



## REFERRAL REPORT

Report Date: January 27, 2021  
Contact: Dan Garrison  
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RTS No.: 14084  
VanRIMS No.: 08-2000-20  
Meeting Date: February 9, 2021

TO: Vancouver City Council

FROM: General Manager of Planning, Urban Design and Sustainability

SUBJECT: Extension of the Rental Housing Stock Official Development Plan to Require Rental Replacement in C-2, C-2B, C-2C, and C-2C1 Commercial Districts

### **RECOMMENDATION**

- A. THAT the General Manager of Planning, Urban Design and Sustainability be instructed to make an application to amend the Rental Housing Stock ODP generally in accordance with Appendix A, to add the C-2, C-2B, C-2C, and C-2C1 districts;

FURTHER THAT the application be referred to Public Hearing;

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary amending by-law generally as set out in Appendix A for consideration at Public Hearing;

AND FURTHER THAT Recommendations B and C be referred to Public Hearing for consideration along with Recommendation A.

- B. THAT, if the application to amend the Rental Housing Stock ODP is referred to Public Hearing, the General Manager of Planning, Urban Design and Sustainability be instructed to make application to amend the Zoning and Development By-law generally in accordance with Appendix B, as consequential amendments;

FURTHER THAT the Director of Legal Services be instructed to prepare the necessary amending by-law generally as set out in Appendix B for consideration at Public Hearing.

- C. THAT, if the application to amend the Rental Housing Stock ODP is referred to Public Hearing, the General Manager of Planning, Urban Design and Sustainability be instructed to bring forward, for Council adoption, consequential

amendments to the "Strata Title and Cooperative Conversion Guidelines", generally as set out in Appendix C, at the time of enactment of the amending by-law referenced in Recommendation A.

D. THAT Recommendations A through C be adopted on the following conditions:

- (i) THAT passage of the above resolutions creates no legal rights for any person, or obligation on the part of the City and any expenditure of funds or incurring of costs is at the risk of the person making the expenditure or incurring the cost;
- (ii) THAT any approval that may be granted following the public hearing shall not obligate the City to enact any rezoning by-laws; and
- (iii) THAT the City and all its officials, including the Approving Officer, shall not in any way be limited or directed in the exercise of their authority or discretion, regardless of when they are called upon to exercise such authority or discretion.

### **REPORT SUMMARY**

The Rental Housing Stock ODP requires one for one rental replacement in new developments of three or more units in certain RM, FM, and CD-1 zoned areas of the City. This report includes recommendations to further protect the existing rental stock by extending the Rental Housing Stock ODP to commercial areas of the city zoned C-2, C-2B, C-2C, and C-2C1. The report responds to several Council motions and amendments including - *Protecting Rental Housing Stock along Arterial Streets* (May, 2019), as part of the approval of the *Secured Rental Policy* (November, 2019), and direction received by Council during the Public Hearing on the *Amendments to the Zoning and Development By-law to Increase Rental Housing in C-2, C-2B, C-2C, and C-2C1 Commercial Districts* (July, 2020).

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

- Rental Housing Stock ODP (1989, last amended 2020)
- Secured Rental Policy (2019) – as part of the approval of this report, Council added a recommendation directing Staff to extend the Rental Housing Stock ODP requirements to C-2 zoning districts.
- Amendments to the Zoning and Development By-law to Increase Rental Housing in the C-2, C-2B, C-2C, and C-2C1 Commercial Districts (2020) – At the public hearing, Council deferred consideration of the report until after Staff bring forward amendments to extend the Rental Housing Stock ODP requirements to C-2 areas.
- **Approved Council Motion** - Protecting Rental Housing Stock along Arterial Streets (2019)

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

The importance of increasing protection to renters is a key priority for this Council. Over the last 2 years, Council has approved several motions and directed staff to undertake a number of

initiatives to further protect the existing rental stock and renters, while calling upon senior governments to take action and support City initiatives. In response to Council's direction to expand the Rental Housing Stock ODP to commercial (C-2) areas of the city, the City Manager has directed staff to undertake the associated technical and consultation work. In completing the technical analysis and through public consultation, staff have identified some impacts and implementation challenges. Recognizing these challenges, along with the trend in C-2 that has seen an overall net gain in rental over the last 10 years, Staff have previously recommended to Council that the Rental Housing Stock ODP continue to apply to the zones currently implicated and not expand to include C-2 areas. These implications and challenges are discussed in the Strategic Analysis Section of this report and should be considered prior to Council approval of the foregoing recommendations.

## **REPORT**

### **Background/Context**

#### **1. Intent of the Rental Housing Stock ODP**

The Rental Housing Stock ODP requires one for one replacement of existing rental in new developments of three or more units in certain RM, FM, and CD-1 zoned areas of the City. Fifty three per cent of Vancouver households are renters, representing a diverse cross-section of incomes, household types, and backgrounds, including young people, families with children, seniors and people with special needs. Vancouver renters typically earn lower incomes compared to owners – the median income of renter households is \$50,000 compared to \$88,000 for households that own their own homes (Census, 2016). The existing rental stock is generally more affordable than other forms of market housing in the city. Vancouver's older rental buildings rent at rates nearly forty per cent lower than newly constructed rental housing.<sup>1</sup> As a result, existing rental housing makes it possible for moderate income renter households to live in Vancouver, and helps to maintain a diverse population in the city.

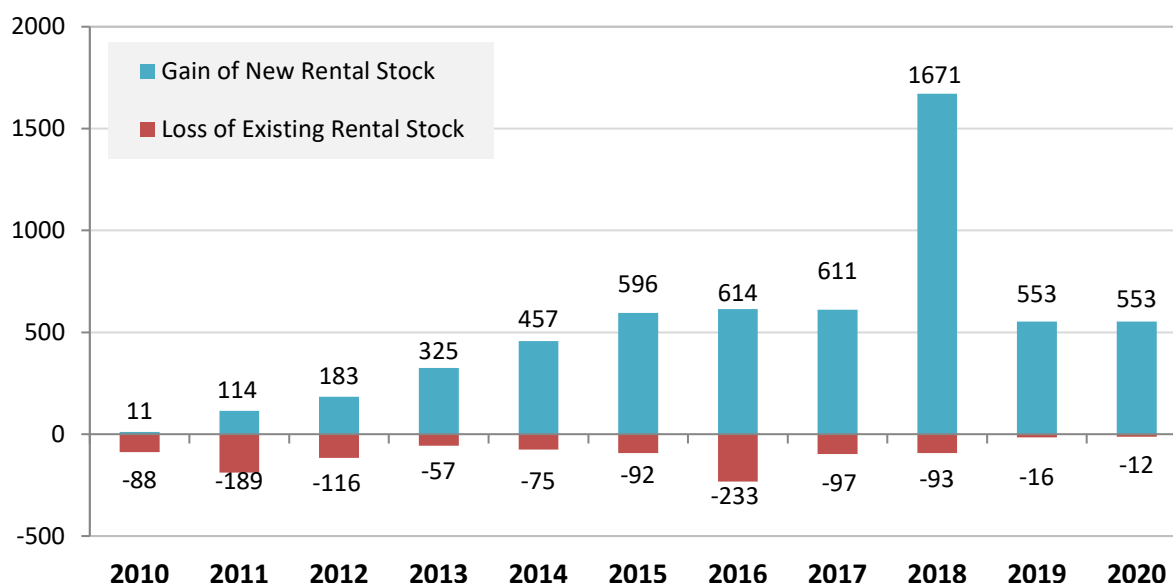
#### **2. Preventing Loss of Rental Through the Rental Housing Stock ODP**

The Rental Housing Stock ODP has been successful in protecting against loss of the city's existing rental supply. Approximately 53,000 units of rental housing are protected by the Rental Housing Stock ODP, or seventy-seven per cent of the total rental stock. Since the Rental Housing Stock ODP has required one-for-one replacement of existing rental, there has been a steady growth in rental housing in the city, driven by both the protection of existing rental and programs and initiatives to create new rental housing.

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<sup>1</sup> CMHC Rental Market Survey 2019: 1 bedroom units in purpose-built rental constructed between 1960-1974 rented for \$1,473/month, compared to 1 bedroom units in purpose-built rental constructed in the last 2 years that rented for \$2,053/month.

**Figure 1. Change in Purpose-Built Market Rental Housing Stock from 2010-2020: Loss Vs. Gain**



### Why were C-2 Areas Not Included in the Rental Housing Stock ODP?

The one-for-one rental replacement provision in the Rental Housing Stock ODP was approved by Council in 2007. At that time, there was significant redevelopment pressure on older apartment buildings located in multi-family areas of the city, leading to loss of rental and displacement of renters. It was recognized that a one-for-one rental replacement requirement would have a dampening effect, and slow down the rate of redevelopment in these areas (primarily RM and FM zoning districts).

Commercial areas, along with other areas zoned for non-residential uses, were not originally included in the Rental Housing Stock ODP because they contained significantly less existing purpose-built rental compared to residential multifamily areas. Over time, this has meant that development has been explicitly focused in commercial areas, along arterials, and on major project sites, as the opportunities were minimized in the RM and FM apartment areas and few opportunities exist for new housing in low density areas of the City.

### Housing Vancouver – A Comprehensive Approach to Prioritizing Rental

In the context of the current housing crisis in Vancouver, a broad spectrum approach is needed to protect the existing rental stock while also expanding the supply of rental to meet the needs of a diverse and growing population. The rental replacement requirements in the Rental Housing Stock ODP work alongside policies to enable new rental housing to ensure no net loss and continued growth of the city's overall stock of purpose-built rental housing. Together these policies have supported a significant expansion in the city's rental stock between 2010 and Q3 2020, including 4,700 new rental units completed, along with 7,300 rental units under development. This represents fifty per cent of the region's 9,648 rental units currently under construction as of December 2020. The vacancy rate in purpose-built rental has also improved slightly in recent years, from 0.6 per cent in 2015 to 1 per cent in 2019. In 2020, the vacancy rate in purpose-built rental has increased to 2.6%, resulting from the pandemic-related reduction in

## Strategic Analysis

This report includes amendments to the Rental Housing Stock ODP and the Zoning and Development By-law to extend one for one rental replacement requirements to C-2, C-2B, C-2C, and C-2C1 zoning districts as shown in Figure 2 below.

