The Motivations and Operational Realities of Mixed Model Developments in the Province of B.C.

by

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B.A.Sc. (Dist.), Quest University Canada, 2016

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in the Urban Studies Program Faculty of Arts and Social Sciences

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Ethics Statement

The author, whose name appears on the title page of this work, has obtained, for the research described in this work, either:

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or

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Abstract

This thesis analyzes four housing developments in the Province of B.C. that involve mixed rental rates, uses and, in some instances, tenures (oftentimes referred to as mixed model developments in this document) to understand the political, economic and social motivations that lead to this form of housing development and their operational benefits and challenges. The main theme—through interviews, analysis of each project’s publicly available planning documentation and the project’s economic model—are that while these developments may have been desired from a social perspective, there are also large economic and political motivations driving them forward. It is often suggested that mixed income development attempts to counteract the negative effects associated with highly concentrated inner-city poverty, however, the true social outcomes of mixed income development on lower income individuals is unclear. What is generally accepted is that mixed income development is an economically and politically feasible urban redevelopment strategy. This study finds that while economics and politics were motivating factors of these projects, community building was also an important aspect of the four case studies; however, it wasn’t indicated by interviewees as being because of mixes of income levels within the developments. It was because there was a belief that building community with your neighbors was important to social well being. Furthermore, operationally, adequate amenity space and appropriate commercial space with facilitated programming to all tenants was noted by interviewees as being important to community building and social mixing in these developments. In most instances, when there was limited amenity/commercial space and limited facilitated programming, social mixing wasn’t occurring according to the housing providers interviewed.

Keywords: Urban Development; Gentrification; Urban Planning; Public Policy
Dedication

This thesis is dedicated to my nieces, Vincenza and Audri.
Acknowledgements

I would, first, like to acknowledge my family: my dad, sister, brother, and most notably my mother. Without her support, I don’t know where I would be. Thank you for raising all three of us and facilitating the opportunities that we have all had. I would also like to acknowledge my loving partner of seven years, who makes me want to be a better person every day. Finally, I would like to acknowledge the Coast Salish peoples. Most of this work was completed on their lands, and I feel grateful to be able to work and live here as a visitor on their lands.
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Executive Summary

Mixed income and use housing (oftentimes known as mixed model development throughout this thesis) development are currently at the forefront of urban development in the metropolitan areas of the Province of B.C. In some instances, it has been embedded into land use designations, and in others it is often a requirement of rezoning. This thesis investigates the motivations that lead to this development type—specifically the mix of income levels within real estate developments—being at the forefront of urban development in the Province of B.C, and what the outcomes and impacts of this development type are, once they are operational.

The findings of this research contribute to the discussion regarding what successful mixed income development looks like in different communities and whether the motivations or outcomes are aligned with the theory behind mixed income development. It will provide developers, government officials, urban planners, and policy makers examples of successes and challenges in both the development phases and the operational phase of mixed income and use developments. The outcomes of mixed income development have been unclear throughout the literature. Some theorists suggest that mixed income development has positive outcomes on lower income individuals, while others indicate that there are minimal—and in some instances negative—outcomes. This research illustrates the perspective of the different stakeholders, including policy makers, the real estate development industry, government authorities, not-for-profit housing providers and residents. This research is embedded in the academic topic areas of urban development, urban economics, urban planning, and gentrification theory.

By investigating four mixed income and use real estate development projects in four different urban regions of the Province of B.C, the chief aim of this research is to better understand how the intended economic, social and political motivations align with the operational benefits and challenges. Qualitative research has been completed in an analysis of municipal documentation, the project pro formas, and semi-structured interviews with individuals involved with the development, including the primary funder, the private developer partner, and the not-for-profit housing provider. Based on the review of municipal planning documentation, project pro formas and interviews with key stakeholders, it is evident that while social theories of mixed-income development in
some instances inform government programs, economic motivation is often driving the mixed-nature of these four developments. However, operationally, the positive social aspirations of mixed income development, such as stronger sense of community, and social mixing, are better achieved where there are adequate common spaces, accessible commercial spaces, and active facilitation of social mixing. Interviewees focused on encouraging community building rather than the act of mixing income levels.
Chapter 1.

Introduction

Mixed income development is still relatively unexplored when it comes to the operational realities of this housing model and the motivations that could lead to this development type being a common practice in the North American context. Mixed income development has been viewed by academics, journalists, policy makers and government officials as having positive, neutral and negative impacts on communities. Overwhelmingly, however, mixed income development has been viewed as a positive strategy generally when compared to the preceding urban development strategy/strategies that had oftentimes resulted in a concentration of housing for individuals in poverty. In recent years, the Province of B.C., along with the City of Vancouver and many other municipalities in North America, have been encouraging and mandating mixed income development.

As municipalities, with the support of the provincial government, move towards a mixed income development type as the predominant model for affordable housing, this research illustrates the economic, social and political motivations that lead to this development type, and the operational benefits and challenges. Socially, many theorists who study mixed income development or “social mixing” in communities, suggest that the connection between individuals of different income levels is the most desired outcome for low-income and mid-to-high income earners to create a balanced community. Planners have determined, theoretically, that the ideal human settlement is socially and economically diverse, therefore mixed in income, in use, and actively supportive of places that commingle people of different races, ethnicities, genders, ages, occupations, and households (Talen, 2006).

Social mix is not a new concept. Western origins of social mixing can be traced to 19th century Britain, where planned social mix was embedded into schemes of development (August, 2008). The goals of social mix have historically been two-fold, firstly, aspirations of promoting social harmony and reducing social tensions, by nurturing a spirit of emulation (Sarkissian, 1976), and secondly, to provide a diversified employment base, and therefore, economic stability (August, 2008). For these social,
economic, and political reasons, social mix has and continues to be a part of policies associated with redevelopment. Despite the embrace by planners and policy makers, the outcomes of social mixing have rarely been measured and, when measured, have had varying results. Many suggest that mixed income development has positive social outcomes on lower income individuals specifically due to the tenets of mixed income development counteracting the negative impacts associated with concentrated poverty. However, studies that have looked at the operational realities of mixed income development have found both positive, negative and neutral impacts on lower income individuals. While the research is unclear, it has become and is, a popular urban redevelopment strategy.

In February of 2018, the Province of B.C. launched the largest investment in affordable housing in the history of the Province. This included a commitment of $6.6 billion over 10 years to be injected into affordable housing. Over $1.8 billion over the next ten years has been targeted at a mixed-income model of affordable housing for seniors and families. Considering this investment and the relevance of this development type in B.C., this study aims to illustrate some of the shortfalls and unintended realities of mixed-model development, as well as the successes by investigating both the motivations and realities.

1.1. Research Question

The research question that guides this research is:

Considering the increased popularity of integrating affordable housing into mixed use, tenure and income real estate developments in the Province of BC, what are the economic, social and political motivations that have led to this? With these motivations in mind, what are the operational benefits and challenges of having mixed uses and income levels in real estate developments in the Province of B.C?

This research is inspired by several different theories, as was indicated briefly in the introduction to this document. In addition to the theories highlighted in the introduction, this research, also, considers how feelings of social isolation, social resources, and social networks among individuals experiencing poverty impact their
abilities to maintain housing and employment. This social theory is one of the underpinning factors of the promotion of mixed income housing. Granovetter (1983) in his analysis of social networks and resources found that individuals who have few social ties, and therefore a small social network, are deprived of information within the social system. Granovetter (1983) believed that this deprivation puts individuals in a disadvantaged position in the labour market. Tigges et al (1998) reinforced Granovetter’s ideas in their study of social isolation among different races and classes in Atlanta in the 1990s. Tigges et al (1998) found that African Americans living in poor neighborhoods experienced increased social isolation and reduced access to social resources and ties, which, according to Tigges et al (1998), impacted their ability to be “successful” in terms of employment opportunities. In the City of Vancouver’s Downtown Eastside, Patterson et al (2015) interviewed forty-three individuals experiencing homelessness and determined that all forty-three individuals self-described themselves as “loners” and expressed that lack of connection contributed to feelings of isolation, depression, and substance use.

Mixed income development has been tied to varying government funding programs and economic policies throughout the twentieth century, influenced in part by the aforementioned social theories, but also the economic system and the governing party’s political inclinations. In the past decade, mixed income development in B.C. has been prominent. This specifically relates to the combination of affordable housing and market rent level housing or low-end-of-market rent level housing in government funded real estate development projects, as well as affordable housing being mixed into privately funded real estate developments. The City of Vancouver has been using community amenity contributions, rezoning negotiations, and other planning tools at their discretion to incorporate affordable housing into private real estate developments. Furthermore, the Capital Regional District partnered with BC Housing and the Canada Mortgage and Housing Corporation to invest approximately $90 million dollars from 2016 to 2018 into mixed income housing projects within the Capital Region on Vancouver Island (Regional Housing First Program Framework, 2016). The current governing political party—the New Democratic Party (NDP) of B.C.—announced the largest investment into affordable housing in the Province’s history in the February 2018 budget announcement under the Community Housing Fund, which asks non-profit housing providers to provide proposals that reflect a mix of rental rates (Community Housing
Fund, n.d.). The Province of B.C. and several major urban areas are using this model as a solution to provide housing for low income individuals. Therefore, it is important to understand how this urban development type impacts communities and why this has become an encouraged urban development model.

1.2. Selected Case Studies

In attempting to answer the research question, the four case studies that will be examined through a series of interviews and qualitative analyses are introduced below. The justification for why these case studies were selected is illustrated in the data analysis section of this document.
1.2.1. 288 E Hastings Street, Vancouver known as the “Anjok”

The Anjok is located at 288 East Hastings Street in the City of Vancouver. The site is located at the southwest corner of Hastings Street at Gore Avenue in what the City of Vancouver describes as the Downtown Eastside Oppenheimer District (DEOD). The site is slightly irregularly shaped due to the angle of Gore Street. The Site was previously occupied by a one-storey commercial building. Figure 1 highlights the site and neighboring sites, which include commercial buildings (b and g), the First United Church (a), a four-storey mixed use building (c), a Salvation Army (e), in addition to two other four and six storey mixed use buildings respectively (f and d).

Figure 1. Photograph of the Anjok
The Anjok is an 11-storey development consisting of 172 units. It was developed by Wall Financial Corporation and was sold to BC Housing (via the Provincial Rental Housing Corporation). The Development is currently operated by Atira Housing Society. The building was originally intended to provide 104 units of non-market housing, 6,000 square feet of commercial space, which were to be owned by the Provincial Rental Housing Corporation (BC Housing’s land holding company) and 68 units of market housing, which were to be owned by the developer. Additional funding near the completion of the building allowed BC Housing to purchase the 68 units that the developer was originally going to own. Therefore, the Provincial Rental Housing Corporation now owns the entire building and offers a range of rental rates for low to moderate income earners, as well as the 6,000 square feet of commercial space.
Table 1. **Summary of case study details for the Anjok**

<table>
<thead>
<tr>
<th>Project Summary – The Anjok</th>
<th>288 E Hastings Street, Vancouver</th>
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<tbody>
<tr>
<td>Project Name</td>
<td>The Anjok</td>
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<tr>
<td>Unit Type</td>
<td>Number of Units</td>
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<td>Market</td>
<td>68</td>
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<td>Market Rental Rate</td>
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<td>Commercial Units</td>
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<td>Owner</td>
<td>Provincial Rental Housing Corp.</td>
</tr>
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<td>Operator</td>
<td>Atira Housing Society</td>
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<tr>
<td>Construction Type</td>
<td>Concrete, 12-storey</td>
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<tr>
<td>Occupancy</td>
<td>Spring 2018</td>
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</tbody>
</table>

Retrieved from personal communication, BC Housing Director, 2019.
1.2.2. 33-49 E Hastings Street, Vancouver known as “Olivia Skye”

Olivia Skye originally (prior to consolidation) consisted of four lots located at 33-49 E Hastings Street. The site is located on Hastings Street between Carrall Street and Columbia Street, which is in the Downtown Eastside Oppenheimer District.

![Photo of Olivia Skye](https://www.chriscollettiq.ca/gallery/item/57-olivia-skye-building)

Figure 3. Photo of Olivia Skye

Retrieved from: [https://www.chriscollettiq.ca/gallery/item/57-olivia-skye-building](https://www.chriscollettiq.ca/gallery/item/57-olivia-skye-building)

During the rezoning, this site was part of the City of Vancouver's sub-area 1 (Main/Hastings) of the Downtown Eastside Oppenheimer District. The sites were previously occupied by 31 to 35 E Hastings Street and 41 to 49 E Hastings Street. 31-35 E Hastings Street previously consisted of a two storey 25-foot-wide commercial building which was vacant on the ground floor at the time of rezoning application. The building had three dwelling units on the second floor which were previously used by Atira Development Society as a temporary women's shelter for eight women. 41 to 49 East Hastings Street consisted of a three storey 75-foot-wide building, which was occupied by
United We Can Bottle Depot, a Vancouver based not-for-profit organization, which is predominantly active in Vancouver’s Downtown Eastside, on the ground floor. The two upper floors were comprised of 36 rooms designated under the Single Room Accommodation (SRA) bylaw which were vacant and had been for over three decades at the time of rezoning application. Figure 2 illustrates the site and the surrounding buildings, including: a six-storey single room accommodation development (a); a nine-storey social and supportive housing building (b); an eight-storey market condo building (e); a three-storey rental development (c); and a ten-storey rental development (d).

Figure 4. Site map and surrounding sites at Olivia Skye

The new development is 12 storeys and consists of 198 rental residential units. Of the residential units, 60% are designated as social/supportive housing and 40% are designated as market housing, to be secured as rental housing for 15 years. The ground floor is commercial space. Under the official area plan, the intention was to create high density, mixed commercial and residential area with a focus of increasing the supply of social and low-income housing and to replace Single Residency Accommodation rooms with new self-contained units. The subject project includes 120 affordable units, with varying levels of affordability, and 78 market units.
Table 2. Summary of case study details for Olivia Skye

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<th>Project Summary – Olivia Skye</th>
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<tr>
<td><strong>Project Address</strong></td>
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<td>33 to 49 E Hastings Street, Vancouver</td>
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<td>Olivia Skye</td>
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<td><strong>Unit Type</strong></td>
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<tr>
<td><strong>Occupancy</strong></td>
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<tr>
<td>Winter 2018</td>
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Retrieved from Personal Communication, BC Housing Director, 2019.
1.2.3. 267 4th Avenue, Kamloops known as “Acadia Place”

Acadia Place is in the City Centre area of Kamloops. It is located on the corners of 4th Avenue and Seymour Street and consists of three joined parcels of land, with three separate legal titles. The configuration of the site consists of a paved parking lot on the northeast corner of the property with the remainder of the area having two structures joined together; a mixed-use apartment building with a mixture of residential units on the second and third floor, and commercial retail units on the ground and basement floors. In addition to this there is a one-storey wood frame building that is entirely commercial.

