City of Richmond

Report to Committee

To:	General Purposes Committee	**Date:**	March 26, 2025
From:	Peter Russell Director, Housing	**File:**	08-4057-05/2023-Vol 01
Re:	**Enhancing Access to Affordable Housing through Low-End Market Rental Program Management Changes**		

Staff Recommendations

1. That a registry of Low-End Market Rental (LEMR) homes be established and maintained on the City's website as described in the report "Enhancing Access to Affordable Housing through Low-End Market Rental Program Management Changes" dated March 26, 2025, from the Director, Housing;
2. That public information resources on the LEMR Program be expanded to recognize property-specific rents and eligibility criteria supported by a mapping tool to aid those in their search for affordable housing in Richmond; and
3. That the LEMR Program be assessed to determine how it is serving the housing needs of the Priority Groups recognized in the Affordable Housing Strategy 2017–2027, and that the findings of this assessment, and any related recommendations, be reported to Council.

Peter Russell
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(604-276-4130)

Att. 3

REPORT CONCURRENCE		
ROUTED TO: Finance Department	**CONCURRENCE** ☑	**CONCURRENCE OF DEPUTY CAO**
SENIOR STAFF REPORT REVIEW	**INITIALS:**	**APPROVED BY CAO**

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Staff Report

Origin

This report responds to the following Planning Committee referral from March 19, 2024.

> *That staff be authorized, via an expression of interest, to explore opportunities to retain an independent organization to manage the Low-End Market Rental (LEMR) Program and report back to Council.*

The above-noted Committee referral followed the report "Low-End Market Rental (LEMR) program and LEMR Unit Management" dated March 8, 2024, which provided information on the LEMR Program (Program) recognizing submissions from the Richmond Poverty Reduction Coalition (Coalition) received between 2022 and 2023. The submissions advocated for a review of the Program and the development of a LEMR housing registry and waitlist.

Following receipt of the referral, LEMR owners and operators were engaged to determine their interest in contributing towards the creation of a centralized registry and waitlist. Participants identified limits in their ability and interest in managing these components of the Program. Participants did, however, offer suggestions to improve the overall management of the Program. These suggestions can be addressed through the measures described in this report. Options beyond the recommended measures in this report are listed at the end of the report.

This report supports Council's Strategic Plan 2022–2026 Focus Area #4 Responsible Financial Management and Governance:

> *Responsible financial management and efficient use of public resources to meet the needs of the community.*
>
> *4.2 Seek improvements and efficiencies in all aspects of City business.*

This report supports Council's Strategic Plan 2022–2026 Focus Area #6 A Vibrant, Resilient and Active Community:

> *Vibrant, resilient and active communities supported by a wide variety of opportunities to get involved, build relationships and access resources.*
>
> *6.4 Support vulnerable populations through collaborative and sustainable programs and services.*

This report also supports Strategy Directions 3, 4 and 5 of the City of Richmond's Affordable Housing Strategy (2017–2027):

3. *Build Capacity with Non-Profit Housing and Service Providers*
4. *Facilitate and Strengthen Partnership Opportunities; and*
5. *Increase Advocacy, Awareness and Education Roles.*

The scope of the referral response relates to the management of the LEMR Program and not the management or ownership of LEMR units. The latter aspect of the Program would entail matters such as tenant selection, rent collection, unit maintenance, and issues resolution. The current LEMR Program is structured such that the City is a third party to the LEMR unit tenant-and-owner relationship. This structure removes the City from direct interactions with tenants, whose needs are otherwise met by property managers. The integrity of the Program is upheld by the City through a statutory declaration process.

A report titled "Low-End Market Rental and Non-Market Rental Housing Oversight: Summary of the 2024 Statutory Declaration Process" is a companion report to this report and is being presented on the same agenda. The report provides updated information about the City's management of the LEMR Program. A referral response pertaining to the creation of a housing authority is under review; Council direction on this report and the companion report noted above will benefit ongoing analysis of options to support Council's overall housing objectives, including advisement on the housing authority referral.

Analysis

When the LEMR Program was established in 2007, its primary objective was to increase the supply of affordable rental homes for low- and moderate-income households who can pay rent and demonstrate compliance through the statutory declaration process. The Program is designed to support these objectives with a focus on serving Priority Groups as identified in the Affordable Housing Strategy (AHS) (see Attachment 1), including low- and moderate-income earners, families, seniors, students and persons with disabilities.

