

PROPERTY OPPORTUNITY NOTICE



Municipality: City of Cranbrook

Street Address of Site: 1501 1st St. S

Posted: January 20, 2025

Submission Deadline: April 23, 2025

Land Lease Length: 60 years

Seeking: A developer/builder and non-profit owner-operator.





Opportunity Overview

The project site is located near downtown Cranbrook, with easy access to amenities, schools, BC transit hub, parks, shopping, 500m from a major grocery store and right next door to Baker Park. A 30-unit mixed-use apartment building composed of studio, 1 and 2-bedroom units, and a social/community care use, or small-scale commercial at grade is envisioned for this site. This project presents an opportunity to inject some vibrancy in the downtown by activating an underutilized piece of land and inviting more people into the space.

As the first purpose-built market rental in the downtown on City-owned land, this project has an opportunity to set the standard for future medium-density mixed-use builds in the downtown core. Existing on the parcel, there is a seniors housing development, composed of six 4-unit townhome units, known as Baker Gardens. This site is centered between them. Baker Gardens operates through a leasehold subdivision and is managed by Canadian Mental Health Association. The zoning for the site is specific to the development, allowing for the mixed-use collaborative approach to the development.

BC Builds Program Overview

BC Builds partners to build housing that is attainable for middle-income households, picking up where other BC Housing programs that serve low- to moderate-income households leave-off.

BC Builds targets households whose incomes range from \$84,780 to \$131,950 for a studio or one-bedroom home or \$134,410 to \$191,910 for a two-bedroom home or larger. These will vary by community to reflect local incomes. In some communities, some households may be below the bottom of the income range and are still eligible to rent BC Builds homes.

Rental rates for BC Builds homes should be determined through an analysis of incomes, appraised market rents, and development costs within the community. That means rents will differ from community to community. BC Builds projects owned and operated by non-profit societies, First Nations development corporations, or public entities where grants are provided, will have at least 20% of units set at 20% below market rates. BC Builds projects owned and operated by private entities are not eligible for grants and should have rental rates that are suitable for middle-income households.

To help deliver on these goals, BC Builds can provide:

- Low-cost construction financing for buildings that are owned and operated by for-profit and non-profit developers and First Nations development corporations
- Direct access to CMHC construction financing with up to a 50-year amortization for buildings owned and operated by non-profit and private developers, as approved by CMHC
- Access to low-cost take-out financing with a 35-year amortization for buildings not approved for 50-year amortization

Grants of up to \$225,000 per unit for buildings owned and operated by co-operative or non-profit developers or First Nations controlled development corporations, with the requirement of having at least 20% of the units at 20% below market rents. Where grants are provided, below market rents will be secured in a range of ways including a forgivable mortgage, housing agreement, section 219 covenant, or contribution agreement. Please see scoring criteria below.

Please read the <u>BC Builds Rental Supply Program Framework</u> for full program details before submitting your proposal.

Site Context

Satellite Map

Google Map Pin: https://maps.app.goo.gl/r7eWyAwo4rpjxfXT6



Figure 1. Downtown Scale



Figure 2. Satellite Image of Site

Plan Map



Figure 3. Downtown Revitalization Land Use Concept

2.4.7 Medium Density Residential Mixed

The Medium Density Residential Mixed districts will provide a wide range of residential housing options and their strategic locations in the plan area will support vibrancy and viability of the commercial, retail, and institutional uses in the area. The building forms in this area will be predominantly townhomes, stacked townhomes, and mid-rise apartment buildings. This will increase housing choice and increase affordability.

POLICY

- The maximum height within the Medium Density Residential Mixed district is five storeys.
- Townhomes, stacked townhomes, and mid-rise apartment buildings should be accommodated within this district.
- New single-detached and semi-detached dwellings should not be built in this area.



Figure 4. Medium Density Residential Mixed Land Use Policies from Downtown Revitalization Plan

Additional Maps

See Appendix 1 for additional maps for location of SRWs, and/ or easements for access, water, storm and sanitary utilities.

Parcel Identification (PID)	028-280-555
Registered Owner	City of Cranbrook
Civic Address	1501 1st St S, Cranbrook, BC V1C 1B7
Lot Area (Size)	~0.3316 hectares
Lot Frontage	~ 21 meters
Site Servicing	City water and sanitary services within meters of site.
Links to relevant planning policies (OCP, Local Area Plan, other relevant documents)	Please see OCP – Medium Density Residential Please see Downtown Revitalization Plan

Property Details

Please enter N/A for fields that don't apply to your site.

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Current Zoning (Provide relevant links to local Zoning Bylaw)	CD-4 Baker Park Development Zone – Area C		
Permitted Use Within Zoning	Primary Uses a) Apartment b) Community Recreation Use Accessory Uses: a) Daycare, group daycare, childcare facility b) Supportive Services, c) Personal services, d) Health services, e) Park, f) Small-scale eating establishment, g) Neighborhood Convenience Store, h) Other uses, buildings and structures accessory to a primary use.		
Maximum Permitted Height and Density	Max Height = Lesser of 18.0m or 4 storeys Density: Min: 20 Units - Max 30 units Density is capped at 30 units due to sanitary sewer service capacity.		
Parking Variance Proposals	Potentially – The zoning is site specific and parking requirements are based on bedroom type, to reflect appropriate needs, as a market rental project. As Cranbrook is still a car-centric community, it's believed that the required parking stalls are reasonable. Should the proponent present otherwise, or provide alternative solutions (ie: car share, transit passes, underground parking, etc) a variance could be entertained.		
Applicable Development Permit Controls	Multi-Family Development Permit DT Commercial Development Permit		

Current Use(s)	The land is a portion of the "remainder lands" easement area of Lot 4 and 22 KOOTENAY DISTRICT PLAN EPP7196 from BC Housing Lease. It is used as Community Recreation Space.		
Surrounding Use(s) Environmental features (stream, creek,	 Directly: N - Historical Colonel Baker House - Professional and Health/ Wellness Services E - Seniors Housing S - Baker RV Park W - Baker Park - Public Recreation Space Greater Surrounding Area: N - Medium Density Residential E - Medium Density Residential & Middle School S - Low Density Residential W - Downtown Core Commercial Storm drainage pit on North corner 		
grades, soils etc)	 Minor slope to the site (see 2nd satellite site photo with contour). Floodplain Management – FCL is greatest of following elevations: 899m, Geodetic Survey of Canada, or 0.6m above center line elevation of fronting street, or 0.6m above ground. 		
Environmental remediation requirements (if known)	None.		

Any easements, rights of way, or restrictive covenants (i.e.: encumbrances) on title	 Campground access easement along east side of parcel BC Hydro SRW Telus SRW Existing BC Housing lease for Senior Housing. This lease will be dealt with by the City through subdivision. It is the intention that this subdivision be completed prior to the expiry of this Property Opportunity, creating a parcel for the successful proponent that is unencumbered by an existing lease or mortgage. Current "gravel road" access to proposed lot is not legally defined, but in progress of being established.
Community engagement requirements or expectations	The current use of the property is underused public use amenity space (Bocce fields & horseshoes). As the City is exploring improvements to the Baker Park area, the City will undertake engagement to determine what the public wants to see as alternatives.
Amenity/Bonusing Requirements	4m² of Private Amenity Space/ Dwelling Unit 10m² of Recreational Space/ dwelling unit, per apartment building.
Sustainability/Energy Requirements (for anything beyond BC Building Code)	Water metering
Accessibility Requirements (for anything beyond BC Building Code)	None.

Applicant Type

 \boxtimes Seeking a developer *and also* a housing owner/operator and willing to enter into a long-term lease (60 – 99 years) with successful proponent with a land cost of \$0.

☐ Seeking a developer and also a housing owner/operator and willing to dispose of land to
successful proponent at \$0.
☐ Seeking <i>only</i> a developer/builder to provide a turn-key building to an operator you've
preselected.
oximes Owner/operator must be a non-profit society, co-op or First Nations development corporation.
☐ Owner/operator <i>must be</i> a private developer.
☐ Owner/operator can be either a non-profit society, co-op or First Nations development
corporation or a private developer.

Additional Property Information

See Appendix 1 for the BC Builds Concept Plan See Appendix 2 for the Engineering & Servicing Memo.

