



VANCOUVER  
**HOUSING**  
INITIATIVE

A CITY  
EVERYONE  
CAN CALL  
HOME

**Enhancing Housing for  
Families:  
Amendments to the DCL  
By-laws – Definitions of  
For-Profit Affordable Rental  
Housing**

Presentation to City Council  
May 26, 2015





Families and children are vital to our economy, environment and community well being.

# Family-oriented rental housing supports a green, healthy and economically vibrant future for Vancouver



- Parents are key workers; family rental helps attract and retain business and talent
- Enables families with children to live close to work and school so they can walk, bike and take transit
- Overcrowding negatively impacts child development and school readiness



# Adequate and Affordable Housing for Families

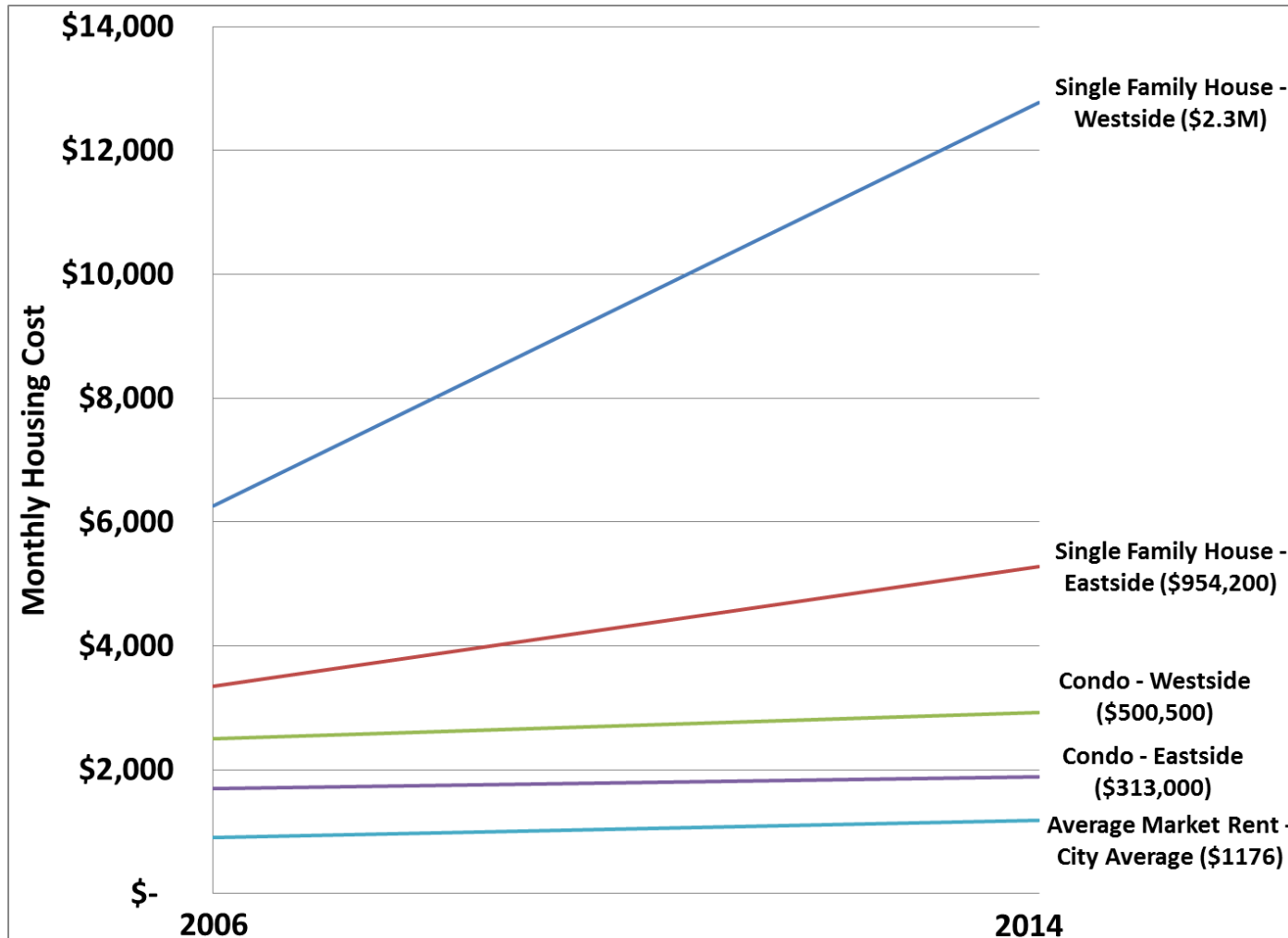


- 8000 families in 1-bed and studio apartments
- 621 Vancouver Households with 3+ people on the BC Housing Waitlist



Source: Statistics Canada, National Household Survey 2011 and BC Housing, Registry Applicants Wait List March 2014.