**C-2 Areas**

**RHS-ODP Areas**

0 5  
kilometers

Map of Victoria, British Columbia, showing C-2 Areas (red) and RHS-ODP Areas (grey). The map includes a legend, a scale bar, and a north arrow. Major streets are labeled, and the map shows the city's layout along the coast.

There are also minor consequential amendments to the Strata Conversion Guidelines and the Rental Housing Stock ODP Administrative Bulletin to ensure that the C-2 zoning districts are referenced in these documents. The following table provides a summary of the By-laws, Guidelines, and Bulletins that are proposed to be amended.

**Table 1: Summary of Changes - By-law, Guidelines and Bulletins**

<b>By-laws, Guidelines, Bulletins</b>	<b>Summary of Change</b>
Rental Housing Stock ODP	<ul style="list-style-type: none"> <li>Add the C-2, C-2B, C-2C, and C-2C1 district schedules into the definition of "Rental Housing Unit"</li> </ul>
Zoning and Development By-law	<ul style="list-style-type: none"> <li>Add the C-2, C-2B, C-2C, and C-2C1 district schedules into the definition of "Rental Housing Unit"</li> </ul>
C-2, C-2B, C-2C, and C2C-1 district schedules	<ul style="list-style-type: none"> <li>Add the 1 for 1 rental replacement requirements from the Rental Housing Stock ODP into the C-2, C-2B, C-2C, and C-2C1 district schedules</li> </ul>
Strata Conversion Guidelines	<ul style="list-style-type: none"> <li>Update language in the section of the Guidelines that describes rental replacement requirements to include C-2, C-2B, C-2C and C-2C1 zoning districts, in relationship to the procedure and process around strata conversion in different zoning areas of the City</li> </ul>
Rental Housing Stock ODP Administrative Bulletin	<ul style="list-style-type: none"> <li>Update language in the Bulletin to include C-2, C-2B, C-2C and C-2C1 zoning districts when describing the administration of rental replacement requirements</li> </ul>

For more detailed information on the amendments, please refer to Appendix A – D of this report.

If Council approves the proposed amendments to extend the Rental Housing Stock ODP to C-2 zoning districts, a new development on a site containing existing rental will be required to replace that rental, as well as to secure it as rental for 60 years or the life of the building through a legal agreement on title, such as a housing agreement. This may require a separate air space parcel from the rest of the new development.

## **2. Issues, Impacts, and Implications**

The following section summarizes the issues, impacts, and implications resulting from Council's direction to extend the Rental Housing Stock ODP to C-2 zoning areas of the City.

### **a) Characteristics of the Rental Stock in C-2 areas and Expanded Coverage**

There are approximately 380 purpose-built rental buildings containing 3,050 rental units in C-2 zoning districts. These rental units represent 4% of the City's purpose-built rental stock. Purpose-built rental buildings in these areas are generally small, with seventeen per cent of buildings containing three units or less, and the vast majority (eighty per cent) containing ten units or less. Rental buildings located in C-2 zones have a median number of five rental units.

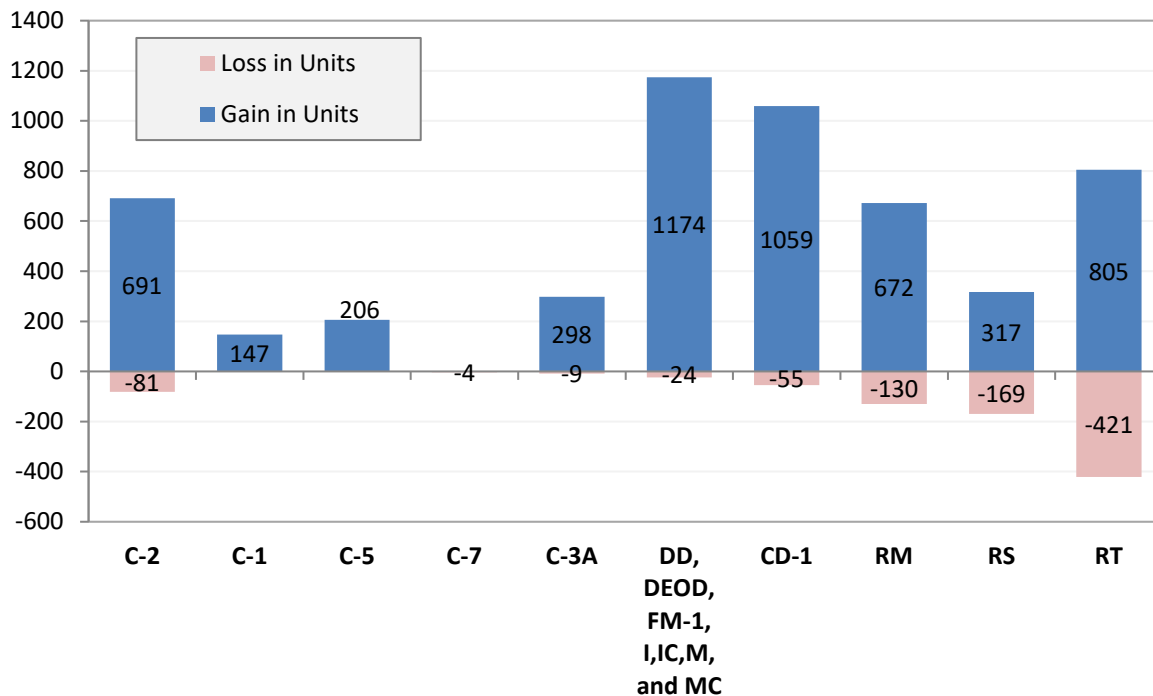
Approximately fifteen per cent of all properties in C-2 zoning districts contain existing rental housing. Kitsilano, Kensington-Cedar Cottage, and Grandview-Woodlands are the three local areas that contain the most existing rental housing in C-2 zones.

If Council approves these amendments, the Rental Housing Stock ODP will apply to 81 per cent of the purpose-built rental stock in the City, increasing the coverage from seventy seven per cent of the existing rental housing stock currently. This change will increase protection to both renters and the rental stock in C-2 commercial areas.

## b) Loss of Rental in C-2 and Increased Protection of the Existing Rental Stock

Over the last ten years, approximately 81 units of existing rental housing have been lost in C-2 zones without rental replacement. Over the same period, the City's rental incentive policies have enabled a gain of 691 new rental units in C-2 areas, resulting in an overall net gain in new rental housing in these areas (Figure 3).

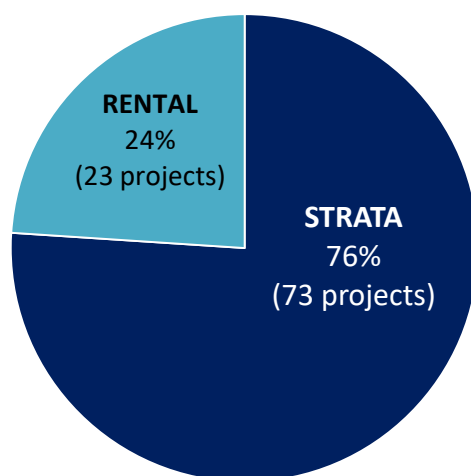
**Figure 3. Changes in Purpose-Built Market Rental Housing Stock from 2010-2020 by Zoning Districts**



The proposed amendments to extend the Rental Housing Stock ODP will primarily impact new strata developments. From 2010-2018, the majority of redevelopment in C-2 zones (seventy six per cent) have been strata projects under existing zoning (Figure 4). Strata projects in C-2 have accounted for sixteen per cent of all strata projects in the City approved during the same period. The addition of rental replacement requirements will decrease development of future strata projects on sites with existing rental housing and reduce the number of existing renters being displaced in these areas due to redevelopment. More details on the results of financial testing, and the impacts to land values and redevelopment potential can be found in 2c) below.

It is important to note that the proposed amendments contained in this report will not impact new rental developments in C-2 zones that are currently enabled through the Secured Rental Policy or existing community plans, as these projects propose sufficient new rental units to replace existing rental on site. Making this change will ensure all existing rental units are replaced in new rental and strata developments.

**Figure 4. Residential Development in C-2 from 2010-2018 By Tenure**



**c) Impact on property values and future redevelopment potential**

The City retained Coriolis Consulting Corp to evaluate the financial impacts of a one-for-one rental replacement requirement on C-2 zoned rental properties. Coriolis identified a number of case study sites across various geographic areas to represent different market values and conditions across the city. Full information on testing results can be found in Appendix F of this report.

It is important to note that the impacts described below apply only to sites with existing rental, which is approximately 376 properties, accounting for 15% of all sites in C-2.

For property owners with existing rental who intend to sell or redevelop their properties, the testing results show a reduction in land value ranging from eight per cent to fifty per cent, equivalent to approximately \$660,000 to \$5 million for the scenarios tested across all sites. The specific land value impact will vary by site and is dependent on the number of existing rental housing units, size of site, location of site, scale of redevelopment, number of existing tenants who elect to return to the new building through right of first refusal, length of time each returning tenant remains in the new building, and value of existing uses on the property.

The number of existing rental units required to be replaced per site has the greatest impact on land values. For example, a site with a lower number of existing rental units will have lower land value impacts than a site with a higher number of existing rental units. Overall in C-2 areas, purpose-built rental buildings generally have a smaller amount of units when compared to rental buildings in apartment areas of the city, with seventeen per cent of buildings containing three units or less, and five rental units as the median. Of the fifteen per cent of C-2 sites with existing rental, eighty per cent contain ten rental units or less.

The proposed policy change will have a greater impact on sites in the west side of Vancouver compared to the eastside. Approximately, sixty per cent of rental sites in C-2 zones are on the east side versus forty per cent of sites on the west side of Vancouver.