Potential Opportunities:

Revitalization Tax Exemption - The City is exploring the opportunity for a Revitalization Tax Exemption Bylaw. The previous version expired in 2020, and an update is being considered, but current details are limited. Therefore, project operating budgets submitted for evaluation as part of this Property Opportunity Notice should not include an assumption of a property tax exemption.

Parking variance

Eligibility and Evaluation Criteria

General information

- Successful projects must break ground within 12-18 months (depending on the complexity of the project) of the successful proponent receiving a Conditional Land Contribution (CLC) letter following the completion of the evaluation period. In the CLC, BC Builds and the Landowner commit to moving at a pace to achieve this outcome.
- The land must be used to create new housing for middle income households as defined in the BC <u>Builds Rental Supply Program Framework</u>.
- Eligible projects must be primarily residential but can include ground floor commercial and/or community uses and/or childcare with the non-residential components not to exceed 30% of floor area or cost.

Eligibility Criteria

All proposals will be assessed first to determine qualification based on these eligibility criteria. Proposals that qualify will then be assessed according to the evaluation criteria below.

Eligible Applicant

first five years of operation.

Applicant must:

- Be registered and in good standing with the BC Corporate Registry or partner with a business or organization that is. **Please include your incorporation number in your submission.**
- For developer/builder, be a registered and licensed builder in B.C.
- Have previous property development and property management experience or engage professional third-party consultants or property management company.
- Stay at or below BC Builds maximum grant requirement. See below.
- Stay at or below BC Builds target household incomes. See below.

Property Management (Applies only to properties where a housing owner/operator is being sought): Applicants must have a minimum of five (5) years property management experience. In lieu of property management experience, applicants may hire or partner with a professional third-party property management firm or organization to help build their organization's capacity over the

Real Estate Development Experience: Applicants must have successfully completed a similar project on time and within budget. Alternatively, applicants may hire or partner with a third-party developer who has experience building similar projects and/or assemble a design and construction consultant team to carry out the project.

BC Builds Grant Requirement: Projects must require no more than \$225,000 per unit grant contribution from BC Builds using the BC Builds base case scenario of 80% of units at market, 20% of units at 20% below market, a DCR of 1.1 for residential portion of building and 1.4 for non-residential if applicable, using the interest rates on the BC Builds website at the time of proposal submission.

Proposals that require more than \$225,000 per unit will be deemed ineligible and not evaluated.

NB this grant is only available for projects that will be owned and operated by non-profits, co-ops, public housing corporations or First Nations controlled entities. See evaluation criteria and evaluation matrix below for information about how this will be scored for applicants that are deemed eligible.

Target Household Incomes: BC Builds targets households whose incomes range from \$84,780 to \$131,950 for a studio or one-bedroom home or \$134,410 to \$191,910 for a two-bedroom home or larger with a target of these households spending no more than 30% of their income on rent. These will vary by community to reflect local incomes. In some communities, some households may be below the bottom of the income range and are still eligible to rent BC Builds homes. *See evaluation*

criteria and evaluation matrix below for information about how this will be scored for applicants that are deemed eligible.

Evaluation Criteria

Proposals received during the submission period will be ranked against set evaluation criteria. The following criteria will be used to evaluate, rank, and determine a proposal's overall strength and level of project suitability. *Please see scoring matrix below.*

Scoring Matrix

Ranked Criteria (Overall Weighting) Total 100 Points	Points
Technical and Financial Viability & Sustainability	25
Amount of per-unit grant required	15
Percentage of below market units	15
Target household incomes	15
Speed to Market	10
Unit Mix	5
Additional Accessibility Benefits	5
Additional Sustainability Benefits	5
Financial Equity Contribution	5

Technical and Financial Viability and Sustainability (25 Points): The project is feasible and viable, both through capital financial assembly and ongoing operating pro-forma based on BC Builds underwriting and financing criteria noted here, as well as the project environment (geotechnical, environmental, site constraints etc.) Construction costs are reasonable and in line with typical per square foot hard and soft costs for the region. Projects that can demonstrate additional savings or cost reductions while still achieving constructability will be prioritized.

Projects must demonstrate a means to be financially sustainable without an ongoing operating subsidy from BC Builds (BC Housing). All potential funding sources must be disclosed, including the potential to apply for financing and grant funding through BC Builds, together with details of the intended funding strategy and any supporting documentation. If the building will require an ongoing

operating subsidy, the applicant must provide information about how they would provide that subsidy to the project and demonstrate how that will be in place over the life of the building.

A note re financing: Projects that will be owned and operated by non-profits, co-ops, and public housing corporations are eligible to apply for take-out financing through BC Builds. All projects are eligible to apply for construction financing. The interest rates for both interim construction and take-out financing found on the <u>Housing Development Opportunities</u> page.

For projects that will be owned and operated by non-profits, co-ops, and public housing corporations, proponents must use a 35-year amortization. Please assume a 1.1 Debt Coverage Ratio. Proponents may also provide an alternative scenario with a longer amortization and demonstrate how they would achieve the proposed alternative scenario. Evaluations will be made on the base case scenario with consideration for the alternative scenario if the base case scenario ranks as competitive against other proposals.

For projects that will be owned and operated by private entities, including First Nations owned private entities, proponents should propose a take-out financing strategy, including amortization period and interest rate.

Amount of per unit grant required (15 Points): Projects that will be owned and operated by non-profit partners, co-ops, public housing corporations or First Nations-controlled development corporations are eligible to receive capital grants of up to \$225K/unit:

• The per unit grant amount should be calculated based on the amount of funding required to get 20% of units to 20% below market. In other words, what is the equity gap in the project when 20% of units are dropped to 20% of market? Divide this equity gap by the *total* number of units in the building and that is the per unit grant, which is applied to *each unit* in the building, not only the 20% of units at 20% below market. The *lower* the per unit grant amount the more points awarded.

Percentage of units below market (15 Points): The baseline for the BC Builds program is 80% of units at appraised market rents for the city/town/district/Nation in which the Property Opportunity is situated and 20% of units at 20% below appraised market rents. *Proposals that meet this baseline will not be awarded points in this section.* Proposals that can increase the percentage of units at 20% below market or slightly deepen the affordability of units to more than 20% below market while still maintaining project viability without the need for ongoing operating subsidy from BC Builds and while keeping the grant amount per unit low will be given priority.

Target household incomes and rents (15 Points): BC Builds targets middle-income households, with income thresholds for eligibility set at the Middle-Income Limits which are defined as follows:

Units with less than two bedrooms: Middle-income households are those whose gross household income does not exceed the 75th income percentile for families without children, as determined by BC Housing from time to time. The current range of middle-income households that are the target of the BC Builds program is \$84,780 to \$131,950.

Units with two or more bedrooms: Middle-income households are those whose gross household income does not exceed the 75th income percentile for families with children, as determined by BC Housing from time to time. The current range of middle-income households that are the target of the BC Builds program is \$134,410 to \$191,910.

For projects involving a mix of unit sizes, the corresponding income threshold will be applied to each unit type.

Priority will be given to projects that target household incomes as low as possible in these income ranges while still maintaining project viability without the need for ongoing operating subsidy from BC Builds.

Rents must be suitable for middle income households, as defined above.

For buildings owned and operated by entities receiving a BC Builds grant:

- Units must target eligible households for a minimum of thirty-five (35) years.
- Buildings must include minimum of 20% of units rented at 20% below market for a minimum of thirty-five (35) years.

For buildings owned and operated by private developers:

• Units must target eligible households for a minimum of ten (10) years.

The rent structure will vary depending on the characteristics of the project and whether funding from other partners is layered into the project. All units in the development must be rented at or below market as determined by an appraisal of current market rents in the community, and at rents suitable for eligible households considering the location and average household income for the area but must not exceed 30% of the Middle-Income Limits (noted above) in effect at time of occupancy and at unit turnover.

A note re rents: Please used appraised market rents at time of proposal submission not appraised market rents at time of expected building occupancy.

Speed to Market (10 Points): How rapidly does the proposed timeline bring new homes to market? How realistic is the proposed timeline? Processes and technologies to speed up development and construction timelines and innovative construction methods will be given priority.

Environmental Sustainability Considerations (5 Points): Projects must be built to the BC Building Code. Priority will be given to projects that can provide additional environmental sustainability benefits while maintaining project viability.

Accessibility Considerations (5 Points): Projects must be built to the BC Building Code. Priority will be given to projects that can provide additional accessibility benefits while maintaining project viability.

