



POLICY REPORT  
SOCIAL DEVELOPMENT

Report Date: May 8, 2012  
Contact: Jim de Hoop  
Contact No.: 604.873.7479  
RTS No.: 9503  
VanRIMS No.: 08-2000-20  
Meeting Date: May 15, 2012

TO: Standing Committee on City Finance and Services

FROM: Deputy City Manager Responsible for Housing and Strategic Public Amenities

SUBJECT: Secured Market Rental Housing Policy

***RECOMMENDATION***

- A. THAT Council approve the Secured Market Rental Housing Policy as contained in Appendix A.
- B. That Council receive for information the General Administrative Bulletin "Rental Incentive Guidelines for the Secured Market Rental Housing Policy" as contained in Appendix B.
- C. THAT Council instruct the Director of Legal Services to prepare amendments to the Parking By-Law, generally in accordance with Appendix C, and to bring those amendments forward for Council's approval.
- D. THAT the City Manager and Deputy City Manager work to support the Mayor in the development of a government relations policy to engage the Premier and Minister of Housing and Social Development, Province of BC and the Prime Minister, the Minister of Finance and the Minister of Human Resources and Skills Development, Government of Canada as partners with the City on its rental housing policies, with particular emphasis on affordability.

***REPORT SUMMARY***

On March 27, 2012, Council considered the report reference 'Results of Short Term Incentives for Rental (STIR) Program' and requested staff to report back with recommendations for a new market rental housing policy. STIR was a 2.5 year pilot program that offered City-level incentives to encourage the development of purpose-built market rental housing. The program ended on December 15, 2011. To date, STIR

has created the potential of 1,648 new units of market rental housing. See Appendix D for a summary of the results of the STIR program.

This report seeks Council approval of the attached Secured Market Rental Housing Policy, building on the lessons learned from STIR. The policy is consistent with the Vancouver Housing and Homelessness Strategy goals to increase affordable housing choices and will contribute to meeting the 2021 purpose-built market rental housing target of 5,000 units.

### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

- Short Term Incentives for Rental (STIR) Program (June 2, 2009)
- Vancouver's Housing and Homelessness Strategy 2012-2021 and 3 Year Action Plan 2012-2014 (July 28, 2011)
- Mayor's Task Force on Housing Affordability (Established December 2, 2011)

### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

One of the objectives of the Short Term Incentive for Rental (STIR) Program was to test the City's ability to enable market rental housing without senior government assistance.

The experience of STIR has shown it is possible – the program successfully stimulated new market rental housing and created the potential for 1,648<sup>1</sup> new units.

Taking the lessons learned from our ability to create market rental, with added help, it would be possible to also achieve deeper levels of affordability with assistance from other levels of government. Senior government involvement – through various options such as capital grants, tax incentives, rent supplements, or operational subsidies – are essential to the creation of housing for low-income households (e.g. social housing). The Mayor's Task Force on Housing Affordability will be reporting back on how we can further enhance the inventory of different forms of housing for modest income families and individuals in our City – this will be an important platform with which to engage in discussions with Provincial and Federal governments in regards to leveraging greater affordability in our city.

The recommendations in this report are vital to meeting the housing targets identified in Vancouver's Housing and Homelessness Strategy.

The City Manager recommends approval of the foregoing.

### ***REPORT***

#### ***Background/Context***

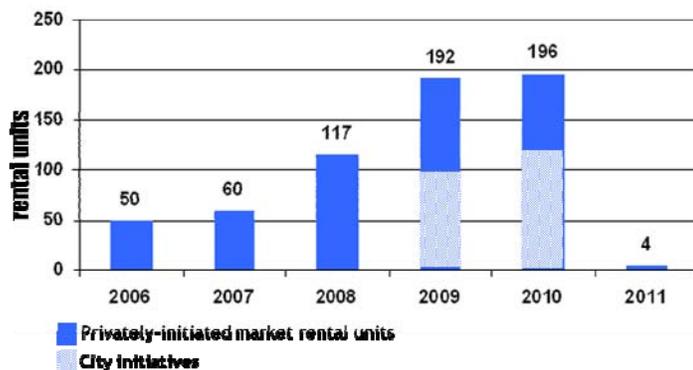
Rental housing is an important part of the housing continuum – it meets the needs of a diverse population and is vital to a healthy economy. It also allows moderate income households to stay in the City, based on the data that renter household incomes are typically half that of owners.

---

<sup>1</sup> This report contains STIR project numbers as of April 25, 2012

Demand for rental housing is high, yet there has been very little supply of new purpose-built rental in recent decades. In the 1960s, an average of 2,950 units of market rental housing were built each year. This has declined significantly. Since the mid-2000s, there has been an average of 150 new market rental units built per year, many of them enabled through City-sponsored initiatives.

**Table 1: Market-rental Apartment Completions 2006 - 2011**



In response to these challenges, Council approved the STIR Program on June 2, 2009. The purpose of the 2.5 year pilot program was to stimulate the development of market rental housing during the economic downturn; test the City's ability to enable market rental housing without senior governments; increase construction related jobs; and to support the City's sustainability priority by encouraging rental housing along commercial arterials, neighbourhood "high streets," and areas well served by transit. To achieve this, a package of City-level incentives was offered, including parking reductions, density bonuses, Development Cost Levy (DCL) waivers, and expedited processing.

