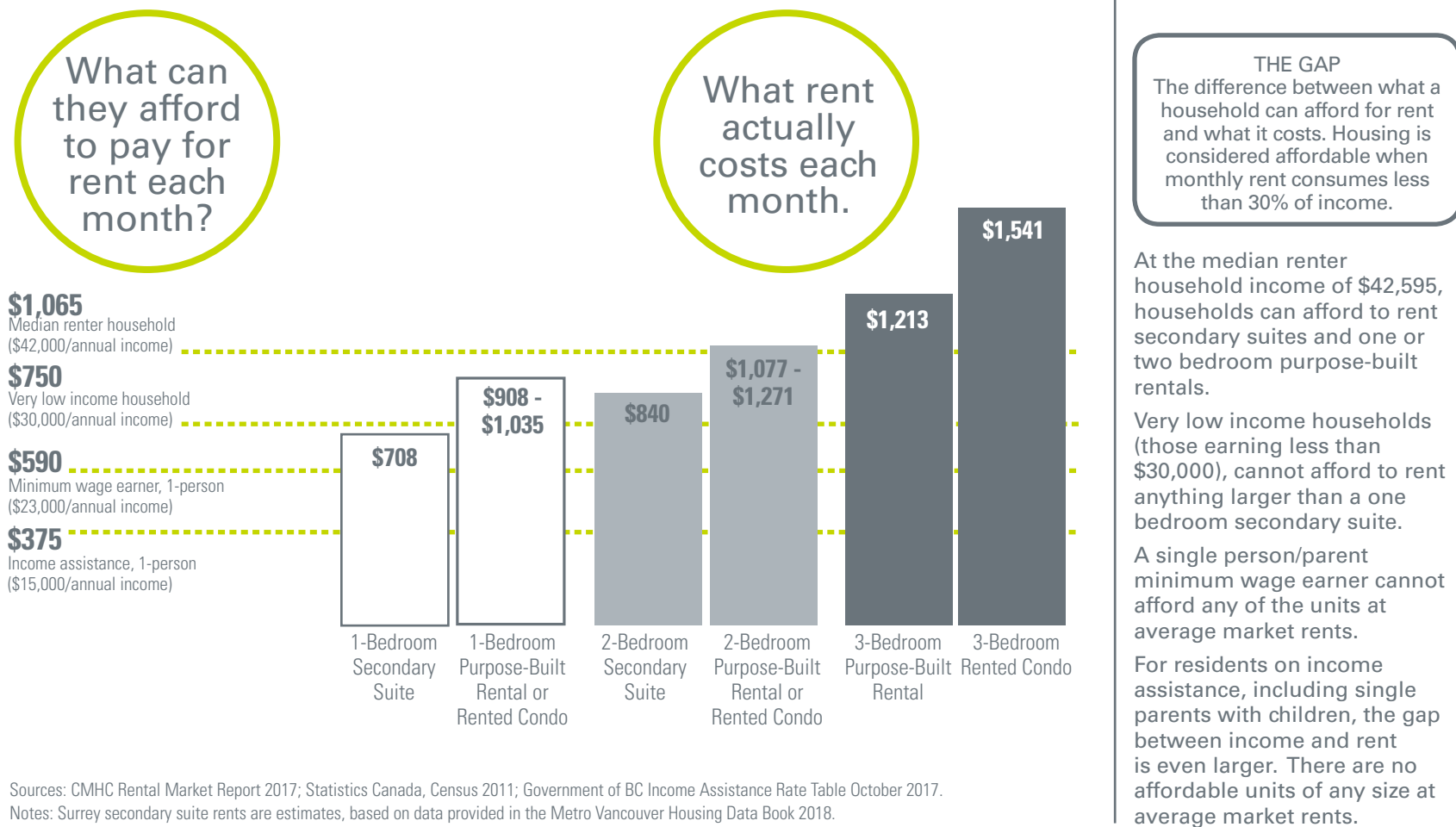


Eroding Affordability in Surrey (2006 – 2016)

Source: Statistics Canada, Census 2006, 2011, and 2016.