Unit Mix Considerations (5 Points): No requirement for a particular unit mix, but priority will be given to projects that provide two- three- and four-bedroom units while maintaining project viability and staying below the per unit maximum grant amount of \$225,000 for non-profits, co-ops, public housing corporations or First Nations-controlled development corporations.

Financial Equity Contribution (5 Points): For non-profit and co-operative developers and First Nations controlled development corporations intending to own and operate buildings, there is no equity contribution required during the proposal submission process. Applicants that bring additional equity or equity partners to the project to increase affordability or reduce the BC Builds grant amount requested will be given priority.

How to Apply and Proposal Submission Requirements

- 1. Review detailed property information, criteria and deadlines in this Property Opportunity Notice.
- 2. Attend an optional Property Information Session for this opportunity. Please see the <u>Housing Development Opportunities</u> page for times and dates. If you miss the info session, please watch the recorded video also available on the Housing Development Opportunities page.
- 3. Contact BC Builds <u>info@bcbuildshomes.ca</u> if you have any questions about a Property Opportunity Notice. *Please do not contact landowners directly. Doing could result in disqualification from the application process.*
- 4. Review the <u>BC Builds Rental Supply Framework</u>.

- 5. Applicants can present their submission in the form and format of their choice, with the option of using this capital and operating budget template. A development schedule and typical schematic design that includes drawings and site concept plan including massing, renderings, basic floor plans, and an indication of how the building(s) is located on the property is expected as part of the proposal submission. In addition to the type-written pages, schematic design that includes drawings and site concept plan including massing, renderings, basic floor plans etc may be added.
- 6. Proposals from developers/builders to build housing for an identified non-profit owner/operator should clearly identify their development management and construction management fees.
- 7. Applicants should give a clear indication of the type of construction contract and rationale for the type of contract they are planning to use for the project.
- 8. Applicants should submit evidence of being a registered and licensed builder in B.C.
- 9. Applicants should submit their B.C. Corporate Registry Incorporation number.
- 10. Letters of reference can be submitted to demonstrate experience in delivery of similar projects.
- 11. Proposals must be sent to <u>info@bcbuildshomes.ca</u> at or before 11:45pm PST on the due date listed in the Property Opportunity Notice. Late proposals will not be reviewed.

Evaluation Process

General information

Evaluations will be conducted jointly by BC Builds staff, the property owner, and any external parties identified by BC Builds in relation to the subject property. Each submission will be reviewed and scored against the stated evaluation criteria. Following this the evaluators will convene as a team to review scoring and determine the highest scoring proponent.

In the event of a tie score or the top two (2) highest scoring submissions being within five points of each other, BC Builds staff may elect to conduct a presentation/interview with each of the two proponents to determine the successful proponent. Proponents will be given an interview scoring matrix in advance of the interview.

How long it takes

It should take several weeks (goal of 6 to 8 weeks depending on the number of submissions) to evaluate proposals and for BC Builds to contact a successful proponent. The successful proponent will be required to sign a Conditional Land Contribution agreement between the proponent, BC Builds and the landowner which lays out a 12-to-18-month timeline to securing funding, financing, Development Permit, Building Permit and begin construction and a shared and collaborative approach to meeting or exceeding this timeline. Once a successful proponent signs a Conditional Land Contribution agreement, BC Builds will notify unsuccessful proponents.

Fee

There is no fee to apply.

Additional Information

This Property Opportunity Notice is available to projects that meet and/or exceed the minimum requirements as outlined in the above criteria. Verification of project details and evaluation will determine whether a project is selected. Simply meeting the minimum requirements will not guarantee that a proposal will be selected. Applicants are responsible to provide sufficient documentation that will verify compliance with the eligibility requirements.

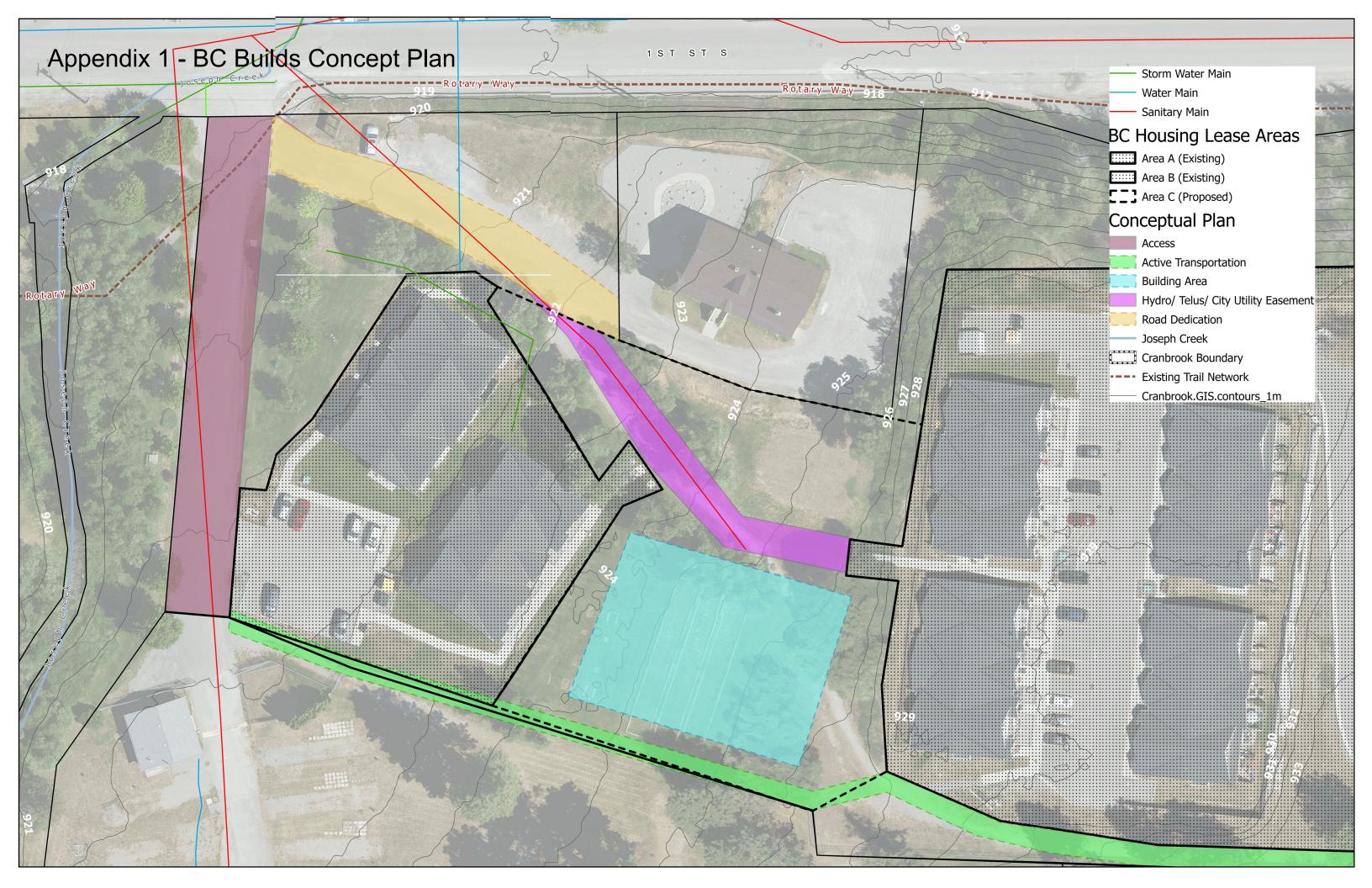
Note that BC Builds will consider all proposals but is under no obligation to approve any application and move forward with the PON if, in BC Builds' opinion, no suitable submissions are received.

Disclaimer

The PON is a non-binding document. BC Builds does not make any representation or provide any undertaking to prospective respondents other than to invite them to submit a proposal. This PON does not oblige BC Builds to negotiate or execute an agreement with any prospective respondents, nor to grant rights of any sort to any prospective respondents and, BC Builds shall incur no liability to any prospective respondent as a result of responding this PON.

BC Builds will not be liable for, nor will it reimburse any prospective respondent for costs incurred in the preparation, submission or presentation of any proposal, for interview or any other activity that may be requested as part of the PON process.

BC Builds reserves the right to limit the number of awarded projects any one proponent can be awarded in a geographic area and/or within a defined period of time.