Another significant factor in land value impacts is the “Right of First Refusal” (ROFR) provision that is guaranteed by the City’s Tenant Relocation and Protection Policy. As part of the analysis, Coriolis tested two scenarios to determine the impact of the City’s existing Tenant Protection and Relocation Policy, which requires new developments to provide existing tenants with a ROFR to move back into the new building at a twenty per cent discount off starting market rents. This impacts the value of the new building as it reduces the rent that can be achieved for the new rental units occupied by returning tenants. The magnitude of financial impact will depend on the number of tenants that decide to return to the new building and the length of tenancy of returning tenants. Coriolis Corp tested two different sets of ROFR assumptions to represent a low and high range of financial impact:

- a lower impact ROFR scenario, assuming 20% of the existing tenants return for an average of seven years each, to simulate typical development uptake; and
- a higher impact ROFR scenario, assuming 100% of the existing tenants return to the new building and each returning tenant stays for the life of the building. This set of assumptions simulates the financial scenario with the highest impact, which is used by financial lending institutions to evaluate financing decisions.

The lower impact ROFR scenario resulted in a reduction of C-2 land values between about 8% and 33% and the high impact ROFR scenario resulted in a reduction between about 10% and 50% on all sites tested.

Overall the testing results indicated that the proposed changes would reduce the number of C-2 sites that are likely financially viable for redevelopment for new strata apartment units because the land value supported by strata redevelopment is reduced. However, in cases where the land value falls below the income value of the existing building/uses, the site will not be financially attractive for redevelopment. Properties with existing rental are generally more viable for redevelopment when they have a smaller ratio of rental units to site size. A high level estimate of the total combined impact on the reduction in land value for all existing C-2 rental properties in the City could be in the range of roughly \$400 to \$550 million.

Coriolis also commented on the feasibility of 100% rental developments in C-2 in the context of the proposed policy changes, and found that the proposed amendments will not encourage more rental development on sites containing existing rental units. Testing showed that even when strata projects are required to replace existing rental, they are still more financially attractive than new 100% rental developments. Even in circumstances where 100% rental is more viable than strata, a rental replacement requirement would render 100% rental housing at six storeys non-viable, due to costs of Right of First Refusal under the existing Tenant Protection and Relocation Policy and the majority of C-2 rental properties being more valuable as income producing assets than as development sites.

#### **d) Issues raised by financial institutions**

Lenders from financial institutions have expressed concerns that the proposed amendments and the resulting reduction in land values creates uncertainty around land value assessments. As a result, institutions will have to re-evaluate their current loan guidelines for strata redevelopment with existing rental on site, and re-negotiate existing loan applications. Financial institutions use the highest impact/most conservative scenario in their evaluation. This will result in lower loans to equity for developers and landlords. The impact can be significant, particularly on existing loan applications. In addition, the proposed policy change could impact a landlord’s ability to finance

maintenance or operating costs. Finally, lenders also expressed concerns related to their perception that the proposed changes signal instability in the regulatory regime, which increases risk from an investment perspective. This may impact their future decisions to continue to invest in Vancouver. For more information, see the Public/Civic Agency Input section below and Appendix E for the full public engagement summary.

#### e) **BC Assessment**

BC Assessment have conveyed the challenges of assessing the land value changes due to the proposed policy amendments. Appraisal of rental properties by BC Assessment are based on comparison of recent sales; therefore, any reduction in assessed values will not be immediate until market evidence exists. If there is no evidence to show a decrease, significant changes in property values will not be reflected in property assessment notices. The downzoning effect of the proposed policy change could dampen sales activity and further delay market evidence to demonstrate a decrease in property values.

### **3. Exploration of mitigation measures**

During consultation, concerns were raised by property owners and the development industry about the loss of value, redevelopment potential, and impact on existing financing arrangements on C-2 sites. A number of ideas were put forward around ways to compensate for the reduction in land value, including creating a density transfer program to transfer density from existing C-2 sites with rental to other sites in the city, providing additional density for strata projects under the C-2 zoning districts, waiving property taxes, and additional DCL waiver for the commercial component of the buildings.

Staff have looked into these measures and provide the following summary:

- *Creating a Program to transfer density to another site in exchange for maintaining existing rental* – although this idea may have merit and has been utilized for heritage retention, the City does not currently have explicit authority under the Vancouver Charter to implement this type of program for rental replacement.
- *Providing additional density for strata projects under the C-2 district schedules* – this would result in a different form of development in these areas from the current 4 storey mixed-use building for strata projects; Additionally, this would require further consultation and significant analysis in order to structure the additional density appropriately. An important nuance to consider is that the additional density would need to be structured **only** for strata developments sites with existing rental, and the amount of additional density would depend on the number of existing rental, as a straight increase in density for strata could result in over compensation and be at odds with Council's direction to protect the existing stock and renters from redevelopment.
- *Waiving property taxes and additional DCL waivers for the commercial component of the buildings* – these measures would impact the City's overall budget and service levels and would need to be part of a larger city-wide review, requiring significant consultation and analysis. Should there be interest from Council, Staff can explore the idea of providing additional DCL waivers for C-2 sites as part of the upcoming 2021 City-wide DCL review.

It is important to note that the potential mitigation measures discussed above would compensate for the loss in value to existing property owners, and help maintain a similar rate of development for strata projects to what we have seen over the last 10 years. However, the

above measures would also neutralize the intent of Council Motion's to apply the Rental Housing Stock to C-2 areas, which is to further protect existing renters from displacement and to slow the rate of loss of existing affordable rental housing.

#### **4. Addressing implementation challenges**

For mixed-use projects in commercial areas, standard City practice is to require two airspace parcels – one for the commercial/retail component and the other for the residential portion of the building. For strata projects, applying the Rental Housing Stock ODP to C-2 areas will now require the existing rental units to be secured within the overall residential portion of the building, resulting in mixed strata/rental tenure. In order to secure the tenure of the new rental replacement units over the long-term, City practice has been to require separate airspace parcels for rental and strata components. As discussed in the previous sections, purpose-built rental units in C-2 are generally small, with 17% of buildings containing 3 units or less and 64% with 4-10 units. Creating multiple air space parcels, 3 in this case, to secure a small number of rental units is costly to implement, lengthens the development process, and impacts the long-term operation and management of the building. It can also be difficult to secure buyer/operator for such a small number of rental units. To address these challenges, staff propose for projects securing a smaller number of rental units (e.g. less than 10 units), that the rental units be secured in perpetuity through a Housing Agreement, non-stratification covenant, and no separate sales clause.

In order to address the short and long-term implementation challenges of mixed-strata and rental projects, Staff also explored the idea of a “cash-in-lieu” option as a way to fulfill rental replacement requirements in C-2, where funds collected could be allocated to new non-profit rental projects across the city. However, the City does not currently have the authority under the Vancouver Charter to implement this option.

#### **5) Enabling 6 storey rental buildings under C-2 zoning**

In July 2020, Staff brought forward a report to include amendments to the C-2 zoning districts to allow 6 storey rental buildings through a development permit application. Council's direction was to defer this work until after Staff brought forward amendments to extend the Rental Housing Stock ODP to C-2 areas (the topic of this report), as well as to conduct additional consultation through the Vancouver Plan work.

The option for a 6 storey 100% rental building is not as financially feasible as a 4 storey strata development, accounting for only 24% of development (through rezonings) in C-2 over the last 10 years. However, should Council approve the proposed amendments contained in this report to extend the Rental Housing stock ODP to C-2 areas, the a 6 storey 100% rental building will be the most straight forward development option for properties with existing rental units in these areas, as it eliminates implementation challenges associated with achieving a mixed rental/strata building. The proposed changes to enable a 6 storey rental form under this separate piece of work will simplify the development process by eliminating the requirement for a rezoning, while making the rules for development clear in district schedules. In addition to creating new and replacing existing rental housing, the proposed changes also address multiple city objectives, including enhancements to commercial spaces and public realm, improved livability, while meeting sustainability goals to create walkable neighbourhoods close to transit, as well as through construction methods that lower our carbon footprint. As highlighted in 2 b) above, it is important to note that the proposed amendments contained in this report to extend the rental replacement requirements in C-2 areas does not impact new 6 storey rental developments, as these projects propose sufficient new rental units to replace all the existing

rental on site. Staff are planning to bring this work back as part of the Vancouver Plan Quick Starts report as part of an update to Council on strategic direction for the Vancouver Plan in Q3.

## **6) In-stream Applications**

Staff will continue to process all in-stream development permit applications, rezoning enquiries and rezoning applications in C-2 areas under the current Zoning and Development By-law and Rental Housing Stock ODP requirements. There are currently twenty-six in-stream development permit applications in C-2 areas and one rezoning application in C-2 areas that involve strata development with existing rental on site.

For development permit applications, the amended Rental Housing Stock ODP requirements for rental replacement will apply to all new applications in C-2 areas, accepted on or after the referral of this report to Council. Similarly for rezoning applications, the proposed changes to the Rental Housing Stock ODP will apply to all new applications in C-2 areas, accepted on or after the referral of this report to Council.

For rezoning enquiries that have resulted in a positive letter of response from the City dated between May 1, 2019 and the date of referral of this report to Council, the current requirements under the Rental Housing Stock ODP will apply, provided that a rezoning application is submitted within 6 months of the date of enactment of the amended changes.

## ***Public/Civic Agency Input***

City Staff consulted with the general public and stakeholders between September and December 2020 through online methods. Consultation efforts included an online Shape Your City Page, two separate surveys for property owners/potential developers and residents, notification mail-outs to property owners, and several virtual stakeholder meetings with the Renters Advisory Committee (RAC), the Urban Development Institute, financial institutions, BC Assessment, and local Business Improvement Associations (BIAs).

Refer to Appendix E for the full engagement report.

## **Public Notification**

To notify the public of the proposed policy changes, City staff sent three notification emails to the Housing Vancouver mailing list and posted social media advertisements on Facebook, Reddit and Instagram. City Staff sent 3 mail-out notifications to affected property owners in C-2 zones with rental units regarding the proposed policy changes, an FAQ document, and an invitation to fill out the Shape Your City survey.

## **Shape Your City Page and Online Survey**

The Shape Your City page included an FAQ document to respond to policy related questions, a detailed interactive map of the proposed changes, and two separate surveys for property owners/potential developers and residents. Overall, the Shape Your City page garnered over 6,500 visitors and 398 responses to the general public and property owner/potential developer surveys.

The surveys received a diversity of responses including 35% property owners or potential developers in C-2 zones and 65% residents with a breakdown of 52% renters, 42% homeowners, 6% other. Of the roughly 400 affected property owners, 142 filled out the survey with several others sending in responses directly to City Staff.