The Vancouver Housing and Homelessness Strategy, approved on July 28 2011, identifies the need for 5,000 new units of secured market rental housing by 2021. To achieve this target, the accompanying 3 Year Action Plan 2012 - 2014 directed staff to develop an on-going rental incentive program building on lessons learned from STIR.

The Strategy also includes targets for other types of rental housing along the housing continuum, including 5,000 units for social housing and 6,000 units for the secondary rental market (i.e. secondary suites, laneway houses, and rented condos). As two-thirds of new construction in the City is for condominiums, rented condos have become the dominant source of new rental housing. CMHC estimates that there are approximately 22,000 rented condos in the City of Vancouver, representing 32% of all condominiums in the city. Since 2006, the stock of rented condos has increased by nearly 1,300 units per year. Rented condos provide much needed rental housing that is well suited to households where housing stability is not a critical issue. However, rented condos tend to be less stable than secured market rental housing, largely because landlords are individual investors who are more likely to sell a unit or decide to use it for their own purposes.

The recommendations in this report will help achieve the objectives in the Vancouver Housing and Homelessness Strategy, as well as the housing affordability goals established in the Regional Growth Strategy.

## *Strategic Analysis*

### 1. LESSONS LEARNED THROUGH THE REVIEW OF STIR

Many valuable lessons emerged from the STIR pilot program that help inform the City's longer-term market rental housing policy contained in Appendix A of this report.

The review of STIR was undertaken by an interdepartmental staff team with participation from Social Development, Planning, Development Services, Real Estate Services, Legal Services, Engineering, and Finance. The results of the STIR projects were evaluated against the Program's original five objectives (refer to Appendix D for summary). In addition, staff reviewed the issues raised during the development permit/rezoning process and public hearings for the nine approved STIR projects<sup>2</sup> and the public input received during the Talk Housing With Us Public Engagement Program (May - July 2011). Finally, staff consulted the Mayor's Task Force on Housing Affordability.

Staff presented the results of the STIR program to Council on March 27, 2012. The staff presentation and analysis of the program are available on the City's Housing Policy website at [www.vancouver.ca/housing](http://www.vancouver.ca/housing).

The following lessons emerged from the review process:

#### 1a. STIR incentives significantly increased development of market rental housing

The main intent of the STIR Program was to test the City's ability to stimulate market rental construction without senior government assistance. All 699 approved STIR rental units have been achieved using only city-level incentives. In addition, there are 949 market rental units currently in application. Taken together, it is anticipated that annually 550 new units of market rental housing will be constructed as a result of STIR over the next three years (2012 - 2014). This is a significant increase (270%) over pre-STIR rental production – CMHC data shows that from 2006 to 2010, there was an average of 150 new market rental units per year.

All units achieved through STIR are secured as rental units for 60 years or life of the building through legal agreements (e.g. Housing Agreement and non-stratification agreement). Security of rental tenure is a significant long-term benefit. These units are protected from conversion to condominiums and are a stable source of rental housing in perpetuity.

#### 1b. Fundamental difference between 100% rental and mixed strata/rental projects

STIR created two types of rental projects:

- 100% purpose built rental
- mixed projects with both strata and rental units.

Different results were achieved through these two types of projects.

#### *More rental units created in 100% rental projects*

There was more than double the number of market rental units created in 100% rental projects. A total of 1,142 units in 100% rental projects (372 approved and 770 in application) compared to 506 rental units in mixed strata/rental projects (327 units approved and 179 units in application).

---

<sup>2</sup> There are nine approved STIR Project with a total of 699 market rental units as of April 25, 2012.

***STIR incentives work better for 100% rental than mixed strata/rental projects***

Incentives are more successful when applied to 100% rental projects. For example, the concurrent processing incentive – processing rezoning and development permits at the same time – was more effective for 100% rental projects. Concurrent processing worked well when the form of development did not change significantly through the rezoning process. In most cases, concurrent processing is not feasible for mixed strata/rental projects because they tend to be larger, more complex, and there are frequently changes to the form of development during the rezoning process.

***100% rental projects provide better value***

The City contribution per unit for 100% rental projects is lower than in mixed projects which include both strata and rental units. For those 100% rental projects already approved through the STIR program, the primary financial incentive was the waiving of DCLs. In these projects, \$1.8 million in waived DCLs enabled 372 rental units. The overall financial incentive to create these units was just under \$5,000 per unit. No CACs were collected on 100% rental projects as the increased rental density did not result in any increase in land value.

The City's incentive to mixed strata/rental projects was significantly higher. These projects were more expensive to build (concrete towers) and the rental component was made viable primarily through increased density for the strata condominium component of the projects. The incremental density with the resulting increase in land value, led to the developer providing Community Amenity Contributions (CACs). The market rental units generated in mixed projects through the STIR program were supported through the allocation of a portion of the CACs towards the creation of secured market rental housing.