Appendix 2

Engineering & Servicing Memo

1. GENERAL COMMENTS

- a. A leasehold subdivision is in process to separate the site from the remaining parcel.
 It is the intention that this subdivision be completed prior to the expiry of this
 Opportunity Notice.
- b. The scope of work and costs outlined in this memo are preliminary and subject to change at the time of development permit/building permit application.
- c. The developer is required to confirm the required engineers for this project prior to submitting for a building permit.
- d. The developer will be responsible for coordinating with third party utilities such as gas, telecommunication and mail services.
- e. All conditions required for Canada Post mail delivery provisions must be satisfied. The City will provide street names and addressing upon final approval.

2. PERMITTING

a. <u>Development Permits</u>:

- A Multiple Unit Residential Development Permit will be required. Further information on the requirements of this permit type can be found in the Cranbrook 2042 OCP: <u>Multi-Unit Residential Development Permit Area and Application Details</u>.
- ii. A Downtown Commercial Development Permit may be needed, depending on the proposed use. Further information on the requirements of this permit type can be found in the Cranbrook 2042 OCP: <u>Downtown Commercial Development Permit Area and Application Details.</u>
- iii. These Development Permits can be applied for concurrently.

b. Building & Associated Permits:

- i. As a requirement of the Building Permit, a geotechnical site report will be required.
- ii. An Erosion and Sediment Control Permit will be required. The application and further details can be found in the *Erosion and Sediment Control Bylaw No. 3692.*
- iii. The standards must align with the BC Building Code, including accessibility, energy efficiency and climate resiliency requirements. As new requirements are added into the Building Code, BC Builds buildings will be required meet them. Further details on the requirements of Building Permit applications can be found in the *Building Bylaw No. 3725, 2013*.

3. ACCESS & ROAD WORKS

a. The access from 1st St S. will need to be constructed and legalized through a road dedication at the time of the lease hold subdivision.

- b. This dedicated access road must be built to the local residential street standard in accordance with the *Subdivision and Development Servicing Bylaw No. 3633, 2008.*
- c. The active transportation route will need to be rerouted to connect to Rotary Way and legalized by 3m dedication.
- d. The active transportation route will be required to be constructed to the local trail / pathway standard, in accordance with Subdivision and Development Servicing Bylaw No. 3633, 2008.
- e. The developer will be responsible for the costs for any repair works which are required due to damage from construction activities.

4. SERVICES

a. Water

- i. A 50mm water service/main is located within the access road.
- ii. A single water meter will be required for the entire site. This water meter will be supplied by the City at the developers cost and installed by their plumbing contractor.
- iii. Depending on the building design the water service / main may need to be upgraded and an additional fire hydrant installed.

b. Sanitary

i. A 150mm sanitary main is located within the access road and leasehold subdivision area.

c. Storm

- i. Storm water services would need to be brought to site from the existing storm water pipe on 1st St. S. or be designed to be managed on-site. This work to be designed and field reviewed by a geotechnical engineer.
- ii. The northeast portion of the site contains the storm drainage pit for the 4 townhouse units to the east. This design is no longer functioning within the current climate, and a redesign will need to occur. The City is eager to collaborate on a solution and may be able to provide preliminary designs (permission pending).

5. MAINTENANCE

a. The developer/ lease holder will be responsible for maintenance in the lease hold area (i.e snow removal, waste collection/ disposal, yard maintenance, etc.).



Housing Needs Report

Unit Need Estimate Update

City of Cranbrook | September 2023

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Housing Needs Report: Unit Need Update

Introduction and Context

The City of Cranbook sought to update its previously endorsed 2020 Housing Needs Report, with consideration of newly available 2021 Census data. This update is specifically focused on identifying the estimated number of units required to address current unmet need in the housing system and keep pace with projected growth through 2031. This estimate serves as the foundation of setting housing targets and crafting policy to achieve desired outcomes.

The approach taken to establish an estimated unit need is the Housing Assessment Resource Tools (HART) method to estimating housing need established by the University of British Columbia Housing Research Collaborative, alongside supplementary considerations, and applying a custom version of its dataset.

HART APPROACH TO ESTIMATING HOUSING NEED

- The primary innovation of the HART method is not a complicated calculation or model, but rather the income quintile concept and structure of the dataset.
- There is the potential to incorporate more complex approaches within the overall framework (particularly as it relates to projecting forward population growth).
- The approach is scalable and adaptable.
- The outcome of this analysis provides a solid foundation for considering housing need at a finer level, while also allowing for increased complexity where desired or required.
- CitySpaces has procured an additional custom dataset based on the income quintile concept with additional variables or indicators allowing for further nuance in the analysis.

At a basic level, the custom dataset cross-tabulates a range of housing and demographic factors against a set of income quintiles and household sizes, which allows housing need estimates, and any supplemental analysis, to be broken out in the same structure: by household size and price points households can afford (assuming no more than 30% of income is spent on housing).

This framework provides a more detailed breakdown of the types of units required to meet existing and projected future need.

The main objective of the approach is to combine considerations of current unmet housing need with estimates of future need (housing demand). It also considers households in Core Housing Need (CHN) to have pre-existing unmet need and require a new dwelling for their needs to be met (which could mean a newly constructed unit or being able to move into a newly vacated unit that is affordable, adequate, and suitable for the household).

This basic framework is shown in Figure 1.

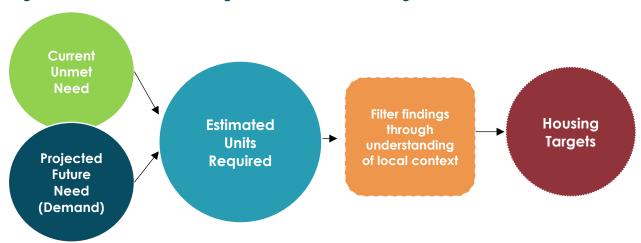


Figure 1: Framework for Estimating Current and Future Housing Need

The analysis explored below will provide an estimated number of units required to address existing core housing need and projected future demand. However, setting a target is usually a key component of housing action plans or strategies. They typically include specific allocations by typology, price-point, unit size, or other factors relevant to the community, to meet the estimated need.

The findings of this analysis serve as a primary indicator of need, but further consideration of how to meet the identified needs, filtered through local understanding of the community's housing context, should be applied to set specific housing targets in alignment with other policy directions in the Official Community Plan or other policies.

Household Income Quintiles

The income quintiles used in the HART analysis are based on specific ratios of the area median household income (AMI) associated with typical household types or incomes sources.

Table 1: Income Quintile Household Type and AMI Ranges

Source: UBC HRC. HART Prototype. 2021

Income Quintile	Income Type or Source	Percent of AMI	National Average Distribution of Households
Very Low	Social Assistance	< 20%	3%
Low	Minimum Wage Worker	20% – 49%	18%
Moderate	Entry-Level Professional Job	50% – 79%	18%
Average	'Middle Class'	80% – 120%	21%
Above Average	High-Income	> 120%	40%

When applying the AMI ranges to the 2021 median household income of \$80,000, the resulting income ranges, associated maximum affordable monthly housing cost, and number and share of households in each quintile are described in Table 2.

Table 2: Household Income Quintiles, Maximum Affordable Housing Cost, Counts and Share of Households by Quintile

Source: Statistics Canada. Custom Data Report: ORD-07412-P4R3D8.

Income Quintile	Income Range	Maximum Monthly Housing Cost	Number of Households
Very Low	< \$15,000	< \$375	145 (2%)
Low	\$15,000 – \$39,999	\$376 – \$999	1,565 (18%)
Moderate	\$40,000 – \$64,999	\$1,000 – \$1,624	1,690 (19%)
Average	\$70,000 – \$94,999	\$1,625 – \$2,375	1,835 (21%)
Above Average	> \$95,000	> \$2,375	3,530 (40%)

As illustrated in Table 2, most households (60%) fall below the Above Average income quintile, with 20% able to afford no more than \$999 per month on housing. It can also be seen the distribution of households by income quintile closely aligns with the average pattern at the national level, with some small variation in the very low and moderate quintiles – this is typical, and most jurisdictions closely match this income distribution.

Estimating Unmet Need

The HART approach uses the concept of Core Housing Need (CHN) as a proxy for current unmet housing need; this is a standardized concept applied to jurisdictions across the country by Statistics Canada and a useful indicator of housing need in the population, although, no single concept can capture all aspects of unmet need.

