



CITY OF VANCOUVER

P4

POLICY REPORT
DEVELOPMENT AND BUILDING

Report Date: 05 April 2007
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VanRIMS No.: 11-2200-21
Meeting Date: April 17, 2007

TO: Vancouver City Council

FROM: Director of Housing Centre in consultation with the Director of Planning,
Co-Director of Development Services, and Director of Legal Services

SUBJECT: Protection of Rental Housing Stock: Rate of Change Regulations

RECOMMENDATION

- A. THAT the Director of Planning make application to prepare an official development plan by-law, generally as set out in Appendix A, relating to those areas of the city within the boundaries of the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, FM-1, and CD-1 District or District Schedules that will state the new policy of Council respecting rental housing stock, and, because the Vancouver Charter requires Council in each official development plan to do so, will also refer to the housing policies of Council respecting affordable housing and special needs housing in those areas, and those policies will be a reiteration of those that presently exist.
- B. THAT the Director of Planning make application to prepare a by-law amending the Zoning and Development By-law, generally as set out in Appendix B, relating to the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, and FM-1 District or District Schedules, to provide that:
- (a) "rate of change" means the percentage net loss of rental housing units in a zoning district in the 365 days preceding the date on which a person submits a rezoning or development application for a multiple dwelling consisting of six or more dwelling units, on real property in that zoning district, as determined by the Director of Housing Centre;

- (b) the rate of change is 0%;
- (c) a “rental housing unit” means a dwelling unit, housekeeping unit, or sleeping unit on a site that a tenant rents, or has rented, for the purpose of living accommodation but does not include a unit rented by a not for profit housing cooperative to a member of the cooperative or a unit in a special needs residential facility;
- (d) a multiple dwelling consisting of five or fewer dwelling units is an outright approval use;
- (e) a multiple dwelling consisting of six or more dwelling units is a conditional approval use;
- (f) a multiple dwelling consisting of six or more dwelling units is not permissible unless:
 - (i) its development does not require the demolition or change of use or occupancy of one or more rental housing units,
 - (ii) its development requires the demolition or change of use or occupancy of one or more rental housing units but does not exceed the rate of change within the zoning district, or
 - (iii) its development requires the demolition or change of use or occupancy of one or more rental housing units, and exceeds the rate of change within the zoning district, and the registered owner of the site enters into a housing agreement with the city, under section 565.2 of the Vancouver Charter, in which the registered owner agrees with the city to:
 - (A) include in the new development on the site that number of rental housing units which equals the number of then existing rental housing units, and to give the city security for the continued operation of such replacement rental housing units including a section 219 covenant for registration against title to the site, which housing agreement and security must be on terms and conditions satisfactory to Council, or
 - (B) provide rental housing units, or contribute to the provision of rental housing units, in another

manner or at another location, or to provide another form of affordable housing, and to give the city security for the continued operation of such replacement rental housing units or other form of affordable housing including a section 219 covenant for registration against title to the subject real property, which housing agreement and security must be on terms and conditions satisfactory to Council; and

- (g) neither the Development Permit Board nor Director of Planning may issue a development permit for a multiple dwelling consisting of six or more dwelling units unless the development permit contains a condition requiring compliance with any housing agreement, and the security for it, referred to in section 3.2.DW of any such District or Districts Schedule.
- C. THAT Council instruct the Director of Legal Services to prepare the official development plan by-law and amendments to the Zoning and Development By-law generally as set out in Appendices A and B; and

FURTHER THAT Council refer the applications and by-laws referred to in Recommendations A and B to a public hearing.
- D. THAT staff refer to Council, for consideration under section 570 of the Vancouver Charter, all development and building permit applications received after referral of this report that might be at variance or in conflict with either the official development plan or Zoning and Development By-law amendments contemplated by this report.
- E. THAT if Council, after the public hearing, enacts the by-laws referred to in Recommendations A and B, Council will adopt, at the same time, the revised "RM and FM Rate of Change Guidelines", generally as set out in Appendix C, to reflect the proposed rate of change revisions to the Zoning and Development By-law.
- F. THAT if Council, after the public hearing, enacts the by-laws referred to in Recommendations A and B, Council will adopt the revised "Strata Title and Cooperative Conversion Guidelines", generally as set out in Appendix D, to require that the conversion of a development under the Strata Property Act or Cooperative Association Act meet requirements similar to the proposed rate of change revisions to the Zoning and Development By-law.
- G. THAT staff undertake a comprehensive rental housing study and review of rate of change concepts and mechanisms, and report to Council by December 31, 2009.

- H. THAT the Mayor, on behalf of Council, write to the Prime Minister and Premier, and to the Federal and Provincial Ministers of Housing, expressing the urgent need for the removal of federal and provincial tax disincentives and re-institution of incentives aimed at the development of purpose built privately owned and operated market rental housing.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of A through H.

COUNCIL POLICY

Council adopted a residential "rate of change" policy in 1989 for Kerrisdale, South Granville-Fairview and the West End, and amended that policy in 1990 and 1996. The current rate of change threshold is 5% in Kerrisdale and South Granville-Fairview, and 0% in the West End.

Council adopted "CityPlan: Directions for Vancouver" on June 6, 1995, and the section titled "Addressing Housing Costs" includes a specific policy to "maintain a stock of rental housing".

SUMMARY AND PURPOSE

The Director of the Housing Centre has previously outlined to Council the need for a comprehensive study of the city's existing rental housing stock, which consists of many older apartment buildings constructed in the 1950s, 1960s and 1970s, secondary suites, single-family homes, and investor owned condominium rentals. Little development of purpose built rental housing stock in multiple dwellings has occurred in the city or region since the 1970s because of the withdrawal, at that time, of federal tax incentives and also because of competition from condominium development. The Director of the Housing Centre will report to Council, later in 2007, on the terms of and funding for a comprehensive rental housing stock study and review of rate of change concepts and mechanisms in respect of which the Director of the Housing Centre is to report to Council by December 31, 2009.

Much of the older apartment stock in areas such as Kerrisdale, South Granville-Fairview (centred on 12th, Granville and Oak Streets), the West End, Mount Pleasant, Grandview-Woodlands, and Marpole is under threat of redevelopment. Five condominium development applications approved or in process in South Granville-Fairview will result in the loss of existing rental accommodation. Two similar applications are in process in Kerrisdale. The current 5% rate of change threshold in Kerrisdale and South Granville-Fairview does not allow staff or Council to intervene in applications for development below this threshold, either to regulate loss of the rental housing stock or to arrange for compensating and relocating existing tenants.

The preservation of rental housing stock is critical. 56% of Vancouver's households occupy rental housing, and 31% of those households are in core need in that they pay more than 30% of their gross income towards housing. The residents most in need or at risk rely on this housing, and no short-term solutions exist to replace purpose built rental housing stock lost to redevelopment.

The purpose of the report is to recommend that Council consider establishing a policy to preserve rental housing in the RM, FM, and CD-1 districts by:

- (a) adopting an official development plan for those areas prohibiting the development of multiple dwellings consisting of six or more dwelling units unless the qualifications set out in Appendix A apply, and also reiterating existing Council policies and guidelines for affordable and special needs housing because the Vancouver Charter requires every official development plan to do so;
- (b) enacting amendments to the Zoning and Development By-law for the RM and FM districts establishing a 0% rate of change, and precluding redevelopment of sites, exceeding the 0% rate of change, that involves demolition of rental housing unless the developer enters into, and secures, a housing agreement with the City, on terms and conditions satisfactory to Council, regarding the replacement of all rental housing units, or contribution to the replacement of any rental housing units, on or off site, or the provision of another form of affordable housing, and making compliance with such housing agreement a condition of the development permit;
- (c) enacting amendments to the Zoning and Development By-law to prohibit issuance of a development permit that would result in exceeding the rate of change for multiple dwellings consisting of six or more dwelling units unless the developer meets the requirements of the preceding clause (b);
- (d) revising the RM and FM Rate of Change Guidelines to reflect the proposed rate of change requirements;
- (e) revising the Strata Title and Cooperative Conversion Guidelines to require conversions of existing buildings in the RM and FM districts to meet the proposed rate of change requirements;
- (f) authorizing staff to undertake a comprehensive study of rental housing; and
- (g) authorizing the Mayor to write to provincial and federal government ministers regarding the urgent need for removal of tax disincentives and re-institution of incentives to encourage purpose-built rental housing stock.

