

Secured Market **Rental Housing** Policy

Presentation to City Council, May 15, 2012





Secured

Market

Rental Housing



Secured

guaranteed rental for life of building

Market

rents set the by market

Rental Housing

built solely for rental



Renters are an **important** part of the City



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More than half (52%) of households rent

Renters are essential to a **healthy** and **vibrant economy**





“Vancouver’s **economy** depends on attracting and retaining talent. **Affordable** housing of all types, including **market rentals**, is essential to the City’s current and **future competitiveness**.”

***John Tylee, Director of Policy and Research
Vancouver Economic Development Commission***

Renting meets the needs of **diverse** populations



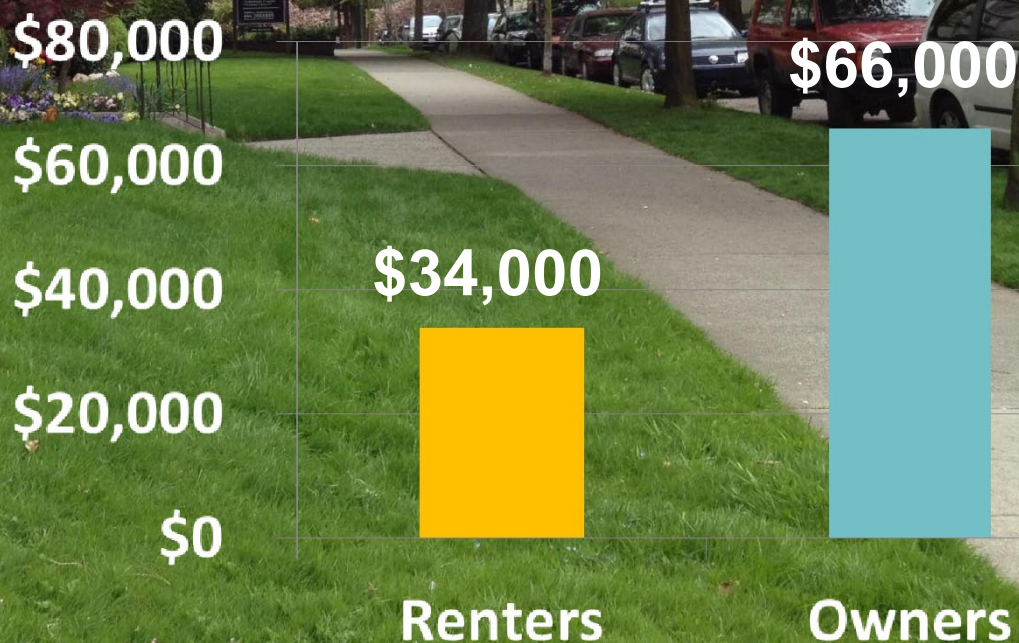
Renting is **affordable**



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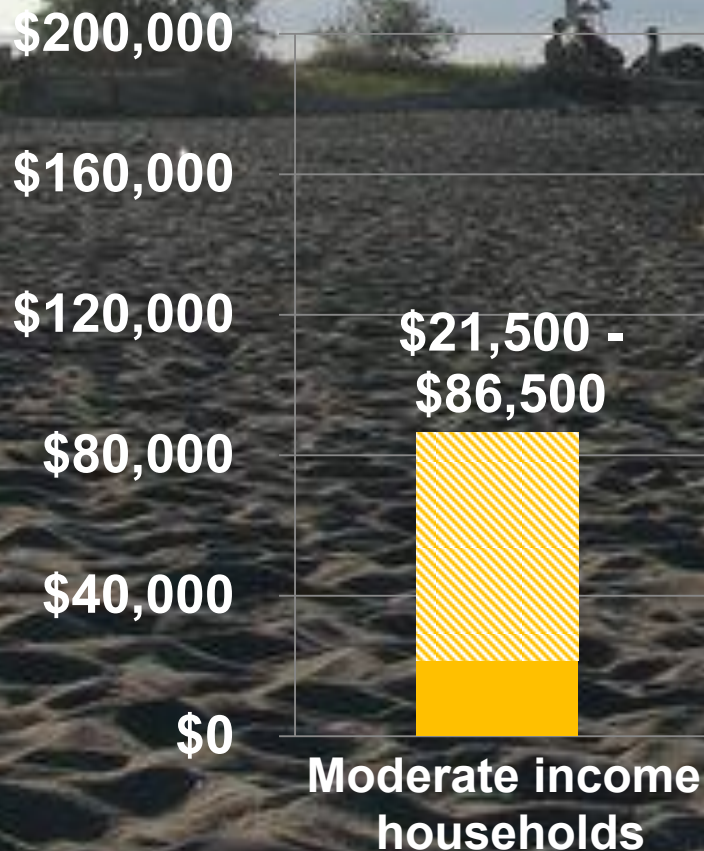
Income of renters is half that of owners