City staff estimate that the enabling of 327 market rental housing units in mixed strata/rental projects through STIR required an allocation of approximately \$20.2M of CAC value in addition to the \$2.7M in waived DCLs for these projects. This incentive totalled approximately \$70,000/unit.

The cost effectiveness of incentives for 100% purpose built rental housing is a key rationale for the recommendation to focus on 100% rental projects in the City's proposed Secure Market Rental Housing Policy.

The Policy going forward will not be applied to large rezonings involving a mix of rental and strata condominiums. However, these projects continue to represent an opportunity to achieve more affordable housing (from market rental to subsidized housing) through negotiation of the CAC versus the offering of an incentive. A negotiated approach allows the City to balance the opportunity to secure affordable housing with the need to secure other public benefits (e.g. child care centres, community centres, active transportation infrastructure, etc).

**1c. Affordability of STIR units**

Under the STIR program, affordability was targeted towards moderate-income households with the intent of creating market rental for households that cannot afford ownership. Affordability was to be achieved through the tenure, level of finishing, size of units, and other design considerations. STIR has accomplished this goal – rents for all proposed STIR units are significantly more affordable compared to the monthly costs of home ownership. For studio units, the cost to own is

approximately 80% higher than the average proposed rents in STIR projects in the same neighbourhoods. For two-bedroom units, the cost to own is approximately 70% higher.<sup>3</sup>

## 2. PROPOSED POLICY TO ENCOURAGE NEW SECURED PURPOSE BUILT MARKET RENTAL HOUSING FOR 100% RENTAL PROJECTS

Based on the lessons from STIR, Recommendation A of this report seeks Council approval to continue to encourage projects where 100% of the residential development is rental. In order to meet the housing targets established in The Vancouver Housing and Homelessness Strategy, an ongoing rental incentive program is required. Projects may be mixed-use (e.g. include a commercial component) but 100% of the residential portion of the development must be rental. The new policy provides clarification to address issues raised during the pilot. The policy is attached in Appendix A of this report. Key elements are described below.

### 2a. Two administrative streams

Two administrative streams will continue to be offered for projects where 100% of the residential development is rental: simple stream (development permit process) and negotiated stream (rezoning process).

SIMPLE (DEVELOPMENT PERMIT PROCESS)	NEGOTIATED (REZONING PROCESS)
<ul style="list-style-type: none"> <li>For projects which can be developed under existing zoning</li> </ul>	<ul style="list-style-type: none"> <li>For projects which require a change in zoning</li> </ul>
<p><i>Eligible incentives:</i></p> <ul style="list-style-type: none"> <li>DCL waiver</li> <li>Relaxation of unit size to 320 sq. ft (provided design and location meet the City's liveability criteria)</li> <li>Parking requirement reductions</li> <li>Requests for additional density above what is allowed under existing zoning will not be entertained</li> </ul>	<p><i>Eligible incentives:</i></p> <ul style="list-style-type: none"> <li>DCL waiver</li> <li>Relaxation of unit size to 320 sq. ft (provided design and location meet the City's liveability criteria)</li> <li>Parking requirement reductions</li> <li>Additional density beyond what is allowed under existing zoning</li> <li>Concurrent processing</li> </ul>

### 2b. Negotiated stream - additional density requested through rezoning

The STIR pilot program provided insight into the viability of various types of rental projects (e.g. woodframe and concrete) and the corresponding form of development appropriate at different locations. The form of development was a community concern in several projects. Based on these lessons, general guidelines regarding additional density have been developed (see Appendix B for more information). The purpose is twofold: to ensure projects are sensitive to the neighbourhood context; and to provide more clarity for applicants, staff, and the public. All proposals requesting additional density in order to support affordable market rental will continue to be subject to urban design review and a rezoning process including public

<sup>3</sup> Monthly ownership costs are based on the following assumptions: average of all MLS sales prices in 2011 in comparable areas by unit type, 10% down payment, 5% mortgage rate, 25 year amortization, \$150-250 monthly strata fees, monthly property taxes at \$3.59 per \$1000 of assessed value.

hearing. Proposals will be evaluated against the City’s liveability standards, including tower spacing, setbacks, shadowing, view impacts, and contextual fit.

***Locations for rezonings for 100% rental projects***

The proposed policy will continue to support the City’s sustainability goals by encouraging rental housing along commercial areas, neighbourhood “high streets,” arterials, and areas where transit oriented density is being pursued. More specifically, proposals will be considered in:

- areas close to transit, employment and services (e.g. commercial zones, RT zones along arterials);
- multi-family areas (e.g. RM zones) for infill projects or projects on sites that do not have existing rental housing;
- areas with existing rezoning policies or Official Development Plans that accommodate higher residential density (e.g. Downtown District and existing CD-1s) and which do not conflict with existing policies for social housing (e.g. DEOD inclusionary housing policy, small sites policies in Downtown South, etc)
- light industrial areas that currently allow residential (e.g. MC-1 and MC-2)

There are currently four community planning programs underway – in the West End, Grandview-Woodlands, Marpole, and the Downtown Eastside. The interim rezoning policy currently in place in these communities will continue to apply. Appropriate locations for affordable housing including market rental housing will be considered as part of these planning processes to help to help advance the City’s housing strategy.