Staff note that:

- setting the rate of change at 0% is not a moratorium but, rather, means that all proposals to redevelop rental housing stock are subject, among other things, to

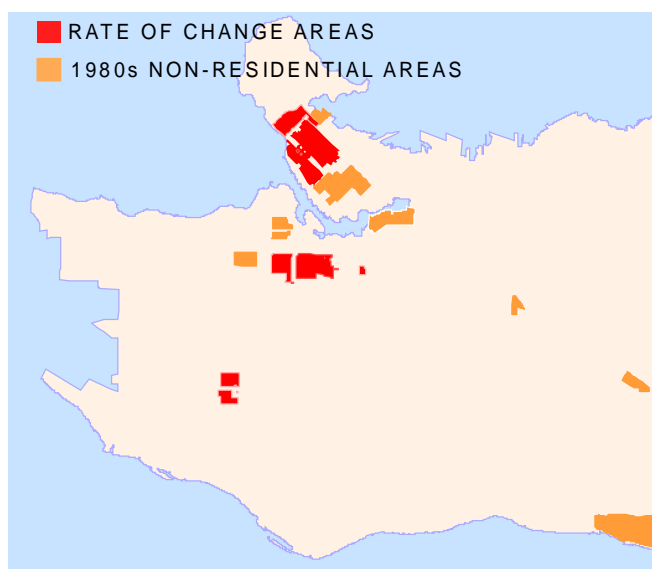
Council approval of a housing agreement to mitigate the loss of rental housing stock;

- amending the more than 400 CD-1 by-laws is unnecessary because the proposed official development plan will preclude development under those by-laws that do not comply with Council's rate of change policy and because Council has control over approval of the form of development for any such site; and
- the policy need not extend to RM-1 and RM-1N because they are newer zoning districts that do not generally include rental properties containing six or more units.

BACKGROUND

In the late 1980s, the demolition of increasing numbers of market rental buildings for condominium redevelopment became controversial. Council responded in 1989 by amending the RM-3 zoning in Kerrisdale, South Granville-Fairview, and the various West End RM districts. As a result, multiple residential developments seeking floor space ratios over 1.0 became conditional instead of outright uses. The amendments required consideration of the "rate of change" as a condition of processing conditional development applications. If the rate of change based on the 12 month loss of rental housing units exceeded a certain percentage threshold, development applicants had to satisfy guidelines intended to mitigate the "excessive" rate of change. Mitigation measures in the existing guidelines include providing accommodation for neighbourhood residents within the new development, creating a net increase in units, and providing some moderate or low cost housing.

Fig 1: Rate Of Change & 1980s Non-Residential Areas



In February, 1990, Council set 5% as the acceptable rate of change for the Kerrisdale and South Granville-Fairview RM-3 districts. In March 1990, Council decided that 2% was an acceptable rate of change in the West End districts. In November, 1996, in response to community concerns about the redevelopment of rental housing stock, Council amended the West End rate to 0%.

To reduce redevelopment pressure in existing residential districts Council also identified the following non-residential areas for residential redevelopment:

- Coal Harbour;
- Arbutus industrial area;
- Collingwood Village (Joyce Skytrain area);
- Downtown South;
- SE False Creek; and
- C-2 zones along many city arterials

The combination of the market correction in the 1990s, zoning amendments, and establishment of new residential development areas led to a dramatic drop in redevelopment of existing rental housing stock. After peaking at almost 700 units in 1990, market rental demolitions dropped significantly, largely because the high level of residential development was satisfied in the above-noted new residential areas.

The years 1996 to 2005 saw completion of about 29,000 new market multiple dwelling units and demolition of 1,200 market rental housing units. Almost 60% of the units completed were on the Downtown peninsula. By comparison, the previous decade saw completion of 23,000 units and demolition of 3,700 rental housing units.

The rate of change for existing rental housing stock is important for reasons to do with demand, ability to pay, and supply. Over 50% of households, and over 80% of younger households, are renters. Some people rent through choice but income data indicates that most do so through necessity, and that younger households rent until their earnings and savings are sufficient to enter the ownership market. Overall, median incomes for renters are about half that of owners. The median income for renters in almost all age groups is lower than that for owners, and the disparity between median income increases with age, as younger renter households move into the ownership market as their incomes and savings increase. As well, renter incomes, at best, have only managed to keep up with inflation over the last 10 to 15 years.

Fig 2: Market Development Activity & Demolitions In the City

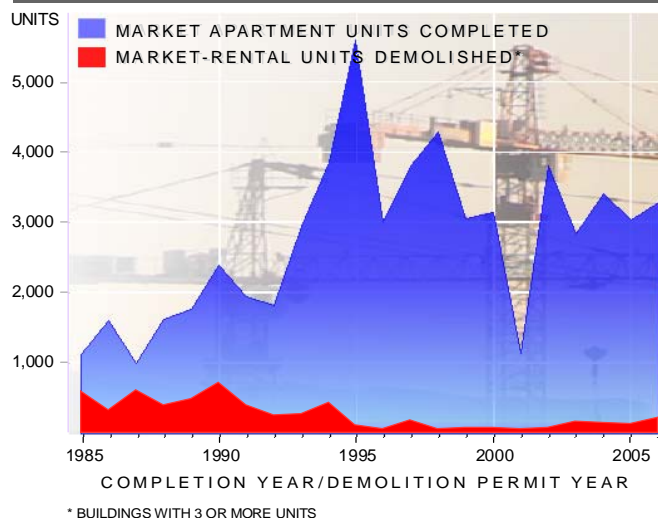


Fig 3A: Renter Households By Age Group, 2001

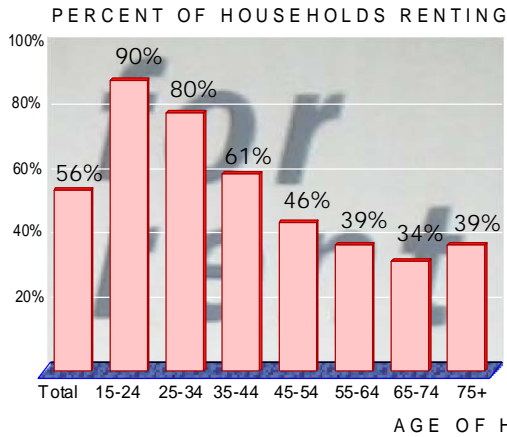
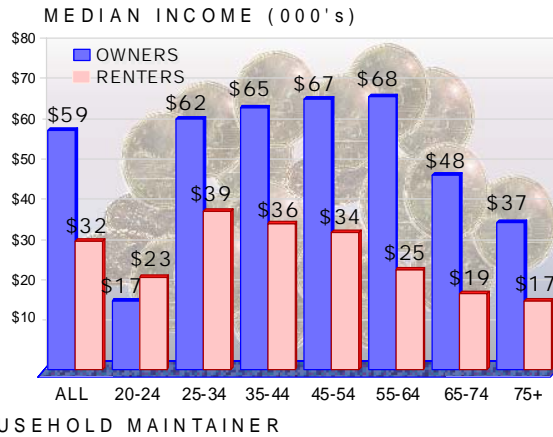


Fig 3B: Median Household Income By Age, 2001



Lower income households pay substantially more of their income for shelter than higher income households. See Figure 4A. Renters generally have lower incomes than owners. 41% of renters had incomes less than \$30,000 in 2001 compared to 18% of owners, and they are also much more likely to be in core housing need which means living below housing standards, and being unable to rent suitable housing without paying more than 30% of income on shelter. Low income renters usually spend most or all of their income on necessities, and are unable to accumulate significant savings.