For example, CHN cannot consider the needs of those experiencing homelessness or populations such as students or temporary foreign workers, due to the nature of the Census survey, who is counted, and how they are counted. It may be valuable to consider the needs of those experiencing homelessness and post-secondary students independently of this assessment.

CORE HOUSING NEED

The CHN concept is based on three distinct housing standards: affordability, adequacy, and suitability; this indicator assesses whether households can afford the housing (by spending no more than 30% of gross income), the housing is in good repair (adequacy), and there are sufficient bedrooms to meet the National Occupancy Standards (suitability).

A household is in CHN when it does not meet any of these three standards and could not afford a dwelling that would allow it to meet the standards without spending more than 30% of its income. As such, a household can be below an individual standard without being in Core Housing Need.

Core Housing Need by Tenure

Table 3 provides a summary of CHN rates and the share of households not meeting each of the three standards by tenure. Rates of meeting the housing standards and being in CHN often vary by tenure, and this is the case in Cranbrook. Renters are much more likely to be in CHN with a fifth of households having CHN status in 2021 (21% or 470 households).

Almost half of renter households do not meet at least one housing standard (44%), while slightly less than half that amount is in full CHN. The primary challenge for renters is affordability (32% of renter households), with some challenges related to adequacy (need for major repairs).

Table 3: Core Housing Need and Housing Standards by Tenure (Cranbrook 2021)

Standard	All Households	Owners	Renters
Core Housing Need	8%	3%	21%
Below at least One Standard ¹	22%	14%	44%
Affordability	15%	9%	32%
Suitability	2%	1%	5%
Adequacy	6%	5%	10%

Owners are experiencing less housing challenges than renters, with 3% in CHN (210 households) and 14% not meeting at least one housing standard. Similar to renters, owners are primarily challenged by affordability, although, there is a smaller difference between the rates of individual standards for owners than renters.

Core Housing Need by Age of Primary Household Maintainer and Household Composition

It may also be helpful to consider CHN rates by the age of primary household maintainer. As housing costs have escalated in recent years, younger households just establishing themselves and older households with fixed incomes may be particularly challenged.

As Table 4 (page 6) illustrates, seniors experience above average CHN rates regardless of tenure, although, the rates are significantly higher for renting seniors. Renter households led by someone younger than 25 also experience elevated CHN rates. Further qualitative investigation of these two population groups may help in understanding how to address their housing needs.

^{1.} Because a household can be below more than one standard, the rates of households not meeting each individual standard does not sum to the share of households not meeting at least one standard.



Table 4: Core Housing Need Rates by Age of Primary Household Maintainers and Tenure (2021)²

Age of Primary	In Core Housing Need			
Household Maintainer	Owner households	Renter households		
Total - Private households (overall average)	3%	21%		
15 – 24 years	0%	26%		
25 – 34 years	0%	14%		
35 – 44 years	2%	13%		
45 – 54 years	2%	16%		
55 – 64 years	3%	23%		
65 – 74 years	5%	26%		
75 – 84 years	6 %	35%		
85 years +	0%	36%		

Two additional groups with elevated CHN rates, regardless of tenure, are single parent mothers (8% for owners and 30% for renters) and one-person households (10% for owners and 35% for renters).

Core Housing Need Income Quintile and Household Size Distribution

2021 CHN can be further broken out by income quintile and household size to understand what types of households may be experiencing housing challenges. As shown in Table 5, most households in CHN are in the low-income quintile (71% of CHN) and 1-person households (89% of CHN).3 There is a clear concentration of CHN in smaller households, which can spend no more than \$999 on housing each month.

^{3.} The accompanying data inventory includes a version of this table with percentages rather than counts to help understand the core housing need distribution more clearly.



^{2.} Values in red indicate where household maintainers of different ages experience above average core housing need rates by tenure.

Table 5: Core Housing Need by Income Quintile and Household Size (All Household, 2021)

Household	INCOME QUINTILE					
Size	Very Low	Low	Moderate	Average	Above Average	Total
1-Person	55	430	0	0	0	485
2-Person	0	120	0	0	0	130
3-Person	0	45	0	0	0	55
4+Person	0	0	0	0	0	0
Total	65	610	0	0	0	685

Estimating Future Housing Need (Demand)

While it is important to understand the scale of unmet housing need for households living in Cranbrook today, cities are always evolving and to stop further unmet need from developing, there must be a capacity to keep pace with ongoing new housing demand (growth). Various models or approaches can be used to estimate future growth or demand; for this analysis, estimated future growth is based on the projection completed as part of the Official Community Plan (OCP) revision process currently underway.

The new OCP assumes an average 0.85% growth rate per year, which results in approximately 78 new households per year from 2021-2031. If this annual growth is allocated by the 2021 income quintile and household size distribution, the distribution of future housing demand can be estimated (see Table 6, page 8). As with any projection-based analysis, it is important to monitor trends over time to verify accuracy and update as required.

The outcomes described in Table 6 assume the distribution of households by income and size will remain consistent through 2031. When 2026 Census data becomes available, it will be valuable to update this analysis and assess if current policy is still effectively incentivizing or supporting the types of housing development most in need by local households.

Table 6: Estimated Future Housing Demand by Income Quintile and Household Size (2021-2031)4

Household						
Size	Very Low	Low	Moderate	Average	Above Average	Total
1-Person	10	95	55	30	15	205
2-Person	0	25	65	75	110	275
3-Person	0	5	10	20	60	95
4+Person	0	0	5	15	95	115
Total	10	125	135	140	280	690
Annual ⁵	1	12	13	15	28	69

Estimating 10-Year Housing Need

COMBINING UNMET NEED AND FUTURE DEMAND

A conceptualization of the amount and affordability level of housing needed over the next ten years (2021-2031) can be understood through combining the current unmet need (CHN) and future growth (demand) cross-tabulated by household size and income quintile. The results of this combination are summarized in Table 7 (page 9).

It is estimated approximately 1,415 additional units of housing will be needed in Cranbrook by 2031, with half of the need for low-income households (52%) earning between \$15,000 and \$39,999, and a similar share being 1-person households (50%). There is a greater estimated need for low-income 1-person households specifically than the total for any other entire income quintile.

^{4.} Table 6 values have been rounded to the nearest 5, other than for the estimates of annual need (which are the 10-year totals distributed across 10 years).

^{5.} While Table 6 provides an annual breakdown to help understand the distribution of annual need, it is not expected one unit will be added for very low-income households each year. It is more likely single projects will address the estimated need for multiple years and addressing the estimated need will be staggered as projects are completed rather than being continuously added a few units at a time.

Other trends of note include:

- Approximately half of the estimated housing need through 2031 is due to Core Housing Need, which concentrates the overall estimated need towards smaller household sizes and lower income guintiles.
- Households in the Very Low income quintile are all 1-person households and the need in this category is primarily due to CHN rather than estimated household growth.
- Most larger households (3+ people) are in the higher income quintiles, and especially the Above Average quintile.
- Few households in the Above Average quintile are expected to be 1-person households.

Table 7: Estimated Housing Need by Income Quintile and Household Size (2021-2031 Unmet Need + Projected Growth)

Source: Statistics Canada. Custom Data Report: ORD-07412-P4R3D8.

Income Quintile	Very Low	Low	Moderate	Average	Above Average		
% AMI	<20%	20-49%	50-79%	70-119%	>120%		
Household Income	Up to \$15,000	\$15,000 to \$39,999	\$40,000 to \$64,999	\$65,000 to \$94,999	More than \$95,000		
Monthly Affordable Housing Cost	Up to \$375	\$376 to \$999	\$1,000 to \$1,624	\$1,625 to \$2,375	More than \$2,375	TOTAL	%
1-Person	65	535	60	35	15	710	50%
2-Persons	0	150	70	85	125	430	30%
3-Persons	0	50	15	20	65	150	11%
4-Persons	0	0	5	15	105	125	9%
TOTAL	65	735	150	155	310	1,415	100%
% of New Dwellings	5%	52%	11%	11%	22%	100%	
Annual Units Required	10	75	15	15	30	145	

HOUSING NEED BY BEDROOM COUNT

The final nuance to add to the results summarized in Table 7 (page 9) is consideration of the number of bedrooms households of different sizes actually require. The size of a household and the number of bedrooms required are not necessarily directly correlated (e.g., a couple with one child may only require a 2-bedroom despite being three people).