![Figure 5. Photo of Acadia Place](https://www.google.com/maps/place/267+4+Ave,+Kamloops,+BC)

As is shown in Figure 3, the development is surrounded by restaurants, an Impark parking lot, a commercial theatre space, and a variety of mixed residential and commercial buildings.
The building consists of 24 residential units (1-bedroom and studio units) and seven retail units. Each residential unit is self-contained (includes a small kitchen and bathroom). The residential units are on average $464 per unit per month. There is a mix within that, with the majority of units at the shelter allowance rate of $375 per unit per month, and some closer to market level rental rates. The Provincial Rental Housing Corporation (BC Housing’s landholding company) owns the building. The operator of the residential portion of the building is Interior Community Services Society. BC Housing has hired a property manager to manage the commercial space within the development. BC Housing purchased the building as an existing asset and did not construct it.
Table 3. Summary of case study details for Acadia Place.

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<th>Project Summary – Acadia Place</th>
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<td>Affordable</td>
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<td>Market</td>
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<td>Commercial Units</td>
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<td>Operator</td>
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<td>Construction Type</td>
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<td>Occupancy</td>
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Retrieved from personal communication, BC Housing Director 2019.
1.2.4. 4349 W Saanich Road, District of Saanich know as “Rosalie’s Village”

Rosalie’s Village is located at the edge of the Royal Oak “Major Centre” area and bounded by Quadra Street, West Saanich Road and the Patricia Bay Highway. Neighboring the site is the Ozanam Centre, which was created in 1982 and provides day program services to the mentally and physically challenged, and offers basic educational programs, recreational programs and work experience activities. There is also a heritage designated former Saanich War Memorial Centre building neighboring the site as is shown in Figure 8.

Figure 7. Photo of Rosalie’s Village
Figure 8. Site map for Rosalie’s Village

The new development (Proposed Lot A in Figure 4) consists of 20 1-bedroom units for mature single women, 11 2-bedroom units for single mothers and their children on the lower two floors, one sleeping unit serving as a guest room/emergency shelter, a day care centre, a “social concern” office to serve tenants (Proposed Apartment Building A above), and nine 2-bedroom townhome units for women with children (Proposed Townhouse Building B above). The subject project includes 22 low-end-of market units, and 20 more deeply affordable units (ranging from shelter allowance rental rates up to housing income limit (see data analysis section) level rental rates).
**Table 4. Summary of case study details for Rosalie’s Village**

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<td><strong>Project Name</strong></td>
<td>Rosalie’s Village</td>
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<td><strong>Unit Type</strong></td>
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<td>Market</td>
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<td>Rental Rate</td>
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<tr>
<td>Commercial Units (Child Daycare Space – No Charge)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Owner</strong></td>
<td>Provincial Rental Housing Corporation</td>
</tr>
<tr>
<td><strong>Construction Type</strong></td>
<td>Concrete, 12-storey</td>
</tr>
<tr>
<td><strong>Construction Completion Date</strong></td>
<td>Winter 2017</td>
</tr>
</tbody>
</table>

Retrieved from personal communication, BC Housing director, 2019.
Chapter 2.

Literature Review

This literature review was conducted to establish a theoretical understanding of key components of my research. Mixed income and mixed use (including residential and other uses, such as commercial uses, as well as housing tenures) development housing strategies, often referred to as “mixed model developments” for the purposes of this thesis, were interrogated to determine both the theoretical benefits and disadvantages of this development type from social, political and economic perspectives. Furthermore, in order to understand the operational realities based on existing mixed income and use developments, a discussion of several studies on mixed developments is provided to understand how they impact residents’ experiences of social well-being. This literature review mainly discusses the theories of mixed income housing; however, use and tenures has been included in this thesis considering different uses, as well as tenure, within real estate developments are part of the fabric of communities. Therefore, it is important in this document to incorporate use into the discussion, in addition to income mix.

2.1. Setting the Context: A Brief History of Urban Revitalization Strategies

Large scale urban redevelopment began in Canada following World War II and was an attempt to “revitalize” urban areas that were deemed blighted (Pickett, 1968). Like the Federal Housing Act of 1949 in the United States, which encouraged the redevelopment of slum areas in cities across the United States in order to help create more economically viable areas (Hyra, 2012), Canada introduced the National Housing Act in 1944. The National Housing Act’s primary purpose was to ensure a steady lending mechanism for housing, most notably through the federal insurance of loans made by lending institutions through the Canada Mortgage and Housing Corporation (Pickett, 1968). In addition, however, there was a provision in the National Housing Act whereby the Federal Government offered to share with municipalities the cost of acquiring and clearing lower-income neighborhoods that were determined at the time to be in decay (Pickett, 1968). Originally, this was conditioned on the cleared land being used for low-
or-moderate income housing (Pickett, 1968). In those initial years following the second World War, even with the cost of acquiring and clearing lower-income neighborhoods being covered by the municipality and federal government, there was little incentive for development companies to divert energies and capital from the suburban housing boom taking place around this same time (Pickett, 1968). Due to this, replacement of low-income housing in areas that had been acquired and cleared by the municipality and federal government through the National Housing Act wasn’t taking place (Pickett, 1968).

In 1954, the National Housing Act extended provisions that allowed for federal and provincial government contribution to the redevelopment of areas that had been deemed “blighted”, in addition to funding the acquisition and clearance of these lands (Pickett, 1968). The first urban renewal projects took place in St. Johns and Toronto in 1956 as a result of this change (Pickett, 1968). The National Housing Act did not discuss social mixing; however, it did require that families displaced by clearance were to be offered accommodation at rental [rates] that—in the opinion of the Minister and municipality—were fair and reasonable, based on the family’s income (Pickett, 1968). Considering that there was no incentive for the private sector to develop within these areas at this time of the suburban housing boom, the re-use of cleared land was dominated by the construction of government funded public housing (Pickett, 1968). As of 1968, only 33 acres of the 710 acres that had been initiated for redevelopment across the country included market residential housing (Pickett, 1968). While other uses were included in the 710 acres, this was overwhelmingly solely public housing. In many places across Canada these development projects took two to three decades. In the end, homogeneity—by design—was achieved by the Canada Urban Renewal program, which financed large public housing complexes for an exclusively rent-subsidized population in the 1950s and 60s (August, 2008).

Similarly, in the United States the Federal Housing Act of 1949 was a federal initiative to stimulate a nationally depressed economy following World War II through the redevelopment of slum areas (Hyra, 2012). Policy makers argued that the redevelopment of slum areas in cities across the United States would help create more economically viable areas (Hyra, 2012). The federal Housing Act was accompanied by billions in federal dollars to local authorities to revitalize areas that were determined to be “blighted” (Hyra, 2012). According to Fullilove (2005), between 1950 and 1974, urban
renewal was associated with demolishing approximately 2,500 neighborhoods in 993 cities across the United States, which equated to a total of approximately 400,000 housing units. During this time, significant displacement of lower income individuals took place (Hyra, 2012). While the policy in Canada required that families displaced by clearance were to be offered accommodation at rental, displacement of lower-income individuals through clearing of areas for urban redevelopment still took place (August, 2008). Pickett (1968) suggested, at the time of writing his appraisal of the Canadian Urban Renewal Programme, that most cities in Canada that took advantage of the incentives from the Federal and Provincial governments through the National Housing Act would relocate only twenty to forty per cent of displaced individuals, leaving the remaining sixty to eighty per cent without support.

This type of urban redevelopment began to shift in the 1970s. Individuals, many of whose parents desired living in suburban areas and commuting into a central business district began moving back to the city (Atkinson and Bridge, 2005). The transition to mixed income development was motivated by a shift in thinking from the previous concept of large congregated public affordable housing projects—which failed at a time when middle and upper-class families were rapidly leaving cities for new suburban developments—to this “back-to-the city” movement, which saw upper- and middle-income residents moving into more diverse (and in some instances low-income) urban neighbourhoods. Municipalities and large urban regions began to be faced with a challenge to accommodate these residents while maintaining affordability for the existing lower-income residents – many of who lived in large publicly funded affordable housing projects.

Many suggest that the deindustrialization of the global economy and the shift to a knowledge based economy was one of the factors that spurred a “back-to-the-city” movement. Vinodrai (2010) suggests, in the City of Vancouver, for example, that following Expo ’86, Vancouver’s downtown core became an appealing location for firms and workers involved in a range of creative and culturally-oriented endeavors. In this same period, Fordist and Keynesian economies centered on industry and heavy government intervention were beginning to shift to a service-oriented and neo-liberal economy in the developed world (Ley, 1996). Economic globalization, integration and deregulation of financial markets have been associated with a new form of urban redevelopment (Sassen, 2000). Hyra (2012) states that between 1993 and 2000, in 23
large urban areas in the United States, mortgage lending in the inner city outpaced overall city and suburban rates. With an influx of new upper-income populations in downtown areas, real estate developers looked to expand the downtown core of cities (Hyra, 2012).

While economic changes were driving the increase in private real estate development in urban centres, Canada’s social welfare state was also changing to a more universalistic model based on new understandings of the structural causes of poverty and unemployment. Opposition to modernist planning was mounting across Canada, and in 1973 federal support for income mix in affordable housing was encouraged through Section 56.1. of the National Housing Act, viewing mix as a “desirable” outcome for two main reasons. Firstly, a mix of assisted units with tenants paying market rents would contribute to the viability of the affordable housing, and secondly—according to the Canada Mortgage and Housing Corporation—social problems associated with projects which contained high concentrations of low-income households would be reduced (Canada Mortgage and Housing Corporation, 1983).

Federal encouragement by the federal government for mixed income housing was included and removed several times in the 1980s, but in 1992 this program was cancelled (August, 2008). In this same time frame, Canadian cities and provinces experienced downloading of responsibility for social programming, including the provision of affordable housing, and were limited in available funding (August, 2008). In a political climate where there were limited funds and a newfound desire to develop residential real estate in the city center, mixed income development became a tool to transform public housing developments near the downtown core of Canadian cities. Joseph et al (2007) illustrates two rationales for why mixed income development has become a general strategy for urban redevelopment. Firstly, there have been social theories that suggest mixed income development is a strategy to address urban poverty by counteracting the negative effects associated with highly concentrated inner-city poverty, and secondly, mixed income development is an approach to inner-city redevelopment that is economically and politically viable (Joseph et al, 2007). An example of this in the City of Vancouver is the development of Yaletown and False Creek. A private real estate developer purchased the site from the Province of British Columbia following Expo ’86, and in order for the sale to proceed without the negative political and social impacts of displacing all of the lower income individuals who lived in
this area it was agreed between the Province and the developer, that the developer would include space for 1/3 affordable housing units in the overall development (Punter, 2003). These units were a mixture of social housing and co-operative housing.

Mixed income and use development have become the desired method of urban redevelopment in poor urban areas in the North American context. While this has been associated with economic changes in the Western world, others have suggested that there was a social and political shift that led to the development of mixed income, mixed use buildings in poor urban neighborhoods being more common practice since the late 1980s and 1990s. As was noted earlier, Canada and B.C’s provision of social services including housing has changed, which has led to policy shifts that encourage mixed income development and community based services rather than isolated public housing projects and large health institutions (an example being the closing down of Riverview Hospital in Coquitlam, B.C). However, while this social shift was occurring in tandem with increased demand for housing and commercial space in metropolitan areas, there have still been many instances of displacement of low-income residents as upper-income newcomers move into different inner-city neighborhoods (Hyra, 2015).

To address this, while allowing for increased development in urban centers—which scholars, politicians and developers have also celebrated due to the increased property values in areas where properties have been devalued through suburbanization and increased municipal tax bases—mixed model development has become a resolution. As developments are brought forward in historically poor urban areas with older infrastructure, they are, on one hand, oftentimes lauded for revitalizing areas with older developments in poor condition, and on the other hand, often criticized for displacing lower income individuals through unaffordability. Striking this balance has become a challenge that many municipal, provincial and federal governments are facing. This is especially challenging considering existing public affordable housing projects that were developed in the Post World War II era, are now reaching the end of their useful life but still house many low-income tenants. The outcome is that the aging public affordable housing project in urban areas are often redeveloped into socially mixed communities.

This thesis investigates the social, economic, and political motivations that have led to this development type being at the forefront of urban redevelopment, in addition to
the operational realities. While the history provided above speaks to all three of these motivations, the remainder of the literature review explicitly illustrates the social, economic and political motivations that may lead to mixed income development, as well as the operational realities.

2.2. Social Impacts of Mixed Model Development

Sarkissian (1976) traces the Western origins of planned social mix housing to 19th century Britain, suggesting that idealized pre-industrial village life included social mix schemes, and in the 1840s plans were drawn up for socially mixed British towns. Ebenezer Howard and his contemporaries were heavily influenced by such British town developments and continued this trend into the early 1900s, demonstrated with Howard’s first design of the Garden City. While Howard encouraged segregation by income and class in each development, at a town scale social mix was included in the Garden City. Sarkissian (1976) believes that two goals motivated early social mix: utopian aspirations of promoting social harmony and utilitarian or “hard” economic objectives for social mixing, such as a diversified employment base and the maintenance of essential services at a minimum expense.