## Survey Results

Two separate SYC surveys for property owners and the general public were open from September 15<sup>th</sup> to November 31<sup>st</sup>, 2020. Public support for the policy proposal was highly differentiated between property owners and renters; 92% of property owners strongly disagree or disagree with the proposal, while 75% of renters strongly agree or agree with the proposal to extend the Rental Housing Stock ODP to C-2 zones. Only 30% of homeowners strongly agree or agree with the proposal.

Figure 5. Renter Survey Response

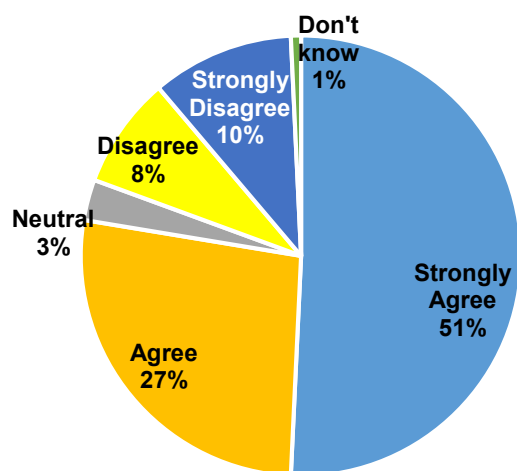
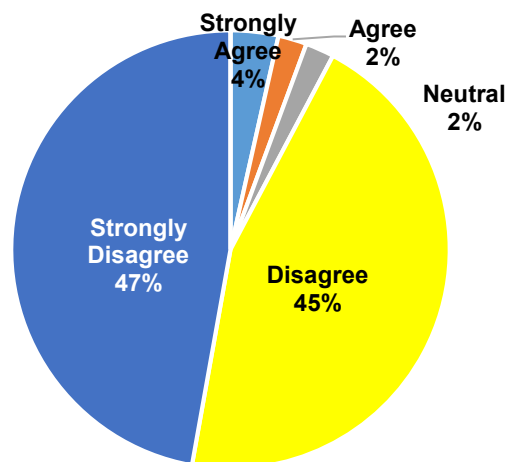


Figure 6. Property Owner Survey Response



Generally, comments from the general public survey fell into the following themes:

### General Public Themes – Support

- **Strengthening renter protection:** Respondents expressed the need for stronger renter protection (against demo/renovictions) to prevent the displacement of vulnerable residents.
- **Protecting existing low-end of market/affordable stock:** Renters emphasized the importance of protecting the affordable C-2 rental stock given the persistently low vacancy rates and high rents in the city.
- **Rental replacement supports a diversity of residents, housing tenures and incomes:** We heard from many respondents about the value of supporting diverse communities. Some respondents felt that replacing demolished rental units within new strata redevelopment supports housing diversity and housing security for renters.
- **Rate of change:** We heard concerns from some renters about the adverse displacement impacts resulting in the rapid redevelopment of arterial roads like Kingsway and Fraser Street. Several homeowners expressed that this policy may help preserve valuable heritage buildings in C-2 areas and protect small businesses from redevelopment.
- **Supportive only if C-2 6 storey rental changes are approved:** We heard from renters and homeowners that they would be supportive of the Rental Housing Stock ODP extension only if the proposed C-2 density bonus to enable 6-storey rentals is approved by Council.

### General Public Themes – Against

- **Policy will discourage the redevelopment of old, aging buildings:** Some renters felt that the generally old, aging buildings in C-2 zones are in need of redevelopment to increase the overall housing stock.

- **Proposal may discourage development of new purpose-built rental in C2 areas:** Some renters expressed concerns that extending the Rental Housing stock ODP will discourage new purpose built rentals in C-2 areas.
- **City's role should be to upzone and incentivize housing:** Many homeowners argue that the City should be upzoning land and incentivizing more housing to address the housing crisis in Vancouver.

Generally, comments from the survey for property owners/potential developers fell into the following themes:

#### **Property Owner/Developer Themes**

- **Concerns around loss of property value - hinders new housing supply and redevelopment of underbuilt sites:** We heard from property owners great concern that extending the RHS ODP would negatively impact the land value of their properties and slow redevelopment by negatively impacting their ability to secure financing for projects.
- **Devaluation of individual properties without compensation from the city is unfair:** Property owners argue that the devaluation of individual properties is highly punitive as it unfairly targets property owners without any compensation.
- **Additional costs to the proforma like the Tenant Relocation Plans and air space parcelling is cost prohibitive to redevelopment and impedes viability of projects:** Respondents noted that the additional costs like the Tenant Relocation Plan and Air Space Parcel fee impedes project viability and significantly affects their proformas.
- **Policy disproportionately affects small-scale property owners:** Respondents are concerned that extending the Rental Housing Stock ODP will disproportionately affect small-scale property owners, as they often do not have financial capital to absorb the devaluation of their property.

## Stakeholder Feedback

**Table 1. Stakeholder Group Key Feedback**

Stakeholder Group	Key Feedback
Renters Advisory Committee	<ul style="list-style-type: none"> <li>• Supportive of the policy's proposal to require one for one replacement of rental housing in commercial-zoned areas</li> <li>• Ensure that there is only one entrance for both owners and renters</li> <li>• Find ways to assure that maintenance is not being neglected</li> </ul>
Urban Development Institute	<ul style="list-style-type: none"> <li>• Devaluation of properties without compensation is punitive and will slow housing development in Vancouver</li> <li>• Many projects and redevelopments, especially those owned by small-scale property owners, will no longer be able to secure financing due to the reduction in property values</li> <li>• Managing the few rental replacement units in a strata redevelopment is deeply challenging and costly to administer</li> <li>• Extending the RHS ODP to C-2 zones adds a layer of complexity and additional costs to the already expensive and lengthy development process</li> </ul>
BC Assessment	<ul style="list-style-type: none"> <li>• B.C. Assessment bases their property assessments on market sales of similar sites/properties</li> <li>• The downzone effect of extending the RHS ODP on C-2 sites may result in decreased amount of property sales on C-2 sites with rental units</li> <li>• The slowing of sales could delay market evidence to demonstrate a decrease in property value; significant changes in assessed values from BC Assessment may not be immediate</li> </ul>
Financial Institutions	<ul style="list-style-type: none"> <li>• The policy proposal will have a destabilizing and slowing effect on the housing system, especially on rental housing development</li> <li>• Lenders will have to re-assess their loan guidelines to account for new rental replacement requirements and reduced property values and re-evaluate existing loans in C-2; this will likely result in lower loans to equity - the impact can be significant, particularly on existing loan applications</li> <li>• In the event that redevelopment is no longer economically viable due to the decreased land value, landowners who purchased these properties are faced with the choice of selling the property at a significantly reduced value, or potentially foreclosing the property if they don't have the cash funds available to repay the financial institution.</li> <li>• Lenders take the most conservative approach in their evaluation of a project and will need to take both the maximum impact of the Rental Housing Stock ODP and the Tenant Relocation and Protection Policy requirements into account; Lenders will assume in their loan calculations that all renters will return to the building at discounted rates for the life of the building</li> </ul>
Business Improvement Area Executive Directors	<ul style="list-style-type: none"> <li>• No major concerns or questions</li> </ul>

### ***Financial Implications***

The proposed Rental Housing Stock ODP extension to C-2 zones could affect the value of C-2 properties with existing rental if previously assessed based on their redevelopment potential as fully strata projects.

### ***CONCLUSION***

The City's Rental Housing Stock ODP has proven effective at protecting against loss of the City's existing rental supply. The proposed Rental Housing Stock ODP extension to C-2 zones will increase the coverage of this protection by 4%. Over the last 10 years in C-2 areas, while there has been a loss of approximately 80 rental units, this has been accompanied by an overall net gain in rental stock. By expanding the rental replacement requirements in C-2 zones, the City will further protect renters and reduce the loss of existing rental. However, the proposed policy changes will result in a significant reduction of land value on sites with existing rental in C-2 (approximately 15% of sites) and will result in less redevelopment overall in these areas.

\* \* \* \* \*



**DRAFT By-law to amend Rental Housing Stock  
Official Development Plan By-law No. 9488  
Regarding C-2 Districts**

*Note: A By-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.*

1. This By-law amends or adds to the indicated provisions of By-law No. 9488.
2. In Section 1.1 of Schedule A, Council strikes out the definition of “zoning districts” and substitutes the following:

““zoning districts” mean the C-2, C-2B, C-2C, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, RM-6, FM-1, and CD-1 zoning districts referred to in section 9.1 of the Zoning and Development By-law, the boundaries of which the Zoning District Plan, and amendments to it, attached as Schedule D to the Zoning and Development By-law, delineate.”.

\* \* \* \* \*

**DRAFT By-law to amend  
Zoning and Development By-law No. 3575  
regarding amendments related to the C-2 Districts  
in the Rental Housing Stock Official Development Plan**

*Note: A By-law will be prepared generally in accordance with the provisions listed below, subject to change and refinement prior to posting.*

1. This By-law amends or adds to the indicated provisions of the Zoning and Development By-law.
2. In Section 2, Council strikes out the definition of “Rental Housing Unit” and substitutes:

“For the purposes of section 4.3.9 of this By-law, and for the purposes of section 3.3.1 of the RM-2, RM-3, RM-3A, RM-4 and RM-4N District Schedules, section 3.3.2 of the RM-6 and FM-1 District Schedules, section 3.3.3 of the C-2 District Schedule, section 3.3.4 of the C-2B, RM-5, RM-5A, RM-5B, RM-5C and RM-5D District Schedules, section 3.3.5 of the C-2C District Schedule, and section 3.3.6 of the C-2C1 District Schedule, a dwelling unit, housekeeping unit, or sleeping unit on a site that a tenant rents, or has rented, for the purpose of living accommodation but does not include:

  - (a) a unit rented by a not for profit housing cooperative to a member of the cooperative;
  - (b) a unit in a community care facility or group residence;
  - (c) a unit in a hotel;
  - (d) units in an equity co-op where, at the time of rezoning application, or at the time of development permit application for projects that do not require rezoning, the building was operated as an equity co-op within the last three years; or
  - (e) units in a strata titled building where, at the time of rezoning application, or at the time of development permit application for projects that do not require rezoning, the majority of the units were within the last three years individually owned and:
    - (i) for which a petition has been filed with the Supreme Court of BC to dissolve the strata corporation; or
    - (ii) for which all the strata lots within the corporation are now under single ownership.”.
3. In Section 4, Council strikes out section 4.3.9 and substitutes:

“4.3.9 Despite anything to the contrary in this By-law, the Director of Planning or the Development Permit Board must not issue a development permit for:

  - (a) a multiple dwelling with three or more dwelling units in the C-2, C-2B, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, RM-6, or FM -1 districts;
  - (b) a multiple conversion dwelling with three or more dwelling units in the C-2, C-2B, C-2C, C2-C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, or FM -1 districts;

- (c) an infill multiple dwelling with three or more dwelling units in the RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, or FM -1 districts; or
- (d) a building containing three or more dwelling units in conjunction with any of the uses listed in the applicable district schedule in the C-2, C-2B, C-2C, or C2-C1 districts,

unless the development permit is subject to conditions that comply with the requirements of the applicable districts schedule or district schedule.”.