As the LEMR Program has evolved, a broader range of strategic objectives has emerged. These objectives are largely defined in the AHS. The Program now provides greater support for families by increasing the required proportion of two- and three-bedroom LEMR homes while also requiring that a minimum of 85% of all LEMR homes incorporate enhanced accessibility features, allowing tenants to age in place. The AHS seeks to empower non-profit housing organizations (NPOs) to own and operate LEMR housing, recognizing that NPOs commonly have a mandate to support tenants in achieving successful housing outcomes.

In exploring options for Program management, the following key objectives were identified:

1. **Equity and Accessibility**: The Program should provide priority groups fair and inclusive access to LEMR housing, considering the immediate housing needs of Richmond residents;
2. **Transparency and Clarity**: The Program should provide clear, accessible, and user-friendly information, identifying the location of LEMR housing, the associated rent structure and income limitations, and the suitability of the unit for eligible tenants; and
3. **Integrity:** The Program should be maintained with ongoing oversight and enforcement to ensure those in the greatest need of affordable housing are served by the Program.

As a complement to the LEMR Program, the City works with senior levels of government and local non-profit housing operators to provide housing for more vulnerable populations, including those living on a fixed income, persons experiencing homelessness, women and children fleeing violence, individuals with mental health/addiction issues, and Indigenous people. The 129 homes at Storeys (8080 Anderson Road) and the 25 units of affordable housing at Harbour House (4831 Steveston Highway) are good examples of how the City can work with community partners to build housing for those in deep need. The Storeys project is located on City-owned land and was constructed with funding from BC Housing; Harbour House includes capital and operating funding from the Canada Mortgage and Housing Corporation and BC Housing. These projects are operated by local non-profit housing organizations that serve Richmond residents.

Consultation with LEMR owners, non-profit operators, industry advocates and developers

In an effort to better define the responsibilities tied to LEMR Program management, three rounds of engagement with LEMR unit owners, operators and advocacy groups were carried out, the latter including representatives of the Urban Development Institute, the BC Non-Profit Housing Association, and the Coalition. This engagement included an examination of the option of hiring an independent organization to create and maintain a centralized registry and waitlist. Based on the feedback received, it is understood that there are a number of impediments to appointing a single independent organization to manage the LEMR Program at this time. These impediments are presented alongside the introduction of options below that could be implemented by the City to improve the transparency, accessibility and integrity of the Program.

1. **Email Survey (April – May 2024)**: Solicited feedback from non-profit housing operators. Four operators responded, representing 449 affordable rental homes, including LEMR and non-market rental homes, the latter including homes for seniors operated by Kiwanis.
2. **In-Person Roundtable (July 2024)**: Focused on how tenants experience the application process and the feasibility of establishing a centralized waitlist. The roundtable involved 29 attendees, including LEMR operators, developers and housing advocates.
3. **Online Survey (September – November 2024)**: Provided through Let's Talk Richmond and focused on validating solutions to the challenges confronting Program management as explored in the Roundtable. The survey tested interest among operators in participating in a centralized registry. Ten operators responded, representing 163 LEMR homes.

The first two rounds of consultation were largely intended to define existing challenges with the LEMR Program and to explore measures that could be taken to address these challenges. The following challenges were consistently identified by participants:

- **Residents cannot easily determine availability and eligibility for LEMR homes:** Staff receive many enquiries from residents who are unaware how to identify and apply for available LEMR homes. Operators have, in effect, very few vacancies. Operators have advised that they receive high volumes of enquiries each week and cannot always respond to those seeking access to a LEMR home. This circumstance leaves residents confused about their eligibility for LEMR housing and their chances of accessing a LEMR home.

- **Priority groups face unique challenges to access LEMR homes:** Vulnerable populations including persons with disabilities and seniors face unique challenges in accessing LEMR housing. These persons may lack the resources necessary to navigate the housing application process, facing challenges in completing what can be a complex submission practice, or accessing transportation when needing to meet with a property manager, promptly, to discuss housing availability. Further, these groups may be overlooked by property managers because of real or perceived concerns about their ability to pay. While seniors face unique challenges, they are successfully accessing LEMR housing. Based on statutory declarations in 2023 and 2024, 55% of LEMR and non-market homes have at least one resident 55 years or older.