Social Mix remained a prominent political discussion throughout the 1900s, however, it wasn’t until the 1960s and early 1970s in North America that it began appearing explicitly in policy. This was partially driven by the introduction of Jane Jacobs’ *the Death and Life of American Cities*, which condemned slum clearance, urban renewal and homogeneity, promoted social mix in urban areas, and invigorated a broader social resistance against slum clearance and homogeneous social housing projects occurring across the continent. The growing academic understanding of social mix focused primarily on economics and politics; however, in this same time frame, scholars began identifying the sociological challenges present in large concentrations of lower income individuals, particularly regarding minimal access to mainstream society (Kleit, 2001). Social mix thus provided a response to issues of class homogeneity by exposing low-income individuals to higher income individuals, which was thought to increase life chances in the form of access to jobs, “healthy” lifestyles and behaviours (Kleit, 2001).
While these beliefs persist today, there is minimal evidence of such positive outcomes and the evidence that does exist is unclear. For example, Rosenbaum’s (1995) research suggests that mixed income developments do very little to encourage contact between residents and the wider community, directly contradicting Kleit’s (2001) analysis. Like Rosenbaum’s analysis, Jencks and Mayer (1990) drew two main hypotheses in their research into mixed income development: when neighbours set the social standards, affluent neighbors can create an advantage; however, when neighbours compete for scarce resources (such as social standing, grades, or jobs), affluent neighbors pose a disadvantage. Jencks and Mayer (1990) suggested that there is no general rule dictating that affluent neighbors will always be an advantage or disadvantage, and that the social environment is a determining factor.

Kleit (2001) found both positive and negatives in their analysis of the Moderately Priced Dwelling Unit program (MPDU), a mixed income program in the United States. Kleit (2001) found that individuals in low-income public affordable housing buildings were more likely to talk to their neighbours about employment than were individuals who were part of the MPDU program. Kleit’s (2001) study found that individuals in mixed housing were less likely to speak with neighbours than were individuals in low-income public affordable housing buildings. Following this study, Kleit asked: “is the creation of housing opportunities for low-income individuals among higher income individuals enough to provide them with access to opportunities that will improve their life chances?”. This is an important question considering oftentimes government affects the development of mixed income housing through funding construction but less often affects the operational realities within these housing projects, specifically surrounding community building.

Pettigrew (1998) takes this further by suggesting that there are certain systems and processes that create optimal contact between individuals of different income levels. Firstly, the two groups (in this case, the low-income individual and the higher income individual) must gain a better understanding about each other (Pettigrew, 1998). With this understanding, they may change their behavior towards each other and find a way to create a more positive attitude based on a more equitable platform. In Pettigrew’s theory, this will allow the two groups to reappraise the norms of one group based on the experience with another. Which only occurs, according to Pettigrew (1998), with meaningful interaction (or optimal contact). Kleit (2001) concludes that in the United States’ MPDU program, public housing authorities who are creating housing
opportunities for low-income individuals alongside middle-income and high-income earners must keep in mind two elements that will enhance the experience for the disadvantaged and their neighbours. Firstly, for social mixing to truly occur, the housing must have a high level of dispersal throughout a community. Secondly, if there are great disparities in income levels (which is common), the public housing sponsor (or non-profit housing provider) must facilitate situations for positive contacts between public housing residents and private market residents as per Pettigrew’s analysis of positive contacts (Kleit, 2001).

From Lees’ (2008) perspective, there are wide disparities in mixed income development. The lower income households according Lees are at a greater disadvantage than higher income households. Examining the Cabrini Green redevelopment in Chicago, which was a public housing project located next to some of the most expensive real estate in Chicago, Lees (2008)—similar to Kleit’s findings about the MPDU—suggests that it is unrealistic to assume that proximity is enough to create mixing between people from different social class backgrounds or income brackets. Similarly, in Canada, Martine August (2014) investigated Don Mount Court, Toronto’s first mixed income public housing redevelopment, and suggests that the idea of the middle class using their political influence and social capital to benefit their low-income neighbours is a myth. Instead, August (2014) argues that policymakers should focus on funding social programs and transformative change that create inclusion rather than mixed income redevelopments. August (2014) contends that this current strategy is in fact a process of gentrification, as it does not focus on the impacts of these developments on low-income residents who previously inhabited the neighbourhood.

A common theme that emerges in the literature is that government simply encouraging mixed use, mixed income developments through financial incentives and capital funding is not enough to achieve the theoretical positive social impacts of mixed income housing. Instead, like August, Lees, Kleit and Pettigrew argue, government should focus on funding social programs that encourage inclusion in addition to supporting mixed model developments. As is indicated in the Case Studies, there is an opportunity to do both (as was the case in three of the four case studies identified), however, if you don’t have the associated social programming, this interaction doesn’t occur. Lees (2008) recommends, like Kleit and Pettigrew, that there is a need to provide spaces that offer opportunities for social interaction among people from different social
backgrounds. Instead of forcing mixing to occur in areas such as the Downtown Eastside in Vancouver, the possibility for mixing must be kept open in different urban spaces (Lees, 2008). This could be a government initiative, for example, requiring public spaces that hold free public events or a social enterprise café or restaurant to be included in the development as part of the official community plan or zoning. Lees (2008) suggests that this requires a refocus on urban design in addition to encouraging affordable housing development in historically poor neighborhoods in urban areas. From Lees’ (2008) perspective, if mixed model developments do not provide an inclusive urban environment, the potentially detrimental gentrifying effects may be inflicted on the communities that the development intends on helping. In other words, such developments “may only seek to project an image of diversity through superficial strategies” (August, 2008).

2.3. Political Impacts of Mixed Model Development

In Canada, public support for social mixing as it is known today gained popularity in the 1970s, with the federal government supporting innovative social housing programs through section 56.1. of the National Housing Act (August, 2008). The federal government’s belief in the economic and social benefits of social mixing was initially short-lived. In 1983, CMHC had indicated that income-mixed social housing was “too expensive” (Canada Mortgage and Housing Corporation, 1983). Furthermore, through co-op resident surveys, CMHC later found no evidence of “a positive relationship between project level income mix and benefits accruing to low-income residents,” and in 1992 the program was cancelled entirely (Prince, 1995).

In the Province of BC, the effects of cross-subsidization in mixed income developments became crucial to developing projects in a time where there was more limited capital government funding for projects. In addition to this, the opportunity to cross-subsidize allowed BC’s provincial housing authority (also known as BC Housing) to do more projects. For example, the HOMES BC Program, announced in 1993, provided housing for low-income families with children, independent disabled persons and seniors. The program targeted projects with 60% of the units at a rent-geared-to-income level (which is often income assistance rates) and 40% market rental rate units. The market level units directly cross-subsidized the lower rental rate units in order to
support projects’ operating costs. BC Housing’s HOMES BC Program persisted, and new projects were awarded between 1993 and 2003 (BC Housing, 2015).

Enthusiasm for socially mixed public housing redevelopments gained steam in a period when “structural understandings of poverty gave way to individual and behavioral explanations for the cause of poverty” (Crump, 2002, 583). According to August (2014), the larger neoliberal shift across Canada used social mix to validate a shift from notions of collective responsibility of the poor toward individual-level explanations of poverty. Concurrent with the neoliberal shift, and the rise of mixed model developments alongside this shift, were several other movements also gaining popularity in the 1990s and 2000s, including growth management, smart growth, new urbanism, sustainable development and transit-oriented development, which espoused “mixed land uses, diversity, compact urban form, and environmental sustainability” as key components (August, 2014). These movements have begun to impact affordable housing policy and funding as has been noted throughout this document.

2.4. Economic Impacts of Mixed Model Development

As was alluded to in the political section, in the 1970s an economic shift occurred in the Global North. North America’s neoliberal shift and economic restructuring away from the redistributive Keynesian welfare model during the late 1960s and 1970s resulted in a return to classical liberal principles of the free and deregulated market and limited government intervention, which resulted in the restructuring of welfare, social spending cutbacks, and privatization (Hackworth, 2007). At the urban housing level, August (2014) suggests that this change reoriented governments towards an entrepreneurial approach which included emphasizing public-private partnerships, global inter-city competition, and localized mega-project development. This becomes evident in the case studies investigated later in this paper.

Further to this, the asset-based welfare approach has encouraged homeownership in Canada over the past 60 years, and according to Walks (2016) has led to greater social segregation and concentration of wealth within cities, rather than mixing across income levels. This began as early as the 1960s, when buildings were able to stratify, and individual units could be bought and sold as a financial investment and provided an alternative to the previous subsidy-based welfare programs for national
governments in the Western world. Walks (2016) explains that government response to this phenomenon argued that investment in and income from property assets relieves some governmental burden of subsidizing retirement, unemployment, and post-secondary education. Walks (2016) argues that this government-encouraged ability to make money off property has helped raise the net worth of middle and working classes who own property; however, the implications for the spatial distribution of wealth in urban areas has resulted in segregation rather than desegregation. Furthermore, and crucial to Walks’ (2016) analyses, the profitability and government incentivization of developing condominium housing has resulted in a limited Canadian rental housing stock, which has caused significant vacancy issues in major cities.

2.5. Historic Examples and their outcomes

As is illustrated above, there is contradicting evidence of the benefits of mixed model development. Kleit (2001) investigated Chicago’s court-ordered Gautreaux public housing desegregation program by looking at two different developments, one mixed income development (Cabrini Green) in a suburban neighborhood in Chicago, and a solely public housing building in Chicago’s inner city. Kleit (2001) found that residents of the mixed income development were more likely to find jobs, and children within this development dropped out of school less often than residents of the public housing building in Downtown Chicago. These results occurred over the first fifteen years after the program was implemented. From a government perspective, findings such as these along with the economic benefits spurred this development type in historically poor neighbourhoods.

In addition to Cabrini Green, Joseph and Chaskin (2010) were able to study resident perceptions of benefits and disadvantages of mixed income, mixed use development in two developments that were part of the Chicago Housing Authority ‘Plan for Transformation,’ which involved the demolition of 22,000 units of social housing, renovations of 17,000 units, and construction of approximately 7,700 affordable housing units in new mixed income developments. The two developments studied were Oakwood Shores, on the south side of the City of Chicago, and Westhaven Park, on the city’s west side (Joseph and Chaskin, 2010). They found that most relocated public housing residents in these two sites expressed an overall satisfaction with their new residential environment, and almost 100% of interviewees spoke of their intent to live in
the development for the foreseeable future. Most of these individuals commented on the improved quality of their residential units, while other private market renters or owners within the development commented on the prime location of the developments as its greatest benefit.

However, when it came to emotional well-being, there was a significant variance in responses across different income levels. Many public housing residents expressed increased self-esteem—specifically from navigating all the hurdles to secure a unit in the development—but also expressed feelings of stigmatization (Joseph and Chaskin, 2010). Public housing residents felt their ability to use and enjoy their unit and the development was constrained by external social pressures, both formally and informally, while no individuals from the rental or ownership components of the building expressed these feelings (Joseph and Chaskin, 2010). Other public housing residents expressed that they perceived a very positive benefit of living among wealthier individuals, especially for their children, while some private renters and owners believed that living in the development broadened their perspective (Joseph and Chaskin, 2010). However, many others felt less engaged with their neighbours and associated this with the diversity of the neighborhood (Joseph and Chaskin, 2010). The latter is in line with Putnam’s (2007) theory that heterogenous communities result in individuals disengaging from social interaction and mixing.

Walks and Maaranen (2008) found a similar outcome in their investigation of how mixed income communities fare in relation to levels of social mix, ethnic-diversity and immigrant concentration, and found that in Vancouver, Toronto and Montreal from 1971 to 2001, all three of these components have declined in “mixed-income” communities. Lees (2008) notes how social mixing is seldom advocated for in wealthier neighbourhoods that may be just as socially homogenous as poor neighbourhoods and concludes by suggesting that social mix policies in their current form result in segregation and polarization rather than desegregation. The above examples demonstrate how the impacts of mixed income and mixed use developments vary from case to case.
2.6. Conclusion

This literature review illustrates that there are political, economic, and social motivations that have led to mixed income development being the preferred method of redevelopment in urban areas across Canada. An economic shift took place that coincided with a shift away from individuals desiring a suburban lifestyle towards a more urban lifestyle. At this same time, there were social and political pressures to avoid displacement of lower-income individuals that took place in the 1950s and 1960s. Therefore, as private development increased in urban centres, including affordable housing in these developments became the economic and politically viable option. According to the studies reviewed for this literature review, it is unclear whether the intended positive social impacts of mixed income development on lower income individuals are being achieved. However, the theorized positive outcomes of social mixing are key social motivators for continued mixed income developments.

While these motivations led to mixed income development in the examples illustrated in the literature review, following completion of the project there are generally minimal requirements surrounding community building and social mixing. Community building, and creating positive social environments was illustrated in the literature as important in the ambition to create more positive social outcomes for low income individuals. This demonstrates the need to actively encourage community building in developments through accessible common spaces, commercial spaces and facilitated social programming. In addition to this, political motivations to develop mixed income buildings are often short term considering the election cycles in the North American context. Frequent change in government may not provide the long-term funding and resources that many scholars stressed were necessary in order to continue to encourage positive social mixing. Moving forward, the question becomes: how do non-profits, municipalities, the development industry, provincial and federal levels of governments design mixed income developments that create trust and meaningful interaction among different income classes? And can mixed communities capitalize on the theoretical positive impacts of social mixing?
Chapter 3.

Methodology

While there is a variety of literature available and conflicting theories on the benefits and challenges of mixed income development this thesis attempts to answer what are the social, economic and political motivations that led to the mixed model nature of four developments across the Province of B.C., in addition to understanding what the outcomes of these developments are, when operational. The goal of this research is to understand the motivations that lead to mixed development types across the Province, and how they are operating in their communities.

3.1. Analysis Justification

Content from publicly available documentation and interviews with key stakeholders will be analyzed in relation to the intended outcomes. Understanding this information allowed me to create a case description, and case framework. Analysis of the research was conducted until the conclusions fit within the intended outcomes, and if they did not fit within the framework, more research and analysis was conducted. Projects were selected from an inventory of all the developments, which include commercial space, that BC Housing—the government of BC’s Housing Authority—has been involved with since 2005. While the focus was mixed income, it was important to understand how use, and tenure impacted the outcomes as well as the motivating factors. Therefore, investigating four case studies, which included commercial space, and amenity spaces, as well as temporary and permanent units, was important to this research study in order to understand how these spaces interacted with the other components of the project and why it was included. In most instances commercial space was due to requirements of the property’s municipal zoning.