In 2001, almost one in three renter households were in core need compared to one in ten owner households. See Figure 4B. The proportion of renters in core need ranged from 57% in Strathcona to 14% in Dunbar-Southlands.

Fig 4A: Shelter-to-income Ratios, Vancouver 2001

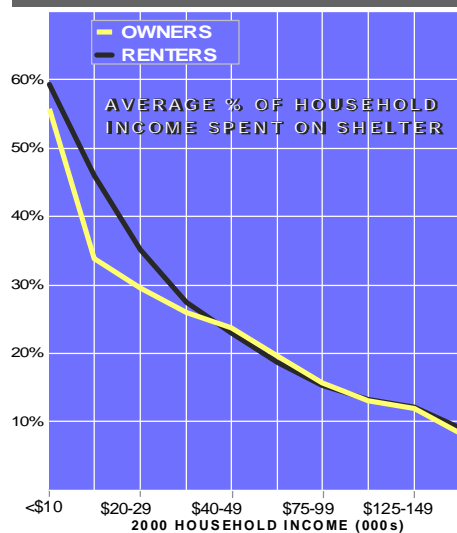
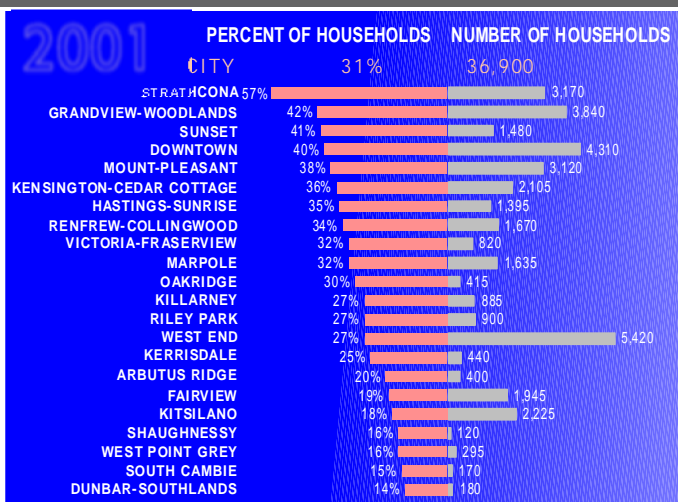
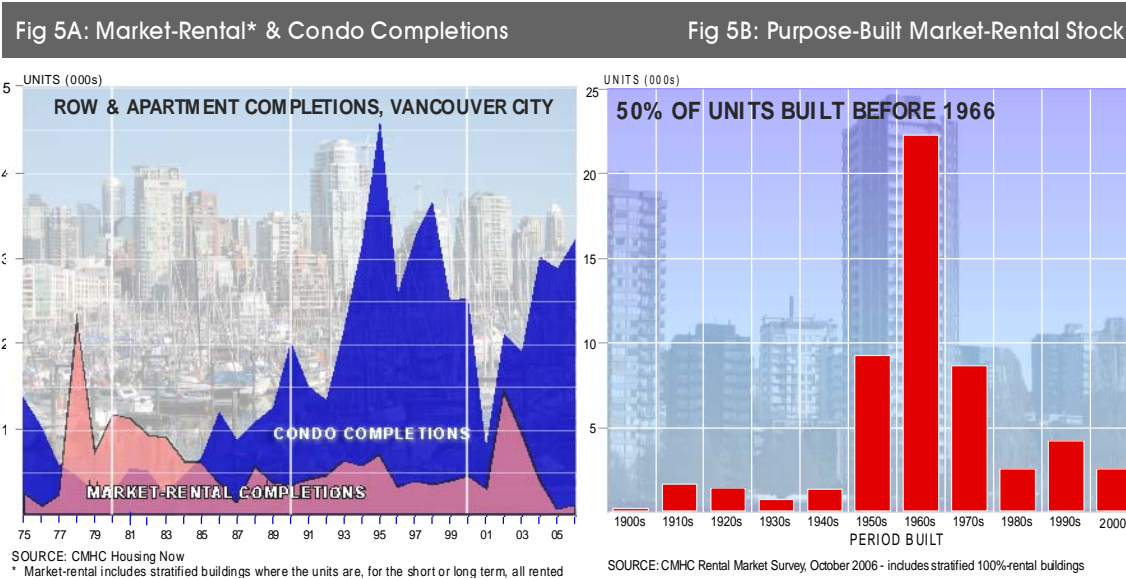


Fig 4B: Renter Households in Core Need, 2001



SOURCE: CMHC (census-based housing indicators and data)

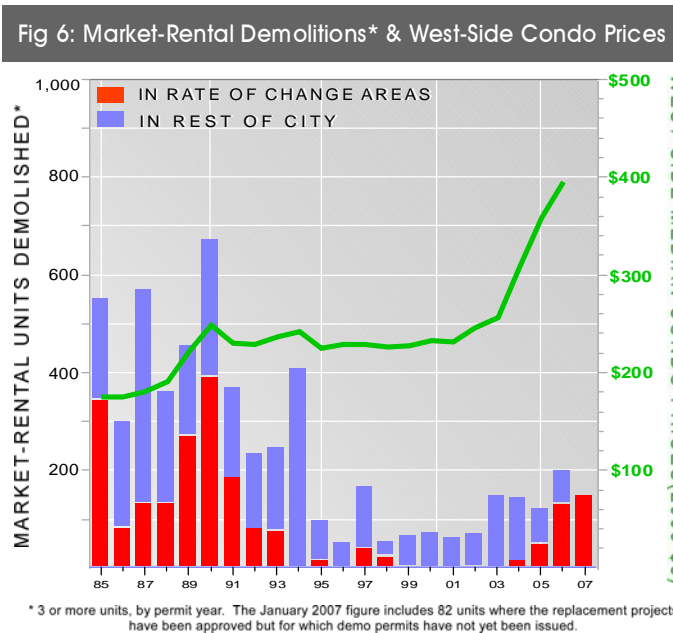
In terms of supply, apart from a spike in 2002, relatively little construction of purpose built market rental housing stock is occurring, and the city's rental housing stock is aging. In fact, 50% of the city's conventional rental housing stock was built before 1966.



CURRENT SITUATION

Rate of Change Areas: The last year has seen a significant increase in redevelopment activity and interest in the existing rental housing areas, paralleling the rapid increase in condominium prices. The City has issued demolition permits for over 260 market rental housing units this year. Most of those demolitions have occurred in the rate of change areas of Kerrisdale and South Granville-Fairview.

In South Granville-Fairview, five developments involve the loss of 179 rental housing units to develop 194 strata units at a 3.2% rate of change. In Kerrisdale, an issued development permit allows 41 strata units to replace 67 rental housing units at 5951 Balsam (Bermuda Manor). The sale price for the new units is almost \$900 per square foot. A second approved development application at 2260 West 39th allows the



replacement of 23 rental housing units by 12 strata units. The rate of change in Kerrisdale over the last 12 months is 4.8%. Tenants and other groups in Kerrisdale and South Granville-Fairview presently affected by the 5% “rate of change” policy are requesting action by Council to protect the rental stock.