There are a number of opportunities to address the above-noted challenges and, in doing so, help those more effectively identify LEMR housing opportunities and tenant eligibility.

Establishing a list for those seeking access to LEMR homes

The creation of a waitlist would only capture those actively seeking access to LEMR housing. Generally, a waitlist is considered advantageous if it can be effectively used to lessen the number of applications needed by those seeking LEMR housing and if it helps lessen the time it takes to gain access to a LEMR home. Feedback from owners/operators suggests the creation of a centralized waitlist may be problematic for several reasons including:

1. **Limited Turnover:** Through the engagement activities, it is understood that there are low levels of turnover in LEMR homes; approximately five per cent of homes become available each year, representing roughly 30 homes with the current stock of 546 LEMR homes to the end of December 2024. This suggests that the time it takes to be considered for access to a LEMR home may be prolonged, resulting in frustration for the candidate tenant on a waitlist.
2. **Voluntary Participation:** The ability of the City to require current LEMR unit owners to participate in a centralized waitlist could only be mandated in the terms of new housing agreements, or at the time of an amendment. Four of the ten operators surveyed said they would voluntarily participate in a centralized waitlist. Without greater participation, applicants are unlikely to receive timely access to LEMR homes and may lose trust in the Program.
3. **Multiple Waitlists:** Generally, LEMR unit owners/operators maintain their own waitlists. Further, several non-profit operators noted they may also use BC Housing's Housing Registry. BC Housing's Registry differs from a waitlist in that it organizes applicants based on their overall level of housing need; it is not a first-come, first-served waitlist.
4. **Control Over Tenant Selection:** Non-profit operators expressed a desire to maintain control over tenant selection to ensure those gaining access to LEMR homes meet the eligibility requirements of both the LEMR Program and the mandate of their organization. It is also a practice to assess prospective tenants based on their fit with other tenants in the building.

Considering the feedback outlined above, a centralized waitlist will be a challenge to establish and maintain and may lead to even greater frustration for those seeking LEMR housing. Opportunities to enhance the LEMR Program and improve access to LEMR housing for eligible tenants are outlined below.

Recommended options to improve how residents access LEMR housing

The overall performance of the LEMR Program could be enhanced by establishing a registry of upcoming and available LEMR homes and by increasing the amount of information pertaining to developments that provide LEMR housing to the community. These measures will help improve access to LEMR homes for Richmond residents and provide increased transparency and clarity around tenant eligibility, income thresholds, permitted rents, and unit suitability. The following sections provide additional detail regarding these opportunities.

Establish a registry of upcoming and available LEMR homes

At present, residents seeking access to LEMR homes are referred to the City's Affordable Housing Guide. The Guide lists all developments with LEMR homes in addition to non-market housing, which commonly includes housing for which subsidies and/or supports are provided. One of the drawbacks in this approach is that those enquiring about LEMR home availability are required to contact each of the LEMR owners/operators and other entities noted in the Guide. This process can be time-consuming and, with limited turnover, can prove to be fruitless.

To address these challenges, a registry of upcoming and available LEMR homes can be created and added to the City's website; a mock-up of the registry is provided in Attachment 2. The registry would include a list of developments that are expected to be completed within the next six to twelve months. This list would allow residents to see what opportunities are on the horizon and allow them to add their name to a list, maintained by the City, which would be shared with the developer or appointed LEMR housing operator. The eligibility of those seeking access to a LEMR home would be carried out when they request to be on this list. The list would not be a "centralized waitlist," where those enquiring about access to a LEMR home are placed on a shared list with some level of prioritization. Rather, the list would be a centralized list of those interested in LEMR housing with some vetting of eligibility to assist the LEMR home owner/operator in their selection of an eligible tenant(s).

A City-managed LEMR home registry could also identify available LEMR homes within existing developments. This component of the registry could be supported through regular and ongoing engagement with LEMR home owners/operators who would be asked to voluntarily share information about available or soon-to-be available LEMR homes. The registry would need to clearly identify participating and non-participating LEMR home owners/operators, as those seeking LEMR homes would need to engage non-participating owners/operators separately. Feedback received through engagement shows promising support, with seven of ten operators willing to participate; these operators oversee 141 LEMR homes.

