



ADMINISTRATIVE REPORT

Report Date: April 7, 2014
Contact: Mukhtar Latif
Contact No.: 604.871.6939
RTS No.: 10544
VanRIMS No.: 08-2000-20
Meeting Date: April 15, 2014

TO: Vancouver City Council
FROM: Chief Housing Officer in consultation with the Director of Legal Services
SUBJECT: Development Cost Levy By-law Amendments regarding Social Housing

Report to proceed only if Council has approved the amendments to the Zoning and Development By-law, the Downtown Eastside/Oppenheimer Official Development Plan By-law, and the Downtown Official Development Plan By-law for Victory Square (*Unfinished Business Item 1*).

RECOMMENDATION

THAT Council amend the Vancouver Development Cost Levy By-law and the Area Specific Development Cost Levy By-law to amend the definition of Social Housing generally in accordance with Appendix A and B respectively;

FURTHER THAT the Director of Legal Services be instructed to bring forward the amendments to these by-laws.

REPORT SUMMARY

This report recommends amendments to the definition of social housing in the Vancouver Development Cost Levy By-law and the Area Specific Development Cost Levy By-law (collectively the "DCL By-laws") to align with recent Council's decisions regarding the DTES Local Area Plan and related By-law amendments.

On March 15, 2014 Vancouver City Council adopted the DTES Local Area Plan (LAP) (the "Plan") and Rezoning Policy for the Downtown Eastside (RTS # 010175). Amendments to the Zoning and Development By-law, Downtown Eastside/Oppenheimer Official Development Plan (DEO ODP), and the Downtown Official Development Plan (DEOP) for Victory Square were referred to public hearing.

Affordability, especially for people on income assistance, was a key issue raised during the DTES Local Area Plan. Changes to the “social housing” definition in the DTES LAP reflect the need for an enhanced level of affordability in the DTES area, including at least one-third of new social housing units at the shelter component of Income Assistance for low-income households.

Additional citywide changes included the need to clarify and align the definition of “social housing” in accordance with the Vancouver Charter, in terms of non-profit and government ownership, and updated terminology in regards to defining eligibility for the minimum affordability component of social housing.

As part of that plan and the by-laws referred to a public hearing on April 1, 2014, Council approved a change to the definition to “social housing” in the Zoning and Development By-law, the Downtown Eastside/Oppenheimer Official Development Plan (DEO ODP), and the Downtown Official Development Plan (DEOP). That definition is now different than the definition in both development cost levy by-laws.

In order to complete Council’s implementation of the new definition of “social housing” in all relevant by-laws which impact on social housing, it is necessary to amend the definition of “social housing” in both development cost levy by-laws so the definition is the same in all five by-laws.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

- Downtown Eastside Local Area Plan (2014)
- Rezoning Policy for the Downside (2014)
- Vancouver’s Housing and Homelessness Strategy 2012-2021 (2012)
- Development Cost Levy By-law (No. 9755)
- Area Specific Development Cost Levy By-law (No. 9418)

CITY MANAGER’S/GENERAL MANAGER’S COMMENTS

The development of new social housing is a priority for the City of Vancouver to ensure housing affordability for the long-term. Despite challenges in securing funding from ongoing senior government social housing programs, the City has seen social housing units achieved through the development of market housing.

The recommendations in this report to amend the definition of “social housing” in the DCL by-laws to be consistent with the definition of “social housing” in other by-laws will mean that a social housing development that meets such definition will be eligible for an exemption of the development cost levy.

The City Manager recommends approval of the foregoing.

REPORT

Background/Context

The authority of Council to impose development cost levies is set out in section 523D of the Vancouver Charter. That section provides that no development cost levy is payable for social housing and gives Council the authority to define what constitutes social housing, within the parameters described in subsection (10)(d) which states:

- “(10) No levy is payable under a by-law made under this section...
(d) where a parcel of land, owned by the Federal or Provincial government, the City of Vancouver or a non-profit organization, is or will be, after construction, alteration or extension, used for social housing and, for the purposes of this paragraph, Council may define what constitutes social housing.”