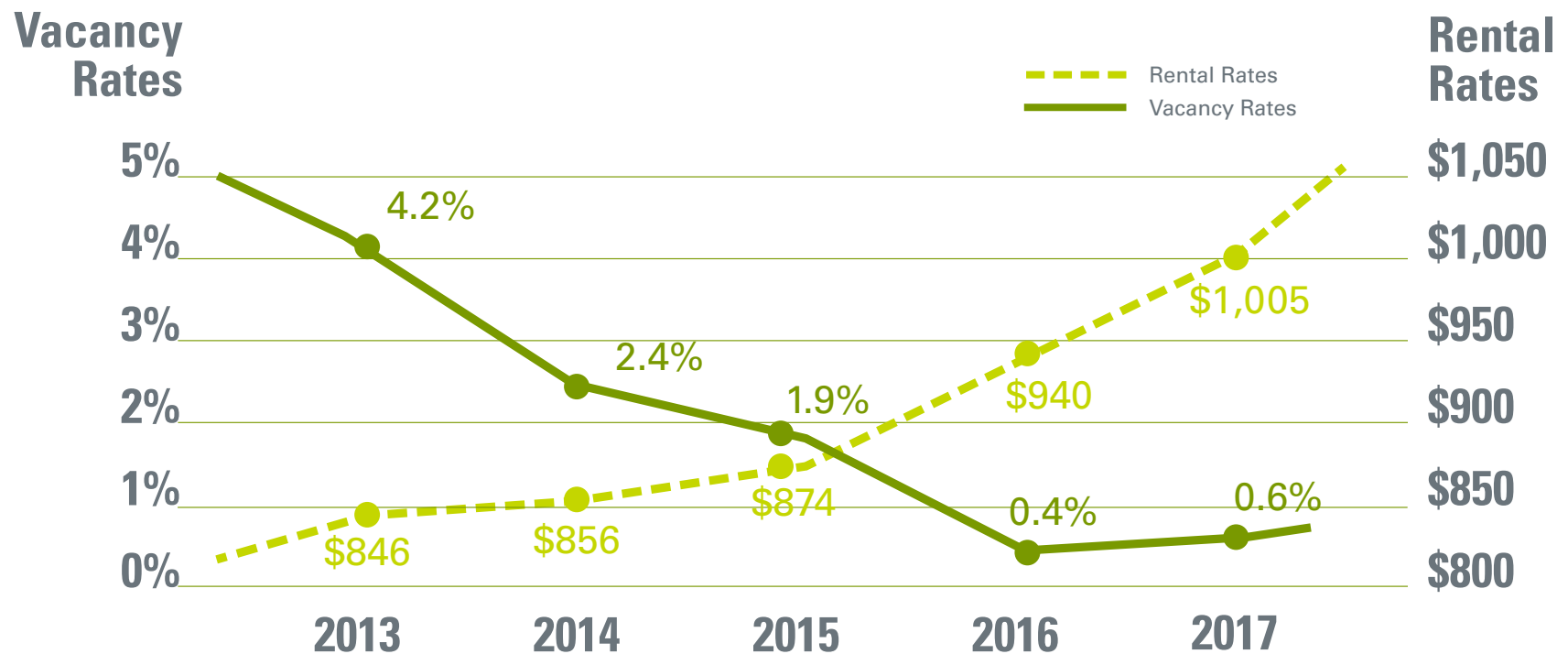
Housing & Income

CHALLENGES BRIDGING THE GAP BETWEEN INCOME & RENT: LOW & MODERATE INCOME HOUSEHOLDS



Rental Market Conditions

Over the past five years, pressures on renter households have increased. Average rents have gone up, while vacancy rates have decreased. In 2017, the average rent in Surrey was \$1,005, up from \$940 in 2016. Surrey's vacancy rate dropped from 4.2% in 2013 to 0.6% in 2017. Surrey's vacancy rate is now lower than the regional vacancy rate of 0.9%.



Change in Rent and Vacancy Rates (2013 – 2017)

Source: CMHC Rental Market Reports, October 2013 - 2017

Indicators Of Housing Vulnerability

37%

Spend More than 30% of Income on Rent.

- 37% of renters in Surrey are spending more than 30% of their income on shelter.
- 52% of lone parent households spend more than 30% of their income on shelter.
- 48% of one-person households spend more than 30% of their income on shelter.

Source: Statistics Canada, Census 2016

18%

Live in Overcrowded Conditions.

- 18% of Surrey renter households are living in overcrowded conditions, compared to 6% of owner households.
- Surrey has the highest percentage of renters living in overcrowded conditions of all municipalities in Metro Vancouver.