Median Income – Owners vs. Renters



Renting allows **moderate income** households to stay in the City

What are moderate income households?




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What are moderate income households?



Renting allows **moderate income** households to stay in the City

A photograph of a man and a young child walking along a dark, pebbly beach towards the ocean. The man is wearing a light blue shirt and dark shorts, and the child is wearing dark shorts. They are walking away from the camera. In the background, there are mountains and a few people sitting on the beach under umbrellas. The sky is clear and blue.


income required for homeownership
Is significantly higher than moderate
income households and families have
even greater challenges



Conclusion: Renting may be the only option for a significant portion of households in Vancouver



Why are people **choosing** to rent?

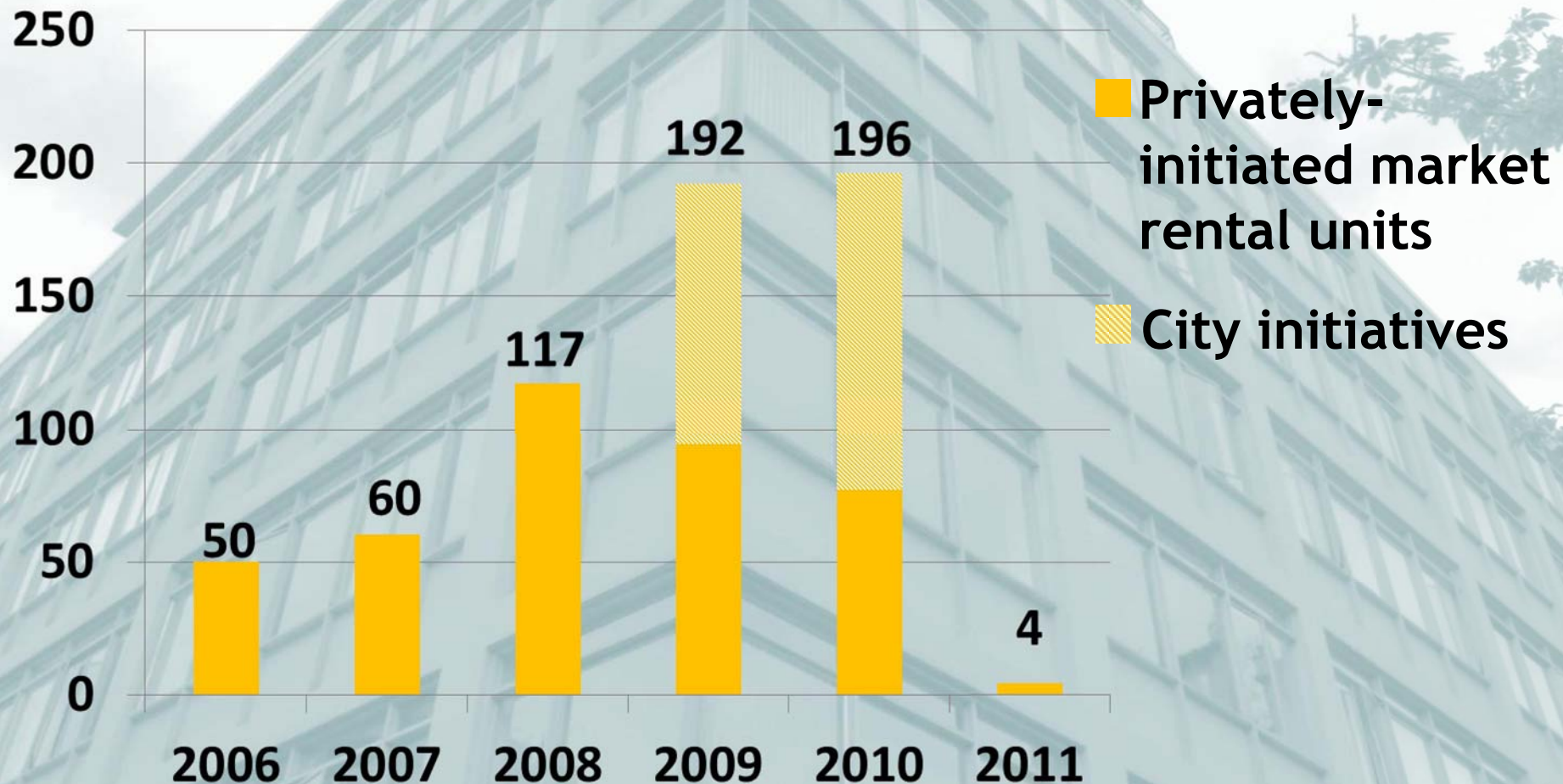
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- Changing attitudes towards home ownership
 - Economic freedom
 - Changing lifestyles (e.g. more likely to move and change jobs)
 - Often better access to services and transit