**2c. Family housing**

Family housing is a City priority. Concerns were raised at the Mayor’s Taskforce on Housing Affordability about the lack of family housing (2 or more bedrooms) achieved through the STIR program – over 85% of the approved STIR units were either bachelor or one-bedroom.

The proposed policy includes a target for family housing units – 25% of all units in secured market rental developments should be appropriate for families. Opportunities to deliver more family units will be encouraged through community planning programs, where higher family housing targets may be appropriate.

**2d. Security of tenure**

One of the most important benefits of purpose-built market rental housing is the long term stability of the stock. Once created, City regulations protect the units from being converted or demolished. Through legal agreements (e.g. Housing Agreement pursuant to section 565.2 of the Vancouver Charter, including no stratification and no separate sales covenants) all purpose-built rental units created under this policy will be secured for a term of 60 years or life of the building, whichever is greater. In addition, market rental units become more affordable over time (see below for more discussion).

**2e. Affordability**

Market rental housing is targeted to moderate income households which cannot afford to own. Affordability will be achieved primarily through the tenure, as renting is inherently less expensive than owning. Over time, the units become more affordable as the building ages. For example, the average rent for a one-bedroom unit built in the 1990s is \$1,047 – this is 44% lower than the average rent for a one-bedroom unit built in the 2000s (\$1,511).

In addition, affordability will be attained through reduced parking, modest size, limited on-site common amenities, level of finishing and other design considerations. The STIR pilot program found that size of units had a significant impact on the affordability of rents proposed. Guidelines have been developed regarding the size of units based generally on BC Housing standards. These guidelines will be used to assist staff in determining the affordability of units proposed. See Appendix C for more information.

All projects will continue to be reviewed by the City Manager to ensure the affordability of units receiving incentives. Not all rental units proposed may qualify for the DCL waiver (e.g. units that have high-end finishings and luxury common amenities or units that are substantially larger than the market norm).

**2f. Rate of Change policy**

Retention of the existing rental housing stock and support for renters are important directions in the Vancouver Housing and Homelessness Strategy. The City currently has rate of change regulations (Rental Housing Stock Official Development Plan) that protect the existing stock of market rental housing and prevent the displacement of renters. These regulations currently apply to all rental units in multi-family zones (RM, FM and CD-1). They will continue to apply in these zoning districts, pending staff review and Council consideration of changes to the rate of change regulations (e.g. City-wide review, recommendations from the three community planning programs, and the Mayor's Task Force on Housing Affordability).

**2g. Future work**

During the STIR Review Process, staff and the Mayor's Task Force recognized an opportunity to accommodate the majority of applications for rental projects through the simple stream (development permit process) rather than through the rezoning process. This would significantly decrease processing times, reduce fees, and provide more clarity and certainty for applicants and the public. This streamlined approach could be implemented through changes to the Zoning and Development By-law (e.g. adding a provision for density bonusing for market rental housing in district schedules or relaxations of regulations to allow additional height and/or density for market rental housing.) This would require a comprehensive review of and amendments to the Zoning and Development By-law district schedules and the procedures for processing. However, reducing reliance on the rezoning process could reduce resource needs and improve the efficiency for processing applications. Staff has committed to working to undertake this initiative in order to expedite the creation of market rental housing, consistent with the goals of the Housing and Homelessness Strategy and the Mayor's Task Force on Housing Affordability.

**3. PARKING REDUCTIONS**

There was high take-up of parking reductions on both 100% rental and mixed strata/rental projects. Aside from lowering project costs, parking reductions help fulfil other City objectives (e.g. Greenest City). An effective way to achieve parking reductions is through car-share substitution (e.g. allow a certain number of parking spaces to be substituted for a single car-share space). Recommendation B of this report seeks changes to the Parking By-law to allow further parking reductions through car-share substitutions for all projects proposing secured market rental units where car share vehicles and dedicated parking spaces are substituted for required parking spaces at a rate of 1:5. The revisions to the Parking By-law will apply to both

100% rental and mixed strata/rental projects. These changes include no limit on the car-share substitutions made in the Downtown and to increase car-share substitution opportunities outside the Downtown from 2 per 100 dwellings to 4 per 100 dwellings, subject to Staff review.

#### 4. OTHER INCENTIVES

While not a City incentive, it should be noted that the exemptions under the New Home Warranty Program complement the incentives offered under the proposed Secured Market Rental Housing Policy. Under the New Home Warranty Program, savings for developers of dedicated rental housing is approximately \$2,000 per unit as they are not required to pay for home warranty insurance and licensing and reconstruction fees. Under this program, owners of dedicated rental projects with no separate sales covenants, applicable for not less than ten years, are eligible. The new proposed Secured Market Rental Housing Policy requires that rental units be secured through a Housing Agreement, including no stratification and no separate sales covenants) for 60 years or life of the building, making them eligible for this program.