# Renting is More Affordable than Owning



Sources: REBGV Monthly Statistical Reports (October of Each Year - Benchmark sales prices), CMHC Fall 2006 and Fall 2014 Rental Market Report and City of Vancouver. Ownership costs based on the following assumptions: 10% down payment, 5% mortgage rate, 25-year amortization, \$150-250 monthly strata fees and monthly property taxes at \$3.68 per \$1,000 of assessed value.

# Housing & Homelessness Strategy 2012-2021



## Strategic Directions:



STRATEGIC  
DIRECTION 1

Increase the supply of  
affordable housing

**Enable New  
Affordable  
Rental Supply**



STRATEGIC  
DIRECTION 2

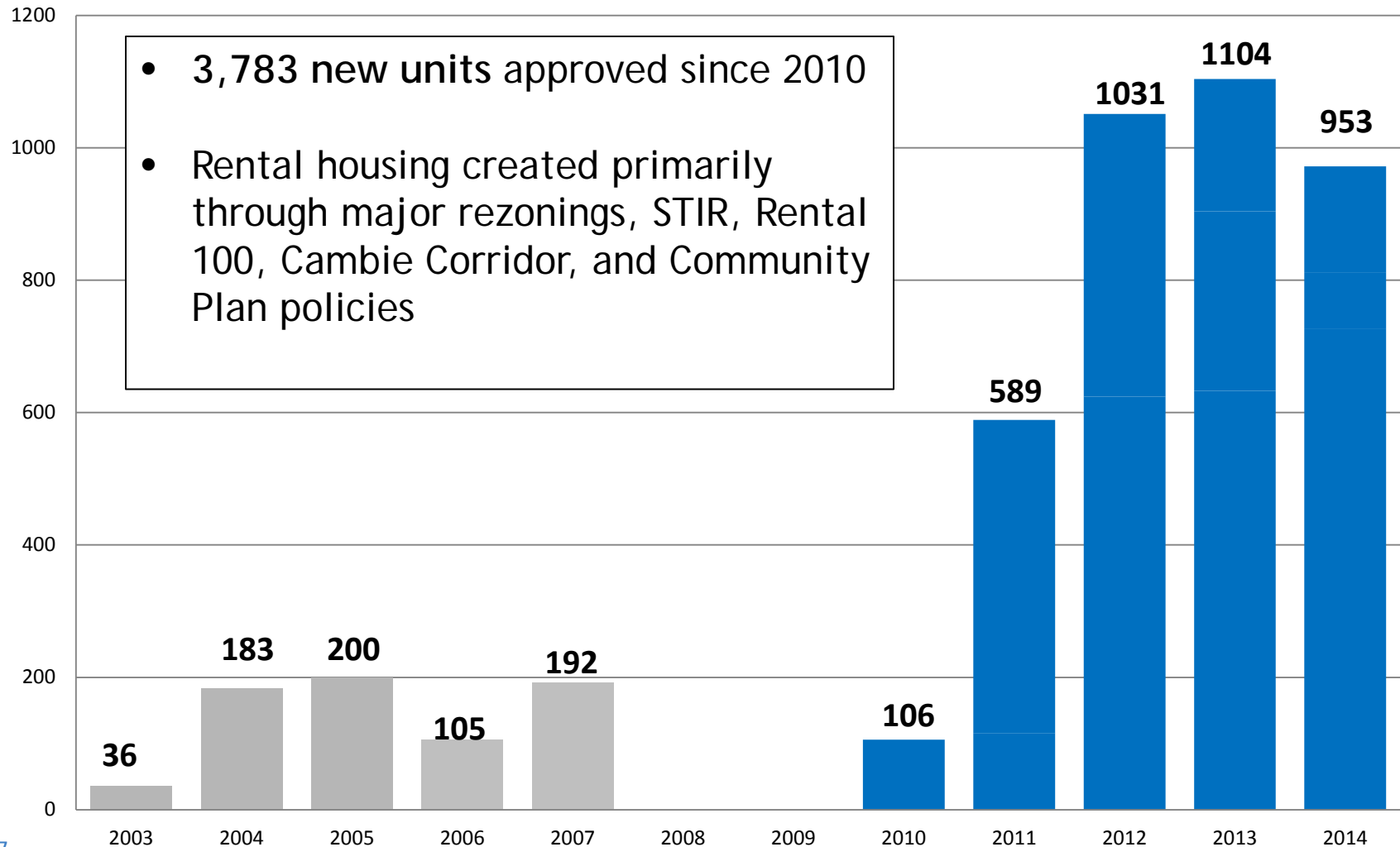
Encourage a housing  
mix across all  
neighbourhoods that  
enhances quality of life