4. In the C-2 District Schedule, Council:

(a) in section 3.2.DW:

- (i) in the bullet point for Dwelling units in conjunction with any of the uses listed in this schedule, adds “, in accordance with section 3.3.3 of this Schedule,” after “Dwelling units in conjunction with any of the uses listed in this schedule”,
- (ii) in the bullet point for Multiple Dwelling, adds “in accordance with section 3.3.3 of this Schedule,” after “Multiple Dwelling,” and
- (iii) in the bullet point for Multiple Conversion Dwelling, adds “and in accordance with section 3.3.3 of this Schedule” after “conversion of a building which was in existence prior to June 18, 1956”;

(a) adds a new section 3.3.3 as follows: adds a new section 3.3.3 as follows:

“3.3.3 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Dwellings, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

- (i) enter into a housing agreement, satisfactory to Council, that secures:

- A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of

affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and

- B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and
- (ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:
- A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
  - B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
  - C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
  - D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
- (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

- (b) and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.”.

5. In the C-2B District Schedule, Council:

(a) in section 3.2.DW:

- (i) in the bullet point for Dwelling units in conjunction with any of the uses listed in this Schedule, adds “, in accordance with section 3.3.4 of this Schedule,” after “Dwelling units in conjunction with any of the uses listed in this Schedule”,
- (ii) in the bullet point for Multiple Dwelling, adds “in accordance with section 3.3.4 of this Schedule,” after “Multiple Dwelling,”, and
- (iii) in the bullet point for Multiple Conversion Dwelling, adds “and in accordance with section 3.3.4 of this Schedule” after “conversion of a building which was in existence prior to June 18, 1956”;

(b) adds a new section 3.3.4 as follows:

“3.3.4 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Dwellings, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

- (i) enter into a housing agreement, satisfactory to Council, that secures:

- A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may

- permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
- B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and

(ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:

- A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
- B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
- C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
- D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

(b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

(i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and

(ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.”.

6. In the C-2C District Schedule, Council:

(a) in section 3.2.DW:

(i) in the bullet point for Dwelling units in conjunction with any of the uses listed in this Schedule, adds “, in accordance with section 3.3.5 of this Schedule,” after “Dwelling units in conjunction with any of the uses listed in this Schedule”, and

(ii) in the bullet point for Multiple Conversion Dwelling, adds “and in accordance with section 3.3.5 of this Schedule” after “conversion of a building which was in existence prior to June 18, 1956”.

(b) adds a new section 3.3.5 as follows:

“3.3.5 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

(a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

(i) enter into a housing agreement, satisfactory to Council, that secures:

A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council’s intention to maximize the replacement of such rental units; and

B. a Tenant Relocation Plan in keeping with the city’s Tenant Relocation and Protection Policy, if applicable, and

- (ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:
  - A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
  - B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
  - C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
  - D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.”.

7. In the C-2C1 District Schedule, Council:

- (a) in section 3.2.DW:
  - (i) in the bullet point for Dwelling units in conjunction with any of the uses listed in this Schedule, adds “, in accordance with section 3.3.6 of this



Schedule,” after “Dwelling units in conjunction with any of the uses listed in this Schedule”,

- (ii) in the bullet point for Multiple Conversion Dwelling, adds “and in accordance with section 3.3.6 of this Schedule” after “conversion of a building which was in existence prior to June 18, 1956”, and
- (iii) in the bullet point for Multiple Dwelling, adds “, in accordance with section 3.3.6 of this Schedule.” after “Multiple Dwelling”.

(b) adds a new section 3.3.6 as follows:

“3.3.6 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Conversion Dwellings consisting of three or more dwelling units, or Multiple Dwellings, must:

(a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

(i) enter into a housing agreement, satisfactory to Council, that secures:

A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council’s intention to maximize the replacement of such rental units; and

B. a Tenant Relocation Plan in keeping with the city’s Tenant Relocation and Protection Policy, if applicable, and

(ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:

- A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
- B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
- C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
- D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.”.

\*\*\*\*\*

# Guideline

## Strata Title and Cooperative Conversion Guidelines

*Approved by Council April 26, 1986*

*Last amended XX [February XX, 2021]*

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## Application and Intent

These guidelines outline various factors which the approving authority will take into consideration in reviewing an application for converting a previously occupied building to strata title or cooperative ownership, and note certain conditions which will be applicable to both types of applications. The guidelines are intended to protect tenants who may not wish, or who are unable, to purchase their proposed strata lot or cooperative unit and to ensure that the building proposed for conversion is in a reasonable state of repair.

Under section 242(1) of the **Strata Property Act** of British Columbia, City Council is the approving authority for conversion of previously occupied buildings into strata lots. Pursuant to Section 242(10) of the **Strata Property Act**, Council has delegated its approval authority to the Approving Officer for the following types of strata title conversion applications:

- (a) Previously occupied residential buildings containing less than six dwelling units; and
- (b) All previously occupied commercial, retail, office, industrial, institutional, recreational or mixed use buildings which have never contained residential accommodation.

City Council is the approving authority for applications involving previously occupied residential buildings with six or more dwelling units. Council may also be requested to provide advice to the Approving Officer for any application where the Approving Officer (as delegated approving authority) is of the opinion the interests of residential tenants were not adequately respected in the change of occupancy, or there appears to be an attempt to circumvent these guidelines. Under section 6 of the **Real Estate Development Marketing Act** of British Columbia, City Council is the approving authority for conversion of previously occupied buildings into cooperative units.

## Statutory Provisions

With respect to strata title conversion applications, the **Strata Property Act** requires that the approving authority must consider, in making its decision, the following:

- (a) The priority of rental accommodation over privately owned housing in the area;
- (b) Any proposals for the relocation of persons occupying a residential building;
- (c) The life expectancy of the building;
- (d) Projected major increases in maintenance costs due to the condition of the building; and
- (e) Any other matters that, in its opinion, are relevant.

## **Guidelines**

### **1 City Guidelines**

- (a) For the approving authority to give favourable consideration to an application for converting a previously occupied building to strata title or cooperative ownership
  - (i) At least two thirds (2/3) of the households occupying the building must have given their written consent to the conversion; and
  - (ii) The interests of all tenants must have been adequately respected in the conversion process.
- (b) The approving authority may refuse an application where in its opinion there appears to be an intent to circumvent these guidelines, or the interests of the rental tenants were not adequately respected in the change of occupancy.
- (c) The approving authority may refuse an application involving a building which is non-conforming as to use or regulation pursuant to the provisions of the City's Zoning and Development By-law.
- (d) The approving authority may refuse an application for conversion of a multiple dwelling, multiple conversion dwelling, or infill multiple dwelling consisting of three or more dwelling units, in the C-2, C-2B, C-2C, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B and RM-5C, RM-6, FM-1, or CD-1 District or Districts Schedules, in which rental replacement is required under the Rental Housing Stock Official Development Plan. For more information, please refer to the following documents:
  - (i) Rental Housing Stock ODP
  - (ii) Administrative Bulletin: Rental Housing Stock ODP
- (e) The approving authority may approve an application, or approve it subject to terms and conditions, or refuse it, or refuse to approve the strata plan until terms and conditions imposed by the approving authority are met. Terms and conditions will ordinarily require that the building substantially comply with applicable City by-laws, and that the owner provide for the needs of disadvantaged tenants residing in the affected building.
- (f) Conditions imposed by the approving authority must be fulfilled within one year from the date of the approval in principle. Thereafter a new application shall be required to be submitted to the Subdivision and Strata Title Group.
- (g) The approving authority's decision on any application is final and where an application is refused, no similar application will be considered until one year from the date of the approving authority's refusal.

## 2 Application Procedure

- (a) Prior to filing a conversion application, the applicant should contact the Development and Building Enquiry Centre at 515 West 10<sup>th</sup> Avenue, to discuss whether development and building permit applications are first required for change of use, alterations or additions to the building. An applicant must secure any required permits before submitting a conversion application.
- (b) The applicant should submit a conversion application to  
Subdivision and Strata Title Group  
City of Vancouver  
515 West 10th Avenue  
Vancouver, B.C.  
V5Z 4A8

The applicant shall include the following:

- (i) A letter stating the property address and legal description of the site and providing the names and mailing addresses of the persons occupying the building, together with the proposals by the owner developer for the relocation of persons who may be affected by the proposed conversion;
- (ii) A site plan, drawn to a scale of at least 1/16-inch to one foot (1:200 in metric), including a northpoint and an indication of the scale, and showing:
  - (1) The location and dimensions of the site boundaries and the area of the site;
  - (2) Adjoining street names;
  - (3) The location, size, shape and siting (including setbacks) of all existing and proposed buildings or additions, including accessory buildings; and
  - (4) The location and dimensions of all off-street parking and loading spaces, manoeuvring aisles and access driveways from streets and lanes.
- (iii) Floor plans, drawn to a scale of at least 1/8-inch to one foot (1:100 in metric), including a northpoint and an indication of the scale, and showing:
  - (1) The dimensions of all rooms and halls, and all outside dimensions including balconies and decks; and
  - (2) The areas of the building designated as strata lots, common property and limited common property.
- (iv) A notarized declaration stating:
  - (1) That each person occupying the building has been given written notice of the intent to convert the building into strata lots under the **Strata Property Act** or cooperative units under the **Real Estate Development Marketing Act** together with the date of notice;
  - (2) The number of units occupied on the date of the notice;
  - (3) That notices have been posted in conspicuous places in the building, advising of the intent to convert the building into strata lots under the **Strata Property Act** or cooperative units under the **Real Estate Development Marketing Act**; and
  - (4) That each person occupying a unit in the building has been provided with prospective sale prices, example management fees and a copy of the declaration of the building quality outlined in (v);
- (v) A written report from a registered architect, engineer, or any other person, in a form acceptable to the City Building Inspector, that the building is of a

reasonable quality for its age, including reference to the state of repair, general workmanship and measure of compliance with relevant City By-laws.