Great demand for rental housing

NO VACANCY

**An additional 1,500
rental units are
needed each year**

Only **150 units/year** of new rental units constructed over last 5 years

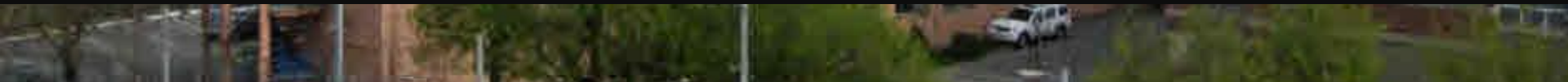




**So what's been
filling this gap?**



Today the dominant source of new rental housing is **rented condos**



How many **rented condos** are there?



- 22,000 rented condos (32% of all condominiums)
- Since 2006, rented condos have increased by 1,300 units/year

While rented condos are important,
they have **limitations**

Less stable

Owner can sell and move back at any time



While rented condos are important,
they have **limitations**

Vulnerable to changes in economic climate

mortgage rates increase

new CMHC rules around
second mortgages

other investments may become
more attractive



While rented condos are important,
they have **limitations**

65% of all rented
condos are Downtown

How will the increasingly
**limited development
opportunities** Downtown
affect future supply?



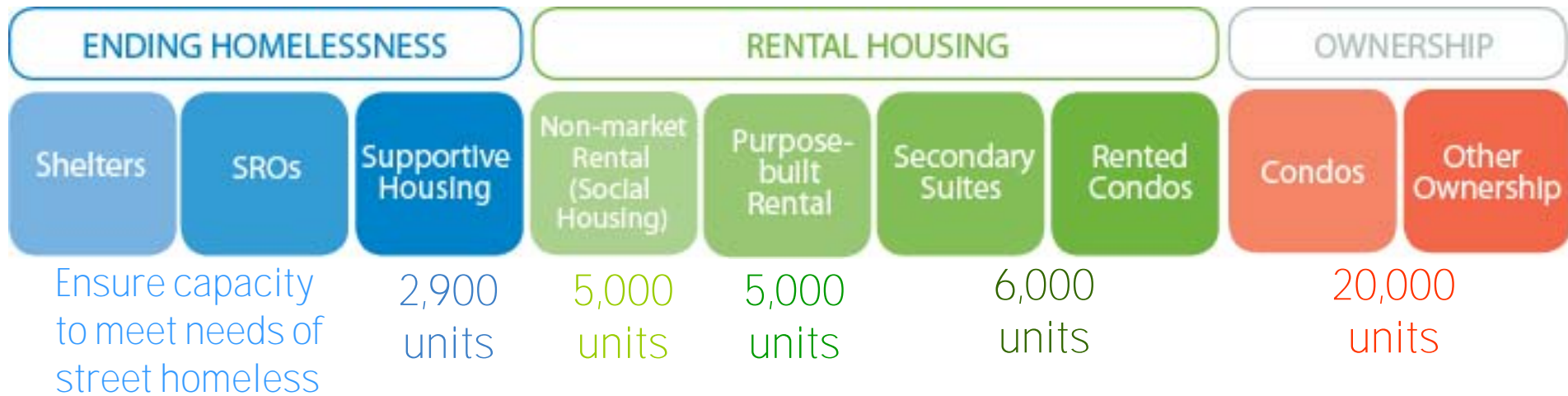
The key is **housing diversity**

One size doesn't fit all



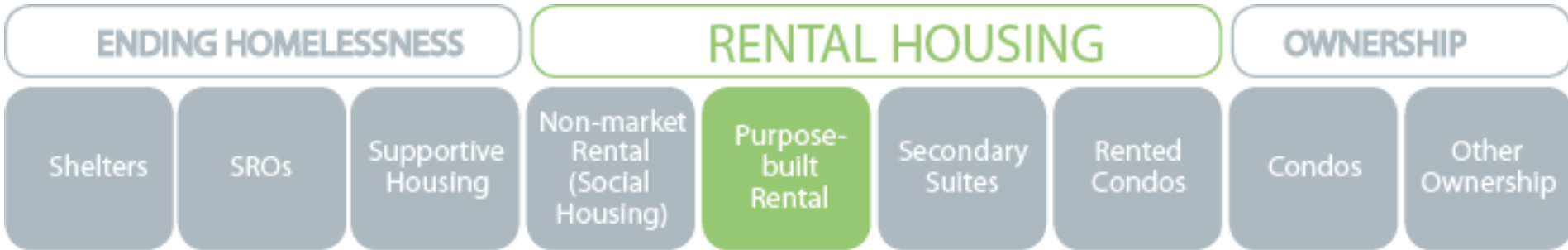
Vancouverites need **more choices** across the housing continuum

Housing Targets 2012 - 2021



Vancouver Housing and Homelessness Strategy

Why **secured** market rental?



- ✓ Long-term stability
- ✓ Becomes more affordable over time
- ✓ More diversity and choice for renters