#### 5. ONGOING MONITORING

The Housing and Homelessness Strategy Report Card will track market rental housing units created under the proposed policy. The annual report card will measure our progress in meeting the City's housing targets. The Mayor's Task Force on Housing Affordability identified ongoing monitoring and evaluation as an important component to implementation. Staff will be conducting a post-occupancy survey to better understand the housing needs of occupants. The survey will be conducted in 2014 when the first wave of approved STIR projects is complete and occupied.

### *Implications/Related Issues/Risk (if applicable)*

#### *Financial*

##### **Development Cost Levies (DCLs)**

The proposed Secure Market Rental Housing Policy includes offering Development Cost Levy (DCL) waivers as an incentive. Waiving DCLs results in a reduced DCL revenue opportunity to the City. However, to balance this impact, under the STIR program we have seen rental projects which would not have been built had the incentives, including the DCL waiver, not been in place.

Two estimates have been developed to assist in understanding the potential impacts of the DCL waiver<sup>4</sup>. The first estimate assumes that half of the projected 3,350 units built through the Secured Market Rental Housing projects for the next 10 years lead to a reduction in DCLs collected. The second scenario assumes that 75% of the projected projects lead to a reduction in DCLs collected. The analysis focused on the proportionate share of lost revenue across the DCL categories of: childcare, park land acquisition/park upgrades and transportation improvements.

---

<sup>4</sup> Assumptions: a total of 3,350 rental units are forecasted (this is calculated by taking the 10 year target of 5,000 new secured market rental units minus the units anticipated to be delivered under STIR - approx. 1,650 units). The average DCL waiver is anticipated to be about \$5,000 (based on experience with the 100% rental projects under the STIR program).

Estimated foregone DCL revenue over next 10 years required to incent the building of 3,350 units of rental housing:

- for childcare: between \$0.4 and \$0.6 million
- for park land acquisition/park upgrades: between \$3.4 and \$5.2 million
- for transportation improvements: between \$1.8 and \$2.8 million

This represents a 2% to 3% reduction in projected DCL revenue over the next 10 years with the benefit being a significant increase in market rental units across the city. The Capital Program, both the 10 year plan and the 3 year outlook, will be used to ensure an appropriate allocation of all revenue sources to meet the city's needs for childcare, parks and transportation improvements.

There has been very little new purpose-built market rental unit constructed over the last 20 years. The per unit cost to create much needed secured market rental housing is small given the contribution this housing form would provide to increased affordability and housing diversity in the city.

### *CONCLUSION*

The Secured Market Rental Housing Policy has been shaped by the lessons learned through the STIR pilot program. City-level tools can be utilized to create secured market rental housing. The policy implements and helps to achieve the housing targets established in the Vancouver Housing and Homelessness Strategy (2012 - 2021).

\* \* \* \* \*

# Secured Market Rental Housing Policy

Vancouver's  
Housing and Homelessness  
Strategy

A Home for Everyone

May, 2012



TABLE OF CONTENTS

1.0 Introduction

2.0 New Secured Market Rental Housing policies

3.0 Implementation and Monitoring

## 1.0 INTRODUCTION

### **Affordable Housing Choices**

Vancouver is a growing and diverse city with significant housing challenges. Providing more affordable housing choices for all Vancouverites through a range of housing options is critical to the social and economic health of the City.

Rental housing is essential to a healthy and vibrant economy. Essential workers are often renters for a period of time as are new comers who come to Vancouver to contribute to the economic and social vibrancy of our city.

Over 50% of households in Vancouver are renters. Vancouver provides nearly half (46%) of the rental housing in the entire Lower Mainland and more than a quarter (27%) of the rental housing for all of British Columbia.

Renting allows for moderate income households to live in Vancouver. The median income of renters (\$34,000) is half that of owners (\$66,000).

### **Rental Housing Challenges**

Vancouver is an attractive place to live and work. It also has the tightest rental market and one of the lowest vacancy rates in Canada, which over the last 30 years has averaged 0.9 percent. With a growing population, limited increases in income and limited new supply of purpose-built rental housing in recent decades, the need for suitable housing choices for low and moderate income households has grown dramatically.

### **Rental Housing Policies in this Document**

On July 28, 2011, City Council adopted Vancouver's Housing and Homelessness Strategy 2012 - 2021. A goal of the strategy is to provide more affordable housing choices for all Vancouverites. The Strategy identified the need for an additional 16,000 new units of rental housing, of which 5,000 are from purpose-built market rental units.

This document contains policies to encourage new purpose-built market rental housing. These policies are intended to increase the supply of secure market rental housing that is affordable to moderate income households. Affordability will be achieved through tenure, location, modesty in unit size, level of finishing and design, and over time as the buildings age.

The Secured Market Rental Housing Policy is part of a larger strategy that also addresses the housing needs of low income households. The Rate of Change regulations contained in the Rental Housing Stock Official Development Plan and Single Room Accommodation Bylaw are in place to protect the stock of existing affordable market rental housing. The Housing and Homelessness Strategy also sets aggressive targets for social housing (5,000 units by 2021) and supportive housing to end homelessness (2,900 units by 2021).

