

**Refers to Item #3
Public Hearing of December 12, 2019**

MEMORANDUM

December 4, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Katrina Leckovic, City Clerk
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Communications Director
Anita Zaenker, Chief of Staff, Mayor's Office
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Community Relations Director, Mayor's Office
Gil Kelley, General Manager, Planning, Urban Design and Sustainability

FROM: Karen Hoese, Assistant Director – Rezoning Centre, Planning, Urban Design and Sustainability

SUBJECT: CD-1 Rezoning: 1805 Larch Street – Minor Correction to Draft CD-1 By-law and Update to a Condition of Approval

This memorandum informs Council of a minor correction to the draft CD-1 By-law and an update to a Rezoning Condition of Approval for the above item.

1. Minor correction to draft CD-1 By-law concerning residential storage space

Following referral of the item to public hearing on November 5, 2019, staff became aware of an omission in the draft CD-1 By-law of a standard requirement concerning residential storage space for Moderate Income Rental Housing Units. The draft CD-1 By-law has been prepared for posting generally as set out in the policy report dated October 22, 2019, entitled "CD-1 Rezoning: 1805 Larch Street", except that the following sub-section has been added to Section 6 "Floor Area and Density":

"6.6 Where floor area associated with storage space is excluded under section 6.4 (e), a minimum of 20% of the excluded floor area must be located within the Moderate Income Rental Housing Units."

There are no changes to the proposed form of development for this application as a result of this added subsection, as it was already meeting the storage requirement.

2. Update to the Housing Agreement Condition concerning the waiver of the Development Cost Levies (DCLs)

On November 26, 2019, after referral of the item to public hearing, Council directed staff to bring forward amendments to the *Vancouver Development Cost Levy By-law* (DCL By-law) and the *Area Specific Development Cost Levy By-law*, effective September 30, 2020. Under this decision, applications will be eligible for a waiver of the DCLs under the DCL By-law if the proposed starting rents for the Moderate Income Rental Housing Units meet the maximum average rents as outlined in the amended DCL By-law and *Rental Incentive Programs Bulletin*. Also on November 26, 2019 Council directed staff to bring forward changes to the *Vancouver Utilities Development Cost Levy By-law* (Utilities DCL By-law) to remove the Utilities DCL waiver for “for-profit affordable rental housing,” effective September 30, 2020. Rezoning applications submitted before this date will remain eligible for a waiver of the DCLs under the Utilities DCL By-law, provided that a building permit is issued within 12 months of the effective date of the Utilities DCL By-law change.

In accordance with these changes, the Housing Agreement enactment condition 7 of Part 2 of Appendix B of the Policy Report is replaced by the following condition which substitutes subsections (f) through (l) with new subsections (f) through (k) containing updated wording for the Moderate Income Rental Housing Units:

- “7. Make arrangements to the satisfaction of the General Manager of Planning, Urban Design and Sustainability and the Director of Legal Services to enter into a Housing Agreement and Section 219 Covenant to secure all residential units as rental housing units, with at least 20% of the residential floor area that is counted in the calculation of the dwelling unit area per the CD-1 By-law secured as moderate income rental housing units subject to the conditions set out below for such units and in accordance with the requirements set out in the *Moderate Income Rental Housing Pilot Program*, for the longer of 60 years or the life of the building, and such other terms and conditions as the General Manager of Planning, Urban Design and Sustainability and the Director of Legal Services may require..

The agreement or agreements will include but not be limited to the following terms and conditions:

- (a) A no separate sales covenant;
- (b) A no stratification covenant;
- (c) A provision that none of such units will be rented for less than one month at a time;
- (d) All rental units will be secured as rental for a term of 60 years or the life of the building, whichever is greater;
- (e) That a rent roll be provided indicating the agreed initial monthly rents for each moderate income rental unit, when the Housing Agreement is entered into and again prior to development permit issuance;
- (f) That the average initial starting monthly rents for each moderate income rental housing unit, which comprise at least 20% of the residential floor area that is counted in the calculation of the floor space ratio, will be at or below the following rents, not subject to adjustment, as set out in section 3.1A(d) of

the Vancouver Development Cost Levy By-law and section 2a of the *Moderate Income Rental Housing Pilot Program: Application Process, Project Requirements And Available Incentives Administration Bulletin*:

Moderate Income Rental Housing Type	Maximum Average Starting Rents
Studio	\$950
1-bedroom	\$1,200
2-bedroom	\$1,600
3-bedroom	\$2,000

and that a rent roll indicating the agreed maximum average initial monthly rents for the units secured at moderate income rates will be required prior to Development Permit issuance, and again prior to issuance of an Occupancy Permit, to the satisfaction of the General Manager of Planning, Urban Design or Sustainability (or successor in function) and the Director of Legal Services;

- (g) That rent increases for the moderate income rental housing units will be capped at the Residential Tenancy Act maximum annual allowable increase, as published by the Province of British Columbia, regardless of a change in occupancy;
- (h) The applicant will verify eligibility of new tenants for the units secured at moderate income rates:
 - (i) For new tenants, annual household income cannot exceed 4 times the annual rent for the unit (i.e. at least 25% of household income is spent on rent).
 - (ii) There should be at least one occupant per bedroom in the unit.
- (i) The applicant will verify the ongoing eligibility of existing tenants in the units secured at moderate income rates every five (5) years after initial occupancy:
 - (i) For such tenants, annual household income cannot exceed five (5) times the annual rent for the unit (i.e. at least 20% of income is spent on rent).
 - (ii) There should be at least one occupant per bedroom in the unit.
- (j) That on an annual basis, or at the request of the City, the applicant will report to the City of Vancouver on the operation of the moderate income rental housing units which will ensure that the City can confirm that the units are being operated as agreed, and will include a rent roll for the moderate income rental housing units, and a summary of the results of eligibility testing for these units.
- (k) Such other terms and conditions as the General Manager of Planning, Urban Design and Sustainability (or successor in function) and the Director of Legal Services may require in their sole discretion.

Note to Applicant: This condition will be secured by a Section 219 Covenant and a Housing Agreement to be entered into by the City by by-law enacted

pursuant to section 565.2 of the *Vancouver Charter* prior to enactment of the rezoning by-law.”

The posted draft CD-1 By-law and Summary and Recommendation have been prepared with the above-noted changes. As such, no action by Council is required.

Sincerely,

A handwritten signature in black ink that reads "Karen Hoese". The signature is written in a cursive, flowing style.

Karen Hoese,
Assistant Director – Rezoning Centre, Planning, Urban Design and Sustainability

604.871.6403 | karen.hoese@vancouver.ca