Source: Statistics Canada, Census 2016

2,046

Growing Waitlist for BC Social Housing.

- 2,046 Surrey households are on BC Housing's waitlist for social housing (2017). This number has increased by 686 households since 2015.
- Family households are the largest population on the waitlist in Surrey (992 families), followed by seniors (509 senior households).

Source: Metro Vancouver Housing Data Book 2017

50%

Increase in Homelessness.

- 602 homeless individuals were counted in Surrey in the 2017 Metro Vancouver Homeless Count.
- Homelessness increased in Surrey by almost 50% from 2014 – 2017.
- Surrey has the second largest homeless population in Metro Vancouver.

Source: 2017 Homeless Count in Metro Vancouver

Housing & Transportation Connection

Housing and transportation choices are closely linked and represent the two largest expenditures for many working households.

A recent Metro Vancouver report looked at the combined housing and transportation costs of working households.

The cost of owning and operating a vehicle is much higher than the cost of taking transit. The report found that working households living in areas highly served by transit (Frequent Transit Networks) have relatively lower transportation costs.

Renter households, especially those earning less than \$50,000, are more likely to use transit.

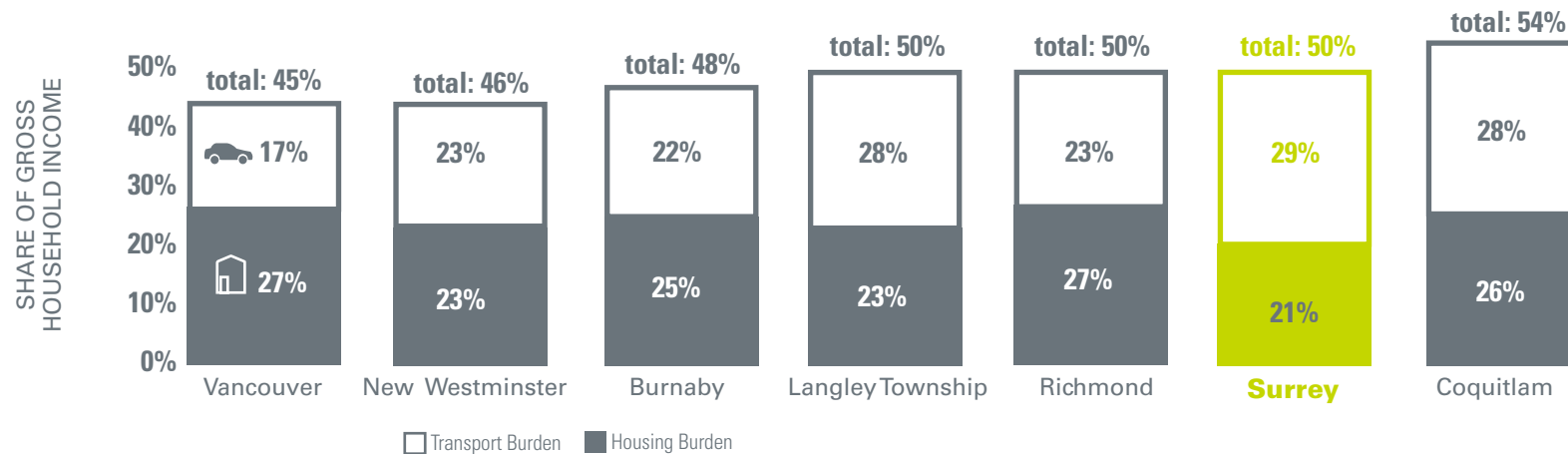
Households south of the Fraser, are generally less well served by transit. Overall, households in Surrey tend to have lower housing costs, but higher transportation costs.

Working renter households in Surrey spend \$26,037 per year or 50% of their pre-tax income on transportation and housing combined.

Surrey's combined costs are more than in some municipalities where housing costs are higher. This leaves working renter households in Surrey with less to spend on other necessities such as food, health and childcare.

Locating affordable housing for low and moderate income households near frequent transit services provides an opportunity for working renter households to reduce both their housing and transportation costs, and improve access to employment and services.

Frequent Transit Network (FTN): The FTN is Metro Vancouver's network of corridors where transit service runs at least every 15 minutes in both directions through the day and into the evening, every day of the week.