Improve public-facing information pertaining to LEMR housing

It is recommended that the depth of information made available to the public, including LEMR home eligibility, rent rates, key contact information, unit mix details, building accessibility and other matters be enhanced. Using mapping and online documents, the availability of this information will help improve transparency and accessibility. The information may also help reduce the time applicants spend applying for LEMR housing for which they may not be eligible or where the composition of the unit does not address the specific needs of the household, for example, where LEMR homes in a development are limited to studio or one-bedroom unit types.

Decisions pertaining to the depth of information made available will be informed by engagement with those seeking access to LEMR homes, being the targeted end-user of the resources. Further, an emerging network of not-for-profit organizations, including LEMR unit housing owners and operators, established through the creation of a Non-Profit Partnership Program, an initiative funded through the Canada Mortgage and Housing Corporation's (CMHC) Housing Accelerator Fund (HAF), can be leveraged. It is anticipated that improved information will be presented in the following formats:

1. Updates to the Affordable Housing Guide with property-level information on rents and eligibility criteria;
2. Creation of a map viewer that identifies built LEMR homes and LEMR homes under construction. The map viewer would allow users to access key data pertaining to the development by selecting a property button over top of the location of LEMR housing; and
3. Tenant and Landlord resources and guides that recognize the City's statutory declaration process and the overall objectives of the LEMR Program, being to serve priority groups in need of affordable rental housing, in Richmond.

Through these improvements, confusion for both residents and operators will be reduced supporting the overall performance of the LEMR Program. To support the above activities, funding is available for a two-year temporary staff position to initiate and monitor Program enhancements as well as field requests from residents seeking access to LEMR homes.

Assess the housing needs of priority groups

The LEMR Program is designed to serve families, seniors, low and moderate-income earners, and persons with disabilities. Those who are struggling with mental health and addiction issues, those living on a fixed income, women and women with children fleeing violence, and those experiencing homelessness require alternative housing and complementary supports to maintain housing stability. Staff will continue to collect and analyse information as it relates to the needs of those accessing LEMR housing in addition to the needs of more vulnerable segments of the community. This will involve engaging existing LEMR owners/operators and members of the Non-Profit Partnership Program, many of whom work for organizations that serve those in need of housing with supports. Staff will also draw from the findings of the 2021 Housing Needs Report and the more recent 2024 Interim Housing Needs Report.

Options to manage the LEMR program and LEMR housing

Although this report focuses on measures to improve the overall performance of the LEMR Program it is recognized that Council has a desire to explore opportunities for the City to be more directly involved in LEMR housing management. Three options are offered below. Attachment 3 provides complementary information on existing LEMR ownership models.

1. **Maintain current approach (recommended):**

   At present, the City is a third party to the landlord-tenant relationship. As such, the City is not responsible for standard landlord duties including tenant selection, rent collection, unit maintenance and issues resolution. Through the statutory declaration process, the City has been able to confirm the owner's compliance with the terms of housing agreements through which the City is a party to the operation of LEMR housing. The 2024 statutory declaration process captured 843 homes including 349 LEMR homes and 449 non-market rental homes. Overall, there were 95 instances of default, representing 11% of the units captured by the process. Of the 95 defaults, 10 had been resolved at the time of preparing this report.

   Staff will undertake a review of approaches to refine tenant eligibility considering wealth and assets held by those seeking access to a LEMR home and evaluate the depth of housing need experienced by priority groups as identified in the AHS. Through discussions with BC Housing and staff from the Metro Vancouver Housing Corporation (MVHC), it is understood that access to affordable, and in some cases subsidized, housing requires that the tenant(s) have assets limited to $100,000 or less. Further work evaluating the framework of the LEMR Program will allow the City to ensure it continues to serve those who are not able to access housing in the private market. The City can continue to strengthen its overall management of the LEMR Program through the measures outlined in this report and the ongoing implementation of the statutory declaration process. This option includes a request for an additional staff resource to support the implementation of enhancements to, and the monitoring of, the LEMR program as noted above.

2. **Selection of a Non-Profit Organization (NPO) (not recommended):**

   Through a request for proposals, the City could look to secure an NPO to oversee the management of all LEMR housing. Responsibilities, stipulated via contract, could include tenant selection and other landlord duties as noted in Option 1. It is understood that most NPOs are not licensed under the *Real Estate Services Act*, so while an NPO can operate units they own, and in doing so select tenants and enter into tenancy agreements, they cannot perform the full suite of property management functions when acting on behalf of an owner.