## 2.0 SECURED MARKET RENTAL HOUSING POLICY

### POLICY 1: Secured Market Rental Housing for Projects where 100% of the Residential Floor Space is Rental

This policy applies to projects where 100% of the residential floor space is unstratified rental housing. Qualifying projects may be mixed use (i.e. include a commercial component), but all of the residential floor space must be rental.

#### *1.1. Residential Rental Projects under Existing Zoning*

Development applications for residential rental projects which can be developed under the existing zoning are eligible for the following incentives:

- Parking reductions as described in the Vancouver Parking Bylaw;
- Development Cost Levy waiver for the residential floor space of the project; and
- Relaxation of unit size to a minimum of 320 sq. ft provided that the design and location of the unit meets the liveability criteria as defined in the Zoning and Development By-law.

#### **Affordability**

Affordability will be achieved through location, reduced parking, modest size, limited on-site common amenities, level of finishing and other design considerations. The suggested guidelines for size of units are generally based on BC Housing standards for affordable housing (please refer to General Administrative Bulletin "Rental Incentive Guidelines for the Secured Market Rental Housing Policy" for more information). All projects will be reviewed by the City Manager to ensure the affordability of units receiving incentives. The DCL waiver is conditional upon staff review and assessment under the Development Cost Levy By-law subject to the discretion of the City Manager.

#### **Security of Tenure**

The rental units will be secured for a term of 60 years or life of the building, whichever is greater, through legal agreements, (e.g. Housing Agreement pursuant to section 565.2 of the Vancouver Charter, including no stratification and no separate sales covenants), or any other legal mechanism deemed necessary by the Director of Legal Services and the Managing Director of Social Development.

For more information on the rental incentives, please refer to the General Administrative Bulletin "Rental Incentive Guidelines for the Secured Market Rental Housing Policy."

### ***1.2. Residential Rental Projects Requiring a Rezoning for Projects where 100% of the Residential Floor Space is Rental***

Rezoning applications may be considered for residential rental projects requesting a change in zoning. These projects are eligible for the following incentives:

- Additional floor area;
- Parking relaxations;
- DCL waiver for the residential rental floor area of the project;
- Relaxation of unit size to a minimum of 320 sq. ft provided that the design and location of the unit provides satisfactory living accommodation; and
- Concurrent processing (Rezoning and Development Permit applications processes concurrently).

Qualifying projects may be mixed-use (e.g. include a commercial component), but all of the residential units proposed in the development must be rental in tenure.

#### **Locations for Rezonings for 100% Rental Projects**

Rezonings for 100% residential rental projects will be considered in the following locations:

- areas close to transit, employment and services (e.g. commercial zones, RT zones along arterials);
- multi-family areas (e.g. RM zones) for infill projects or projects on sites that do not have existing rental housing;
- areas with existing rezoning policies or Official Development Plans that accommodate higher residential density (e.g. Downtown District and existing CD-1s) and which do not conflict with existing policies for social housing; and
- light industrial areas that currently allow residential (e.g. MC-1 and MC-2).

#### **Affordability**

Affordability will be achieved through location, reduced parking, modest size, limited on-site common amenities, level of finishing and other design considerations. The suggested guidelines for maximum size of units are generally based on BC Housing standards for affordable housing (please refer to General Administrative Bulletin "Rental Incentive Guidelines for the Secured Market Rental Housing Policy" for more information). All projects will be reviewed by the City Manager to ensure the affordability of units receiving incentives. The DCL waiver is conditional upon staff review and assessment under the Development Cost Levy By-law subject to the discretion of the City Manager.

#### **Security of Tenure**

The rental units will be secured for a term of 60 years or life of the building, whichever is greater, through legal agreements, (e.g. Housing Agreement pursuant to section 565.2 of the Vancouver Charter, including no stratification and no separate sales covenants), or any other legal mechanism deemed necessary by the Director of Legal Services and the Managing Director of Social Development.

For more information on the rental incentives, please refer to the General Administrative Bulletin "Rental Incentive Guidelines for the Secured Market Rental Housing Policy."

**POLICY 2: Housing for Families**

The City's Secured Market Rental Housing Policy encourages the inclusion of family housing. The City's target for family housing units is set at 25% of units for all secured market rental developments. Family units will be 2 or more bedrooms designed to meet the Council adopted guidelines for High Density Housing for Families with Children.

### 3.0 IMPLEMENTATION AND MONITORING

#### 3.1 Application Review

Interested applicants are encouraged to inquire with City staff at the pre-application stage to determine the suitability of a site and the merits of a particular rental housing proposal.

An interdepartmental staff group consisting of Planning, Development Services, Real Estate, Social Development (Housing) and Engineering will review and evaluate applications and determine if they are supportable. The following requirements will apply at time of application:

*Development Permit Applications for Secured Purpose-Built Market Rental Housing for projects where 100% of the residential floor space is rental*

- No increase in density (meets existing District zoning schedule and/or Director of Planning discretion under the Zoning and Development By-law);
- No fewer than 6 legally secured rental units
- Rental term shall be no less than life of the building or 60 years, whichever is greater;
- Unit sizes no less than 320 square feet; and
- Complete/good quality application which meets City submission requirements.