STIR - Short Term Incentives for Rental

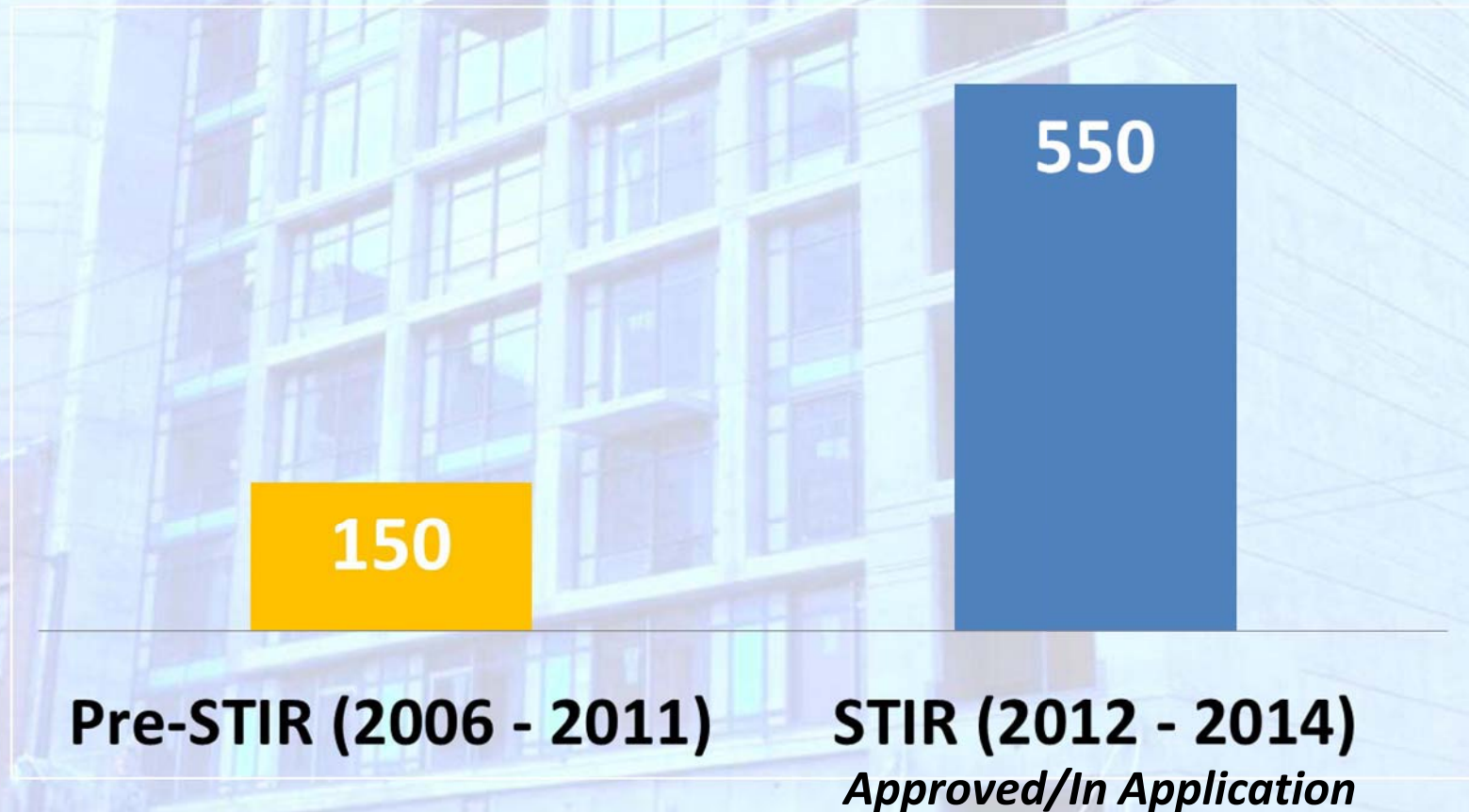
- **2.5 year pilot (2009-11)**
- **Test City's ability to enable market rental housing without senior gov't involvement**
- **Incentives offered:** parking reductions, density bonus, DCL waivers, expedited processing



STIR created as many as
1,650 new market rental units

Significantly **more market rental** units
as a result of STIR

New Market Rental (Units/Year)