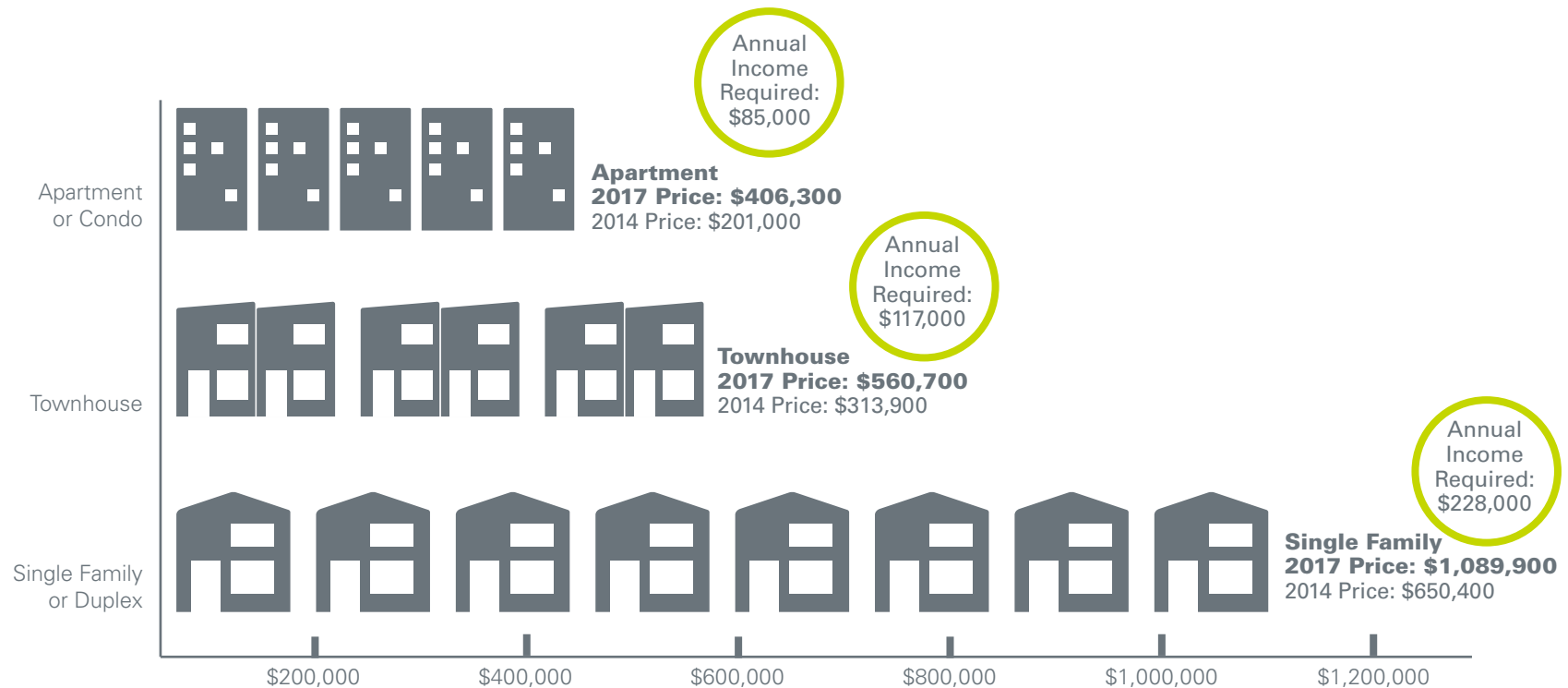
Working Renter Households - Average Annual Housing and Transportation Cost Burden

Source: Metro Vancouver Housing and Transportation Cost Burden Study 2017.
Note: percentages may not add up due to rounding.

Ownership Market Conditions

BENCHMARK HOUSING PRICES INCREASED DRAMATICALLY IN SURREY

For many households there is a strong desire for ownership and the financial stability and security of tenure that it provides. In general, Surrey has been successful in generating a diverse range of ownership opportunities. However, as in the rest of the Metro Vancouver region, prices for all housing types have significantly increased in Surrey in recent years.



Notes: Annual Income Required (the annual carrying cost of owning) based on 10% down with a 25 year amortization period, 4.99% five year closed mortgage rate, with heating, property taxes and condo fees included. Based on the assumption that households should not pay more than 30% of income on housing costs. Source: Fraser Valley Real Estate Board Benchmark Housing Prices 2014 and 2017.