*Rezoning Applications for Secured Purpose-Built Market Rental Housing for projects where 100% of the residential floor space is rental*

- Proposed increases in density should respect the context of the area and meet the intent of applicable City policies and plans;
- No fewer than 6 legally secured rental units;
- Rental term shall be no less than life of the building or 60 years, whichever is greater;
- Unit sizes no less than 320 square feet; and
- Complete/good quality application which meets City submission requirements.

#### 3.2 Monitoring

The Housing and Homeless Strategy report card will track the rental units created through this policy. The annual report card will help measure and evaluate progress.

# RENTAL INCENTIVE GUIDELINES

*Authority: Director of Planning*  
*Effective May \_\_, 2012*

This Bulletin provides further information on the rental incentives offered under the Secured Market Rental Housing Policy, approved by Council on May \_\_, 2012. The guidelines contained in this document will help inform the way in which the rental incentives are applied to specific projects.

## **Parking Requirement Reductions**

Parking reductions will be considered for all market rental housing units that are secured for a term of 60 years or life of the building, whichever is greater, through a Housing Agreement. For more information, please see "Secured Market Rental Housing" in the City of Vancouver's Parking By-law.

Downtown: secured rental projects will have a greater opportunity to substitute car share services for required parking spaces.

Outside of the Downtown: secured market rental projects will benefit from a reduced parking standard and will have a greater opportunity to substitute car share services for required parking spaces.

## **Development Cost Levy (DCL) Waivers**

Projects where 100% of the residential development is rental in tenure are eligible for a DCL waiver for the rental portion of the development.

Under the Development Cost Levy By-law, DCLs for rental housing can be waived for "*for-profit affordable rental housing*" where the tenure is secured through a Housing Agreement. The City Manager, after considering the finishing, size, limited on-site common amenities, location and other design considerations, and proposed rents, determines whether the project meets the definition of "for-profit affordable rental housing." Rents will generally reflect

market rates for new rental construction in the area and rent increases will be regulated by the Provincial Residential Tenancy Act.

Unit size can contribute significantly to affordability. The suggested maximum sizes for units are:

- studio - 450 sq. ft
- one-bedroom - 600 sq. ft
- two-bedroom - 830 sq. ft. and
- three-bedroom - 1,044 sq. ft.

These unit sizes generally correspond to BC Housing standards for affordable housing and will be used in determining eligibility for DCL waivers. Larger units may be considered where there are design constraints that result in bigger units.

The DCL waiver is conditional upon staff review and assessment under the Development Cost Levy By-law subject to the discretion of the City Manager and forms part of the process for each and every rezoning or development permit application where secured rental housing is proposed.

Not all rental units proposed may qualify for the DCL waiver (e.g. units that have high-end finishings and luxury common amenities or that are substantially larger than the market norm).

#### **Additional Floor Area**

Applications made Under Policy 1.2 (Residential Rental Projects Requiring a Rezoning for Secured Purpose-Built Rental Housing for projects where 100% of the residential floor space is rental) are eligible for additional density. All projects requesting additional floor area through a rezoning are subject to urban design review and a rezoning process including public hearing. Proposals will be reviewed for conformance to the City's liveability standards including tower spacing, setbacks, shadowing, view impacts, overlook and contextual fit. All applicable guidelines of Council will be considered.

The following guidelines provide general direction for consideration of additional density.

*Areas	Zoning District	General Guidelines
Commercial Areas and Arterials	C-1	Generally consider C-2 form of development (e.g. 4 storeys and 2.5 FSR)
	C-2, C-2B, C-2C, C-2C1	Generally consider increases up to 6 storeys and commensurate achievable density
	C-3A, C-5, C-6	Consider additional density; adhere to existing height limits and generally to guidelines
	RT zones on arterials	Generally consider RM-4N form of development (i.e. 1.45 FSR)
Multi-Family areas	RM-3, RM-3A, RM-5A, RM-5B, RM-5C, RM-6	Consider redevelopment of sites where existing rental units do not currently exist and infill development where appropriate on sites where existing tenants are not displaced  Adhere to existing height limits and generally to guidelines
CD-1 zoned areas	CD-1	Consider redevelopment of sites where existing rental units do not currently exist and infill development on suitable sites where existing tenants are not displaced; height and density as appropriate to location and context
Industrial areas that allow residential	MC-1, MC-2	Consider modest increases in height and density
Areas with Official Development Plans that allow residential	ODP areas	Consider development sites which allow for residential density where there are no conflicts with existing policies for social housing (e.g. the density bonus for social housing for small sites in the Downtown South)  Consider additional density appropriate to context; adhere to existing height limits

Interested applicants are encouraged to inquire with City staff at the pre-application stage to determine the suitability of a site and the merits of a particular rental housing proposal.

In areas undergoing community planning programs, there are interim rezoning policies in place. These will continue to apply. Appropriate locations for market rental housing will be considered pending the outcome of these planning processes.