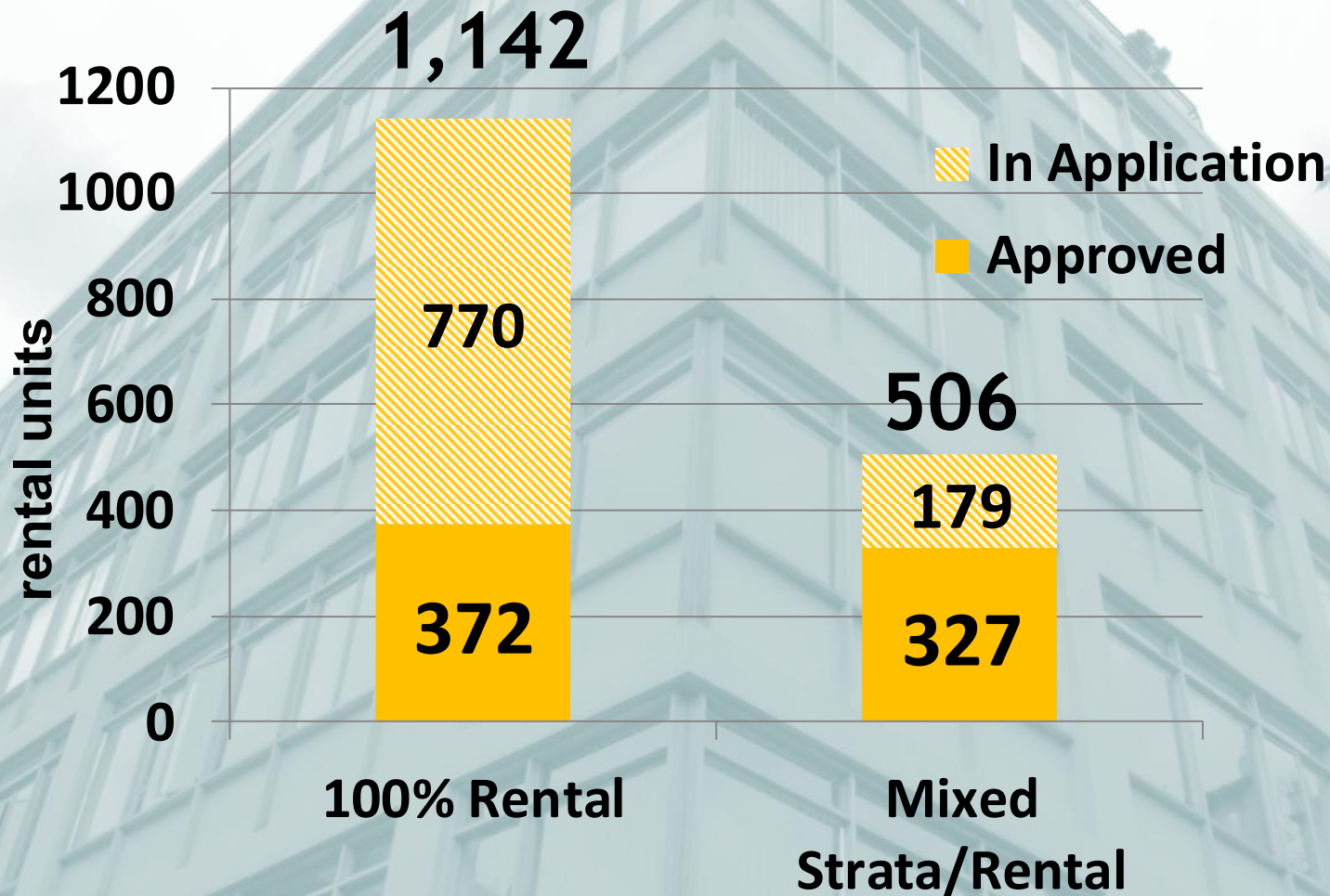




Proposed Secured Market Rental Housing Policy

*Building on lessons learned
through STIR*

STIR Lesson 1: More units created in **100% rental** projects than mixed strata/rental projects



STIR Lesson 2: 100% rental projects provide better value

100% Rental Projects

\$1.8 million (DCL waived)



372 Rental Units



\$4,900/unit

Mixed Strata/Rental Projects

\$2.7 million (DCL waived)
\$20.2 million
(CACs allocated to rental)



327 Rental Units



\$70,000/unit

Proposed Policy

Encourage
projects where
100% of the
residential
development is
rental



Proposed Policy

INCENTIVES:

- Parking reductions
- DCL waiver
- Density bonus
- Concurrent processing
- Relaxation of unit size to 320 sq. ft



Proposed Policy

**Estimated
forgone DCL
revenue to meet
10 year target:**

- \$6 – 9 million
- 2 – 3% of total DCL revenue



STIR Lesson 3: Affordability



The City can stimulate market rental housing for moderate income households

Senior government involvement is essential in creating housing for low income households (e.g. social housing)

Proposed Policy



Achieve
affordability by
encouraging
market rental
housing targeted to
moderate income
households

Proposed Policy



Affordability

encouraged through:

- Reduced parking
- Limited private amenities
- Basic finishings

A photograph of a person with long hair, wearing a dark jacket and a backpack, walking away on a paved path in a garden. The path is bordered by a black fence on the left and a large green bush on the right. In the background, there are trees and a building.