   This option would come at a greater cost to the City compared to Option 1. At present, NPOs secured by a developer are commonly paid a management fee. As a non-profit entity, the fee is limited to covering the costs of providing staffing to oversee LEMR home management, maintenance and the establishment of a long-term replacement reserve. When management costs rise beyond the fees negotiated with the LEMR home owner, the NPO may be forced to rely on member donations to support operations. It is understood that some operators are charging owners a per-unit fee to conduct the City's statutory declaration process; a similar fee could be charged to the LEMR home owner for the use of the City-appointed NPO.
   Feedback received through engagement with NPOs and other industry partners suggests this option will be difficult to implement effectively. In many instances the owner of a LEMR home has already entered into an arrangement with a for-profit property manager or an NPO to manage the LEMR housing. Moving forward, the City

could set out an obligation of an owner/developer to secure an NPO, identified by the City, to manage the LEMR housing. This obligation would be stipulated in the housing agreement and perhaps another form of operating agreement entered into with the City, NPO and LEMR home owner. Securing a single NPO to manage all LEMR homes could lessen the ability of those not secured for this purpose to serve their targeted communities. To the contrary, having more control or oversight over the management of LEMR housing could provide the City additional assurance that those in the greatest need of LEMR housing are being served by the Program.

3. **Retention of a Third Party LEMR Housing Manager (not recommended):**

   Similar to Option 2, the City could retain a for-profit independent LEMR housing manager to perform the duties of a landlord as prescribed by the City. The option would come at a greater cost to the City compared to Options 1 and 2, as the for-profit property manager would not be limited in their ability to realize a return on their service. The retention of a single, for-profit, entity to manage all LEMR housing would lessen the ability of NPOs to be directly engaged in LEMR home management. This could detract from the ability to secure organizations that have a mandate to serve vulnerable segments of the Richmond community.

The establishment of the Housing Office has enhanced the City's ability to effectively manage the LEMR Program. Retaining an NPO or for-profit property manager to oversee LEMR housing will come with a cost and lessen the pool of organizations directly engaged in the LEMR Program. For these reasons, staff are not recommending Options 2 or 3.

Financial Impact

Funding for a two-year temporary full-time staff position, amounting to $220,000 over two years, is available to support the implementation of activities noted in this report using Housing Accelerator Fund (HAF) funding from the Canada Mortgage and Housing Corporation.

Conclusion

This report outlines opportunities to improve the management of the LEMR Program. Creating a registry of upcoming and available LEMR homes and a better platform for the sharing of information will improve the transparency, efficiency and integrity of the Program.

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Att. 1: Priority Groups to be Served by the LEMR Program
Att. 2: Housing Registry & Map Viewer Mock Up
Att. 3: Ownership Models of Low-End Market Rental (LEMR) Housing in Richmond

Attachment 1

Priority Groups to be Served by the LEMR Program

Priority Groups	Identified Housing Gaps*
Families, including lone-parent families, families with children, and multigenerational families.	▪ **Family-friendly 2-3 bedroom units** ▪ Low-end of market rental housing ▪ **Purpose built rental housing**
Low and moderate income earners, including seniors, families, singles, couples, students, and persons with disabilities.	▪ Low-end of market rental housing ▪ Purpose built rental housing
Persons with disabilities.	▪ Accessible, Adaptable, and Visitable Housing ▪ Low-end of market rental housing
Low- and moderate-income seniors.	▪ Low-end of market rental housing
Vulnerable populations, including households on fixed incomes, persons experiencing homelessness, women and children experiencing family violence, individuals with mental health/addiction issues, and indigenous people	▪ **Low-barrier housing*** ▪ **No-barrier housing*** ▪ **Non-market housing** for singles, couples, & families

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Attachment 2

Housing Registry and Map Viewer Mock Up

MyRichmond | Careers | Accessibility | Translate

Richmond

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Finding Affordable Housing

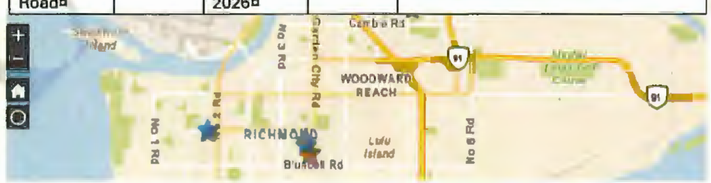
Richmond is home to a range of affordable housing options for low and middle income households, including individuals, families, persons with disabilities and seniors.