Ownership Market Conditions

OWNERSHIP - OUT OF REACH FOR MOST RENTERS IN SURREY

As housing prices have risen in Surrey, detached homes and townhomes, and even apartments, have become far out of reach for the majority of renter households in Surrey. The median household income for renters in Surrey is \$42,595. The gap between renter incomes and the annual carrying costs required to purchase a home is simply too high for most to enter the ownership market.



Sources: Fraser Valley Real Estate Board Benchmark Housing Prices 2017, Statistics Canada 2011 Census, calculations provided in McClanaghan and Associates report provided to the City of Surrey.

STRATEGIES

Strategies

1.0 PREVENT THE LOSS OF PURPOSE-BUILT RENTAL HOUSING

Surrey's existing purpose-built rental housing stock is an important source of housing for a range of households – singles and families, seniors and students, newcomers and long-time residents. It is a valuable asset for the community, as purpose-built rental apartment and townhouse units tend to offer more security of tenure as compared to secondary suites or rented condominium units. As well, the older purpose-built rental stock provides affordable housing for many low and moderate income households in areas convenient to transit and other services.

The purpose-built rental housing stock in Surrey is relatively small for a city the size of Surrey. As this stock ages, and comes under increased pressure for redevelopment due to increasing land values and proximity to new transit infrastructure, there is a need to ensure that the City prevents the overall loss of purpose-built rental housing supply.

2.0 STRENGTHEN PROTECTION FOR TENANTS

When redevelopment of purpose-built rental housing sites occurs, existing tenants may be challenged to find replacement housing. Tenant protection and relocation policies can help mitigate some of the impacts of redevelopment.

The Province's *Residential Tenancy Act* is essential for ensuring the fair treatment of renters and that the rights and responsibilities of both renters and landlords are clearly understood.

In the past, Surrey residents have reported challenges with the BC Residential Tenancy Branch's dispute resolution process. In response, the City of Surrey advocated for improvements. The Province's new *Homes For B.C.: A 30-Point Plan for Housing Affordability in British Columbia*, released in February 2018, includes actions to strengthen protection for renters.

In addition to provincial legislation, municipal policies can help to ensure that tenants are supported if they lose their housing due to redevelopment.

ACTION

- 1.1 Adopt a one-for-one rental replacement policy for purpose-built rental housing units that are lost due to redevelopment.

ACTIONS

- 2.1 Develop a tenant protection and relocation policy to protect tenants who may be at risk of losing their housing through redevelopment.
- 2.2 Monitor, and if needed advocate for, changes to provincial legislation to strengthen tenant protection around health, safety, discrimination and security of tenure.

3.0 ENCOURAGE THE DEVELOPMENT OF NEW PURPOSE-BUILT RENTAL HOUSING

Renter households in Surrey are increasingly challenged to find appropriate and affordable housing. Rents have been rising and vacancy rates are at a critical low.

There are a number of factors that have increased the demand for rental housing in Surrey. Of particular importance is the lack of new market and non-market purpose-built rental housing since the 1980's, during a time of high population growth in Surrey. Another factor impacting demand is that as housing prices rise across the region there are a growing number of middle income earners who cannot make the transition from renting to owning.

Adding to the supply of purpose-built rental housing for a range of incomes is essential not only in terms of responding to existing and emerging housing demand, but also to maintain affordability over the longer term. Securing new stock so that it remains as rental over the long-term is critical.

Locating purpose-built rental housing near frequent transit services provides an opportunity for households to be less auto-dependent and reduce their transportation costs. Both the *National Housing Strategy* and the Province's *Homes for B.C.: A 30-Point Plan For Housing Affordability in British Columbia* reference the transit-housing connection. With the introduction of Surrey Light Rail and other transit improvements in Surrey, there will be new opportunities to locate purpose-built rental housing in transit-oriented locations.

The investment climate for purpose-built market rental in Surrey has recently improved with a number of secured purpose-built market rental housing units currently under development in Surrey. Targeted strategies, as well as changes to federal tax policy, can assist in supporting this positive trend.

In terms of non-market rental housing, there have been recent funding opportunities from the provincial and federal governments, with more expected. Partnerships with the federal and provincial governments, as well as other funders can help offset costs and improve the overall affordability profile and financial feasibility of non-market purpose-built rental developments.