### **Concurrent Processing**

Applications made Under Policy 1.2 (Residential Rental Projects Requiring a Rezoning for Secured Purpose Built Rental Housing for projects where 100% of the residential development is rental) are eligible for concurrent processing of rezoning and development permits where the form of development at rezoning is known and supportable. Applicants are not encouraged to incur the expense of development permit drawings when the form of development is uncertain at rezoning.

Parking By-law amending by-law  
Re: Secured Market Rental Housing Program

BY-LAW NO. \_\_\_\_\_

**A By-law to amend Parking By-law No. 6059  
with regard to Secured Market Rental Housing**

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

1. This By-law amends the indicated provisions of the Parking By-law.
2. In section 2, Council repeals the definition of “Eligible Development”, and substitutes in the appropriate alphabetical order:

“Secured Rental Housing” means a development or part of a development, used only as rental housing, which has a covenant or housing agreement registered against title restricting its use to rental housing, for the longer of sixty years or the life of the building, or for such other term as agreed on by the city and the owner;”
3. In section 3.2.2, Council strikes out subsection (b), and substitutes:

“(b) for secured rental housing Downtown, at a 1:5 ratio, with no maximum number of shared vehicle parking spaces or shared parking spaces;”
4. In subsection 3.2.2(c), Council:
  - (a) strikes out “in eligible developments”, and substitutes “for secured rental housing”; and
  - (b) strikes out “2” wherever it occurs, and substitutes “4”.
5. In subsection 3.2.2(d), Council strikes out “in developments that are both non-eligible and eligible,” and substitutes “for developments with secured rental housing and other residential uses,”.
6. In section 3.2.2A, Council strikes out “eligible development”, and substitutes “secured rental housing”.
7. In subsection 3.2.2B(a)(iii), Council strikes out “eligible developments” and “eligible development” wherever those terms appear, and substitutes “secured rental housing” in each case.



**STIR RESULTS AND PROGRAM OBJECTIVES - SUMMARY**

Staff evaluated the results of STIR against the Program’s original 5 objectives and found the results to be in-line with the objectives.

Objectives	Snap Shot of Results
1. Increase supply of market rental housing	<ul style="list-style-type: none"> <li>• Potential of 1,648 market rental units created across the City</li> <li>• There are 699 units (9 projects) approved/under construction and 949 units (16 projects) in application</li> <li>• Significantly more market rental units created as a result of STIR:               <ul style="list-style-type: none"> <li>-pre STIR - an average of 150 units/year from 2006 to 2010</li> <li>-post STIR - approx. 550 units/year is anticipated over the next three years (2012 - 2014)</li> </ul> </li> </ul>
2. respond to economic downturn and stimulate employment	<ul style="list-style-type: none"> <li>• Approximately 2,000 jobs<sup>6</sup> were created for the 699 approved market rental units</li> <li>• The 949 market rental units in application could create an additional 2,660 jobs</li> </ul>
3. Support City’s sustainability goals by encouraging rental housing along commercial arterials, ‘ high’ streets, and transit centres	<ul style="list-style-type: none"> <li>• All projects are located along commercial arterial, neighbourhood high streets, and within walking distance to areas served by transit</li> </ul>
4. Encourage development of market rental housing for households that cannot afford to buy a home	<ul style="list-style-type: none"> <li>• Affordability was primarily achieved through rental tenure. Renting a new market rental housing unit is more affordable than home ownership</li> <li>• Affordability was also achieved through modesty requirements to limit private amenities, keep unit sizes small, and level of finishings basic</li> <li>• Comparing monthly costs, the proposed rents on STIR projects are significantly lower than the cost of ownership (e.g. owning is 23% to 118% higher for a bachelor unit)</li> <li>• It would be possible to achieve deeper levels of affordability with help from senior governments (e.g. capital grants, tax incentives, rent supplements, or operating subsidies)</li> </ul>

<sup>6</sup> Formula based on CMHC formula for job creation

<p>5. Inform the City's long-term housing policies by testing City's ability to enable Market Rental Housing without senior government assistance</p>	<ul style="list-style-type: none"><li>• Creation of market rental housing units is possible without senior government assistance - all STIR units were created using only City-level incentives</li><li>• High take-up of incentives on approved projects:<ul style="list-style-type: none"><li><u>DCL waiver</u> - 100% take-up by applicants</li><li><u>Parking reductions</u> - 78% take-up<sup>7</sup> by applicants</li><li><u>Additional Density</u> - 78% take-up by applicants -density increases ranged significantly, depending on site, location, context and urban design (from 0.3 to 4.1 FSR)</li></ul></li><li>• <u>Expedited Processing</u> was offered through the concurrent process - compared to other incentives, there was lower take-up of the concurrent process (40% take-up by applicants)<ul style="list-style-type: none"><li>-concurrent processing worked well when form of development doesn't change through the rezoning process - all eligible 100% rental projects took advantage of this incentive. The time saved on these projects ranged from 5 to 8 months</li><li>-concurrent processing does not work well for complex mixed strata/rental projects where form of development changes during the rezoning process</li></ul></li></ul>
---	---

<sup>7</sup> Figure does not include 8018-8150 Cambie Street or 1650 Quebec, which was not eligible for parking reductions.