After an analysis of the different components of each of these developments, the four projects that were selected had a different lead developer and origin story. The first project was led by a private developer known as Wall Financial Corporation, and the development was restricted by the Local Area Plan in Vancouver’s Downtown Eastside that inhibited their rezoning process due to the requirement to provide 60% of housing
on the site at affordable rental levels. The second project was led by Atira Housing Society, a non-profit housing provider. Atira went outside of their mandate by incorporating fully market units, in order to cross-subsidize and thereby use less government funding (due to limited funding available) to create more affordable units in a time where there was limited government funding. The cross-subsidization of the market units allowed them to provide more affordable units with less government investment. The third project was led by BC Housing, on behalf of the province, and contains just under half of the building’s square footage as commercial space. BC Housing had an opportunity through an available funding program to acquire an existing development, preserving affordability, and using the commercial space to cross-subsidize the low rental residential units. Finally, the fourth project (Rosalie’s Village) was led by a faith group, who created a non-profit housing provider to deliver on their specific mandate of providing affordable housing for women and children fleeing violence. They were also focused on providing a housing continuum, in terms of tenure (transitional and permanent rental housing) within the development, with targeted commercial/amenity space for residents. In this instance they provided free daycare services to the tenants, and the project contains a mixture of temporary and permanent housing. However, Rosalie’s Village didn’t intend to include mixed-rental rates but ended up moving towards this in order to attain available government funding.

3.2. Research Design and Methods

An analysis matrix was developed to understand the available documentation (rezoning application and/or development permit council report, project pro forma, and municipal, provincial and/or federal funding program) to identify and categorize the economic, political and social factors that have led to the mixed nature of each development type. The economic factors included the financial viability and pro forma that led to the integration of affordability into the building. Analyzed political factors included funding programs that may have encouraged the integration of affordable housing into the mixed model development, as well as changes to funding, planning, design or government and/or legal structures which would further support and encourage or create an obstacle to mixed model developments. Additionally, the project partnerships, that were identified in the initial scan of available documentation, were
analyzed to understand both the political and economic factors. The social motivations were analyzed through all the available documentation.

The specific partners for the purposes of this study were the developer (if applicable), a representative of the primary project funder/financier (BC Housing), and the non-profit housing provider that operates the affordable component of the development. To understand all three identified motivations (social, economic, and political), semi-structured interviews were also conducted with each partner organization involved in the creation of the development. Their roles are defined in the data analysis section. The findings of the interviews were compared and analyzed in relation to the motivations to both understand the benefits and challenges of this development type, and how they are aligned with the intended outcome at the time of project creation.

3.3. Data Analysis

The above sources of data were analyzed in one dataset. The dataset included the documentation component and the analysis of the semi-structured interviews. The data was categorized by each case study.

Documentation Data

All selected documents, including the rezoning application documents, and development permit application documents, were uploaded into a qualitative data analysis software. The documents were analyzed using a mix of coding and memo-ing. During the reading of all documentation, any preliminary emerging themes were recorded and noted. Following this, the data was coded based on emerging themes. A list of categories and themes identified in the literature review was gathered, and information from the documentation was coded into the “parent” codes. The parent codes are referenced in table 5.
Table 5. Definitions of parent codes used in research analyses

<table>
<thead>
<tr>
<th>Parent Codes</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed Income</td>
<td>Housing that is priced including a mix of market-rate units and units priced for lower-income residents, or it may not include any market-rate units and be built exclusively for low- and moderate-income residents.</td>
</tr>
<tr>
<td>Housing Tenure</td>
<td>The financial arrangements under which someone has the right to live in a house or apartment. The most frequent forms are tenancy, in which rent is paid to a landlord, and owner-occupancy.</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>The structure of ownership of the land, property, and improvements of each case study site.</td>
</tr>
<tr>
<td>Gentrification</td>
<td>The process of renovating and improving a house or district so that it conforms to middle-class taste.</td>
</tr>
<tr>
<td>Government funding</td>
<td>The funding provided by the government to housing projects in the Province of B.C.</td>
</tr>
<tr>
<td>Client Group</td>
<td>The targeted tenants in each case study development.</td>
</tr>
<tr>
<td>Community</td>
<td>The social networks in each case study development.</td>
</tr>
<tr>
<td>Consultation</td>
<td>Any and all consultation that took place with community members/stakeholders related to each development.</td>
</tr>
<tr>
<td>Design</td>
<td>The design of each development.</td>
</tr>
</tbody>
</table>
Economic Analysis

As per BC Housing's lending criteria a project must meet a debt service coverage ratio of 1.10 for the funding programs that the subject projects were financed under. A debt service coverage ratio is a measurement of the cash flow available to pay debt obligations. A 1.10 debt service coverage ratio would mean that the cash flow for a specific project would be able to cover the full debt obligation in addition to a ten percent surplus (Community Partnership Initiatives Financing for Affordable Rental Housing Lending Criteria Guide, n.d.).

The formula for calculating mortgage payments is as follows:

\[ M = P \frac{r(1+r)^n}{(1+r)^n - 1} \]

BC Housing can get access to a 35-year amortization therefore the number of payments were based on a 35-year amortization and a 10-year mortgage term (Community Partnership Initiatives Financing for Affordable Rental Housing Lending Criteria Guide, n.d.). In order to determine the annual payment, the number of payments would be 12 payments per year.

Considering that operating statements were not received for each subject project, the following assumptions were made, where necessary:

1. Operating expenses, as per industry standards for supportive housing units and affordable rental units, are anticipated at $417 per unit per month.

2. Commercial revenue is under a net, net, net rent (NNN). This means that rent is charged plus all costs associated with the space being rented (operating expenses, property taxes, property insurance, etc. This is common practice in commercial lease situations, and thereby indicates that the total rent would be in addition to these costs.

3. The income assistance rate for studio units is $375 per month, in the province of B.C.
4. The Housing Income Limit rent rate is also available on BC Housing’s website and represent the maximum gross household income for eligibility in many affordable housing programs. Using this income level, which differs between regions, you can calculate a maximum monthly rental payment based on 30% of this income level. This was completed where necessary for the projects analyzed (British Columbia Housing Management Commission, 2019).

5. BC Housing posts their forecasted interest rates on their website, and for 2018 this was 4%. This was used in the analyses, where applicable (Community Partnerships Initiative, n.d.).

6. A vacancy allowance of 2% was used as per CMHC’s rental report’s analysis of the vacancy rates for the City of Vancouver (Canada Mortgage and Housing Corporation, 2020).

The debt service coverage ratio is calculated by the following formula:

DSCR = Net Operating Income / Annual Debt Service

The Net Operating Income, is all available cashflow after expenses, not including the mortgage principal and interest payments.

**Interview Data**

Semi-structured interviews were conducted, using the documentation review, and literature review to inform the guiding questions. The interviews were recorded and transcribed electronically. Examples of questions are included in the appendix. Once the import and transcriptions were completed, a similar process to the document review was completed using the same parent code method to code the interviews in order to identify themes. Several groups for each project were interviewed for this research study. In Table 6 I have provided a list of each party that was interviewed for each project. The inclusion criteria for each development includes the landowner of the development, the non-profit housing provider, and any major funders of the project. All additional sub-trades, contractors, minor funders of the project the public, municipal planning staff or councillors, and residents were excluded in the study.

Being an employee of BC Housing, the primary funder and financier for all four projects, it was necessary from an ethics perspective to disclose this information prior to conducting interviews. This was disclosed through the consent form. I also began the interview with explaining my position at BC Housing, how I wasn’t involved in the subject
projects, and that I was conducting this research for my master’s thesis at Simon Fraser University. While BC Housing will have access to this document, they did not have access to any data that was collected, including interview transcripts.
Table 6. Case study information

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Address</th>
<th>Developer</th>
<th>Non-Profit Housing Provider</th>
<th>Tenure</th>
<th>Location</th>
<th>Primary Funder</th>
<th>Owner</th>
<th>Commercial Space</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Anjok</td>
<td>288 E Hastings Street</td>
<td>Wall Financial Corporation</td>
<td>Atira Housing Society</td>
<td>Independent affordable rental units and Commercial Units</td>
<td>Lower Mainland</td>
<td>BC Housing</td>
<td>BC Housing</td>
<td>Yes</td>
</tr>
<tr>
<td>Olivia Skye</td>
<td>33-41 E Hastings Street</td>
<td>Cressey Development Corporation</td>
<td>Atira Housing Society</td>
<td>Supported Housing Units, Low End of Market Units, and Moderate-Income Units, and Commercial Units</td>
<td>Lower Mainland</td>
<td>BC Housing</td>
<td>Atira Housing Society</td>
<td>Yes</td>
</tr>
<tr>
<td>Acadia Place</td>
<td>267 4 Avenue</td>
<td>BC Housing</td>
<td>Interior Community Services Society</td>
<td>Independent Affordable Housing Units and Commercial Units</td>
<td>Interior</td>
<td>BC Housing</td>
<td>BC Housing</td>
<td>Yes</td>
</tr>
<tr>
<td>Rosalie's Village</td>
<td>4349 W Saanich Road</td>
<td>Society of Saint Vincent De Paul</td>
<td>Society of Saint Vincent De Paul</td>
<td>Women and Children Fleeing Violence Temporary Units, Affordable Rental Units for Women and Children Fleeing Violence, Affordable Rental Units for Families</td>
<td>Vancouver Island</td>
<td>BC Housing</td>
<td>Society of Saint Vincent De Paul</td>
<td>Yes</td>
</tr>
</tbody>
</table>
3.4. Limitations of the Research Design

Limitations of the research design include failure to get interviews with municipal staff involved in the project, as well as tenants, trades, etc. These perspectives surrounding what motivated this type of development, and the operational realities of these developments, were not included in the subject thesis. Furthermore, there is a variety of mixed income and use developments in the Province of B.C. therefore, this thesis is limited to the four mixed income and use developments examined. Moreover, there was no quantitative data analyzed, which may have limited the research in the sense that there is no quantitative evidence illustrated in this thesis indicating the impacts of mixed income development on length of stay among low-income residents, and/or overall well-being of residents. Regarding the results section, the economic analysis is in some instances based on assumptions as publicly available data was limited, and I was unable to attain data from the non-profit housing society, and/or BC Housing. This limitation impacts the accuracy of the economic motivations and operational economic benefits and/or challenges of mixed income development. Furthermore, case studies are limited in the fact that they are only reflections, observations and data about four specific developments. It is impossible, therefore, to capture trends in mixed income developments more broadly.
Chapter 4.

Findings

This findings section analyzes the information from the development permit or rezoning application for each project (except for Acadia Place), the case study’s provincial and/or federal funding program, the assumed pro forma based on the primary lenders’ requirements, and finally semi-structured interviews with key stakeholders including the developer, the housing provider, and the primary funding body (BC Housing). The following findings suggest that mixed income and use approach in the four developments was necessary, economically, to deliver affordable housing due to available funding and programs available through the Provincial and Federal government. Furthermore, the positive social ambitions of mixed income development are better achieved where there are adequate common spaces and active facilitation of social mixing. Interviewees focused on encouraging community building within three of the four developments. None of the interviewees explicitly discussed how it was socially important to have a mix of income levels within the development, rather the focus was on building community. In addition to this, in the Olivia Skye and the Anjok development, there was a conflict between the social objectives of the Local Area Plan and the urban land economics. Finally, partnerships with the private sector were found to be a positive experience for the non-profit housing providers and BC Housing in three of the four of developments that were examined. If there was little interaction between tenants, commercial spaces, and neighbors, this was not viewed as a negative according to the interviewees for Acadia Place. The interviewees were neutral that this wasn’t occurring.
4.1. Context: Funding Programs

Three provincial funding programs (Community Partnerships Initiative, Provincial Investment in Affordable Housing, and the Housing Endowment Fund) were utilized in the four case studies. Three of the four developments were primarily funded by the Provincial Investment in Affordable Housing initiative (PIAH). PIAH was a commitment of $355 million to create more than 2,000 affordable rental housing units in British Columbia. This program was announced in 2016 and was targeted towards independent affordable housing units, although all affordable housing types were considered. BC Housing administers the PIAH program and opened an Expression of Interest proposal call on April 13th, 2016, which closed in September 2016. Approximately $79,000,000 was approved in the first year of the program (which no longer exists due to the provincial government change that occurred in 2017). This program used the Community Partnership Initiatives Program lending criteria and awarded funds to the subject project in return for ownership of the equivalent number of units as the funds provided. PIAH was funded by the proceeds from the Non-Profit Asset Transfer (NPAT) program.

The NPAT was announced as an initiative to strengthen the non-profit housing sector by transferring government ownership of properties operated by non-profits and other public housing sites to non-profit housing providers. The funds necessary to complete this transfer back to the Province were provided, while the Province supported the non-profit operator to secure mortgage financing in order to complete the transfer of the site. These funds were then re-invested into affordable housing through, as an example, the PIAH program (PROVINCIAL INVESTMENT IN AFFORDABLE HOUSING, 2016). Both the NPAT and PIAH programs were discontinued with the change in government in 2018. The intent of the PIAH program was to increase the supply and range of affordable housing options, but gave priority to projects that were targeting affordable rentals for individuals who did not require supports and at rent levels that were at the low end of market rental rate level, as is indicated in Figure 5. Moreover, a mixed income approach was not mandated, however, three of the four case study projects that were funded by the PIAH program were mixed income developments. The motivations that led to this are included in the case studies.
BC Housing facilitates interim construction financing through its Community Partnerships Initiative program, which can provide up to 100% of financing based on BC Housing’s lending criteria. Moreover, BC Housing will secure a competitive rate for non-profit housing partners to obtain take-out financing for the units they own.