Other Areas: In Mount Pleasant, a concentrated level of mixed use residential condominiums with commercial-at-grade has occurred within C-3A areas along Broadway, Main, and Kingsway. However, there are signs of activity in the adjoining apartment areas. One condominium development at 15th and Prince Edward sits in the midst of the older RM-4 rental apartment area east of Main while a second is under construction at 15th and Quebec west of Main. Further developments in the general area of Main Street, in the apartment area north of Broadway to the northeast, or in Grandview-Woodlands or Marpole would represent a significant loss in the city’s most affordable market rental housing.

Interest in redevelopment also extends to older CD-1 sites. There are over 450 CD-1 sites, many of which contain large residential complexes, several of which are rental. Recently, staff have been dealing with enquiries for sites such as Shannon Mews at Granville and 57th, which has 162 market rental housing units, and Southview Gardens at 3250-80 East 58th, which includes 112 market rental townhouses and 28 market rental apartment units. The dialogue with the owners of these sites has included retention of existing rental housing units or development of new rental housing units. However, although the total housing supply would increase as a result of redevelopment, all development scenarios would involve a net loss of rental housing.

Pressure for Strata Conversion: Under section 242 of the *Strata Property Act*, Council has the power to approve, refuse to approve, or approve subject to terms’ and conditions the conversion of existing un-stratified buildings to strata. In doing so, Council, among other things, may consider the priority of rental accommodation over privately-owned housing in the area. Larger strata conversion applications are quite rare but staff intends to report to Council shortly on a current application involving the conversion of 36 rental housing units on West Broadway. As a result of increased condominium land values, staff have received a number of enquiries about converting rental buildings to strata title ownership in areas such as Kitsilano and Mount Pleasant. These areas have a large number of affordable, rental apartments that are well situated, having proximity to the Downtown and Central Broadway.

Other Rental Pressures: Council has control over redevelopment involving conditional approvals and strata title conversion of existing rental housing. However, Council lacks control over the loss of affordable rental housing through non-tenure changes such as building purchase by a new owner and rent and price changes. For example:

- part of the rental housing stock consists of strata title buildings operated as rental buildings. In the past year, owners of a number of these buildings, including 1010 Howe and 2630 Arbutus, have sold units to individual owners for occupancy, and have evicted tenants;
- the Province places no restrictions on rent increases on vacant units; and

- it appears that evictions “to renovate” are increasing, with rents of renovated units increasing to compete with rental housing units in condominiums.

Vacancy Rates: The most recent report on vacancy rates released by CMHC shows that overall vacancy rates in the city fell from 0.7% in 2005 to 0.3% in 2006. In the same time period, the regional vacancy rate dropped from 1.4% to 0.7%. CMHC pointed out that:

“...with the City of Vancouver accounting for 53 per cent of the CMA’s rental apartment universe, this translated into just 193 units available for immediate rent and occupancy within the city limits.”

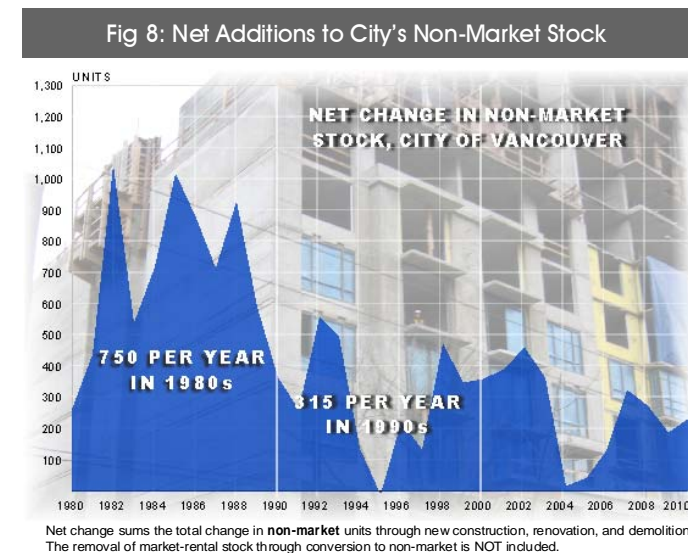
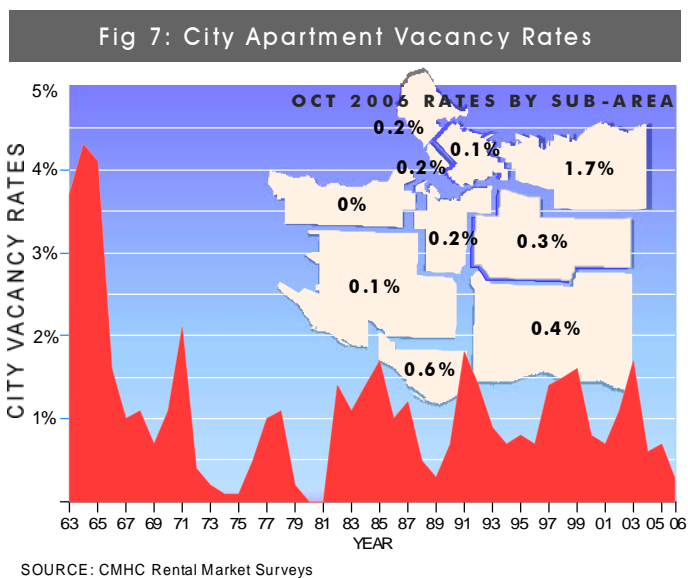
Vacancy rates also vary by sub-area. Most of the central and western areas had vacancy rates below the city-wide average, as shown in Figure 7.

The CMHC survey also begins to track for the first time rental capacity within the condominium market. In Vancouver, the survey reports 55,943 total condominium units, of which 15,598 are rental housing units (27.9%). The reported vacancy rate is 0.4%.

The survey further points out that the average rent for a two-bedroom rented apartment condominium unit is \$1,273, 22% higher than the average rent for a two-bedroom apartment in the purpose-built rental market.

Similarities to and differences from the late 1980s: The current crisis for market rental housing stock is similar to the late 1980s but also displays noted differences:

- 1) The industrial areas that the City “let go” for residential redevelopment, in part to deflect redevelopment from existing rental areas, have only limited capacity remaining. Other large tracts of land which are still available include SE False Creek, dedicated to the



Olympics until 2010, East Fraser Lands, which will not see new development for at least two years, and Jericho Lands, whose future is uncertain.

- 2) Senior governments are no longer funding non-market housing, except for frail seniors, the homeless, and others who need support services. Programs that funded social housing that accommodated a mix of incomes are no longer available. A growing population and the increasing cost of housing mean that the number of modest income households in core need is increasing, but the non-market stock is relatively static.
- 3) The delivery of new market rental housing stock is occurring almost solely through the rental of individual condominium units. As previously indicated, not much information about this market is available except that unit availability depends on the dictates of the strata owner and strata corporation; the needs of the investor determine unit rental price; and, according to CMHC's survey, such rental housing units are less affordable than older, purpose-built rental housing stock in the market sector.

Concerns about preserving the existing rental housing stock are not unique to Vancouver. In July 2006, Richmond introduced requirements for the 1:1 replacement of rental housing stock, and both the City of North Vancouver and Toronto have similar requirements. Appendix E details the steps taken by these municipalities. Staff note that statutory powers will differ outside Vancouver and between provinces.

Overall Impact on Renters: The rapid increase in condominium prices over the last few years is having a triple-barrelled effect on renters:

- Sale prices have increased to such an extent that renting is now the only possible choice for an increasing proportion of young, single-income and elderly renters. Assuming that renters' incomes have kept up with inflation since 2000 and using fourth quarter MLS median sale prices, 16% of renters have incomes high enough to afford an east-side condo, 6% a west-side condo, 4% an east-side single-family home, and none a west-side single family home
- Redevelopment is eroding existing rental housing stock
- Steadily increasing rents and static real incomes are eroding affordability.