ACTIONS

- 3.1 Continue to fast-track the development approvals process for new purpose-built rental housing.
- 3.2 Continue to reduce parking requirements in secured purpose-built rental housing projects located in areas that are well-served by transit and that contain an appropriate tenant mix that will use transit.
- 3.3 Encourage the development of secured purpose-built rental housing, especially projects with affordable rental units, in locations close to Frequent Transit Networks. Explore potential partnership opportunities or alignment with federal and provincial government transit investments.
- 3.4 Encourage the development of new secured purpose-built rental housing through partnerships.
 - Support Surrey-based projects to access funds available through the new National Housing Co-Investment Fund and other funding opportunities.
 - Continue to work with BC Housing, CMHC and others to increase the inventory of market and non-market purpose-built rental housing.
- 3.5 Foster relationships with companies that specialize in the development of long-term purpose-built market rental housing.
- 3.6 Advocate for changes to federal tax policy to make rental housing operations exempt from paying GST/HST as part of a broader package of incentives to encourage and stimulate new rental housing construction as well as reinvestment in the existing rental housing stock.

4.0 INCREASE THE SUPPLY OF HOUSING AFFORDABLE TO RENTER HOUSEHOLDS WITH LOW TO MODERATE INCOMES

Many low and moderate income renter households in Surrey are struggling to find affordable housing. Homelessness is the most severe symptom of this rental housing crisis. In order to achieve complete communities, accommodate a diverse workforce, and support vulnerable households, housing for a range of incomes is vital.

Over the past decade, the City of Surrey has focused its housing investments on addressing homelessness, by increasing the supply of shelter beds and supportive housing. These efforts need to continue. However, given local and regional trends of increasing affordability challenges for renters, there is a need for the City to expand its efforts and begin to invest in affordable housing for low to moderate income renters.

In order for the City to provide land or other financial contributions, a revenue source is required. In the 1990's, the City of Surrey collected a \$750 per new housing unit contribution towards the City's Affordable Housing Reserve Fund. In 2007, the \$9 million in the City's Affordable Housing Reserve Fund was used to create the Surrey Homelessness and Housing Fund. The Surrey Homelessness and Housing Society was established to oversee this Fund and to raise, manage and distribute funds supporting projects for people who are homeless or at-risk of homelessness in Surrey.

In 2017, the City of Surrey issued building permits for approximately 3,250 new dwelling units. Based on this level of activity, a \$1,000 per unit fee would generate approximately \$3.25 million per year. At current land costs, \$3.25 million could fund the acquisition of approximately one acre of land that could allow for the development of approximately 50 to 70 housing units in a town centre location. Leasing the land to a housing provider would help create affordable rental housing units.

While affordable rental housing may be provided by the private, public and non-profit sectors, affordable rental housing for low income households generally requires subsidies in the development and/or on-going operations. Given that non-profit housing providers are mission-driven, investments in the non-profit housing sector mean that the housing will remain affordable over time, and future surpluses will be used to either further reduce rents or to develop new social housing. This is an important consideration when the municipality is investing in affordable rental housing.

ACTIONS

- 4.1 Continue to support the implementation of the priorities and actions set out in the *Master Plan for Housing the Homeless in Surrey*.
- 4.2 Continue to work in partnership with BC Housing, CMHC, Surrey Homelessness and Housing Society, non-profit housing providers and others to increase the supply of purpose-built non-market rental housing units in Surrey.
- 4.3 Re-introduce the requirement that all new rezonings for residential developments contribute \$1,000 per unit to support the development of new affordable rental housing.
 - Adjust the \$1,000 contribution over time.
 - As a minimum criteria for eligibility for support from City land or funds, "affordable" rental housing is defined as 80% of units having rents at less than 80% of median market rents in Surrey.
 - Develop additional criteria for projects to be supported by City land or funds such as number of affordable units, depth of affordability, target population(s) of residents, financial viability and sustainability, ability to secure other funding, experience of the project proponent, and proximity to the Frequent Transit Network.

APPENDIX

Related Plans, Policies, Regulations and Reports

PLANS

MASTER PLAN FOR HOUSING THE HOMELESS IN SURREY (2013)

The *Master Plan for Housing the Homeless in Surrey*, developed in partnership with BC Housing and Fraser Health, aims to identify and respond to the needs for long-term housing and support services for people who are homeless or at-risk of becoming homeless. The Master Plan also focuses on the need for emergency shelters and related services.