Pursuant to that authority, Council has redefined “social housing” in the three by-laws considered at the April 1, 2014 public hearing and it is proposed that Council approve similar amendments to the DCL By-laws.

Currently the development cost levy By-law definition is as follows:

“social housing”, for the purpose of section 523D(10)(d) of the Vancouver Charter, means:

- (a) housing in which households with incomes below core-need income thresholds occupy at least 30% of the dwelling units;
- (b) rental housing owned by or on behalf of the city, Province of British Columbia, or Canada,
- (c) rental housing owned by a non-profit corporation, or
- (d) housing owned by a non-profit co-operative association,

On March 15, 2014, Council approved the Downtown Eastside (DTES) Local Area Plan (LAP) and Rezoning Policy for the Downtown Eastside, including changes to the definition of “social housing” in the DTES and citywide.

Amendments to the definition of “social housing”, reflected by the policy approvals in the DTES LAP, in the Zoning and Development By-law, Downtown Eastside/Oppenheimer Official Development Plan (DEO ODP) By-law and the Downtown Official Development Plan By-law (Victory Square only) were referred to a public hearing on April 1, 2014.

Strategic Analysis

Social housing is an essential part of the housing continuum, providing secure affordable rental housing in the non-market sector for low and moderate-income households who may otherwise not be able to afford to live in Vancouver. The City’s Housing and Homelessness Strategy (2012) identifies the importance of creating housing options for all Vancouverites by providing a mix of housing types across city.

Private and non-profit developers will continue to play an important role in creating new social housing units through inclusionary zoning and rezoning policies in the DTES and across the city. An exemption from the Development Cost Levy is key incentive to achieve the construction of new social housing. Non-profit and government partners will also continue to play key roles in the ownership and operation of these social housing units. Non-profit and government partners play key roles in the ownership and operation of these social housing units.

This report makes recommendations to amend the “social housing” definition in the Vancouver Development Cost Levy By-law and Area Specific Development Cost Levy By-law (Appendices A and B respectively) to make such definition the same as the definition of “social housing” in the Downtown Eastside Local Area Plan and Rezoning Policy and other City by-laws.

More specifically, the Vancouver Development Cost Levy By-law amendments in Appendix A, and the Area Specific Development Cost Levy By-law amendments in Appendix B include:

- Replacing the term “core need” with “Housing Income Limits” or HILs in 2(a). HILs are the maximum gross household incomes eligible for subsidized social housing and they are published annually by BC Housing. HILs reflects the incomes required to afford the average market rent of studio, 1-bedroom, 2-bedroom, and 3-bedroom units in the private rental sector. Average market rents are taken from the Canada Mortgage and Housing Corporation (CMHC) annual Rental Market Survey.
- Replacing ‘or’ in 2 (b) with ‘and’ to provide clarification that both the level of affordability and ownership requirements must be met to be defined as “social housing” that is eligible for DCL exemption, in alignment with the Vancouver Charter.
- Defining the level of affordability in the HA-2 district; in the area of the FC-1 district located north of National Avenue; in the area of the M-1, I-2, RT-3 and RM-3A districts located north of Venables Street, Malkin Avenue and Prior Street, south of Hastings Street, east of Gore Avenue and west of Clark Drive; in the Downtown-Eastside Oppenheimer district; and in the area of the Downtown district denoted as C2 on Map 1 of the Downtown Official Development Plan as including “least one third of the dwelling units are occupied by persons eligible for either Income Assistance or a combination of Old Age Pension and Guaranteed Income Supplement and are rented at rates no higher than the shelter component of Income Assistance”

Implications/Related Issues/Risk (if applicable)

Financial

The proposed amendments to the DCL By-laws standardize the definition of “social housing” among all City By-laws. As such, there is no change to the anticipated amount of DCL to be exempted for “social housing” projects.