Proposed Policy

Size has an impact on
affordability

new guidelines for
unit size

- *Studio – 450 sq. ft*
- *One-bed – 600 sq. ft*
- *Two-bed – 830 sq. ft.*
- *Three-bed – 1,044 sq. ft*



STIR Lesson 4: Stability

One of the most important benefits of purpose-built market rental is long-term **stability** of the stock



Proposed Policy

All rental units will be secured for 60 years or life of the building

- *Housing agreement*
- *No-stratification*
- *No separate sales covenant*



STIR Lesson 5: Diversity of Unit Mix

STIR produced
primarily
bachelor and
one-bedroom
units

Proposed Policy

More emphasis on family units – 25% of units will be targeted for families



STIR Lesson 6: Clarity

Lack of clarity around form of development was a concern to applicants and public

Proposed Policy

General guidelines around additional density have been developed to improve clarity for developers and public

General **Guidelines** for Additional Density

Additional density only considered in areas that support our sustainability goals:

- commercial areas
- neighbourhood 'high streets'
- Arterials
- areas well served by transit



General **Guidelines** for Additional Density

Commercial areas



*C1 (1.2 FSR,
generally 3 storeys)*



C2 form (2.5 FSR, 4 storeys)

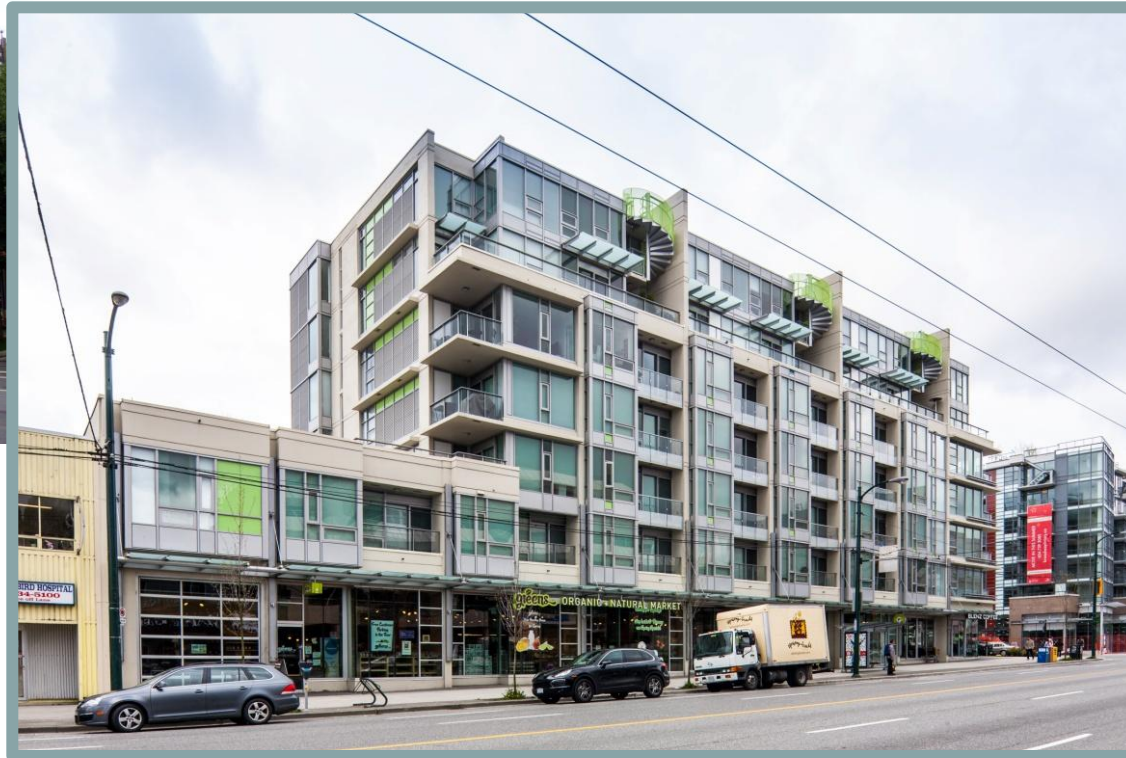
General **Guidelines** for Additional Density