STRATEGIC  
DIRECTION 3

Provide strong  
leadership and support  
partners to enhance  
housing stability

# Impact of Rental Incentives in Enabling Secured Market Rental

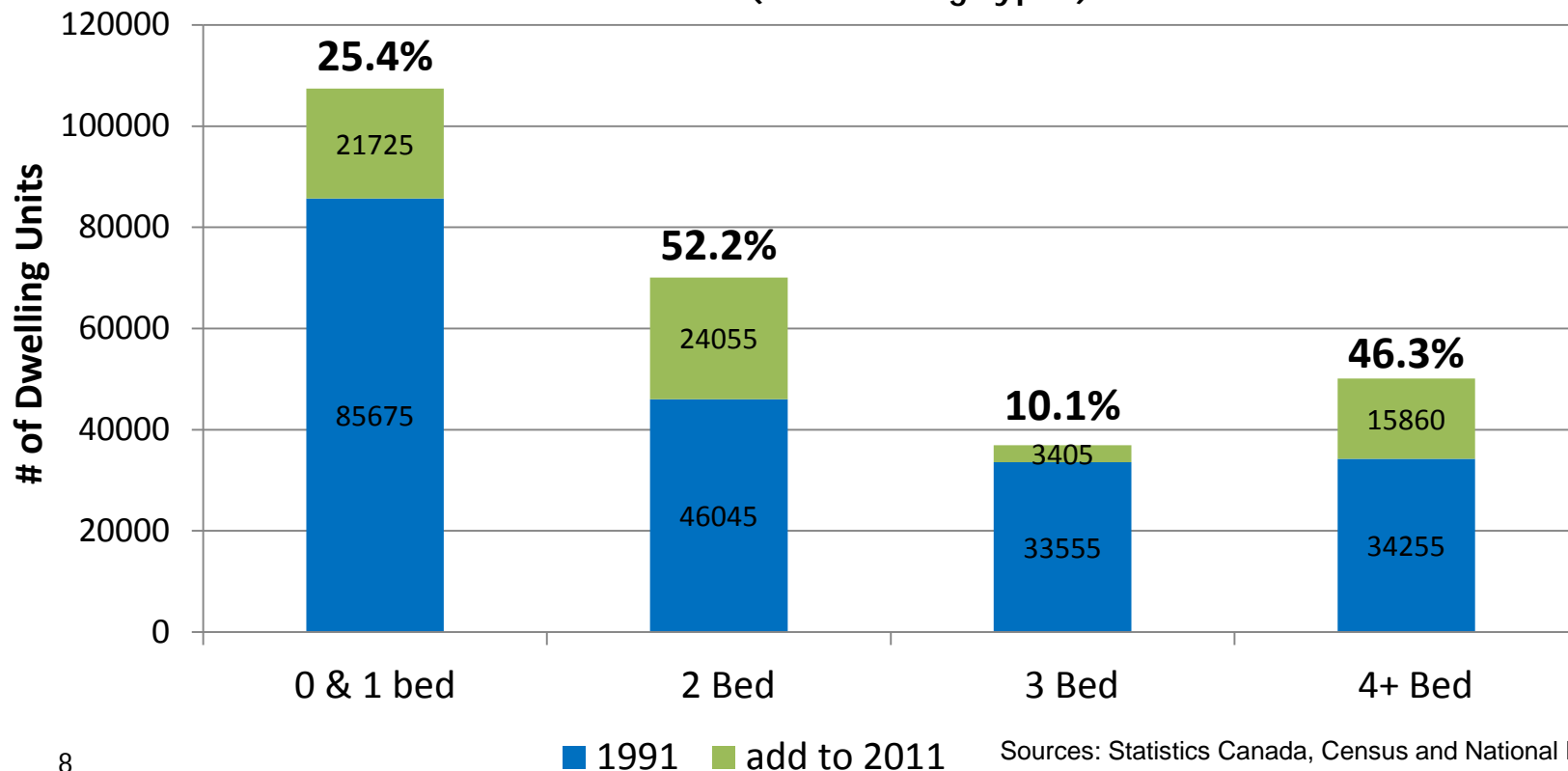


# Key Data: Family Housing Stock



- Limited stock of three bedroom units
- Between 1991 - 2011, three bedroom stock grew by only 10%

Vancouver Total Housing Stock by Bedroom Counts 1991-2011  
(all dwelling types)



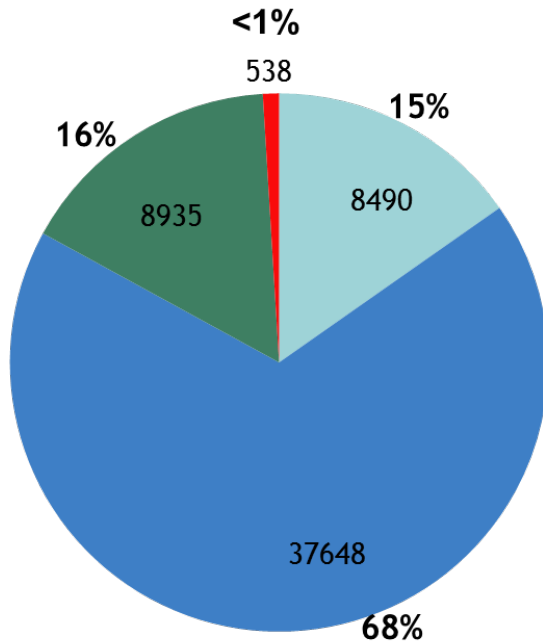


# Key Data: Family Housing Stock

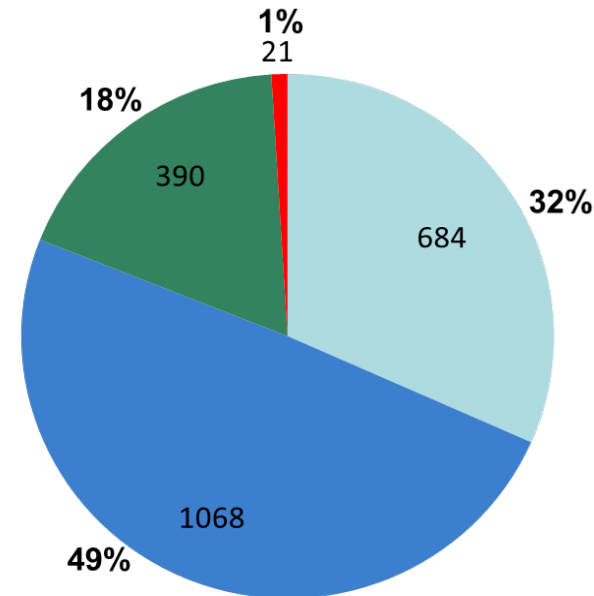


## 3-bedroom rentals - limited stock; little new supply

Survey of CoV Market Rental Stock by Bedrooms (2013)



Permits for CoV New Secured Market Rental by Bedrooms (2012-2014)



# Purpose of Amendments



1. Encourage family-oriented rental units by providing a waiver for 3-bedroom units
2. Incent more rental across city through increased flexibility to address market differentials across the City
3. Housekeeping amendments to provide greater clarity and improve implementation of Rental-100 program