- (vi) A non-refundable processing fee payable to the City of Vancouver. *(See Fee Note on last page)*
- (c) Upon receipt of a conversion application, the Subdivision and Strata Title Group will send each tenant an information brochure on strata conversions, as well as a copy of these guidelines. Tenants will also be provided with a Tenant Response Form which is to be completed by every household in the building (a household being a person or group of persons occupying a unit). The forms are to be mailed back to the Subdivision and Strata Title Group in the stamped return envelopes provided. In order that the application can be processed, the forms should be returned as quickly as possible.
- (d) The Subdivision and Strata Title Group will forward the application to the City Building Inspector and Engineering Department and request comments based on an assessment of the application. The application will also be sent to the Manager of the Housing Centre for comment if the building previously contained six or more residential units.
- (e) If applicable, the Subdivision Project Facilitator will prepare a report to City Council, and the City Clerk will forward a copy to the applicant before the application is considered by Council.
- (f) For strata title conversion applications, if the approving authority grants approval in principle to the application, the applicant may then engage a British Columbia Land Surveyor to prepare strata plans in accordance with the provisions of the Strata Property Regulation. The strata plans are to be forwarded to the Subdivision and Strata Title Group for execution by the Approving Office.
- (g) Before the strata plans are signed, the applicant must comply with the conditions imposed by the approving authority. Once signed, the Subdivision and Strata Title Group will retain one set of paper prints for the record, and return all remaining copies to the applicant for deposit with the Registrar at the Land Title Office.
- (h) For cooperative conversion applications, if Council grants approval in principle to the application, the applicant must comply with the conditions imposed by Council before the Approving Officer can grant final approval to the application.

Applications take a minimum of eight to ten weeks to process. For further information regarding these guidelines, please contact the Subdivision and Strata Title Group at 604.873.7556 or 604.871.6627.

*Note: The processing fee includes a Strata Application Fee, as required pursuant to Schedule F of the Subdivision By-law, plus all Special Inspection Application fees, required pursuant to the Building, Electrical and Plumbing By-laws. Special Inspection Fees include the 5% GST. See Table below for fee calculation. Please call to determine whether all inspection fees will apply.*

Strata Fee	Inspections	Total
\$5,900.00	\$686.70	\$6,586.70

\*\*\*\*



# Bulletin

## Rental Housing Stock Official Development Plan Bulletin

*Effective Month Day, Year*

*Last amended XX*

*Authority: Director of Planning*

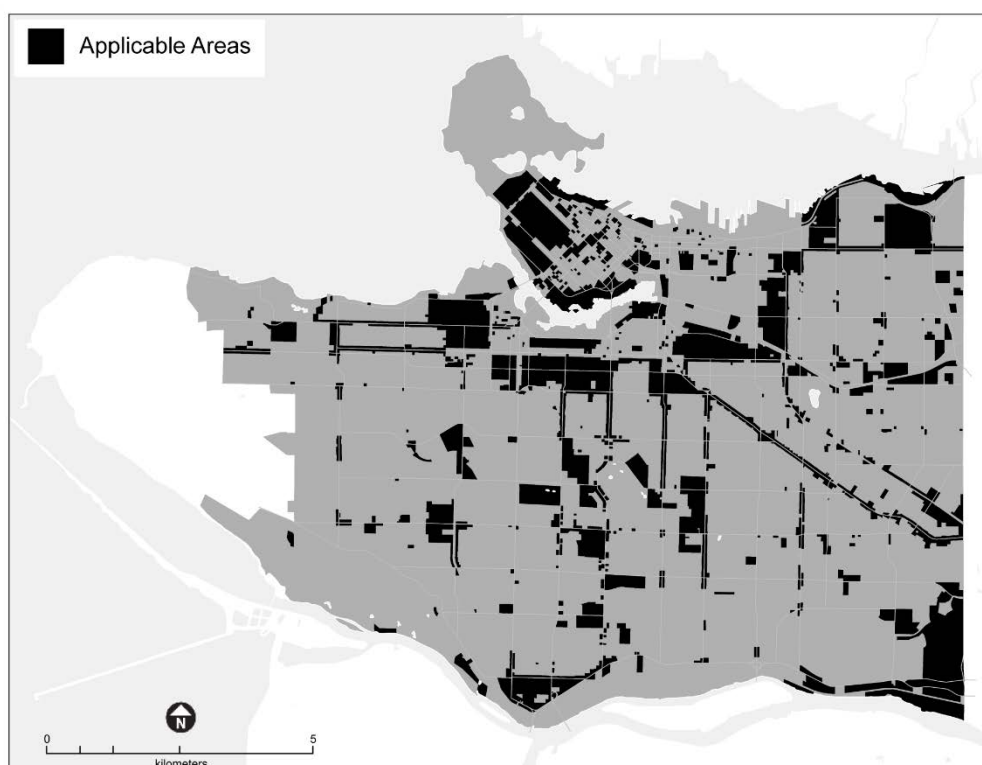
## 1. Background and Context

This bulletin provides further information on the amendments to the Rental Housing Stock ODP approved by Council on June 5, 2018 and enacted on June 6, 2018 to take effect on September 1, 2018. The information contained in this document is intended to help inform the way in which rental replacement requirements will be applied to specific projects in areas covered by the Rental Housing Stock ODP.

## 2. Explanation

The Rental Housing Stock ODP applies to the RM-2, RM-3, RM-3A, RM-4 and 4N, RM-5, RM-5A, RM-5B and RM-5C, RM-5D, RM-6, FM-1, C-2, C-2B, C-2C, and C-2C1, or CD-1 District or Districts Schedules of the Zoning and Development By-law to developments of three or more residential units that includes the demolition or change of use or occupancy of a rental housing unit. See map below.

**Rental Housing Stock ODP – Map Illustrating Applicable Areas**



**Note:** this map is for illustrative purposes only and is up to date as of November 2, 2020. New CD-1 districts added after November 2, 2020 are not included.

### What is a Rental Housing Unit?

A rental housing unit is a dwelling unit, housekeeping unit, or sleeping unit on a site that is:

- Currently being rented by a tenant for 30 days or more; or

- Has previously been rented by a tenant for 30 days or more in the 3 years preceding the date of the rezoning application or the development permit application (if made under existing zoning)

### **Exclusions**

Rental replacement requirements under the Rental Housing Stock ODP does not apply to the following cases, which are not considered rental for the purposes of this ODP:

- non-profit co-operative housing,
- community care facility or group residence,
- rented units in hotels, including stays longer than 30 days,
- strata-titled building where the majority of the units were within the last three years individually owned and
  - a) for which a petition has been filed with the Supreme Court of BC to dissolve the strata corporation, or
  - b) for which all the strata lots within the corporation are now under single ownership.”

## **3. Rental Replacement Requirements**

For applicable sites under the Rental Housing Stock ODP, there are two scenarios for rental replacement requirements, depending on the scale and nature of the proposed development:

- Full redevelopment that involves demolition of one or more buildings on the existing site, or development requiring major alterations
- Renovation projects requiring a change of use or occupancy of a rental housing unit on site but does not require major alterations or additions

### **3.1 New Developments Requiring Full Redevelopment or Major Alterations**

For new development that requires:

- demolition of one or more buildings on the site; or
- alterations or additions resulting in a change to the unit mix within the buildings(s) and/or the reconfiguration of a majority of the existing residential units. Some of examples include:
  - complete renovations where everything down to the raw framing has been replaced, including: pipes and plumbing, electric, walls, etc.,
  - a major renovation involving the majority of units (e.g. 50 per cent or more of the units) in an existing building that results in the overall change of the layout, number, and/or bedroom mix of units in the building

A housing agreement, satisfactory to Council, must be entered into that requires the following:

- **One-for-One Replacement of Existing Rental Units:**
  - One-for-one replacement of all existing rental housing units with self contained dwelling units on the site or in the same zoning district, or

- One-for-one replacement with another type of affordable housing (e.g. social housing) if permitted under an applicable community plan

**Note:** in cases of major alterations where the existing rental units are sleeping or housekeeping units, the Director of Planning may permit less than one-for-one replacement, having regard for the Council's intention to maximize the replacement of such rental units

- a **Tenant Relocation Plan** in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and
- **Family Housing Units** - at least 35% of the total number of dwelling units must include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:
  - conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
  - the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
  - development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
  - development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households.

### 3.2 Development Requiring Renovations resulting in a change of use or occupancy of a rental housing unit on site but does not require major alterations or additions

For existing developments requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site but does not require alterations or additions resulting in a change to the unit mix within the buildings(s) and/or the reconfiguration of a majority of the existing residential units, the following is required:

- one for one replacement of all existing rental housing units with self contained dwelling units on the site or in the same zoning district is secured to the satisfaction of the Director of Planning

**Note:** in cases where the existing rental units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units

- a **Tenant Relocation Plan** in keeping with the city's Tenant Relocation and Protection Policy is provided, if applicable.

**Note:** the requirements under section (3.2) will be secured as conditions of the development permit approval.

## 4. Tenant Relocation

The City approved the Tenant Relocation and Protection Policy and Guidelines in December, 2015. Please refer to these policies and guidelines prior to making an application if there are existing tenants that will be impacted or displaced due to major renovation or redevelopment.

## 5. Housing Agreements and Security of Tenure

Security of tenure of the rental units will be held 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.