CURRENT REGULATORY FRAMEWORK

The current rate of change procedures apply in Kerrisdale and South Granville-Fairview (5%) and the West End (0%). Under the current zoning requirements and RM-3, RM-5, RM-5A, RM-5B, RM-5C and RM-6 Multiple Dwelling Guidelines, applications proceed normally up to the specified rate of change thresholds. At that point, the Director of Planning refers applications to Council, and focuses specifically on the following mitigation measures outlined in the current Guidelines:

In assessing Rate of Change and considering the approval of individual developments where the density exceeds the outright approval limits, the Board should give positive consideration to developments which attempt to provide accommodation for present residents of the neighbourhood, result in a net increase in units, and provide some moderate or low cost housing.

So far the Director of Planning has reported only West End applications to Council, and the applications have tended to reflect unusual situations. Thresholds in Kerrisdale and South Granville-Fairview have yet to exceed the 5% rate, although Kerrisdale, at 4.8%, is very close. Those neighbourhoods would need to face the loss of 93 and 300 units respectively before the rate of change procedures of reporting to Council come into effect. Until that time, the Director of Planning cannot require mitigation measures or discuss compensation or relocation measures for tenants.

In staff's opinion:

- (i) the current zoning requirements and guidelines allow too much redevelopment and consequent loss of rental housing stock to occur without Council being able to consider the broader issues of loss of rental housing stock in a given area or to intercede in an application for redevelopment where the welfare of tenants may be an issue. Further, no rate of change exists in other RM areas, notably Mount Pleasant, Grandview-Woodlands and Marpole, which contain much of the most affordable rental housing stock;
- (ii) the prescriptive elements of the mitigation measures outlined in the current guidelines are unclear, and provide insufficient direction for staff, applicants, and tenants about mitigation measures; and
- (iii) if Council wishes to intervene to protect rental housing stock, it should reduce the rate of change threshold, and tighten the requirements for allowing development applications that will reduce rental housing stock to proceed.

OPTIONS FOR IMMEDIATE ACTION

While staff have previously outlined the need for the 2009 comprehensive rental study, and still believes it essential, staff's view is that Council should take action now to control the loss of rental housing stock.

The following summarizes Council's choices:

1. *Retain the present rates of change and guidelines.*

Staff does not favour this option as it would provide little or no mitigation for loss of rental housing stock or for tenants affected by loss of such stock.

2. *Adjust the rate of change threshold in Kerrisdale and South Granville-Fairview to 1%, extend the 1% rate of change to all RM and FM zoning districts (except RM-1 & RM-1N), and consider applications beyond 1% in exchange for 1:1 replacement of rental housing units.*

This option would allow for some change while staff undertakes the 2009 rental study. A limited number of applications would receive approval in a running 12-month period, some residents would be evicted for demolition, and applications would be reported to Council (with the Director of Planning and Council considering mitigation measures that are more restrictive than the current guidelines) until the rate of change dropped below 1% over a 12 month period. This option is not supported by staff as it would not establish an equal playing field for all owners and tenants. It would allow a few applications to proceed without regard for mitigating the loss of affordable rental housing units, while others would have to respond to the more onerous expectations for replacement housing.

3. *Adopt:*

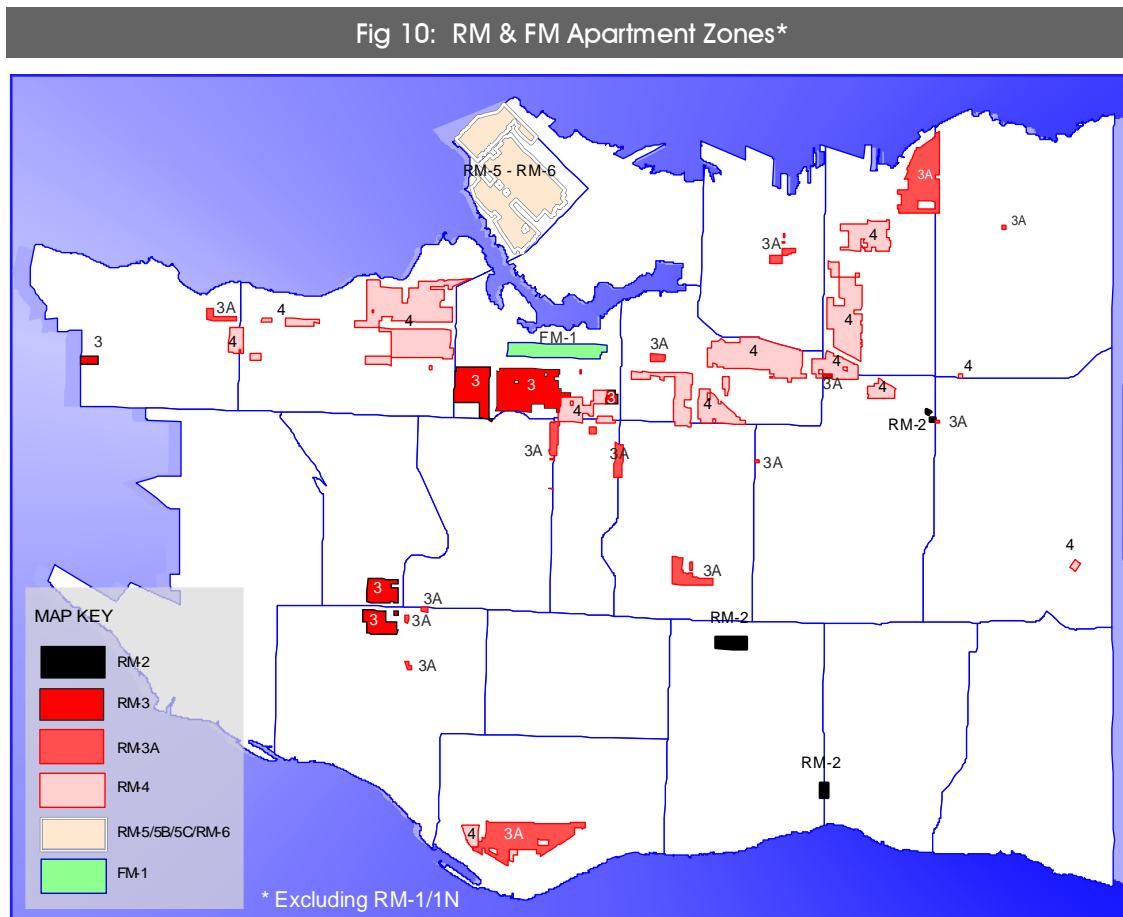
- (i) *an official development plan for multiple dwellings consisting of six or more dwelling units within the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, FM-1, and CD-1 District or Districts Schedules (see Figure 10);*
- (ii) *zoning amendments for all lands within such RM and FM-1 Districts to provide that exceeding a 0% rate of change for rental housing stock requires a housing agreement and security, satisfactory to Council, ensuring 1:1 on site replacement housing or the provision of rental housing units, or contribution to the provision of rental housing units, in another manner or at another location, or another form of affordable housing, and also requires compliance with the housing agreement and security as a development permit condition; and*
- (iii) *revised RM and FM Rate of Change Guidelines and Strata Title and Cooperative Conversion Guidelines to reflect the foregoing.*

In staff's opinion, this option represents the most equitable approach to protecting rental housing stock in the districts where it is most relevant. It would reduce significantly the loss of rental housing stock, and would allow for adequate treatment of tenants. Implementing this alternative would be of concern, of course, to owners of rental housing stock who would have limited opportunities to redevelop their properties. It might also have adverse consequences over the longer term such as accelerated disinvestment. However, the comprehensive rental study will take these factors into account in evaluating the need for rental housing in the city and the appropriate regulating framework.