POLICIES

MANUFACTURED HOME PARK RESIDENT PROTECTIONS

Policy O-34A (1995 and amended in 2015)

Manufactured Home Park Redevelopment and Strata Conversion Policy

When a manufactured home park is proposed for redevelopment, the policy provides residents with additional protections which supplement the provisions outlined in the *Condominium Act* and the *Residential Tenancy Act*.

The policy includes the following requirements:

- A communications plan in order to provide tenants information on the application process steps, Council meetings and relocation options.
- Provision to the City of a demographic summary of residents, along with an assessment of relocation preferences, potential and cost.
- Development of an affordable housing program that may include a right of first refusal to purchase for existing tenants, payment of relocation expenses, compensatory payments to displaced tenants, a proportion of new units being reserved for affordable housing for existing tenants, and other affordable housing options.

RENTAL STOCK STRATA CONVERSION RESTRICTIONS

Policy M-10 (1991)

Procedures for Processing Strata Title Applications

The policy states that Council will not approve conversions from rental to strata title units, unless Surrey's vacancy rate reaches or exceeds 4%, as determined by the CMHC.

Related Plans, Policies, Regulations and Reports

POLICIES

DENSITY BONUSING

Policy O-54 (2007 and amended in 2008, 2009, 2012, 2013 & 2014) *Interim Bonus Density Policy*

The policy stipulates that land developers may build additional density (a “density bonus”) in City Centre and Guildford Town Centre in exchange for amenity contributions to the City. The policy requires that the benefiting developer provide a percentage of the lift in the market value of the land, achieved through the increased density, as value back to the City.

The policy allows for the bonus density value to be achieved through amenities such as affordable housing; civic amenities including child care spaces, public meeting spaces, civic and cultural facilities, public art, open space, publicly accessible parks or gathering places, etc.; or a cash-in-lieu payment.

The Interim Bonus Density Policy is currently under review.

The bonus density policy was accompanied by the creation of a Density Bonus Reserve Fund in 2008.

REGULATIONS

SURREY HOMELESSNESS AND HOUSING FUND

Affordable Housing Special Reserve Fund Expenditure Authorization By-Law (2007)

In 2007, Surrey City Council approved the creation of a new Surrey Homelessness and Housing Fund; \$9 million from the City’s Affordable Housing Reserve Fund was used to establish the Surrey Homelessness and Housing Fund. The Surrey Homelessness and Housing Society oversees the Fund, supporting Surrey-made solutions to homelessness and affordable housing issues in Surrey.

Related Plans, Policies, Regulations and Reports

REGULATIONS

STANDARDS OF MAINTENANCE

Surrey Rental Premises Standards of Maintenance Bylaw (2012)

The Rental Premises Standards of Maintenance Bylaw requires that owners of rental premises provide certain services and utilities (water, heat and light) to specific standards, and that provision of these services and utilities is mandatory. However, if a Tenant fails to pay service or utility rates or fees as required by the Tenancy Agreement, the service or utility can be discontinued, disconnected, shut-off or removed.

Elevators are required to be maintained in a safe, clean condition and certified under the appropriate Act and Regulations.

Provisions are set out for administration and enforcement, including applicable fines.

SECONDARY SUITES

Secondary Suite By-Laws and information (2010)

The Secondary Suite Zoning Bylaw permits one secondary suite per single family home, under certain conditions. Multiple suites are not permitted. The Zoning Bylaw currently sets the following conditions for a secondary suite in a single family dwelling:

- The home must be owner-occupied;
- Only one secondary suite is permitted per single family dwelling;
- A secondary suite is prohibited in conjunction with a coach house; and
- A home with secondary suite must provide on additional off-street parking space.

Secondary suite fees are based on the Secondary Suite Service Fee Bylaw, and include a Secondary Suite Service Fee as well as fees for Garbage, Recycling and Organics; Water, and Sewer.

REPORT

SURREY HOUSING PROFILE

The Profile provides information on Surrey housing stock, housing needs, affordability, policies and practices. Housing-related data is compiled from a variety of sources including Statistics Canada, CMHC, Metro Vancouver and the City of Surrey's Planning and Development Department.

www.surrey.ca/socialplanning