By assessing the distribution of household composition and assigning the number of bedrooms households of different sizes require based on meeting the National Occupancy Standards, the results in Table 7 can be allocated to estimates of housing need by minimum bedrooms required. It should also be recognized many household desire an extra bedroom for guests, hobbies, or other reasons, and accommodating that preference may also be desirable. However, it is nonetheless important to understand the basic housing needs of households.

Table 8 provides the share of households of any given size which require a unit with a particular number of bedrooms. For example, 76% of 2-person households require at least 1-bedroom, while 24% require 2-bedrooms. Similarly, 70% of 3-person households only require two bedrooms, while 30% require at least three bedrooms.

Table 8: Distribution of Minimum Bedrooms Required by Household Size

Source: Statistics Canada. Custom Data Report: ORD-07412-P4R3D8.

Household Size	UNIT SIZE					
nousenoid size	1-Bedroom	2-Bedroom	3-Bedroom	4+Bedroom		
1-person	100%	0%	0%	0%		
2-person	76%	24%	0%	0%		
3-person	0%	70%	30%	0%		
4+person	0%	4%	60%	36%		

This distribution should be considered when developing policy to address the need identified in Table 7. There is a real relationship between housing cost and unit size, so it will be important to try to match housing need to household size through this distribution if addressing affordability challenges is an objective. Many 2-person households could have their needs met with 1-bedroom, which will typically cost less to purchase or rent than a 2-bedroom unit.

Table 9 (page 11) provides the outcomes of applying this distribution to the results presented in Table 7 (page 9).

Table 9: Estimated Housing Need by Minimum Bedrooms Required (2021-2031)

Household Size	UNIT SIZE					
nousellola size	1-Bedroom	2-Bedroom	3-Bedroom	4+Bedroom		
1-person	715	0	0	0		
2-person	330	105	0	0		
3-person	0	105	45	0		
4+person	0	5	80	45		
Total	1,045	215	125	45		
Annual	105	22	13	5		
Share	73%	15%	9%	3%		

Key Findings

Several population groups appear to experience the greatest housing challenges:

- Renter households experience much higher rates of CHN than owners, with prevalence concentrated in young and old households.
 - More than one third of renting seniors are in CHN and may face additional challenges when trying to move due to technological changes in how households find housing, fixed incomes, and accessibility barriers.
- Female one-person households also see above average rates of CHN, especially when they are renters, but also for owners.
- Most unmet need is concentrated in the Low Income quintile and smaller households (especially 1-person households).
- Couple families with children do not appear in the statistics as having challenges finding housing that meets their needs.
- For owners in CHN, most (76% / 210 households) are 1-person, while a similar share resides in single-detached homes (66% / 140 households).
 - 86% (180 households) of owners in CHN are below the affordability standard only, while the remainder are below the adequacy standard (14% / 25 households).
 - Considering most owners in CHN are living in houses and are 1-person, it is possible most owner CHN could be resolved by moving to a smaller dwelling.

O However, new apartments may not be priced competitively for these households. With 52% (110 households) being over 65, it may be particularly challenging for the older households to move without appropriate downsizing options in their neighbourhoods, and seniors are often hesitant to move away from their communities, social networks, and familiar neighbourhood amenities.

Key needs identified through this analysis include:

- Non-market rental housing;
- Market rental housing; and
- Accessible multi-unit rental or ownership housing.

Approaches to Addressing Identified Need

Given half the estimated housing need through 2031 is for households in the Low Income quintile, and half are 1-person households, it is clear policies to address housing need must focus on multi-unit housing and non-market solutions. Even without government subsidization, multi-unit housing will be inherently more affordable than detached housing and diversifying the housing stock allows households to better allocate themselves into housing that meets their needs.

Considering the relatively suburban and rural context of Cranbrook, it may be better to focus on policies supporting standalone projects rather than using inclusionary rental housing policies. Many jurisdictions require a certain number of units in strata multi-unit projects to be provided as market or non-market rental depending on the scale of the project. Although, if large strata projects are being proposed, there may be value in considering inclusionary policies.

However, when projects are smaller, it is harder to leverage sufficient profit from the project to cross-subsidize rental units. There may also be operational challenges for non-profits tasked with managing affordable inclusionary units related to spreading a small handful of units between multiple locations. These approaches also often rely on relatively significant density bonusing, but there may be limits on the height or density palatable to the community in Cranbrook.

MULTI-UNIT HOUSING

A key basic tool to incentivizing multi-unit housing is to identify it as desired through planning policy and the land use framework. Without sufficiently applied land use designations for multi-unit housing, it is inherently risky to pursue such a project. Rezoning alone presents a significant

project risk, but OCP non-compliance and the associated amendment requirement is an additional barrier.

Because many sites may not be developable due to economic or physical challenges, it is important to designate a sufficient area for this use to provide a diversity of opportunities. It may help to minimize any potential speculation and land price escalation if higher density designations or rezonings are applied to a relatively wide area; creating a new development option with scarce opportunities increases the ability of landowners to escalate prices.

Further to designating lands, zoning could be broadly amended to allow for multi-unit housing forms without a site-by-site public hearing process. Removing this regulatory barrier significantly reduces friction for developers seeking to develop multi-unit housing. Pre-zoning in this way does remove opportunities to extract value from developers through community amenity contributions. Local governments may also waive the public hearing requirement for rezonings in compliance with OCP designations, even if the actual zoning is not pre-emptively changed.

Readying the planning framework for multi-unit market development in general will also help support the development of market rental and non-market rental.

MARKET RENTAL HOUSING

Rental housing is often not financially competitive against strata development and typically requires additional financial support for viability. Measures to support rental housing could be addressed through the adoption of a Secured Market Rental Policy or through individual policies contained within other regulations (such as the Zoning bylaw).

A range of standard housing policy tools can be used to support rental housing, including:

- Density bonusing: providing additional height or floor area in exchange for rental tenure development; the tenure could be secured through a housing agreement or a requirement to rezoning to Residential Rental Tenure Zoning.
- **Parking reductions:** reducing or eliminating requirements for off-street parking can provide significant cost savings to a project. Depending on soil conditions, the geological context, and number of levels of parking, an underground parking space can cost between \$40,000 and \$100,000.
- Revitalization tax exemption: rental housing projects could also be extended a revitalization
 tax exemption this could be provided solely on the improved value of the property and
 represents significant savings for up to 10 years. This approach means giving up potential tax
 revenue, however, it is an opportunity cost rather than a direct cash expense. In many

- cases, a rental development may not be feasible without this support so the revenue could not have been realized without the exemption regardless.
- **Fee waivers:** development cost charges, community amenity contributions, or application and review fees can be waived for rental housing; this approach can both make rental more competitive against projects in which these fees apply and simply reduce the cost.
- Regulatory relaxations: regulations other than height, density, or parking requirements could
 also be varied to improve the feasibility of rental projects this might include changing lot
 line setbacks, lot coverage, landscaping requirements, or other requirements.
- New development options: there may be opportunities to diversify the forms of development permitted through the implementation of missing middle, moderate density zones for rental housing. Smaller scale apartments of 8-12 units could be permitted in low-density areas where larger apartments are not contemplated; this could also be achieved at a smaller scale by allowing triplexes or fourplexes with stratification restrictions. Without the economy of scale large apartments provide, these development options may be relatively more expensive per unit depending on the local conditions.

NON-MARKET RENTAL HOUSING

Many of the tools and approaches to supporting market rental also apply to non-market rental. However, non-market projects face significantly higher barriers to feasibility due to the reduced rent revenue inherently associated with providing affordability. The deeper the affordability offered, the more support a non-market rental project will require to be financially viable. Revitalization tax exemptions on the improved value of non-market rental projects has little impact as BC Assessment will already reduce the assessed price of affordable rental housing secured through a housing agreement, thereby discounting the tax burden at the source.