There are three main types of affordable housing available in Richmond:

- Non-market/subsidized housing, which offers housing units significantly below average market rents
- Housing co-operatives, which are buildings where residents collectively manage the units
- Low End Market Rental (LEMR), which provides housing units for low and moderate income households

Available and Upcoming LEMR homes

Name and Address	Available homes	Availability date	Bedroom types	How to apply
Concord Galleria 8555 Capstan Way	1	Now	1	Register your interest at affordablehousing@prompton.bc.ca
Richmond Centre 7557 Cst. Jimmy Ng Road	79	March to April 2025	Studio, 1,2 & 3	Register your interest at Kiwanis Senior Citizens Housing Society manager@richmondkiwanis.ca P: 604-278-7772
Pathways 5491 No 2 Road	24	January to March 2026	Studio, 1,2 & 3	Register your interest at info@pathwaysclubhouse.com



Tenant Resources

Are you facing an eviction? Please contact the Residential Tenancy Branch at 604-660-1020 to discuss your rights as a tenant.

Are you seeking one-time financial assistance to help yourself or your household remain housed? Visit the BC-wide Rent Bank website or call 604-877-8453.

Finding an Affordable Housing Unit

The following resources are available to assist in finding an affordable place to live and housing unit:

- City of Richmond publishes the Affordable Housing Guide, which provides a comprehensive list of affordable housing options in Richmond

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Ownership Models of Low-End Market Rental (LEMR) Housing in Richmond

Low-End Market Rental (LEMR) housing units are secured through the permitting process and delivered at below-market rents. The economics of LEMR homes consists of the cost to build the units and ongoing operation expenses. Building and operating these units is not financially self-sustaining, requiring cross-subsidization from strata sales or other funds to cover costs. To date, this cross-subsidization has been enabled through density bonuses. Below is an overview of key ownership and management structures and their high-level financial implications.

1. Developer-Owned, Privately Managed

Under this model the developer retains ownership and hires a property management company to manage the units. This model applies to the majority of existing LEMR homes. Profits from strata unit sales, supported by density bonuses, are used to lower the capital cost of the LEMR units, ensuring rental revenue is sufficient to cover operating costs, including financing. Where operating costs increase beyond rent increases there may be a need for the developer to subsidize the units. Developers in this category are more likely to be larger or have long-term investment partners who can finance the market rental and LEMR units over time. Smaller developers with limited access to long-term capital are more likely to sell LEMR and market rental units.

2. Developer-Owned, Non-Profit Managed

This model is similar to the one above although instead of a for-profit property manager the developer hires a Non-Profit Organization (NPO) to manage the units. NPOs differ from for-profit property managers because they are less likely to seek a margin on their management activities and generally serve vulnerable communities. This category represents a small number of LEMR homes but is growing due to policy changes that require clustered LEMR housing to be NPO-operated. There are three operating arrangements within this category:

- ***Fee for service – NPO operator:*** Most NPOs are not licensed under the *Real Estate Services Act*. As such, they cannot undertake the full suite of services otherwise carried out by a for-profit property manager. In such circumstances, an NPO may partner with a licensed for-profit property manager and offer select services on a fee-for-service basis. The NPO will select tenants and ensure compliance with the LEMR program, while the property manager will manage rent collection, maintenance and compliance with the *Residential Tenancies Act*.

- ***Full-Service Property Management:*** Where an NPO is licensed, it can undertake full property management services and charge a management fee, often a percentage of rent, to cover their costs. NPOs under this arrangement often operate at cost, primarily to benefit their communities with housing.

3. NPO owned LEMR

In this model, developers sell LEMR units, typically at a discount, to an NPO, reducing long-term liabilities and allowing them to reinvest capital. This is the preferred option for most developers but there are limited buyers available. NPOs can struggle with the equity required to secure financing despite purchasing homes at below market prices. Below market rents limit the revenue available, which means NPOs need more upfront equity or other sources of income to secure financing. While this scenario is financially challenging, often requiring federal or provincial funding, it can have positive impacts as NPOs grow their equity. NPOs can leverage any equity increases for future purchases or, once homes are paid off, reinvest returns to subsidize future housing.