Finally, the Housing Endowment Fund was a part of the 2007 Provincial Budget and was a $250M investment which was to be used to fund new ideas and support innovative housing solutions (Pablo, 2008). This was rolled out by finance minister at the time, Carole Taylor, and the Liberal government under the leadership of Gordon Campbell. The Housing Endowment Fund did not have a program framework or Request for Proposals, Invitation and/or expression of interest process based on the available documentation. This is important to note, as this allowed BC Housing to bring projects forward as sites and opportunities became available, through this specific funding program, rather than the typical competitive process of the other funding programs documented.
4.2. Case Study #1: 288 E Hastings Street “the Anjok”

The Anjok, a 172 unit mixed income and use development located in the Downtown Eastside of the City of Vancouver, completed construction in the Spring of 2018 and is operated by Atira Housing Society. The Development was constructed by Wall Financial Corporation (the developer) and was originally intended to be jointly owned by the Provincial Government’s Crown corporation, B.C. Housing, and Wall Financial Corporation. The intention was for Wall Financial Corporation to maintain ownership of the private market rental units and B.C. Housing to retain ownership of the commercial space and affordable residential units. Upon completion, B.C. Housing secured additional funding and purchased the entire development. Through interviews, it was determined that—chiefly due to the available funding and necessity for cross-subsidy from higher rental rate units—a mixed income approach was necessary.

The Anjok originally received funding from the Provincial Investment in Affordable Housing (PIAH) and was also fully financed by BC Housing. However, the project structure changed from the original intent of 40% of the units at market rent levels and 60% at affordable levels to 100% at affordable levels ranging in income limits. The housing provider indicated that this was because of the change in provincial government, while BC Housing indicated that additional funding became available, in part due to new government funding initiatives. This change suggests that, when economically viable, the motivation is for an entire development to be affordable; however, mixed levels of affordability are still needed in order to manage levels of funding and different provincial priorities. As is illustrated in table 7, which represents the estimated pro forma for the Anjok, the economic model shows an annual shortfall. This indicates the existence of supportive housing units, which are generally unable to cover operating costs. BC Housing’s funding program for supportive housing can provide that shortfall as an operating subsidy.

Considering the subsidy, the subject project achieves a debt coverage ratio of 1.0. This is generally allowed under BC Housing’s lending criteria for projects with approved operating subsidy (Community Housing Fund, 2018). Although the ownership model changed, the Anjok had committed to and executed mixed incomes and uses from project conception. This was initially driven, predominantly, by economic reasons, but also due to the City of Vancouver’s Local Area Plan for the Downtown Eastside. The
proposal fell in the Downtown Eastside Oppenheimer District Sub-Area 1 Main/Hastings area, and that permitted that 60% of the development be affordable as determined by the City of Vancouver, 40% at market level rates, and that commercial space was required on the ground floor.

Furthermore, there were social and operational considerations identified by the non-profit housing provider surrounding the ideality of social mix in a building of such size with tenants who have varying needs and vulnerabilities. Once the ownership model changed however, as is illustrated in the economic model, there was more funding injected by BC Housing and an annual subsidy that is necessary to ensure the project breaks even. However, the mixed nature of the development was still included, albeit more modest, with a range of affordability levels, rather than full market level rental rate units. This was likely due to the restrictions around the different funding programs, and the social motivation to have a more mixed development.
Table 7. Approximate operating statement and budget for the Anjok

<table>
<thead>
<tr>
<th>Case Study #1 Estimated Pro Forma</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Items</td>
<td>Cost</td>
</tr>
<tr>
<td>Gross Development Costs</td>
<td>$41,800,000</td>
</tr>
<tr>
<td>BC Housing Grant</td>
<td>$21,500,000</td>
</tr>
<tr>
<td>CMHC Grant</td>
<td>$5,900,000</td>
</tr>
<tr>
<td>Miscellaneous Funding, Waivers, Etc.</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Total Financing Amount</td>
<td>$13,400,000</td>
</tr>
<tr>
<td>Gross Annual Revenue (Residential and Commercial)</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$450,000</td>
</tr>
<tr>
<td>Annual Mortgage Principal and Interest</td>
<td>$595,000</td>
</tr>
<tr>
<td>Annual Subsidy Required</td>
<td>$145,000</td>
</tr>
</tbody>
</table>

4.2.1. Municipal Approvals and Project Context

The Anjok was the first project to be considered through the revised Downtown Eastside Plan, which was approved in March 2014. The new zoning for this area as part of the Local Area Plan required 60% of the units to be affordable, 100% of units to be rental, and the ground floor to be retail. One of the interviewees indicated that when this was initially brought forward, there was very little, to no, development taking place in this area. BC Housing then reiterated this point, stating that “at that point in time, there was really no development that was going on in the Downtown Eastside that involved any kind of significant model that so-called would work under a P3 type of partnership” (BC Housing Director, personal communication, September 27, 2019). This illustrated the economic challenges of making a development project viable under the zoning restrictions. A partnership and government funding were both required in order to create a viable project.

According to the developer, the initial intent was to maximize the amount of density that was allowed as per the existing zoning. BC Housing indicated that they were aware of this site prior to the developer bringing it forward to BC Housing. The economic modelling of the project showed that it would be best for BC Housing to enter the project at the outset as a partner, as there was “just not enough funding at this time available to make the project economically feasible.” This was largely based on limited amounts of grant funding available at that time. The program that this project was under at BC Housing was the Community Partnerships Initiative, a financing only program that allows non-profit housing providers and developers access to construction financing at the preferred provincial rates, and in some instances higher loan to cost ratios than conventional banks would often offer. The funding program after the project progressed with the developer was awarded under the Provincial Investment in Affordable Housing Program (PIAH), which was announced in the Province’s 2016/17 fiscal year, as per comments from BC Housing. However, the grant funds that were awarded to this project, could only create affordability in the 60% of units, and the 40% of units according to the interviewees would need to be included at full market value.

The Anjok achieved its development permit on January 25, 2016. The development permit proposal requested to develop the site with a 12-storey mixed use building with retail at grade and residential above grade, all over two levels of
underground parking with vehicular access from the lane. The residential component of
the building was comprised of 172 units, originally including 104 social housing units
(following the Local Area Plan) and 68 market rental units. The issues flagged by the
municipal planner and the urban design panel regarded height and frontage. Within the
DEOD Sub-Area 1 Main/Hastings area the permitted height was between 36 ft and
120.08 ft, the floor area maximum was 94,493 square feet, and the Floor Space Ratio
was to a maximum of 7.00 (City of Vancouver. Planning and Development Department,
2017). The subject development proposed a height of a maximum of 133.47 ft., and
square footage of 95,150 with a corresponding FSR of 7.05 (City of Vancouver, 2014).
The variances were at the discretion of the development permit board, which was
passed successfully.

The DEOD Sub-Area 1 Main/Hastings was required be mixed use
considering the context of the neighborhood, and the fact that the Sub-Area
is located on a major arterial street-Hastings Street. Therefore, the subject
development has a first floor of commercial space. Moreover, the
commercial spaces have several points of access as pedestrian oriented
uses are encouraged in the DEOD Sub-Area 1 Main/Hastings area
(Council Report, 2016)

The Social Housing units for the subject development fell under the City’s Micro
Dwelling Policy and Guidelines which required the proponent to build common outdoor
space, a common amenity room containing a kitchen and laundry facilities, a storage
area in the parkade, and a bathroom and kitchenette in each unit (DPB Report – 288
East Hastings – DE419659, n.d.). The Micro Dwelling policy supports the replacement of
Single Resident Occupancy Hotels with self-contained Social Housing units. From a
design perspective, the design panel supported the project but expressed concern over
the building being aesthetically “overly busy” in terms of the colours and details on the
exterior of the building, along Gore Street as well as access issues to the non-market
outdoor spaces.

4.2.2. Challenges in the Municipal Process

The design panel also encouraged further environmental sustainability features
be incorporated into the development. Wall Financial, the developer, and applicant
agreed to address the design concerns through aesthetic exterior changes, as well as
the access issues to the non-market outdoor spaces. Regarding environmental
sustainability, however, the developer was not prepared to address these citing
economic challenges. The building, as a requirement of the municipality, considering the mixed use nature was designed to comply with Crime Prevention Through Environmental Design (CPTED) requirements. The practice of CPTED ensures that all spaces are defined, properly designed, and have a designated use. Altogether these strategies and tools seek to deter crime within and around properties and communities. This did not have an impact on the mixed income component of the development, however, is provided to illustrate the design measures taken in the design and development of this building.

While the City urged the developer to pursue this development as it met the requirements of the newly adopted zoning for the area, the developer and the housing provider discussed the length of time for approval, in addition to the additional stipulations specifically referencing the sustainability requests. The developer expressed concerns where that the City tried to impose a lot of requirements on the building that really should have only come through a rezoning process, while the site was already zoned appropriately for the intended use. The developer expressed that there was an opportunity for the City on these projects, despite the grants that they offer to be a better partner when it comes to the approval process in order to support the development of the non-market projects. The housing provider, speaking about another project, stressed that non-market projects need a champion within the City to support them through the process considering the lengthy approval timelines. Therefore, the social and political priorities and motivations of the City may have had impeded the development process for this project.

In addition to the additional requirements and lengthy approval timeline, the developer also had concerns that by integrating the different income levels into one building, there would be challenges operationally in terms of cost sharing between the non-profit operator and the developer, as well as the management of common and shared space. Therefore, the developer was adamant that the building be separated where possible, despite the likely increased cost in order to do so. The non-profit housing provider believed the opposite and urged the developer to integrate the different income levels within the market units in the building. The compromise as depicted in the interviews was that there was one lobby and entrance in the Anjok, however, the income assistance units were developed in micro-suites that ranged between 250 and 300 square feet and were on the first five floors. The market units were on the upper floors.
There was separate amenity space for the non-market component and full market component as well as shared amenity space. The developer understood the social argument the non-profit housing provider was making but believed that this may cause challenges operationally. BC Housing ensured that the building regardless of unit size or type met where possible BC Housing’s Design Guidelines.

Several rounds of consultation were completed with community members as part of the process of attaining the Development Permit for the project. The community members had a range of sentiments towards the project. Mixed income and use were not stated explicitly. However, some community members suggested that the entire development should have been designated for low-income earners and expressed concerns that by introducing a new development, previously existing affordable retail would be sacrificed, and new affordable retail would likely be sacrificed, as well. Moreover, some community members felt that the rental levels originally proposed for the non-market component of the development were not affordable for that area. This can be seen as a draw-back from mixed income developments and aligns with the literature by Martine (2014) suggesting the current strategy of mixed income development in historically poor neighborhoods, is a process of gentrification as it doesn’t focus on the impacts of these developments on low-income residents that inhabit the neighborhood previously. The developer and BC Housing placed a site sign on October 15th, 2015 and notification postcards were sent to neighboring property owners advising them of the application and offering additional information on the City’s website. In addition, the city sent 44 emails to organization and individuals that requested to be added to a mailing list to be notified of application in the DTES. The month after on November 12th, 2015, an open house was held by the applicant. 23 people signed in and 24 comments were written in total. The comments are in table 8.
Table 8. Salient comments from open house included in City of Vancouver’s planning report to council

<table>
<thead>
<tr>
<th>Public Comments on the Anjok Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responses to mailing notification</td>
</tr>
<tr>
<td>The market rental will negatively affect the surrounding neighbourhood’s affordability.</td>
</tr>
<tr>
<td>Project should be 100 % social housing.</td>
</tr>
<tr>
<td>Developing the site will displace affordable retail for the community.</td>
</tr>
<tr>
<td>Units at Housing Income Limits are unaffordable for the community.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open House Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough social housing units.</td>
</tr>
<tr>
<td>Displacing shops that cater to the low-income residents of the DTES.</td>
</tr>
<tr>
<td>BC Housing Income Limits are not affordable for the community.</td>
</tr>
<tr>
<td>Social housing units should be same size as the market rental units.</td>
</tr>
<tr>
<td>Need for 100 % welfare rate housing.</td>
</tr>
<tr>
<td>Social housing units for families should be provided.</td>
</tr>
<tr>
<td>Supportive of development.</td>
</tr>
<tr>
<td>This neighbourhood needs more social housing and this development provides that.</td>
</tr>
<tr>
<td>Housing Income Limits are great.</td>
</tr>
<tr>
<td>The open green areas are great, and the mix of business and housing may bring opportunity for Chinatown’s revitalization.</td>
</tr>
<tr>
<td>Variety of types of rent is great.</td>
</tr>
<tr>
<td>Supportive of the social housing and Housing Income Limit units.</td>
</tr>
<tr>
<td>34 social housing units are great, but more needs to be done.</td>
</tr>
<tr>
<td>Current local businesses should have access to the retail space.</td>
</tr>
<tr>
<td>Sick of these big ugly condos leading to increased homelessness and rising rents.</td>
</tr>
<tr>
<td>In favour of the project and the inclusion of child friendly areas.</td>
</tr>
<tr>
<td>Likes the architecture, colour scheme, rooftop gardens and bicycle storage.</td>
</tr>
<tr>
<td>Likes the fact the lobby is shared between market and non-market units.</td>
</tr>
<tr>
<td>Beautiful building.</td>
</tr>
<tr>
<td>The neighbourhood needs more affordable housing.</td>
</tr>
</tbody>
</table>

City staff responded to the following comments by indicating that the project complies with the Downtown Eastside Oppenheimer District policy for this Sub-area, and that there are no “condos” in this development. The proportion of non-market and market rental units was derived from the Downtown Eastside Plan. However, this still indicated concerns from community members around levels of affordability, and fears of displacement of existing low-income residents. This aligns with August’s (2014) statements that mixed income can often leave the low-income resident behind, and instead if the focus was on funding social programs that encourage transformative change and inclusion. There were four businesses operating on the site and the City staff determined that there were no requirements for this development to relocate the existing commercial tenants. Commercial tenants had an opportunity for relocation on the 200 block of E Pender Street (DPB Report – 288 East Hastings – DE419659, n.d.). Therefore, while concerns from community members were voiced, as part of this mixed income and use redevelopment, the City was confident that the developer and BC Housing, had adequately addressed these concerns (DPB Report – 288 East Hastings – DE419659, n.d.).