Additional considerations specific to incentivizing or supporting non-market rental housing include:

- Provision of land: land cost is often a significant financial component of any housing
 development and purchasing land at market rates will often eliminate non-market housing
 feasibility. Municipalities can provide land to non-profits for housing development through
 three primary approaches:
 - Donation: land can simply be donated to a non-profit through transferring ownership in exchange for project completion;

- Long-term lease: many municipalities offer leases for the life of a building for a nominal cost (\$1.00, for example) this allows the government to retain the value of the land on its leger, while still providing the non-profit full open use of the property to meet a community need; and
- Direct project partnership: local governments are increasingly partnering with non-profits and higher levels of government to developed mixed-use affordable housing projects with municipal amenities or services combined. For example, housing could be built above or alongside town halls, libraries, fire stations, recreation centres, or any other municipal facility compatible with residential uses.
- Deeper regulatory relaxation, or bigger density bonuses: many jurisdictions offer the same types of incentives for market and non-market rental, with greater relaxations for non-market developments.
 - o For example, a market rental project could receive a density bonus of 0.1 FSR while a non-market project is extended an additional 0.25 FSR. Similarly, a market rental project may receive a 10% reduction in required off-street parking while a non-market project is allowed a 25% reduction.
- Direct grants: Local governments will often allocate a share of community amenity
 contributions to an affordable housing fund, which can then be used to provide direct
 financial support to non-market rental projects as grants.
- **Staff delegation:** The Local Government Act allows local governments to waive the public hearing requirement for rezonings in compliance with OCP land use designations. By designating lands for a specific use, a local government has not only declared the future desired development outcome, but it has also gone through a legislatively mandated comprehensive engagement process to approve that use.
 - o Delegating this decision-making to staff offers significant savings in time, cost, and risk.
 - This approach could also be applied in any situation where a rezoning is required for projects in compliance with OCP designations, however, it may be more palatable to council and the public to extend this ability specifically to non-market housing developers.



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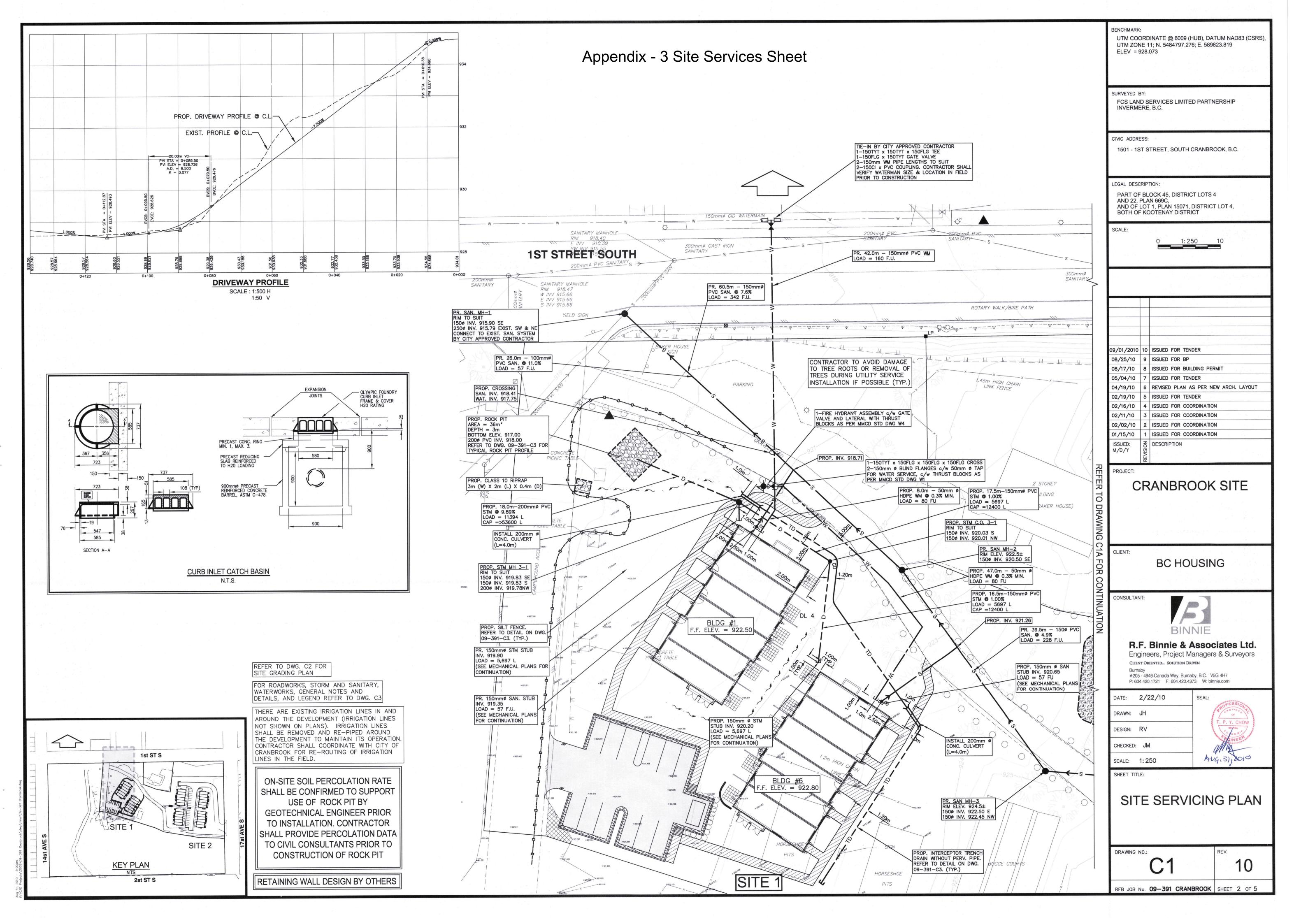
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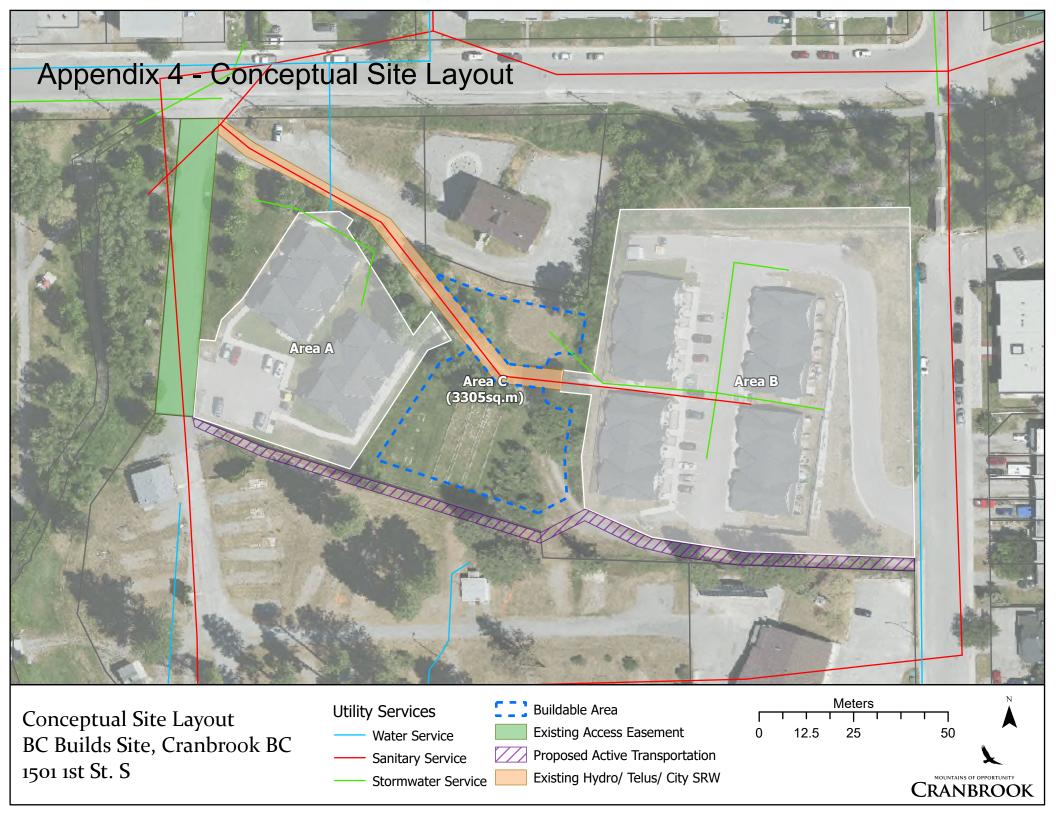
VICTORIA OFFICE