C2 (2.5 FSR, 4 storeys, 3 floors residential)



Commercial areas



6 storeys (5 floors residential above retail)

General **Guidelines** for Additional Density

Duplex along arterials



Duplex (RT zones)



*Low-rise apartment (1.45 FSR,
3 to 4 storeys)*

General **Guidelines** for Additional Density



Multi family (apartment areas)

(RM, FM, and some CD1 zones where the existing rental stock is protected by rate of change regulations)

Allow infill or development on sites where existing tenants are not displaced

Adhere to existing height limits, allow for additional density

Empty lot in a RM zone

STIR Lesson 7: Reduce Parking



Parking reductions lower project costs and help fulfill other City objectives

Proposed changes to **Parking By-law**

Allow further parking reductions through car-share substitution

- no limit downtown
- Increase car-share substitution City-wide:
 - 4 per 100 dwellings (up from 2 per 100 dwellings)



Proposed Policy: Summary

- 100% market rental
- Affordable to moderate income households
- Secured for life of building
- More emphasis on family units
- More clarity around density
- Additional parking reductions





Ongoing **Monitoring**

**Annual Housing and Homelessness
Report Card will measure progress**

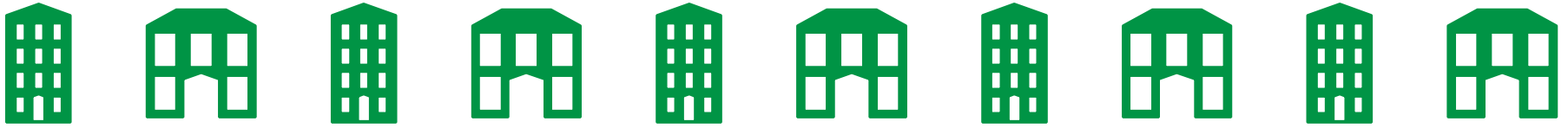


1,650 rental units by 2014 through STIR

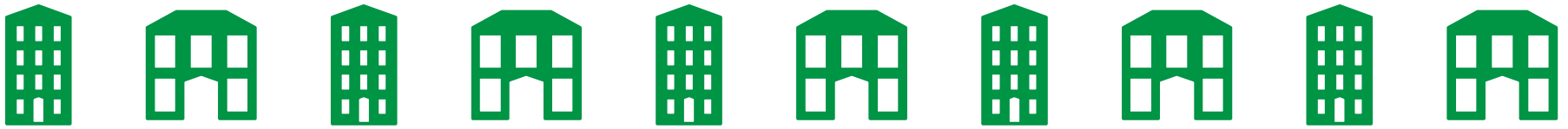


Meeting our **5,000 unit** market rental housing target

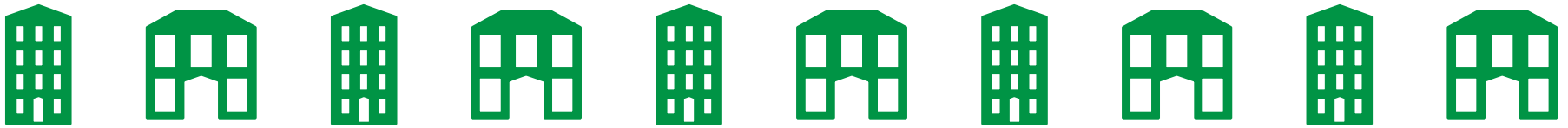




Meeting our **5,000 unit** market rental housing target



Proposed policy will help meet our targets



A home for everyone