# Background/Context to Increasing Affordable Rental



- The DCL waiver is a key incentive created through the STIR/Rental 100 Program to encourage the creation of secured market rental housing units
- In order to qualify for the DCL waiver, projects must:
  - Comply with rental rates, unit size and construction costs specified in the DCL By-laws
  - Be secured as rental through a Housing agreement for 60 years or life of the building, whichever is longer

# Amendment 1: DCL waiver for 3-bedroom rental units



- 3 bedroom units not currently included in Rental-100 Program
- Supply of 3-bedroom units has not grown in rental stock over the last 2 decades
- Incent through inclusion of 3 bedroom rental units within the DCL waiver

# Amendment 2: Flexible Approach to 3-Bedroom DCL Waiver



- The DCL Waiver is currently an “all-or-nothing” approach (e.g. entire project must meet the “rental rates” in the DCL By-laws for all unit types)
- The current “rental rates” for 3-beds fluctuate significantly from year to year’ due to very small numbers being constructed (CMHC data source)
- If 3-bed units in project don’t meet the rental rates in our By-laws, the whole project would be disqualified:
  - Result: developer will drop 3-bedroom units

# Amendment 2: Flexible Approach for 3-Bedroom DCL Waiver



## Projects eligible for full DCL waiver

Average rents in all

- ✓ Studio units
- ✓ 1 bed units
- ✓ 2 bed units
- ✓ 3 bed units

are at or below rents in  
DCL By-laws

***ELIGIBLE FOR FULL  
WAIVER***

## Projects eligible for partial DCL waiver

Average rents in all

- ✓ Studio units
- ✓ 1 bed units
- ✓ 2 bed units

are at or below rents in  
DCL By-laws

***ELIGIBLE FOR WAIVER FOR  
THESE UNITS ONLY***

Average rents in 3  
bedroom units **exceed**  
rents in DCL By-laws

***NOT ELIGIBLE FOR WAIVER  
OF 3-BED UNITS***

## Projects not eligible for DCL waiver

Average rents in any of  
studio or 1 or 2 units  
**exceeds** rents in DCL  
By-laws

***NOT ELIGIBLE FOR ANY  
WAIVER***

# Amendment 3:

## Housekeeping Amendments

### 3.1 - Changing Data Source for DCL Exemption



## Current DCL By-laws:

- CMHC data used - annual report of rental rates dating back to year 2000
- CMHC data now available (as of January 2015) - annual report of rental rates dating back to year 2005
- 3-bed units: no data available for “units built since 2005” in CMHC’s Market Rental Report (insufficient numbers to allow accurate data)
- Proposed amendment will align By-laws with new CMHC data source