821 Burdett Avenue, #302 Victoria BC V8W 1B3

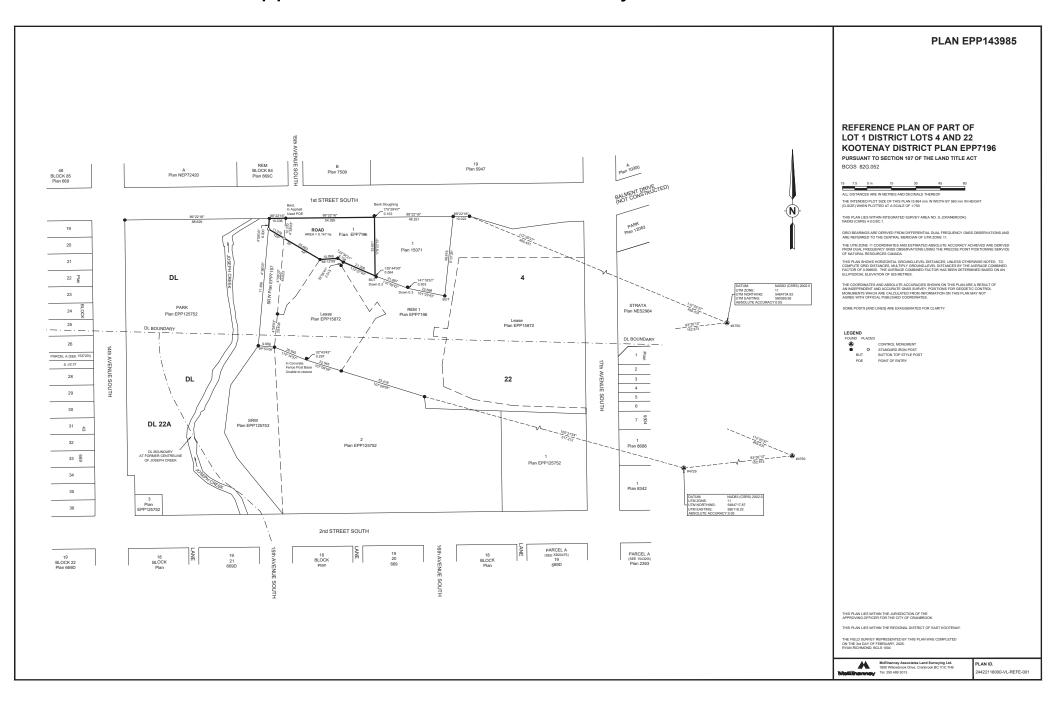
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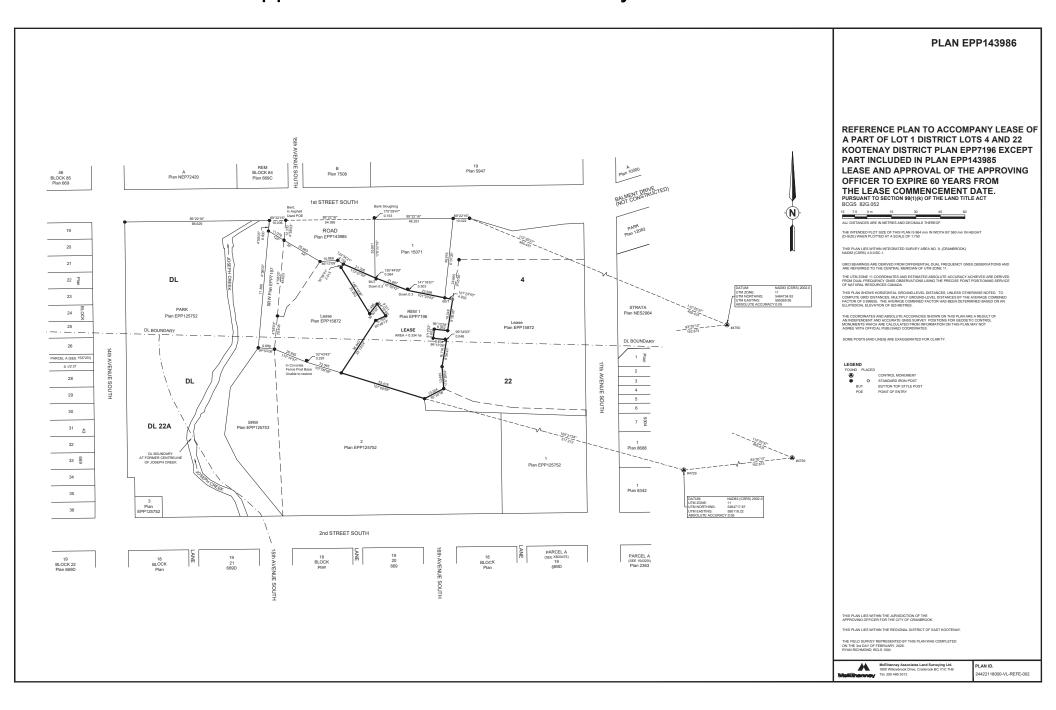




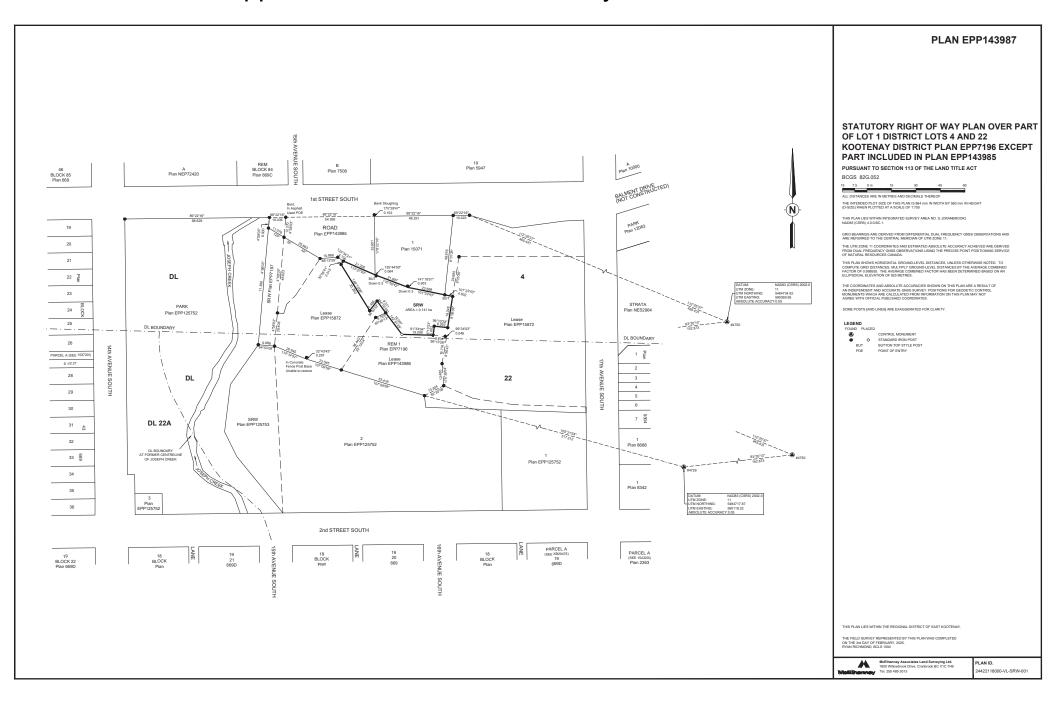
Appendix 5 - EPP143985 Survey Plan Certification



Appendix 6 - EPP143986 Survey Plan Certification



Appendix 7 - EPP143987 Survey Plan Certification



ADDENDUM TO PROPERTY OPPORTUNITY NOTICE - March 21, 20025

Q1: Can you provide a site plan with utilities layered/marked?

A1: Yes, proposed plans for the site are now included as an appendix within this PON. Please note that the site plans can't be registered until a proponent has been determined, as it's required for the leasehold subdivision. Additionally, a Conceptual Site Layout has also been included as an appendix within this PON. The Site Services Sheet identifies approximately where the services are located on the site. The Site Services Sheet has the as-builts for the buildings on site. This <u>map application</u> of our infrastructure and servicing can provide them more information.

Q2: Can you provide a Geotechnical Report for the site?

A2: The Appendix to the PON it specifies that the applicant will be responsible for the Geotechnical Report as one has not yet been conducted for the site.

Q3: Can you provide a Topographic Survey for the site?

A3: There is no existing topographic survey for the site.

Q4: Can you provide a Phase 1 Environmental Assessment?

A4: No, a Phase 1 ESA has yet to be conducted.