4.2.3. Summary of Findings

The new zoning for this area as part of the Local Area Plan required at least 60% of the units to be affordable, and while 40% could be at market level, all had to be rental and the ground floor had to be retail. As previously mentioned, the developer indicated that when this was initially brought forward, there was very little to no development taking place in this area and BC Housing then reiterated this point. The City had asked the developer to identify whether they could make this work, and the developer proceeded to find a piece of land. In order to make the project economically viable, the developer stated that this had to be a certain sized site, a corner lot, and to allow the most density under this new zoning. During construction of the project, the housing provider and BC Housing both discussed BC Housing retaining ownership of the entire building and being able to offer affordable housing at different rent levels for 100% of the building, rather than the originally agreed upon business terms that would have the developer retain ownership of 40% of the units. The developer agreed to this. The housing provider indicated that this would have not been possible if the new government had not provided additional funding to this project in order to achieve this.
The developer discussed concerns from the community that there wasn’t enough affordable housing in the development, and the developer’s initial response was that no economic model existed at the time to allow for more affordability. The developer indicated that they were trying to avoid residential displacement through redevelopment, and therefore they acquired a site with minimal commercial space and no residential units. However, this was still voiced as a concern from community members. The developer indicated that there was a place for the developer in this partnership to save costs and provide efficiencies through the municipal approval process. If expectations are agreed upon up front, for example, the developer can hire the consultants, and “didn’t have to create layers of consultants in terms of owners reps and that kind of stuff.” The developer can do this work in-house, and furthermore contract themselves out (as the General Contractor, for example). The housing provider discussed the role of a private partner as an opportunity to provide their expertise and de-risk the project for a non-profit housing provider. However, it was also indicated that if the units were left in the hands of the developer, including the commercial spaces, they would likely attempt to get the most rent possible.

The commercial space in the Anjok is leased out by an organization—that BC Housing contracts to manage many of their commercial space—known as CIRES (Community Impact Real Estate Services) which contributes to the efforts of building an inclusive local economy by using the space in its portfolio to provide affordable goods, services, social service support and employment opportunities for the residents in the communities within which they work. CIRES found a tenant for the space at the Anjok, and the housing provider suggested that the tenant has integrated well with the community. The housing provider spoke often about the common amenity space being large and well-designed for community events within the Anjok. However, the operator expressed issues with how small the micro-suites are and the divide between the originally intended affordable units and the market units. After BC Housing purchased the entire development, the operator chose to intermingle income levels throughout the building. The housing provider discussed a position they have created called community animators. They have two full-time community animators on staff. Community animators are tasked with hosting events and planning different activities within the developments. The housing provider discussed the role of the community animator, as well as the effectiveness of accessible amenity space and social programming:
Any event that has food—and it's not unique to low income, that's everybody—if we have a Thanksgiving dinner, that’s well attended, movie nights are well attended. If you started a music group, that seems to be reasonably well-attended as well. I think with community animation—we have this saying at ATIRA that’s unrelated but applies to it—safety equals consistency and predictability across time. I think with animation, the more predictable and consistent the events are, the greater the attendance over time is. People start to trust that on Wednesdays we’re having trivia night, on Saturday afternoons it’s a jam session, whatever. You start to get increased turnout. I don’t think that intermingling would be happening if we didn’t have community animators. I think those positions are critical to these kinds of buildings if you want to encourage folks to participate. And building design. I would design both buildings differently if I had to do it over again in order to better encourage community participation. One thing we heard from tenants was that instead of a lobby, it would be awesome if it was a coffee shop, and you had to walk through, whether it was Starbucks or Prado, in order to get to the elevator, because then you’d walk through and see your neighbor and have a coffee. If I were to do it over again, I would have coffee shops in the lobby or something. But even with that, I think a community animator really helps get stuff going and encourages tenants to offer workshops and giving space and resources.

This finding was particularly important, as it illustrates that while housing is an important component of well-being, and should be provided to low-income individuals, housing alone does not ensure social well-being. Therefore, while mixed income development has social motivations in theory, the main tenets of the social outcomes of mixed income development are only achievable when there are reasons for individuals of different income levels to interact. This can be attained, as per the housing provider for the Anjok, in facilitating community activities among residents, regardless of income level.
4.3. Case Study #2: 33 – 49 E Hastings Street “Olivia Skye”

The Olivia Skye development was developed by Atira Development Society. The Development and Rezoning permit application were analyzed along with the project pro forma. Interviews were conducted with the housing provider, the Development Partner and BC Housing to discuss the motivations that led to the development of Olivia Skye and the current operational realities. A member of the executive staff of the housing provider, and a BC Housing Director (formerly project officer) were interviewed. The Project Manager for the Development Partner was also interviewed. The Olivia Skye development consists of a total of 198 units. 120 social/supportive housing units of which 52 units would be rented at the shelter component of income assistance, and 68 units would rent at the lower of CMHC market rents and the maximum of 30% of the Housing Income Limits as determined by BC Housing. The Housing Income Limits represent the maximum gross household income for eligibility in many affordable housing programs. The HILs are based on figures established by CMHC and are intended to reflect the minimum income required to afford appropriate accommodation in the private market (BC Housing, 2019). 78 of the units were designated for market rental housing. Atira Development Society was clear that they included the market units as there was not enough available funding at the time to create a viable project in this area. The housing provider indicated that they began this development because there wasn’t adequate funding available for non-profits and lack of affordable housing development in this area for their targeted client group.

BC Housing indicated that they first viewed this project as being financing only, “where the level of rents within the project would help cross-subsidize the more affordable units, and there were a commercial component on the ground floor, that would add additional revenues towards the overall project pro forma that would make the project stand on its own.” According to BC Housing when the project was going through its due diligence process and approvals, there was a significant increase in construction costs and the requirements that the City of Vancouver were placing on the project were more restrictive than what was originally anticipated for the project. Specifically, there was a request for more units being rented at the income assistance rent levels. At some point in time, there was alignment between the project and the Provincial Investment in Affordable Housing Program (PIAH). The housing provider applied and was successful,
which provided the necessary equity funding required to make the project feasible with the increased costs.

The housing provider reiterated that there were very few funding programs available in 2009 when the housing provider started this process. Therefore, while they had some government funding, from the City, such as the municipal development cost charges, and development cost levies being waived, there wasn’t adequate funds when this project began and therefore, the mixed income approach was a financial necessity. BC Housing and the housing provider spoke about the original intent of this project to proceed without a funding program. It would require cross-subsidization from the market units in order to fund the affordable units in order to be viable through financing. The lengthy rezoning timeline, as well as additional design requirements were indicated by both BC Housing and the housing provider as resulting in a need for an increase in funding. The PIAH call opened at this time, and the housing provider applied and was successful for additional funding. The developer, also, donated their fee of approximately $800,000 and the City contributed a grant of approximately $2,000,000. The developer donated their fee as a charitable act. The housing provider expressed gratitude towards having a development partner that was willing to support through the construction and permitting. They felt that having a development partner throughout the process was important to de-risk the project from the housing provider’s point of view.

Like the Anjok, the Olivia Skye was originally brought to BC Housing through the Community Partnerships Initiative, however, when the Provincial Investment in Affordable Housing call became available, Atira applied and was successful. The Province provided an equity contribution of $9.02M towards the subject project in return for ownership of 52 units. BC Housing financed the remaining, excluding a City of Vancouver contribution of $1.2M, and a Streetohome Foundation—a local non-profit organization that supports affordable housing projects—contribution of $1M. While the rental rates for both Olivia Skye and the Anjok were more deeply affordable than the program required, the program did not dictate that the applicant must achieve rental rates for independent affordable rental housing for all the units. The approximate economic model for the project as provided by one of BC Housing’s directors, is in table 9. The project has a Debt Coverage Ratio of 1.26.
Table 9. Approximate operating statement and budget for the Olivia Skye

<table>
<thead>
<tr>
<th>Case Study #2 Estimated Pro Forma</th>
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<td>Annual Mortgage P&amp;I</td>
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</table>

Retrieved from personal communication, BC Housing Director, January 21, 2020.
Some of the main findings in the investigation of Olivia Skye was that the common space was not as useable as the Provider would have liked. Furthermore, requests from tenants for additional common space was indicated from the housing provider. The Provider suggested that common space has become important to encourage social cohesion and mixing within the development.

4.3.1. Municipal Process and Project Context

The City staff prepared a report to assess Atira Development Society’s application to rezone four lots at 33-49 E Hastings Street from the Downtown Eastside/Oppenheimer District to CD-1 (Comprehensive Development) District in order to increase the permitted floor space ratio from 5.00 to 8.28 and building height from 98 feet to 127 feet to allow construction of a mixed use building with commercial use at grade and in the mezzanine, and with 12 storeys of residential use above. The proposal included replacement of 36 rooms designated under the Single Room Accommodation by-law with self-contained social/supportive housing. Staff determined the application was supported by City policies and therefore recommended to council that it be approved. The subject rezoning took place while the DTES was undergoing a local area planning process to create a community plan for the area, which was updated by the DTES plan that was passed by council in 2005. During the preparation of the DTES Local Area Planning Program, an interim rezoning policy was passed by council providing direction in the consideration of enquiries and applications for rezoning’s during the DTES local area planning process. The interim policy stipulated that rezoning applications would be considered during the local area planning process for projects that provide social and supportive housing, but only if these applications ensure that at least 60% of the total residential units are provided for social housing, and if those units are owned by a non-profit housing provider or government.

Under the previous DEOD official development plan, Sub-area 1 – Main/Hastings, development is intended to be a high-density, mixed commercial and residential area, with a focus for new residential uses in the area to increase the supply of social and low-income housing and to replace/renovate SRA rooms with new self-contained units. The land use proposed for the rezoning fit with the policy intent and was supportable, considering the proposed affordable housing units. The 78 market units, as per the rezoning application, was originally going to be sold to an investor group, which
never came to fruition. The market rental rates ranged from $952 per month for a studio to $1,680 for a 1-bedroom units, with an average rent of $1,168 as at 2013, with the proposed construction completing in 2017.

The ground floor uses provides pedestrian interest and retail continuity at grade as per City staff’s by-law provisions. In 2010, the City underwent a Historic Area Height Review, which the proposed development fell into, in order to provide direction for growth in this area, with a goal of maintaining the area’s character and general building scale. The maximum building height determined was 98 feet, and up to 120 feet in height may be considered if there are special contributions for affordable housing. The subject project proposed height is 127 feet and was able to move forward under the interim rezoning policy to be considered by council, as a result of the affordable housing component. Moreover, the proposed density of 8.28 Floor Space Ratio, was greater than the allowable 5.00 Floor Space Ratio as per the DEOD official development plan, Sub-area 1 – Main/Hastings (City of Vancouver. Planning and Development Department, 2014), but again, could be considered under the interim rezoning policy due to the affordable housing component. Overall, the city staff and design panel determined that the proposed additional height and density can be accommodated on the site without undue impact of view and shadowing on adjacent developments. The urban design panel supported the application.

The development provided 15 parking spaces and one disabled parking space. As per Sub-Area 1 of the Downtown Eastside Oppenheimer District (2005 plan), at the time of the application, staff had the authority to approve project with no parking in the subject area, therefore this was supported. The development as per the Green Building Rezoning Policy (2010) achieve a minimum LEED Gold rating, which the subject project attained the minimum LEED points necessary to be eligible for LEED Gold rating. A rezoning information sign was installed on the site on January 2nd, 2013, which was vandalized and/or stolen. Another sign was installed on May 6th, 2013. A notice of rezoning application was mailed to 3,024 surrounding property owners, moreover, the City of Vancouver provided an online comment form online. A community open house was held on May 6th, 2013, which included an additional 1,000 notification postcards distributed specifically to residents in SRO buildings within the neighborhood. City staff, the applicant team and approximately 39 people attended the open house. Eight feedback forms were submitted, of which 75% were in favour of the application, none
were opposed, and 25% were unsure of did not indicate. A total of 16 letters and emails from individuals were submitted to the City, of which approximately 43% were in favour, 43% were opposed and 14% were unsure or did not indicate.

Those opposed to the application were concerned, mainly, about height and property values, as well as how the 127-foot building would fit into the neighborhood, and housing mix, specifically that too many social housing units were proposed in the development. For those who supported the application, they also shared concern regarding height and fit. Some suggested that 6 to 10 storeys may be more appropriate. Some individuals indicated that they would like to see more market housing, while others would like to see more affordable housing for working people, and others would like to see more income assistance units. Many supported the concept of a potential low-cost grocery store in the commercial space. While this project is only a few blocks away from the Anjok, the community was concerned predominantly with the level of affordability, and there were no comments illustrated in the rezoning and development permit report surrounding a desire for more affordable units, and fear of displacement. As is indicated above, the concern was predominantly with design, and that there were too many social housing units.

Staff found the proposal acceptable regarding height and “fit” and noted that the housing mix met the Interim Rezoning Policy requirements. The application was also presented to the Downtown Eastside Local Area Planning Program Committee, and in general committee members supported the application, and, unlike the comments from the community consultation, the committee asked questions regarding including more shelter-rated units into the project. The current commercial tenants were displaced as a result of this development, however, the United We Can, current ground-floor tenant, was able to move to a new location in a nearby area in order to expand its operation and to better serve the binning population. Atira Development Society committed to work with the City to find commercial tenants on the ground floor to be local serving and socially inclusive (Report – CD-1 Rezoning, 33-49 E Hastings St, 2013), which ended up being a challenging process.
4.3.2. Summary of Findings

BC Housing staff suggested that the concept of doing a mixed income approach, while economic, was largely informed by the City of Vancouver’s Downtown Eastside Local Area Plan. This plan was in process when this project came forward and was pushing for models like “1/3, 1/3, 1/3” which suggested that one third of the building be at income assistance rent levels, one third at affordable rates, and one third at market level rates. This project was initially proposed to follow this rule, but the plan ended up allowing for 40% market rental and 60% social housing, as determined by the City of Vancouver (DPB Report – 288 East Hastings – DE419659, n.d.). The plan’s intention is to encourage development in the Downtown Eastside, while retaining and, in cases where possible, increasing affordable housing (DPB Report – 288 East Hastings – DE419659, n.d.).

In addition to the economic and land use motivation, the housing provider was concerned that 198 units was too big to be 100% income assistance rate units. They were concerned that it would be challenging to develop a community and operationally manage. They also raised concerns about concentrating lower-income individuals. The housing provider further indicated that “especially in a city like Vancouver where we’re short on land, density [mixed income development] is sort of the only way to do it affordably. The more units you have, the more conducive it is to those projects that were built in the 60s or 40s or whenever they were built in New York and Chicago and Great Britain, [which have now] been torn down, they were all failed experiments.” This housing provider touches on earlier themes identified in the literature review about a move away from large public housing developments to more integrated affordability. The housing provider suggested that in their experience, mixed income is appropriate for any building greater than 60 units.