# Amendment 3:

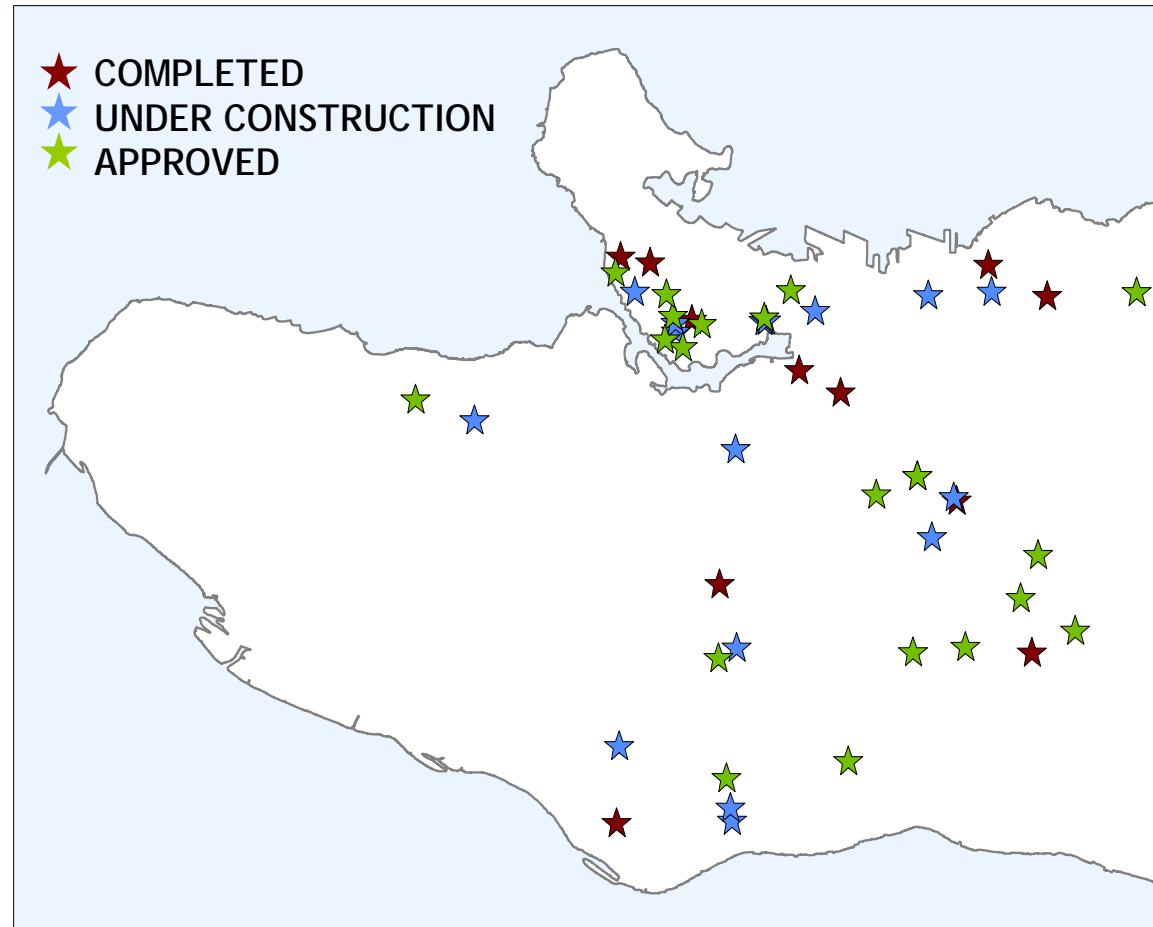
## Housekeeping Amendments

### 3.2 - Rental Rate Flexibility to Enhance City-wide Rental 100 Projects



- Current DCL Bylaw uses city-wide rental rates.
- Majority of new Rental 100 in the East areas of the City.
- Land economics result in West-side projects with higher rents than the city average
  - No DCL waiver and no Rental 100 projects

## Rental-100 Projects to Date





# Amendment 3:

## Housekeeping Amendments

### 3.2 - Rental Rate Flexibility to Enhance City-wide Rental 100 Projects



## Proposed Rental Rates for DCL Waiver by Unit type 2015

Unit type	*East Area Maximum rents	**West Area Maximum rents
Studio	\$1,242	\$1,366
1-bed	\$1,561	\$1,717
2-bed	\$1,972	\$2,169
3-bed***	\$2,338	\$2,572

*\*average rents for all residential units built since the year 2005 in the city as published by CMHC in the Fall 2014 Rental market Report*