### Projects in C-2 areas

A separate airspace parcel is required to secure the commercial component of any project as per the City's standard practice. For the residential component, where the replacement rental units are required in a mixed tenure strata project, an additional airspace parcel is required to secure the rental units. Alternatively, the applicant can apply to the Superintendent of Real Estate to designate the rental units as one block, ensuring the units are not strata-titled. For projects where there are a small number of rental replacement units (e.g. less than 10 rental units), security of tenure will be achieved through a Housing Agreement.

## 6. Development Cost Levy (DCL) Waiver for New Rental Housing

Rental replacement projects resulting in a new market rental building, where 100% of the residential development is rental in tenure are eligible for a DCL waiver for the residential portion of the development. For more information about the specific requirements for the waiver, please refer to the City's Rental Incentive Guidelines.

**Note:** rental projects proposing changes to an existing building —involving renovation or alterations— are not eligible for the DCL waiver.

## **RHS ODP Extension to C2 Public Consultation Summary**

The public and stakeholder engagement period ran from mid-September to the end of November 2020. Overall, City Staff held 6 stakeholder meetings, garnered over 6,500 visitors on the Shape Your City page, and received 398 responses to the general public and property owner/potential developer survey.

Public support for the policy proposal was highly differentiated between property owners and renters; 92% of property owners strongly disagree or disagree with the proposal, while 75% of renters strongly agree or agree with the proposal to extend the RHS ODP to C2 zones. Only 30% of homeowners strongly agree or agree with the proposal.

### **1. Public Engagement Methods**

#### **Notification to Public and Property Owners**

To notify the public of the proposed policy changes, City staff sent 3 notification emails to the Housing Vancouver mailing list of ~1,000 subscribers. Social media advertisements were posted on Facebook and Instagram with a total reach of 25,175 people and ~800 clicks to our Shape Your City webpage. A Reddit post was also created via the City's official account to advertise the online survey.

City Staff sent 3 mail-out notifications to affected property owners in C-2 zones with rental units regarding the proposed policy changes, an FAQ document, and an invitation to fill out the Shape Your City survey. We received ~150 responses via the survey or email responses from affected property owners.

#### **Shape Your City Page and Online Survey**

The Shape Your City (SYC) page included an FAQ document to respond to policy related questions, a detailed interactive map of the proposed changes, and two separate surveys for property owners/potential developers and residents. The list of questions can be found at the end of the engagement report. Overall, we received over 6,500 visits to the SYC engagement page.

#### **Stakeholder Engagement**

City Staff held 6 meetings during the engagement period with various stakeholder groups to discuss the policy proposal, implementation and timing of the ODP extension, and to address stakeholder concerns. The stakeholder meetings included:

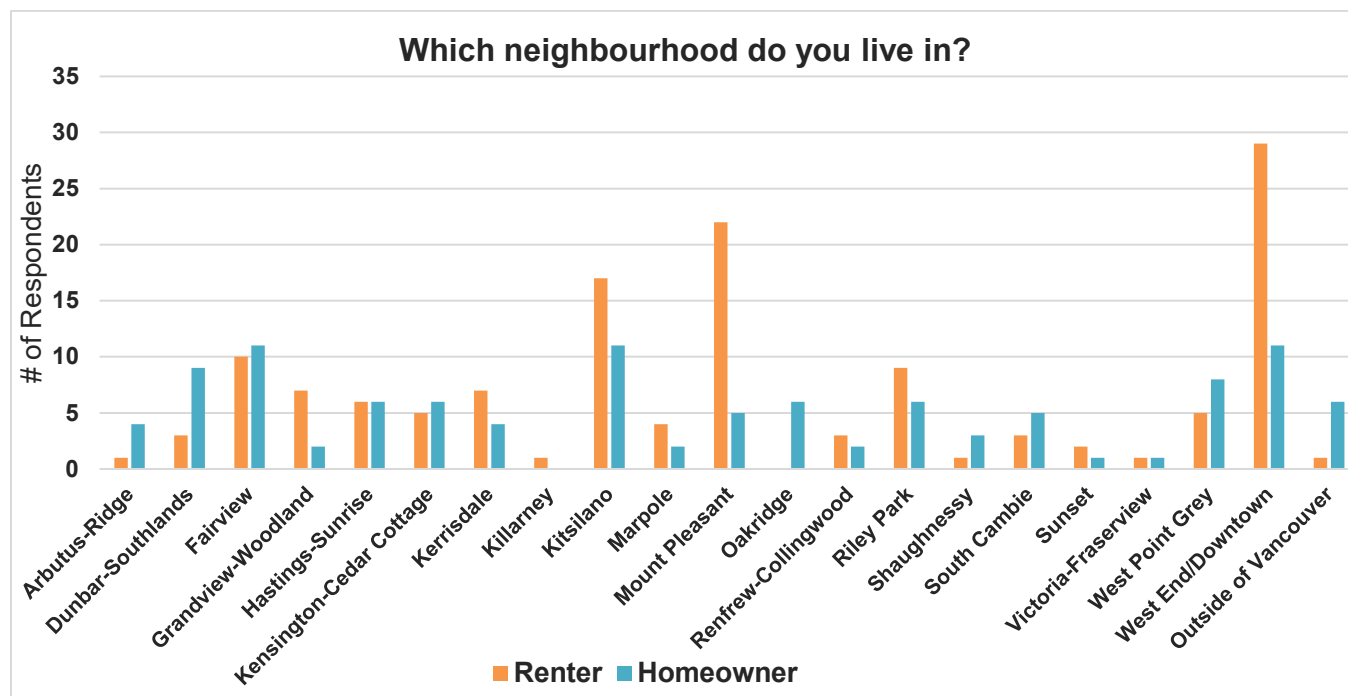
- 1 meeting with the Renter's Advisory Committee plus follow-up requesting Committee input into the Council Report.
- 2 meetings with the Urban Development Institute (UDI)
- 1 meeting with Financial lenders and representatives from (UDI)
- 1 meeting with BC Assessment
- 1 meeting with the BIA Association

### **2. Survey Results**

Two separate SYC surveys for property owners and the general public were open from September 15<sup>th</sup> to November 31<sup>st</sup>, 2020. The surveys received 398 responses from a diversity of people including 35% property owners or potential developers in C-2 zones and 65% residents with a breakdown of 52% renters, 42% homeowners, 6% other.

Of the roughly 400 affected property owners, 142 filled out the survey with several other sending in responses directly to City Staff.

There were a total of 256 responses to the General Public Survey, with a breakdown of 52% renters, 42% homeowners, and 6% other. There was representation from all neighbourhoods in Vancouver as shown in the figure 1.



• **Figure 1: Geographic Spread of General Survey Results (n=246)**

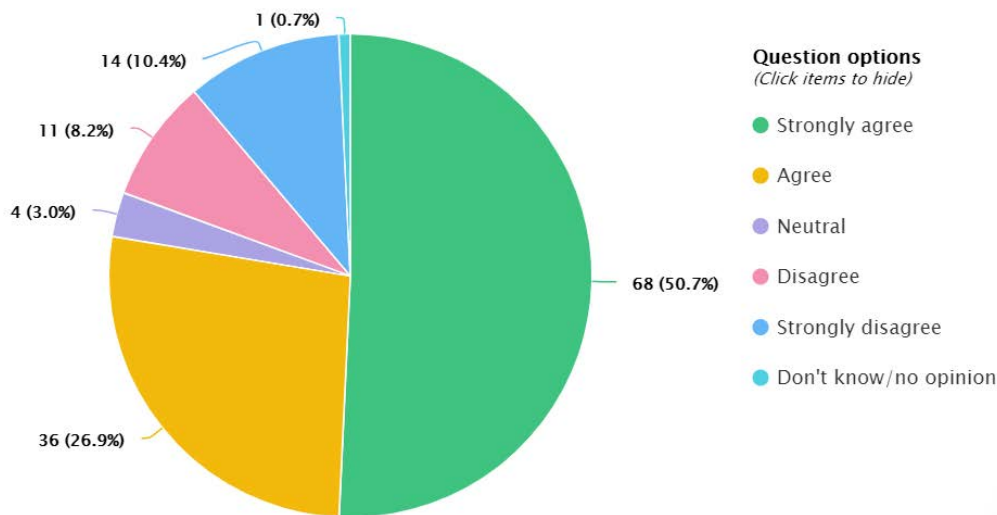
### Renter Survey Results

Overall, 134 Renters responded to the survey, with roughly 25% of renters indicating that they lived in an area currently zoned as C-2, C-2B, C-2C, or C-2C1. The majority of renters (75%) strongly agree or agree with the proposal to extend the Rental Housing Stock ODP to C-2 areas.

When asked about their top three most important policy outcomes associated with the proposed change, renters chose:

- 1) replace any existing rental units that are demolished
- 2) Protection of existing rental units from redevelopment
- 3) Possibility that existing rental sites will be more likely redevelop as 100% secured rental housing through a 6 storey rezoning instead of strata.

Do you agree or disagree with the City proposal to extend the Rental Housing Stock Official Development Plan to include C-2 zoning areas?



• **Figure 2: Renter Responses (n=134)**

Generally, comments from renters fell into the following themes:

#### Renter Themes – Support

- **Strengthening renter protection:** Renters expressed the need for stronger tenant protection (against demo/renovictions) to prevent the displacement of vulnerable residents.
- **Protecting existing low-end of market/affordable stock:** Renters emphasized the importance of protecting the affordable C2 rental stock given the persistently low vacancy rate and high rents in the city. We heard from some renters that new purpose-built rental units are too unaffordable for the majority of residents.
- **Support for housing in walkable C2 areas:** Several respondents expressed general support for rental housing in amenity-rich and walkable C2 areas.
- **Rental replacement supports a diversity of residents, housing tenures and incomes:** We heard from many respondents about the value of supporting diverse communities. Some respondents felt that replacing demolished rental units within strata redevelopment supports housing diversity and housing security for renters.



- **Rate of change:** We heard concerns from some renters about the adverse displacement impacts resulting in the rapid redevelopment of arterial roads like Kingsway and Fraser Street. Renters living on arterials with significant redevelopment are worried about the prospect of having to search for new housing amidst a competitive rental market.
- **Supportive only if C2 rental bonus is approved:** We heard from some renters that they would be supportive of the RHS ODP extension only if the C2 rental bonus to enable 6-storey rentals is approved by Council.
- **Property value and rental retention trade-offs:** Some renters said that the lowering of property values is an acceptable trade-off for rental unit protections.