Anything beyond that, you need more staff, and the more staff you have the more institutional they [the tenants] feel, and so ideally supportive housing wouldn’t be more, I think an ideal number is 45, maximum 60 and beyond that I’m sure tenants and women feel institutionalized, to some extent.

Olivia Skye offers income assistance rate units for women who don’t need supportive housing. The housing provider discussed a group of individuals that desire a form of housing that is affordable at income assistance rates but doesn’t feel like an
“oppressive supportive housing environment.” The housing provider suggested that though Supportive Housing is important for some people, there is another group of people who feel they have no next possible step after supportive housing due to the necessary increase in rent levels. Olivia Skye addresses this by offering individuals the opportunity to rent at lower levels when they do not need or want supportive housing. When asked why the community animator was important to the housing provider, they stated that:

I believe it is important to encourage community and get folks to connect with each other, and it’s not unique to mixed income buildings. I live in 160-unit strata building and until I joined the strata council, I didn’t know my immediate neighbors. Having been on strata council the past three years I do enjoy getting to know my neighbours. The building is our community, it’s not our only community, but it’s one of our communities. It’s good to know the folks around you. I think it is healthy.

Both the housing provider and BC Housing spoke about the challenges around a lengthy approval process from the City that made it difficult due to adjustments in costing and rent levels, as well as design requirement changes. The housing provider noted that the community consultation was easier than they had expected for this development, but that they did a lot of upfront work with Carnegie, a community centre and key community hub within the Downtown Eastside. The housing provider stated that the public hearing and open houses were not heavily contested. The housing provider suggested that this may have been due to the substantial street activity on this block of East Hastings. The housing provider was adamant that all units be identical regardless of rental rate. “Each unit has stainless steel appliances, everybody’s got solid surface countertops, everybody has in-suite laundry, the floors all have the same carpeting and walls, so you wouldn’t know one floor from the other.” The housing provider also decided that the units designated for income assistance rate housing would be mixed within the entire development. Therefore, all the units regardless of rent level are fully integrated. The housing provider suggested in the interview that they would have done things differently around the size of the lobby, as well as the commercial space. The housing provider discussed a desire for spaces that encourage mingling between neighbors, such as a coffee shop in the lobby.

According to the housing provider the City did not raise any concerns with the design:

The urban design panel was very supportive, we had some detractors, but [overall] the urban design panel was [positive], and because I had already
made the choice, for example, to make all the units identical there was no [design] challenges, and our studios I consider them micro units, but the City doesn’t. So, at the Anjok, the micro suites are approximately 250 to 300 square feet, most are 255, the corner ones are a bit bigger. Our smallest studio at Olivia Skye is about 370 and they go up to about 420 square feet, so there were no issues with size.

The housing provider expressed gratitude to the developer partner and reiterated that their expertise in the process was hugely valuable in completing the project at a good price. BC Housing also expressed an opportunity to partner with the Development community as an opportunity to maintain low costs and bring their expertise to affordable housing projects. The developer partner felt that the process didn’t pose any significant challenges in comparison to other developments and reiterated that they enjoyed working on the project. One of the main findings of Olivia Skye is that the common space could have been better designed in order to facilitate social mixing among tenants. Furthermore, the activity on the street front has posed challenges for all tenants, regardless of income level, in terms of quality of housing. The housing provider suggested that there has been a desire for more common space and commercial space that is accessible to tenants. The housing provider is working on providing an affordable grocer but has struggled to find a tenant due to the area.
4.4. Case Study #3: 4349 West Saanich Road “Rosalie’s Village”

Rosalie’s Village was developed by the Society of Saint Vincent de Paul (the housing provider), along with support from M’akola Development Services. The Society, like Atira in the Anjok and Olivia Skye, discussed challenges where, when they started Rosalie’s Village, there was no available funding programs for their targeted client group, so they had to be flexible to align with their intended outcomes but also find a way to fit into available funding programs. This resulted in including higher level rental rate units. The housing provider noted that there was funding available for individuals experiencing homelessness but not women with children, as women with children were pushed (by government at that time) into the family category, which provided funding for projects that had higher rent levels. The women that the Society were targeting required income assistance rate housing, however, didn’t qualify for the funding available for individuals experiencing homelessness. The Society noted that the development process took a very long time which cost the Society a lot of money and resources. This was noted as a significant challenge for the Society. The development consultant and housing provider noted challenges developing on this site, which also resulted in increased cost. The housing provider and development consultant both noted how the Society didn’t necessarily want to have units rented at such a high level, but it was necessary in order to make the project feasible.

In the end, Rosalie’s Village, like the Anjok and Olivia Skye, was successful in attaining funding through the Provincial Investment in Affordable Housing Program (PIAH). The Province provided $3.9M, in return for ownership of 14 of the 42 units. BC Housing provided project financing as well to the project, excluding the additional equity provided by the Capital Regional District, the City of Victoria, District of Saanich, the federal government, and the Society land equity. However, the housing provider was having challenges meeting their intentions for the site due to the limited funding available via the PIAH program. For example, it was hugely important to the housing provider even though economically it was a challenge, to make the daycare free for all tenants because of the major challenge it posed for women with children at risk of homelessness. The development consultant noted that the objective was a challenge with the level of funding provided, and unknown costs associated with the program became challenges that were overcome along the way. Based on publicly available
information including initial rental rates, unit mix, equity and capital budget, the estimated pro forma is included in table 10. Rosalie’s Village according to the above analyses, has a debt service coverage ratio of 1.18.
Table 10. Approximate operating statement and budget for Rosalie’s Village.

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</table>

Assumptions made by author of the thesis based on BC Housing’s lending criteria and the associated rent levels.
4.4.1. Municipal Approvals and Project Context

The Society along with the development consultant prepared a rezoning/development permit request that would rezone the site from a P-1 (Assembly Zone) of the east part of 4349 W Saanich Road, to a new MFI-RV (Multi-Family Institutional Rosalie Village) site specific zoning. In addition, pre-zoning the west part of 4349 W Saanich Rd to a new MFI-OC (Multi-Family Institutional Ozanam Centre) zone to retain the institutional uses at the Ozanam Centre and permit future supportive housing use was also requested. In relation to the above, an Official Community Plan (OCP) amendment to designate the east part of 4349 W Saanich Rd, to a potential multi-family use was also requested by council. Moreover, a development permit amendment to relocate a parking lot for the Ozanam Centre and to create a garden area, along with several other parking variances was proposed to the District of Saanich. The proposal contained many inter-related elements affecting multiple properties in order to facilitate a new zone for 41 units of supportive housing and a daycare centre. Moreover, a development permit was approved by council permitting an additional four storey, 32-unit apartment building and nine units of attached housing in two buildings. The site was a parking lot with an outbuilding. The 32-unit apartment building included 20 1-bedroom units for mature single women on the upper two floors, 11 two-bedroom units for single mothers and their children on the lower two floors, one sleeping unit serving as a guest room / emergency shelter, a day care centre, and a “social concern” office to serve tenants.

The housing was designated for single, mature women who are either too young to qualify for seniors housing and/or who no longer qualify for family housing because their children have left home, and for single mothers and their children. The priority group of this housing is women in need of affordable housing ad access to support services, as well as those women leaving transition houses or situations of domestic violence. The day care was included to serve the tenants, but any residual space would be made available to the community. The convenient access to the daycare space would allow the mothers to work or attend school without the added burden of transporting their children to off site childcare. There is also an office on site (the “Social Concern” office), staffed by the owner/operator, provides support services, life skills programs, and generally is intended to facilitate self-sufficiency for residents. A covenant was proposed and approved by council of the time, that would preserve the long-term social value of
the development. Parking requirements were reduced due to the demand for parking in the supportive housing component being very low. The rezoning was only required for the supportive housing component. The 32-unit apartment building met the zoning requirements and therefore only required minor amendments to the development permit. The Development was required to meet Built Green standards for construction.

The overall development was supported as it addressed the Official Community Plan objectives of the time, by providing supportive housing at appropriate densities, as indicated by the City. The City’s definition of appropriate density was not further discussed in the planning documentation. The location offers walking access to commercial services, public transit, a recreation center and public library, as well as park spaces. The project addressed a housing gap and contributed further to the social fabric of the Royal Oak Major Centre by providing stable housing for vulnerable sectors of the community. Pre-zoning of the existing Ozanam Centre site was not supported by staff, as it did not provide certainty to the community on the future uses of the site. This did not affect the development. Pre-zoning was not approved; however, all other requests were approved by council. The Owner/Operator confirmed that community consultation, including open houses, took place as a city requirement, however, all planning documentation available did not speak to the outcomes of the consultation (Report, District of Saanich, 2010).

4.4.2. Summary of Findings

The housing provider was adamant about including common spaces that were open and available to both women with children and single women that lived in the development regardless of which unit they lived (transitional housing, permanent housing, shelter rate housing and low end of market housing). The space was designed as such, with the top two floors including common spaces more designated to single women, and the bottom two floors that include a playground and are more designated towards families. The housing provider further noted that common spaces do not exclude any tenants. The housing provider includes in-suite laundry in as many units as they could, even though BC Housing Design Guidelines encourage a laundry room for cost savings. It was important to the housing provider to provide the women who were living in the development their own washer and dryer, as it gave them a sense of pride in their home.
One of the challenges is that the building includes temporary transitional housing units, which permit three-year time frame for housing, but many individuals do not want to leave at the end of their housing term, especially if there is not housing available on site in the permanent housing. The housing provider discussed challenges specifically around what was defined as transitional and temporary housing, and how their project didn't fit inside of those parameters, considering they wanted to offer a longer stay than typical transitional and temporary housing. Even with the extension of stay that the housing provider sought, there have been challenges with tenants not wanting to leave following their period in transitional units. The housing provider noted, in depth, that they have faced challenges where an individual living in a transitional/temporary unit is unable to move into a permanent unit in the development, or has challenges finding permanent housing once their timeline in transitional/temporary housing ends. Based on the lack of clarity in the Residential Tenancy Act, there have been challenges with women in the transitional/temporary units believing they can stay in the unit forever, and further challenges for the housing provider on how to follow the RTA for transitional/temporary units. The housing provider stated:

Honestly, the biggest challenge was the change in the Residential Tenancy Act, and I'm sure you're hearing this across the board when they took away the term. In the B.C. Housing Operating Agreement that housing providers must enter into if they're getting BC Housing funding, it says that you will follow the Residential Tenancy Act. Transitional housing doesn't follow the RTA. It's exempt from the RTA. And there's nothing in the RTA that says that. It just said transitional housing is exempt.

While there are transitional units, it was important to the housing provider that the common space and community garden are open to all the units regardless of unit type. The housing provider indicated that there is a lot of social mingling happening on site, and this took time to develop. The women have come together to form a health and safety committee, they host community meetings which are open to everyone, and have also organized other community events including a clothing swap. The housing provider indicated that it took about two years to build this community, and they were adamant to not put in programs until they knew what the residents of the building would want. Like the Anjok and Olivia Skye, amenity space and social programs were stated by the housing provider as important to creating a sense of community and healthy tenancies within the development. The Provider is working with a vulnerable population and discussed how the support networks developed and facilitated within their community.
has positive health benefits for tenants. This strong sense of community likely contributes to transitional residents struggling to leave their units at the end of their term.
4.5. Case Study #4: 267 4 Avenue “Acadia Place”

Acadia Place was purchased in 2009 by the Provincial Rental Housing Corporation in order to preserve deeply affordable units in the Kamloops area and retain commercial units that would allow the commercial revenue to subsidize the deeply affordable units. An occupancy permit was already in place at the time of the purchase and therefore, there were no required city permits associated with the transfer of ownership. BC Housing used a grant from the Housing Endowment Fund, as well as provincial financing as per the Community Partnership’s Initiative. The project budget for this project was $3.1M, and $1.3M was awarded through the Housing Endowment Fund (Pablo, 2008). The estimated pro forma illustrated in table 11 is based on information provided by BC Housing and through assumptions made based on initial rental rates.
Table 11. Approximate operating statement and budget for Acadia Place.

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<th>Case Study #4 Estimated Pro Forma</th>
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Retrieved from personal communication, BC Housing Director, January 10, 2020 and assumptions made by the author based on publicly available information including rental rates and assumed commercial rates.
Based on the approximate analyses in table 11, Acadia Place has a debt service coverage ratio of 1.30. The associated rent levels for this project were required based on the level of grant dollars awarded to this project at the time. Some of the assumptions used may have been over-estimated, and/or this project performs better than BC Housing’s base requirement of a 1.10 DSCR.

4.5.1. Summary of Findings

The housing provider indicated that there was very little integration between residents within the building and the commercial tenants. The housing provider expressed that while the commercial space hasn’t presented issues, the businesses are not the type of places that residents of the building would often go. BC Housing reiterated this:

So, one of the interesting things that comes up on [lease] renewal is who the commercial tenants are. [Currently], there is a tattoo parlor, a hemp shop, a Spa, an adult store and a cheque cashing ice cream shop. Over time as the leases were coming up for renewal my understanding was that our executive has had to look at, [and had to answer the question of] do we renew a tenancy that has been consistent, that has paid us our rent and have been good tenants through the down times? [Historically], when we hit an economic turn down, we were paid our rent on time. So, we did continue to renew those leases. Is it our obligation to look at that closely, now when you’re going to run something from scratch, you can sort of have more parameters around it? But at the end of day has it been a detriment to the residents to have these commercial spaces, and I have never heard any negativities from the Society, at all, they never raised it when we were purchasing the building that they felt that we should look to reassign those commercial units at the time of rollover.

BC Housing often uses Acadia Place as an example of a project where the surrounding community has no idea that it’s affordable housing.

And it has been a well run and well used, and this is a project we can point to where most people don’t know it is affordable housing.

Considering that BC Housing owns the building, they were able to offer commercial space as it became available to the non-profit at a significantly discounted rate. The housing provider has indicated that they are able to offer outreach support to the tenants through having this space.
The housing provider noted that there has been very low turnover in the non-youth housing units, and BC Housing indicated that there has been very little turnover in the commercial space. The housing provider expressed concerns with there being no operational funding offered in this development. This was initially challenging when the provider first introduced youth tenants who had just moved out of foster care. BC Housing discussed how this project didn’t fit into BC Housing’s typical parameters considering the significant amount of commercial space but took the unique situation as an opportunity where the commercial space could allow the project to be economically feasible based on the small grant that was available. In other words, the commercial space carries most of the financing. However, considering that BC Housing’s loans are CMHC insured, and there is a requirement to have a maximum percentage of commercial space which this development exceeded, BC Housing ended up applying the financing against the residential component, and applying the grant that had no financing requirement to the “commercial space.” This was an innovative technique to take advantage of an opportunity to create very deeply affordable units.