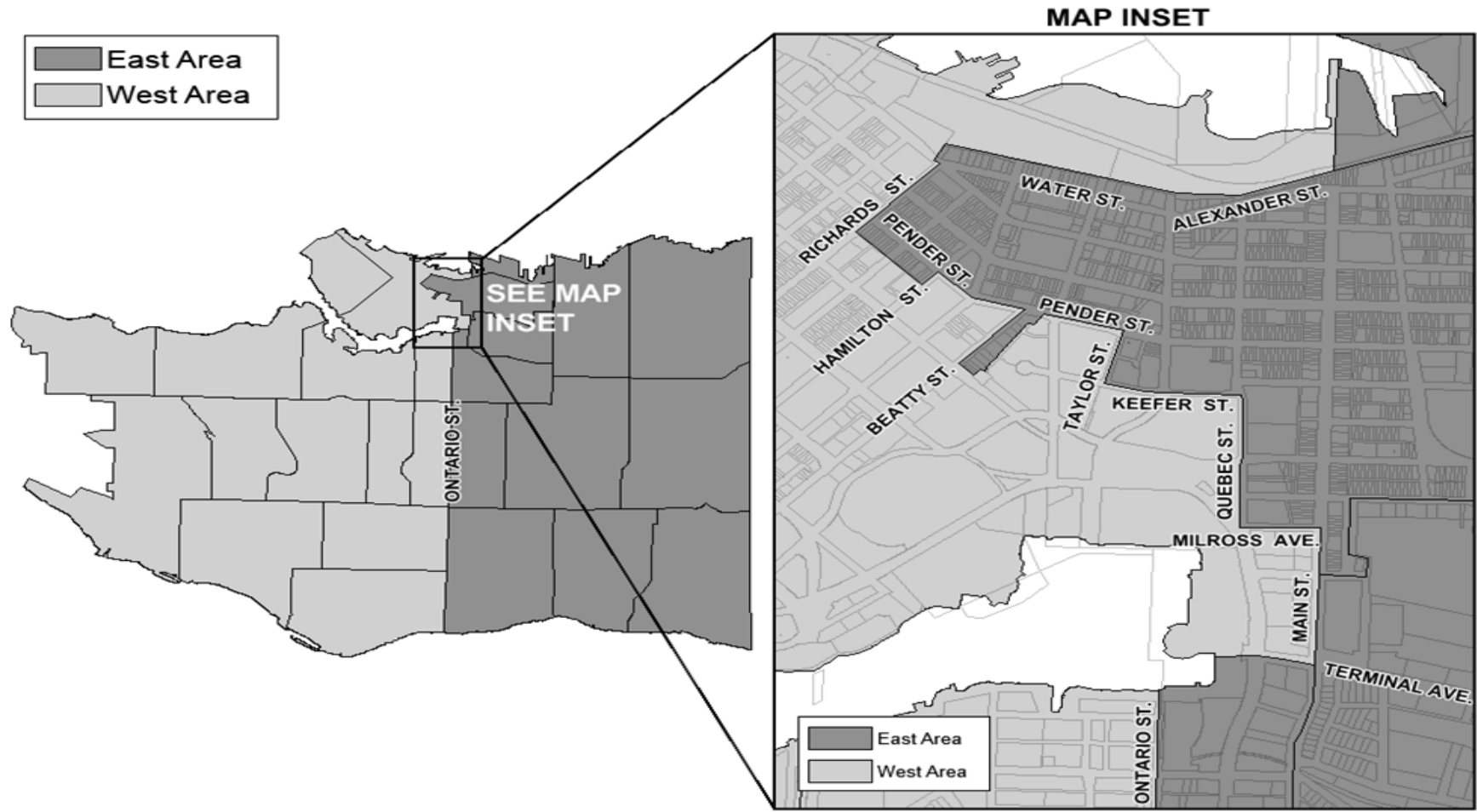
*\*\*average rents plus 10% for all residential units built since the year 2005 in the city as published by CMHC in the Fall 2014 Rental market Report*

*\*\*\*average rents for all residential units built since the year 2000 in the City (plus 10% for Westside and Downtown neighbourhoods) as published in CMHC's website "Housing Market Information Portal" for 2014*

# Amendment 3: Housekeeping Amendments 3.2 - Rental Rate Flexibility to Enhance City-wide Rental 100 Projects



## Proposed Boundary for East/West Differential



# Amendment 4: Housekeeping Amendments Clarify Timelines for Starting Rents



## Current By-laws:

- Approved projects must meet the rental rates in the DCL By-laws “at the time of occupancy”
- occupancy can take upwards of 3 years from the time of public hearing approval

## Proposed Amendment - starting rents will be in effect:

- For a rezoning: at the time the project is approved by Council following a Public Hearing
- For a DP (existing zoning) Project: at the time the project is approved by the Development Permit Board
- For all projects: starting rents can be increased during construction until occupancy by the Allowable Rent Increases set out annually by the Provincial Gov't through RTA (2.2% in 2014)

# Amendment 5:

## Housekeeping Amendments

Clarify eligibility for projects including other types of housing exempt from DCLs



## Proposed Amendment

- Rental 100 projects containing social housing or another type of housing exempt from DCLs are eligible for the DCL waiver, provided the market rental units meet the rent and size requirements in the DCL-Bylaws

# Summary



- DCL waivers have enabled significant secured market rental through STIR and Rental 100 programs (2010-2015)
- 20% of housing starts now rental versus 5% prior to these programs
- Rental housing is most affordable choice for families - amendments designed to enable more 3 bedroom units
- Amendments address land economics on westside - enable rental across city