CONCLUSION

Social housing remains an essential goal to achieving and sustaining housing affordability in Vancouver. This report recommends changes to the Vancouver Development Cost Levy By-law and Area Specific Development Cost Levy By-law to be consistent with the recently approved revised definitions of "social housing" as part of the Downtown Eastside Local Area Plan and related By-laws.

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BY-LAW NO. _____

**A By-law to amend
Vancouver Development Cost Levy By-law No. 9755,
regarding the definition of social housing**

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

1. This By-law amends the indicated provisions of By-law 9755.
2. In section 1.2, Council strikes out the definition of “social housing” and substitutes:
“ “social housing”, for the purposes of section 523D (10)(d) of the Vancouver Charter, means rental housing:
 - (a) in which at least 30% of the dwelling units are occupied by households with incomes below housing income limits, as set out in the current “Housing Income Limits” table published by the British Columbia Housing Management Commission, or equivalent publication;
 - (b) which is owned by a non-profit corporation, by a non-profit co-operative association, or by or on behalf of the city, the Province of British Columbia, or Canada; and
 - (c) in respect of which the registered owner or ground lessee of the freehold or leasehold title to the land on which the housing is situate has granted to the city a section 219 covenant, housing agreement, or other security for the housing commitments required by the city, registered against the freehold or leasehold title, with such priority of registration as the city may require;

except that in the HA-2 district; in the area of the FC-1 district located north of National Avenue; in the area of the M-1, I-2, RT-3 and RM-3A districts located north of Venables Street, Malkin Avenue and Prior Street, south of Hastings Street, east of Gore Avenue and west of Clark Drive; in the Downtown-Eastside Oppenheimer district; and in the area of the Downtown district denoted as C2 on Map 1 of the Downtown Official Development Plan; social housing means rental housing:

- (d) in which at least one third of the dwelling units are occupied by persons eligible for either Income Assistance or a combination of Old Age Pension and Guaranteed Income Supplement and are rented at rates no higher than the shelter component of Income Assistance;
- (e) which is owned by a non-profit corporation, by a non-profit co-operative association, or by or on behalf of the city, the Province of British Columbia, or Canada; and

BY-LAW NO. _____

**A By-law to amend
Area Specific Development Cost Levy By-law No. 9418,
regarding the definition of social housing**

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

1. This By-law amends the indicated provisions of By-law 9418.
2. In section 1.2, Council strikes out the definition of “social housing” and substitutes:
“ “social housing”, for the purposes of section 523D(10)(d) of the Vancouver Charter, means rental housing:
 - (a) in which at least 30% of the dwelling units are occupied by households with incomes below housing income limits, as set out in the current “Housing Income Limits” table published by the British Columbia Housing Management Commission, or equivalent publication;
 - (b) which is owned by a non-profit corporation, by a non-profit co-operative association, or by or on behalf of the city, the Province of British Columbia, or Canada; and
 - (d) in respect of which the registered owner or ground lessee of the freehold or leasehold title to the land on which the housing is situate has granted to the city a section 219 covenant, housing agreement, or other security for the housing commitments required by the city, registered against the freehold or leasehold title, with such priority of registration as the city may require;

except that in the HA-2 district; in the area of the FC-1 district located north of National Avenue; in the area of the M-1, I-2, RT-3 and RM-3A districts located north of Venables Street, Malkin Avenue and Prior Street, south of Hastings Street, east of Gore Avenue and west of Clark Drive; in the Downtown-Eastside Oppenheimer district; and in the area of the Downtown district denoted as C2 on Map 1 of the Downtown Official Development Plan; social housing means rental housing:

- (d) in which at least one third of the dwelling units are occupied by persons eligible for either Income Assistance or a combination of Old Age Pension and Guaranteed Income Supplement and are rented at rates no higher than the shelter component of Income Assistance;
- (e) which is owned by a non-profit corporation, by a non-profit co-operative association, or by or on behalf of the city, the Province of British Columbia, or Canada; and