We had to be in innovative in how we structured putting this one out for bid to the lenders with the loan insurance. We have no loan on the commercial building because we had equity in this project as well [which covered the cost of the commercial building] and concentrated our financial analyses on all the revenues and expenses of just the one building. So internally we looked at both buildings together, but to the lender we made it look like there was only one building they were lending on (the residential building). This made the project work. That was an interesting conundrum that we found ourselves in, but we were able to get a resolution to that. So being able to be nimble, and not see a negativity with that commercial space that didn’t exactly meet our normal requirements and thinking about how we turn that into a positive.

The housing provider experienced a challenge with youth tenants moving into “market” or a mixed income development, especially in the beginning. The housing provider expressed that in many instances, this was their clients’ first time living alone. This proved to be a challenge operationally for the housing provider, as issues such as noise complaints arose within their units. Since then, the housing provider has introduced tools to mitigate this, such as screening processes, background checks, and having a better understanding of youth tenants’ existing life skills. The housing provider observed that the outreach space in the development is important for, and used by, all tenants. While it is not a drop-in center and is targeted to youth, the housing provider will provide service to anyone that comes to the door. The housing provider illustrated that
there have been some challenges upkeeping residential units. This was especially challenging in aforementioned youth units, where tenants who have minimal previous experience living alone can often incur wear on their unit. Over time, the housing provider has learned to balance the right mix of risk level in order to minimize any damage to the safety of tenants or the building.

Considering the property is owned by BC Housing, and the housing provider only operates the residential units within the development, BC Housing has also hired a property management company to operate the commercial space. The property management company doesn’t have a designated person in Kamloops, so the housing provider expressed that they oftentimes get called for issues pertaining to the entire building since they are always on site. This has posed an issue considering the housing provider is technically only responsible for operating the housing. The housing provider stated how the age of the building has not become an issue financially, while BC Housing has provided funds to maintain the building and exceed its lifespan through renovations.

Unlike the other three case studies, while Acadia Place has been a successful building economically and politically, social mixing is not occurring on site due to inaccessible commercial space and no facilitated social activities for residents. However, this was not indicated as a negative feature of the building by interview respondents. In fact, the housing provider and BC Housing suggested that Acadia Place was operating successfully and that there are minimal issues with tenants. Furthermore, the access to the housing provider’s office within the commercial component of the building has been important to all tenants, not only the youth tenants who the space was originally intended to serve.
4.6. Emerging Themes and Commonalities among all Case Studies

Based on the findings discussed above, there are several emerging themes that are common in the four case studies:

1. The ability to work within the available funding is integral to moving these projects forward, and the mixed model nature acted as an opportunity to leverage enough financing in order to fit within available funding in all four cases. However, in cases, such as the Anjok, where additional funding became available, a mixed income and use development was still the desired option.

2. The Downtown Eastside Local Area Plan which mandates designated mixing in the 60% social housing/40% market rental housing requirement, had little to no development occurring when the Anjok and Olivia Skye were being conceptualized. This was noted as being due to challenges by the development and non-profit community in creating economically viable project in an environment of high land values that are restricted by the potential revenue generation. This illustrates a conflict with the social outcomes of the Local Area Plan and the economic realities not aligning in order to encourage development, if that is the intent of the municipality.

3. Common spaces were expressed as important to encourage integration among tenants. The Olivia Skye common space was illustrated by the housing provider as being less successful than the Anjok in terms of community building due in large part to the size and accessibility. Rosalie’s Village common space was expressed as a hugely important aspect to the social health of the development. Acadia Place had no common space and the housing provider expressed that little to no social mixing was occurring besides integration with the commercial space that the housing provider is tenant in.

4. While common spaces were regarded by interviewees as valuable in three of the four case studies it was expressed that mixing between tenants in a development only occurs and strengthens when there is someone facilitating programs and events within this space. In the Anjok and Olivia Skye, the housing provider
expressed that without planned uses of the space, community building within a development is challenging.

5. Partnerships with the private sector were expressed as positive experiences in three of the four case studies. In the Anjok, the developer indicated that they were able to bring a cost effective project forward, in Olivia Skye, the housing provider expressed that the developer partner was hugely valuable to them being able to deliver on the construction and in Acadia Place, BC Housing indicated that the owner, a private landlord, was hoping to invest back into the community, and sold the building at a reasonable price.

6. While the municipality was supportive of all the developments, in three of the four developments there was challenges with working through the municipal approval process, and in two of the three case studies, it was expressed that the municipality added cost to the project due to additional requirements and stipulations. Similarly, challenges around funding availability—primarily from the Province—was expressed in Rosalie’s Village, the Anjok, and Olivia Skye.

7. Accessibility to commercial spaces (including daycare space) is important in encouraging the facilitation of community building among tenants in the four case studies. This was illustrated in all four of the cases. In Acadia Place, tenants weren’t using the commercial space, and there weren’t many instances of social mixing occurring. In Rosalie’s Village, the Daycare was indicated as an important part of the development in terms of individuals meeting each other through their kids. In Olivia Skye, there was information provided by the tenants to the housing provider that they would have liked a café space, and more accessible space for tenants on the ground floor. While Olivia Skye hasn’t tenanted their commercial space, this feedback is telling.
Chapter 5.

Discussion on Mixed Model Development in the B.C. Context

This investigation reveals important themes related to mixed model development in the context of British Columbia. While many scholars were optimistic that social mixing through mixed income development would yield better social outcomes for lower income individuals, other scholars such as Rosenbaum (1995), Pettigrew (1998), Lees (2008) and Walks and Maaranen (2008) have suggested that this doesn’t occur so easily. In fact, without facilitation, community connectedness in mixed income communities has either neutral or negative impacts. Pettigrew (1998) discusses this in further depth, suggesting that there are certain systems and processes that create optimal contact between individuals of different income levels. This study illustrates this as the utilization of common space was commonly indicated as an important aspect of social mixing, and in instances where this wasn’t available, social mixing occurred less. Moreover, it was suggested in this study that the facilitation of programs and opportunities for social mixing was an important aspect in social mixing occurring among residents of each case study. In Acadia Place, the housing provider indicated that most integration between tenants occurred within the development at the outreach commercial space run by the housing provider to offer life skills classes, job opportunities, counselling, etc. The housing provider for both the Anjok and the Olivia Skye also highlighted the importance of their Community Animators who are dedicated to curating events within the developments to build community.

Furthermore, there is an economic motivation rooted in the ability to leverage more financing in affordable housing projects that lead to mixed income and use development. By projects holding more financing, this allows government grant dollars to affect the affordability of more projects. In each case study the mixed income and use nature of the project was rooted in the economic realities of the available funding, which limited the housing provider to develop a certain amount of affordable housing and market housing. Hyra (2012) indicates that the shift to the new urban redevelopment that focuses on mixed income development is associated with less government funding for social services, such as housing. In the four case studies, lack of available funding, or
making a project viable in certain funding climates was a motivator for all of the case studies. However, innovation also occurs considering part of mixed income and use development is to creatively leverage financing in affordable housing projects, which as previously mentioned allows government entities to affect the affordability of more units on a regional, provincial and/or national scale. For example, Acadia Place was an opportunity to use commercial revenues to secure deeply affordable units with less than a 50% equity requirement from the Province of B.C. Furthermore, the Anjok originally was intended to have the developer transfer the site to BC Housing and then purchase back the private market units on the 6th to 11th floors. BC Housing would then take the proceeds from the Private developer purchasing the private units in order to subsidize the first 3 floors and would retain ownership of the commercial units. Although additional funding became available that allowed BC Housing to own the entire development, the mixed income model was still more financially sustainable. If BC Housing put the same equity originally approved towards this mixed income project towards an entirely “affordable” development, it would cost approximately double the amount of equity from the Province as is shown in table 12. Therefore, if the Province, or different government authorities can do mixed income development, government funding is able to affect more affordability across regions, provinces, and nations.
Table 12. Theoretical mixed income cost example

<table>
<thead>
<tr>
<th>Mixed Income Development</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$39,539,000</td>
</tr>
<tr>
<td>City of Vancouver Grant</td>
<td>$1,040,000</td>
</tr>
<tr>
<td>Equity that would have been provided by sale of market units</td>
<td>$21,161,354</td>
</tr>
<tr>
<td>Equity required by BC Housing</td>
<td>$13,334,591</td>
</tr>
<tr>
<td>Financing provided by BC Housing</td>
<td>$4,003,055</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Solely Affordable Housing Development</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
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</tr>
<tr>
<td>City of Vancouver Grant</td>
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<tr>
<td>Equity that would have been provided by sale of market units</td>
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<tr>
<td>Equity required by BC Housing</td>
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<tr>
<td>Financing provided by BC Housing</td>
<td>$11,258,205</td>
</tr>
</tbody>
</table>

Created by author of the thesis.
Alternatively, in a funding climate where government funding is limited per project, these case studies show the benefits of municipalities aligning their area plans, rezoning recommendations, and land usage with available funding program requirements for affordable housing projects. In both developments in the Downtown Eastside, the Local Area Plan and municipal restrictions on construction and design were suggested to have increased cost and delayed project completion, which presented challenges in retaining affordability and moving the development forward.

There are social and economic benefits and challenges that must be understood in order to successfully move forward mixed model development in the Province of B.C. The operational realities that were highlighted in the case studies indicate that mixing between tenants does not occur to a great extent unless facilitated. The current government has indicated a significant investment in affordable housing, and along with this through the available funding programs have required mixed income development. Moving forward, it will be important to encourage housing providers, government authorities responsible for housing, municipalities and developers to encourage the creation of common amenity space and the facilitation of community activities among tenants within these spaces, and if possible, offer funding to this affect. In most of the discussions with the housing providers in this study, community building was indicated as being important, rather than explicitly discussing the mixing of incomes. In fact, in all of the interviews, income mix was minimally discussed, and the focus was on building community. There was a belief among interviewees that building community with your neighbors was important.

Hyra (2015) indicates that some low-income individuals in redeveloping neighborhoods feel like they’re losing their political power and feelings of community attachment. This can lead to resentment and alienation (Hyra, 2015). In the Anjok and Olivia Skye, there were community residents that illustrated this in their comments in the council reports before the development was built. Furthermore, the housing provider and the developer for these projects expressed challenges getting local community groups, and active members of the community to support their projects. Loneliness and feelings of isolation is ever-present in our society. 14% among all Metro-Vancouver residents experience loneliness (Vancouver Foundation, 2017). Within that, 38% of people with household income of less than $20K report feeling lonely either ‘almost always’ or ‘often’, followed by 30% of people aged 18 to 24, and 26% of people who are unemployed.
(Vancouver Foundation, 2017). Therefore, considering that feelings of isolation and loneliness are common in our society, especially among lower income individuals, the normality of the concept that community building was important, which came through in the interviews doesn’t appear to be unusual. Encouraging mixing and connection among residents through facilitation becomes critical to create stronger communities that are inclusive and diverse. As scholars, such as Pettigrew, August, and Joseph suggest, creating community through creating more inclusive and diverse spaces, may begin to change behaviors and stigmas between individuals of higher and lower income levels, and find a way to create a more positive attitudes towards each other, which may lead to a more equitable platform, if there is a focus on creating healthy contact between individuals.
Chapter 6.

Conclusion

Mixed income and use development in the four case studies examined appear to be motivated by all three, economic, political and social, reasons that were investigated in this thesis. In the majority of the developments, the social benefits—such as building community—of social mixing were indicated as a desired outcome by the housing provider and BC Housing, however, in all four scenarios, the initial intent of a mixed income/model approach was predominantly due to available funding via government programs, the land-use/zoning requirements, and the economic feasibility in order to cross-subsidize the more deeply affordable units. Furthermore, while the social benefits of mixed income and use was discussed as a by-product and not the main motivation, it was illustrated that mixing among individuals in these developments was not occurring unless there was facilitated social activities planned that would bring people within the community and development together. Therefore, it is important to understand that there are economic benefits to developing mixed income and use developments, and in the current period of time, there is political will and support for this development type; however, the social benefits that have informed the political support in the form of land-use planning, and Provincial/Federal housing programs, are only achieved if there is a conscientious effort to encourage community building and social interaction among residents. There is an opportunity to create healthy communities with positive social interaction within government funded mixed income developments, considering the government initiatives surrounding mixed income and use development in B.C.

6.1. Future Research

I wanted to acknowledge a major limitation and opportunity for future research. While this research gets at the experiences of individuals involved with the development and operations of the four case-studies, residents of the building were not included in the study. This is a hugely important perspective that should be included in future research to understand the experiences, specifically from low-income residents who have had these developments imposed on them. Furthermore, studies like this should be applied and practiced. I hope in the future that this will be used as a tool to encourage funding
programs to include a budget for community animators, or guidelines to have facilitated social programming in mixed model development to encourage integration among residents and tenants. Reflecting on my own personal experiences, it doesn't seem that it is very common for individuals to know their neighbours. Considering the current investment in affordable mixed income development in the Province of B.C., I believe there is an opportunity for the government to invest in community building within these developments as this study and other research illustrates that this doesn't occur solely by building buildings that have individuals with different income levels living together. As society trends towards densely populated urban centres, diversity will need to be handled more appropriately so that everyone feels included. This is one step to begin encouraging empathy among individuals who are different from one another.
References


Canada Mortgage and Housing Corporation. (1983). Sect. 56.1 Non-profit and co-operative housing program evaluation. Ottawa: CMHC.


Appendix

Example Guiding Questions for Interviews

• What led to this development type, in your opinion?

• Why do you think this development type is successful?

• Why do you think this development type was challenging?

• How do you think this development differs economically from other developments you have worked on?

• How do you think this development differs socially and politically from other developments you have worked on?

• Would you have designed this development to mixed in income and use if you were to do this project again?