Guideline Adjustments: Staff also recommends that Council amend the rate of change guidelines, generally as outlined in Appendix C, to include the following considerations:

- The extent to which a development application provides for other accommodation for present residents of the existing project;
- Proponents will provide with the DE submission a list of the present rents for each unit, and a relocation plan that includes providing tenants with two months free rent and receipted moving expenses, and the first right to relocate back into the project in the case of rental replacement opportunities; and
- Applications which propose to reduce the total number of units will generally not be considered favourably.

Staff also recommend that Council urge the federal and provincial governments to remove disincentives and to provide incentives for the preservation and development of market rental housing stock.



POSSIBLE CONSEQUENCES OF RECOMMENDED RENTAL HOUSING POLICY

Adoption of the rate of change proposals in this report will mean fewer development opportunities in the RM and FM districts. One consequence may be a development focus on C zones of the city, particularly C-2 and C-3A, where developers have been active over the past decade. A significant amount of development capacity remains in these areas which currently often consist of single storey retail or commercial buildings. Development in the C-zones could generate substantial increase in supply at low risk to the rental housing stock. Some C-2 properties do, however, provide residential rental housing units on upper floors, providing relatively affordable accommodation that would be lost through redevelopment. Staff will monitor activity in the C zones, and report back as required.

A second consequence may be requests from developers for the City to entertain one-off rezonings with density bonuses for affordable housing. The Planning Department will address these proposals as it has in the past through assessment of whether the proposal meet Council-adopted plans and policies, and/or jeopardizes the outcome of planning programs underway.

Council has previously given direction to staff to explore opportunities for bonusing for affordable housing. Investigation of this may be incorporated into the terms of reference for the comprehensive rental study, or may be better handled within the work program that will be developed to move EcoDensity initiatives forward. Staff will consider this matter and advise Council.

FINANCIAL IMPLICATIONS

There are no financial implications to the City's budget at this time. The rental study will need resources and staff will report back on budget and schedule later this year.

PERSONNEL IMPLICATIONS

The Housing Centre will reallocate existing staff resources to monitor development applications and demolitions, to prepare necessary reports to Council, and, depending on the volume of activity, to carry out other related work.

Depending on the number of development applications that come forward under the more stringent rate of change framework proposed, the more consuming review process, that will include preparation of reports to the Development Permit Board and Council, may also require a reallocation of existing staff in Development Services from work on other development applications.

If significant development interest continues in the older apartment areas, staff may need to report back on resource implications.

SOCIAL IMPLICATIONS

Staff see the retention of rental housing stock as critical to maintaining affordability for many low and middle income households. Such households include individuals working in the service sector, single income households, seniors, and many who simply cannot afford to purchase housing in the highest cost housing market in Canada.

CONCLUSION

The Director of the Housing Centre recommends that Council implement the changes set out in this report necessary to:

- effect a 0% rate of change in RM and FM Districts unless the developer is willing to replace any rental housing and provide the City with a housing agreement and security satisfactory to Council;
- authorize staff to undertake the comprehensive market rental study; and
- contact the federal and provincial governments regarding removal of tax disincentives and reinstatement of incentives which affect rental housing stock.

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DEPARTMENTAL APPROVAL AND REPORT CONCURRENCES

General Mgr./Dept. Head:

Report Date: 05 April 2007

Author: Robert Whitlock

Date:

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This report has been prepared in consultation with the departments listed to the right, and they concur with its contents.

Concurring Departments:

Planning: B. Toderian

Development Services: R. Scobie

Law: F. Connell

Q:/Housing/Council Reports/Rate of Change/RTS06145 Rate of Change - Stand
Committee March 25, 2007.doc

APPENDIX A

Note: The by-law will be generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

Rental housing stock

Draft for public hearing

BY-LAW NO. _____

**A By-law to adopt the
Development Plan regarding areas of real property
in certain RM, FM, and CD-1 Zoning Districts
as an Official Development Plan**

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

1. Council adopts, as an official development plan, the instrument entitled "Official Development Plan Regarding Areas of Real Property in Certain RM, FM, and CD-1 Zoning Districts" attached to this By-law as Schedule A.
2. Schedule A forms part of this By-law.
3. This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this _____ day of _____, 2007

Mayor

City Clerk

SCHEDULE A

CITY OF VANCOUVER

**OFFICIAL DEVELOPMENT PLAN REGARDING AREAS OF
REAL PROPERTY IN CERTAIN RM, FM, AND CD-1 ZONING DISTRICTS**

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**OFFICIAL DEVELOPMENT PLAN REGARDING AREAS OF
REAL PROPERTY IN CERTAIN RM, FM, AND CD-1 ZONING DISTRICTS**

**SECTION 1
INTERPRETATION**

Definitions

1.1 In this instrument:

“ODP” means this instrument, being the official development plan for the real property in the zoning districts;

“rate of change” means the percentage net loss of rental housing units in a zoning district in the 365 days preceding the date on which a person submits a rezoning or development application for a multiple dwelling consisting of six or more dwelling units, on real property in that zoning district, as determined by the Director of the Housing Centre or successor in function;

“rental housing unit” means a dwelling unit, housekeeping unit, or sleeping unit on a site that a tenant rents, or has rented, for the purpose of living accommodation but does not include a unit rented by a not for profit housing cooperative to a member of the cooperative or a unit in a special needs residential facility; and

“zoning districts” mean the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, FM-1, and CD-1 zoning districts referred to in section 9.1 of the Zoning and Development By-law, the boundaries of which the Zoning District Plan, and amendments to it, attached as Schedule D to the Zoning and Development By-law, delineate.

Imported definitions

1.2 Except for the definitions set out in section 1.1, the definitions in section 2 of the Zoning and Development By-law apply to this ODP.

Incorporation by reference

1.3 This ODP incorporates by reference all policies and guidelines referred to herein.

Table of contents and headings

1.4 The table of contents and headings in this ODP are for convenient reference only, and are not for use in interpreting or enforcing this ODP.

Severability

1.5 A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

Application

1.6 This ODP applies to real property in the zoning districts.

SECTION 2 RENTAL HOUSING POLICY

CityPlan policy about rental housing

2.1 On June 6, 1995, Council adopted "CityPlan: Directions for Vancouver" which, under the title "Addressing Housing Costs", includes a specific policy to "maintain a stock of rental housing", and, in the years since the adoption of "CityPlan", Council has continued to address the issue of rental housing.

Concerns about rental housing

2.2 Council has concerns about the reserve of rental housing stock because, among other things, of the scarcity of federal or provincial incentives to develop rental housing; competition from the condominium industry; the lack of new development of purpose built rental housing; the number of rental housing units demolished or targeted for demolition; the fact that 56% more or less of households occupy rental housing units and that 31% more or less of those households are in core need; the low vacancy rate for rental housing units; the limited remaining capacity of industrial areas "let go" by Council for residential development; the limited future capacity for the development of rental housing in other areas of the city; and the growing demand for rental housing.

Location of rental housing

2.3 The zoning districts include a significant supply of rental housing.

Rental housing policy

2.4 Council's policy regarding real property in the zoning districts is that development on any site of a multiple dwelling consisting of six or more dwelling units that requires the demolition or change of use or occupancy of a rental housing unit on that site, and that exceeds a rate of change of 0% for the district in which the site is situate, is not permissible unless a housing agreement, satisfactory to Council, provides for the replacement of, or contribution to the replacement of, such rental housing units, on or off site, or the provision of another form of affordable housing.

Affordable housing and special needs housing policies

2.5 Council's existing policies respecting affordable housing and special needs housing are to continue to apply to real property in the zoning districts. Such policies include, among others CityPlan: Directions for Vancouver adopted by Council on June 6, 1995; Affordable Housing Policies adopted by Council on May 8, 1989, October 17, 1989, May 16, 1991, October 16, 2001, June 14, 2005 (the Homeless Action Plan) and September 22, 2005 (Housing Plan for the Downtown Eastside); and Special Needs Residential Facility Guidelines adopted by Council on September 17, 1983 and amended on July 25, 1989, February 4, 1982, and May 4, 2004.

APPENDIX B

Note: The by-law will be generally in accordance with the provisions listed below, subject to change and refinement prior to posting.

Rental housing stock

Draft for public hearing

BY-LAW NO. _____

A By-law to amend
Zoning and Development By-law No. 3575

THE COUNCIL OF THE CITY OF VANCOUVER, in public meeting, enacts as follows:

- 1. This By-law amends the indicated provisions of the Zoning and Development By-law.
- 2. To section 2, after the definition of "Parking Uses", Council adds:

' "Rate of Change", for the purpose of section 3.3.6, and section 3.2.DW of each of the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, and FM-1 District or Districts Schedules, means the percentage net loss of rental housing units in a zoning district in the 365 days preceding the date on which a person submits a rezoning or development application for a multiple dwelling consisting of six or more dwelling units, on real property in that zoning district, as determined by the Director of the Housing Centre or successor in function;'

- 3. To section 2, after the definition of "Residential Rental Accommodation", Council adds:

' "Rental Housing Unit", for the purpose of section 3.3.6, and section 3.2.DW of each of the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, and FM-1 District or Districts Schedules, means a dwelling unit, housekeeping unit, or "sleeping unit" on a site that a tenant rents, or has rented, for the purpose of living accommodation but does not include a unit rented by a not for profit housing cooperative to a member of the cooperative or a unit in a special needs residential facility;'

- 4. After section 3.3.5, Council adds:

"3.3.6 Despite anything to the contrary in this By-law, the Director of Planning or Development Permit Board must not issue a development permit for a multiple dwelling consisting of six or more dwelling units in the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, or FM-1 District or Districts unless the development permit is subject to a condition requiring compliance with any housing agreement, and the security for it, referred to in section 3.2.DW of any such District or Districts Schedule.

5. Council strikes out from section 2.2.DW of the:
- (a) RM-2, RM-3A, and RM-4 and RM-4N District or Districts Schedules:
"Multiple Dwelling";
 - (b) RM-3 and RM-6 District Schedules:
"Multiple Dwelling, provided that the floor space ratio does not exceed 1.0 and the height does not exceed 12.2 m"; and
 - (c) RM-5, RM-5A, RM-5B and RM-5C Districts Schedule:
"Multiple Dwelling, provided that the floor space ratio does not exceed 1.00 and the height does not exceed 18.3 m";

and substitutes:

"Multiple Dwelling consisting of five or fewer dwelling units".

6. To section 2.2.DW of the FM-1 District Schedule, before "One-Family Dwelling", Council adds:

"• Multiple Dwelling consisting of five or fewer dwelling units".

7. Council strikes out from section 3.2.DW of the:

- (a) RM-3, RM-5, RM-5A, RM-5B and RM-5C, and RM-6 District or Districts Schedules:
"Multiple Dwelling, provided that before making a decision the Development Permit Board shall consider the rate of change in the neighbourhood and the opinions of tenants who would be displaced by the development"; and
- (b) FM-1 District Schedule:
"• Multiple Dwelling";

and substitutes therefor, and also adds to section 3.2.DW of the RM-2 and RM-3A District Schedules, in each case after the reference to "Multiple Conversion Dwelling":

- "• Multiple Dwelling consisting of six or more dwelling units if:
 - (a) its development does not require the demolition or change of use or occupancy of one or more rental housing units;
 - (b) its development requires the demolition or change of use or occupancy of one or more rental housing units but does not exceed a rate of change of 0% within this District; or

- (c) its development requires the demolition or change of use or occupancy of one or more rental housing units, and exceeds the rate of change within the zoning district, and the registered owner of the site enters into a housing agreement with the city, under section 565.2 of the Vancouver Charter, in which the registered owner agrees with the city to:
 - (i) include in the new development on the site that number of rental housing units which equals or exceeds the number of then existing rental housing units, and to give the city security for the continued operation of such replacement rental housing units including a section 219 covenant for registration against title to the site, which housing agreement and security must be on terms and conditions satisfactory to Council, or
 - (ii) provide rental housing units, or to contribute to the provision of rental housing units, in another manner or at another location, or to provide another form of affordable housing, and to give the city security for the continued operation of such replacement rental housing units or other form of affordable housing including a section 219 covenant for registration against title to the subject real property, which housing agreement and security must be on terms and conditions satisfactory to Council.

8. A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

9. This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this _____ day of _____, 2007

Mayor

City Clerk

City of Vancouver Land Use and Development Policies and Guidelines
Community Services, 453 W. 12th Ave Vancouver, BC V5Y 1V4 F 604.873.7344 fax 873.7060
planning@city.vancouver.bc.ca

(Proposed) RATE OF CHANGE GUIDELINES FOR CERTAIN RM and FM ZONING DISTRICTS

Adopted by City Council (Date of Adoption)

These Guidelines apply, under the RM-2, RM-3, RM-3A, RM-4 and 4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6 or FM-1 District or Districts Schedules of the Zoning and Development By-law, to a development application for a multiple dwelling consisting of more than six dwelling units that includes the demolition or change of use or occupancy of a rental housing unit.

For the purpose of these Guidelines, "rate of change" has the meaning set out in section 2 of the Zoning and Development By-law.

When reviewing a development application, the Development Permit Board is to consider:

- (a) the rate of change in the applicable district;
- (b) the opinions of tenants in the existing project who would be displaced by the development;
- (c) the following information which the applicant must provide to the Board with the development application:
 - (i) a list of setting out the name of each tenant, the number of the tenant's unit, and the rent the tenant pays, and
 - (ii) a relocation plan that is to include providing each tenant with two months' free rent, reimbursement for receipted moving expenses, and the first right of refusal to re-locate into a replacement rental unit on the site, in the case of rental replacement opportunities, or a rental unit or other form of affordable housing the applicant makes available under a housing agreement;
- (c) the extent to which the development application otherwise provides for alternate accommodation for tenants;
- (d) the developer's proposal, which must accompany the development application, for a housing agreement with the City regarding the replacement of, or contribution to the replacement of, any rental housing units, on or off site, or the provision of another form of affordable housing, and security for the housing agreement; and

- (e) any other factor related to the supply of rental housing which the Board considers relevant.

Opinions of Tenants

In submitting a development application for a multiple dwelling in which consideration shall be given to the opinions of tenants who would be displaced by the development, the applicant shall include the following:

(1) A letter stating the property address and legal description of the site and providing the names and mailing addresses of the persons occupying the building;

(2) A notarized declaration stating:

- That each person occupying the building has been given written notice of the intent to redevelop the property; pursuant to Section 49(6) of the Residential Tenancy Act, tenants are NOT to be served with eviction notices at this time;
- The number of units occupied on the date of the notice;
- That notices have been posted in conspicuous places in the building, advising of the intent to redevelop the building; and
- Where a building is vacant at the time of application as a consequence of tenants having been given Notice to Vacate for the purpose of demolition following receipt of earlier permits for redevelopment [per Section 49(6)(a) of the Residential Tenancy Act], a notarized description and accompanying documentation is to be provided. Favourable consideration will not be given to a development to a development application seeking demolition for redevelopment where (i) a building is vacant as a consequence of vacant possession having been a condition of property purchase; or (ii) Notice to Vacate was issued for other purposes, such as for building renovation.

Upon receipt of the foregoing, the Director of Planning will, by notification letter, inform all persons occupying the building of applicable City by-law provisions and guidelines and provisions for notice under the Residential Tenancy Act.

Following notification as outlined above, the Planning Department will provide the applicant with response forms which are to be completed by every household in the building. (A household comprises a person or group of persons occupying a unit.) The applicant will return the forms to the Planning Department. In order that the application can be processed, the forms should be returned as quickly as possible.

Note: The amendments to the guidelines will be generally in accordance with the provisions listed below.

**AMENDMENTS TO THE STRATA TITLE
AND COOPERATIVE CONVERSION GUIDELINES**

1. Council re-numbers subsections (d), (e), and (f) of section 3 of the Guidelines as subsections (e), (f), and (g).

2. The approving authority may refuse an application for conversion of a multiple dwelling consisting of six or more dwelling units, in the RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, FM-1, or CD-1 District or Districts Schedules, that:

- (i) requires the demolition or change of use or occupancy of one or more rental housing units as defined under section 2 of the Zoning and Development By-law; or
- (ii) exceeds a rate of change, as defined under section 2, of 0% in the District;

unless the registered owner of the site enters into a housing agreement with the city, under section 565.2 of the Vancouver Charter, in which the registered owner agrees with the city to:

- (iii) include in the development on the site that number of rental housing units which equals or exceeds the number of then existing rental housing units, and to give the city security for the continued operation of such replacement rental housing units including a section 219 covenant for registration against title to the site, which housing agreement and security must be on terms and conditions satisfactory to Council; or
- (iv) provide rental housing units, or to contribute to the provision of rental housing units, in another manner or at another location, or to provide another form of affordable housing, and to give the city security for the continued operation of such replacement rental housing units or other form of affordable housing including a section 219 covenant for registration against title to the subject real property, which housing agreement and security must be on terms and conditions satisfactory to Council.

Rental Response in Other Jurisdictions

- In July 2006, the City of Richmond introduced the following requirements related to existing rental housing stock:

A moratorium ... on development applications (e.g., rezoning; subdivision; strata title conversion; development permit) involving the demolition or conversion of existing multiple-family rental housing stock, except in the cases where there is 1:1 replacement...

- In September 2006, the City of North Vancouver directed that all rental apartment demolition applications be reviewed by Council, pending amendments to protect the stock.
- The City of Toronto Plan (following page) does not allow demolitions of rentals without replacement of at least the same number, size and type of rental housing units at rents similar to those of the existing rental units.

City of Toronto Official Plan - Excerpt from Section 3.2.1 - Housing Policies:

5. Significant new development on sites containing six or more rental units, where existing rental units will be kept in the new development, will secure for as long as possible:
 - a) the existing rental housing units, with either affordable or mid-range rents, as rental housing; and
 - b) any needed improvements & renovations to the existing rental housing with no pass-through of such costs in the rents to the tenants.
6. New development that would have the effect of removing a private building or related group of buildings containing six or more rental housing units is not in the public interest and should not be approved unless:
 - a) the rental apartment vacancy rate for the City of Toronto, as reported by CMHC, has been at or above 2.5% for the preceding two-year reporting period; or
 - b) in cases where zoning approvals are sought, the following are secured:
 - i) at least the same number, size and type of rental housing units are replaced and maintained with rents similar to those in effect at the time the redevelopment application is made;
 - ii) for a period of at least 10 years, rents for replacement units will be the rent at first occupancy, increased annually by not more than the Provincial Rent Increase Guideline or a similar guideline as Council may approve from time to time; and
 - iii) an acceptable tenant relocation and assistance plan addressing provision of alternative accommodation for tenants at similar rents, right-of-first-refusal to occupy one of the replacement units and other assistance to lessen hardship.
7. Redevelopment of social housing properties, including those which propose a mix of housing including varying levels of rental assistance, varying housing types and forms and/or the inclusion of affordable ownership housing options, that would have the effect of removing a social housing building or related group of buildings containing one or more social housing units, will secure:
 - a) full replacement of the social housing units;
 - b) replacement social housing units at rents similar to those at the time of the application, including the provision of a similar number of units with rents geared to household income; and
 - c) an acceptable tenant relocation and assistance plan addressing provision of alternative accommodation for tenants at similar rents, including rent-geared-to-income subsidies, right-of-first-refusal to occupy one of the replacement social housing units and other assistance to mitigate hardship.
8. The conversion to condominium by severance or subdivision of any building or related group of buildings containing six or more rental housing with is premature and not in the public interest unless:
 - a) the rental apartment vacancy rate for the City of Toronto, as reported by CMHC, has been at or above 2.5% for the preceding two-year reporting period; or
 - b) all of the rental housing units have rents that exceed mid-range rents at the time of the application.
9. Large residential developments provide an opportunity to achieve a mix of housing in terms of types and affordability. On Large sites, generally greater than 5 hectares in size:
 - a) a minimum of 30% of the new housing units will be in forms other than single-detached and semi-detached houses, such as row housing, triplexes and multi-unit residential buildings; and
 - b) a minimum of 20% of the new housing units must be affordable where additional height and/or density may be permitted, in accordance with Section 5.1.1, of this Plan.

Housing Definitions

Rental housing is a building or related group of buildings containing one or more rented residential units, including vacant units that have been used for rented residential purposes, but does not include condominium-registered, life-lease or other ownership forms.
Rental property means the land upon which rental housing is located.

A related group of buildings are buildings that are under the same ownership and on the same parcel of land as defined in section 46 of the Planning Act, as may be amended from time to time or form part of the same development application.

Affordable rental housing and affordable rents means housing where the total monthly shelter cost (gross monthly rent including utilities - heat, hydro and hot water - but excluding parking and cable television charges) is at or below one times the average City of Toronto rent, by unit type (number of bedrooms), as reported annually by CMHC.

Affordable ownership housing is housing which is priced at or below an amount where the total monthly shelter cost (mortgage principle and interest - based on a 25-year amortization, 10 per cent down payment and the chartered bank administered mortgage rate for a conventional 5-year mortgage as reported by the Bank of Canada at the time of application - plus property taxes calculated on a monthly basis) equals the average City of Toronto rent, by unit type, as reported annually by the CMHC. Affordable ownership price includes GST and any other mandatory costs associated with purchasing the unit.

Mid-range rents are the total monthly shelter costs which exceed affordable rents but fall below one and one-half times the average City of Toronto rent, by unit type, as reported annually by CMHC.

Social housing refers to rental housing units, including housing provided by non-profit housing co-operatives to their members, produced and/or funded under government programs providing comprehensive funding and/or financing arrangements, whether or not in partnership with municipal government.

APPENDIX F

RM and FM Areas of the City of Vancouver

The following table shows the estimates of the number of un-stratified market-rental and condominium units (stratified) (in buildings with 4 or more units) in each apartment area of the city.

Apartment Area	Total Rental Multi-dwelling Units	Total Owned Multi-dwellings (Condominiums)	Total Multi-dwellings
RM-2	284	89	373
West End RM-5/-5A/-5B/-5C/-6	18,159	4,961	23,120
Kerrisdale RM-3	1,862	501	2,363
South Granville-Fairview RM-3	6,019	2,003	8,022
West Point Grey (West 10 th) RM-3	242	28	270
RM-3A	2,102	6,535	8,637
RM-4	10,985	9,052	20,037
FM-1	103	1,746	1,849
CD-1	3,802	27,240	31,042
Total Units	43,363	52,350	95,713