#### Renter Themes – Against

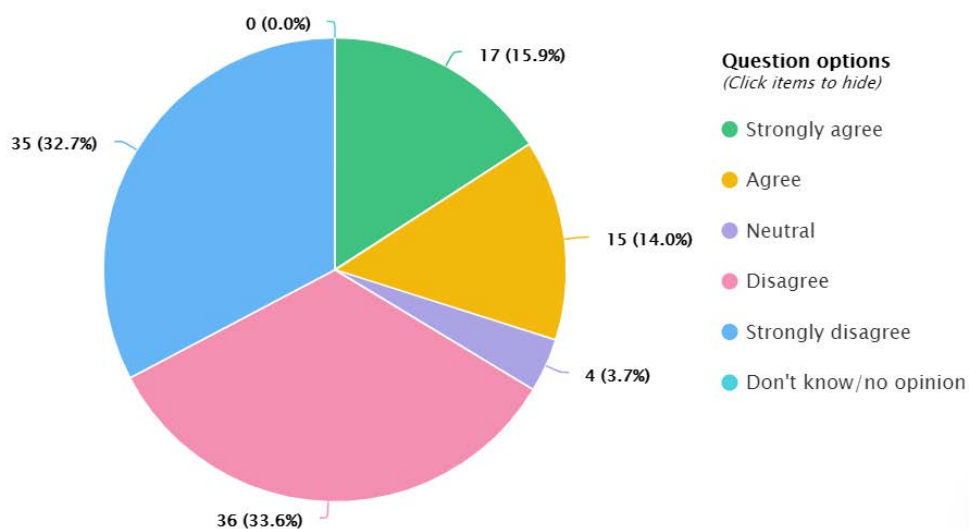
- **Policy will discourage the redevelopment of old, aging buildings:** Some renters felt that the generally old, ageing buildings in C2 zones are in need of redevelopment to increase the overall housing stock.
- **Proposal may discourage development of new purpose-built rental in C2 areas:** Some renters expressed concerns that extending the RHS ODP will discourage new purpose built rental in C-2 areas.

#### Homeowner Survey Results

Overall, 122 homeowners responded to the survey. The majority of homeowners (65%) strongly disagree or disagree with the proposal to extend the Rental Housing Stock ODP to C-2 areas. When asked about their top three most important policy outcomes associated with the proposed changes, homeowners chose:

- 1) Decrease in the current and future value of properties containing existing rental
- 2) Changes to current and future development potential of existing properties
- 3) Impact on ability of existing and future property owners to access financing

Do you agree or disagree with the City proposal to extend the Rental Housing Stock Official Development Plan to include C-2 zoning areas?



• **Figure 3: Home Owner Responses (n=107)**

Generally, comments from homeowners fell into the following themes:

#### **Homeowner Themes – Support**

- **Strengthening renter protection:** Some homeowners expressed the need for stronger tenant protection (against demo/renovictions) to prevent the displacement of vulnerable residents.
- **Protecting existing low-end of market/affordable stock:** Some homeowners emphasized the importance of all existing rental stock given the persistently low vacancy rate and high rents in the city.
- **Slows pace of change of small businesses & heritage buildings in C2:** We heard from some homeowners that this policy may help preserve valuable heritage buildings in C2 areas and protect small businesses from redevelopment.

#### **Homeowner Themes – Against**

- **Policy has significant negative impacts on property owners:** Respondents are concerned that saving the few rental units in C2 has significant financial impacts on property owners. Some say this may dissuade future property owners from investing in Vancouver.
- **Policy will discourage the redevelopment of purpose-built rental in C-2 areas:** Many homeowners expressed concerns that extending the RHS ODP will discourage new purpose built rental in C-2 areas. Respondents were concerned that decreasing property values will adversely affect the economic viability of new housing projects.
- **City's role should be to upzone and incentivize housing:** Many homeowners argue that the City should be upzoning land and incentivizing more housing to address the housing crisis in Vancouver. Some homeowners expressed support for approving the C-2 6 storey rental bonus rather than extending the RHS ODP.
- **Housing restrictions should not apply to primarily commercial zones:** We heard from some homeowners that the RHS ODP is a residential policy and should not apply to a largely commercial zone, as it unfairly limits redevelopment options. Respondents argue that property owners should not have to rebuild specific residential tenures in a commercial zone.
- **Slowing of CACs, property tax revenues, and DCLs:** Some expressed that extending the RHS ODP will slow development growth and put more pressure on existing residents to pay for the City's capital and operating expenses.

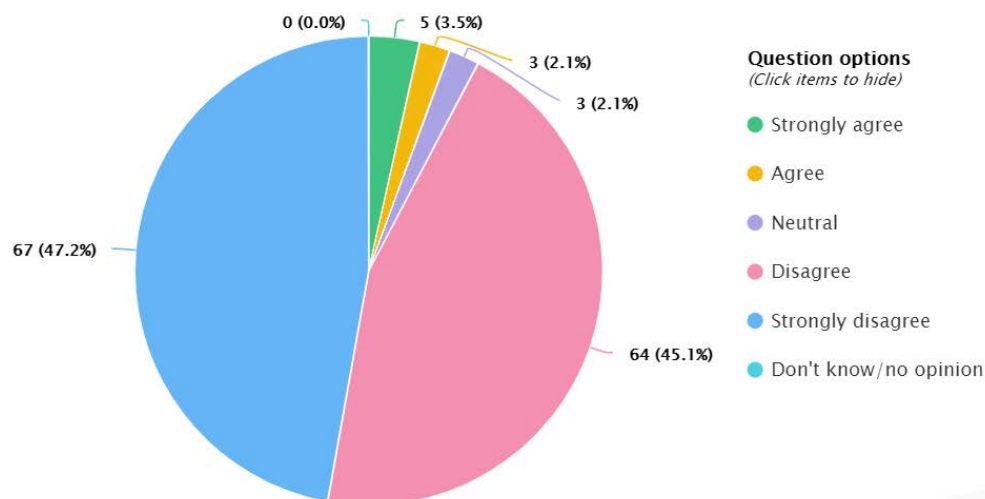
#### Property Owner/Potential Developer Survey Results

The overwhelming majority of property owners/potential developers in C2 zones (92%) strongly disagree or disagree with the proposal to extend the Rental Housing Stock ODP to C-2 areas.

When asked about their top three most important policy outcomes, they chose:

- 1) Decrease in the current and future value of properties containing existing rental
- 2) Changes to current and future development potential of existing properties
- 3) Impact on ability of existing and future property owners to access financing

Do you agree or disagree with the City's proposal to extend the Rental Housing Stock ODP to include Commercial (C-2 zoning) areas?



**Figure 4: Property Owner/Developer Responses (n=142)**

Generally, comments from property owners fell into the following themes:

#### Property Owner/Developer Themes – Against

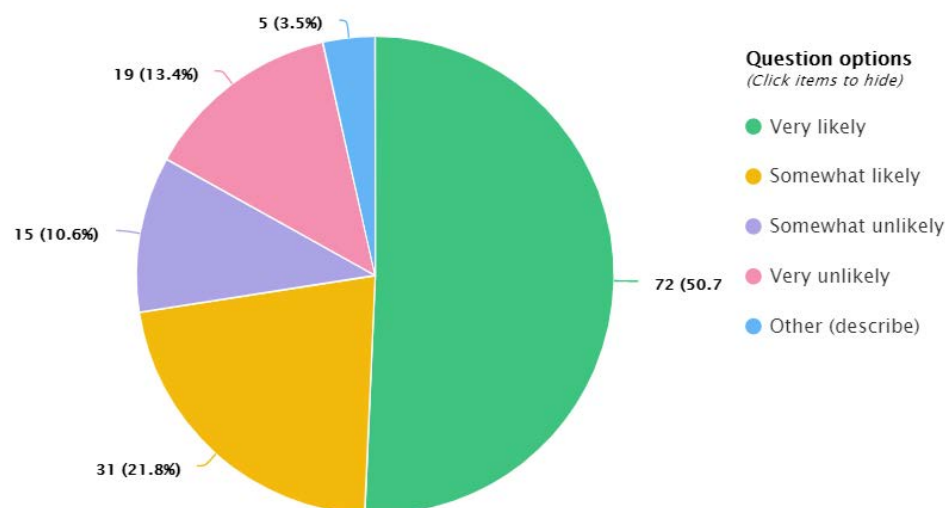
- **Hinders new housing supply and redevelopment of underbuilt sites by devaluing property values:** We heard from property owners that extending the RHS ODP would slow redevelopment by negatively impacting their ability to secure financing for projects.
- **Additional costs to the proforma like the Tenant Relocation Plans and air space parcelling is cost prohibitive to redevelopment and impedes viability of projects:** Respondents noted that additional costs like the Tenant Relocation Plan and air space parcelling fees impedes project viability and significantly affects their proformas.
- **Devaluation of individual properties without compensation from the city is unfair:** Property owners argue that the devaluation of individual properties is highly punitive as it unfairly targets property owners without any compensation. Some also note that this negatively affects property owners who have provided lower-end of market housing to residents for decades.
- **Policy move disproportionately affects small-scale property owners:** Respondents are concerned that extending the RHS ODP will disproportionately affect small-scale property owners, as they often do not have the financial capital to absorb the devaluation of their property. Small-scale property owners rely heavily on their land value to obtain financing from lenders.
- **City's role should be upzoning, enabling and incentivizing housing to address housing crisis:** Many respondents argue that the City should be upzoning land and incentivizing more housing to address the housing crisis in Vancouver. Respondents point to the success of enabling policies like the City's Rental 100. Respondents also note that there has been a significant net gain of rental housing in the C2 zone even without the RHS ODP.

- **Unpredictable downzoning erodes investor confidence in Vancouver:** Some respondents are concerned that the unpredictable housing policy directions in Vancouver erodes investor confidence in the city.

#### Likelihood of selling/redeveloping within 5-10 years

We asked property owners what is the likelihood that they will sell or redevelop their property in the next 5 to 10 years. 70% of respondents indicated that it is very or somewhat likely that they will sell in the next 5 to 10 years.

What is the likelihood that you will sell or redevelop one or more of your properties in the next 5 to 10 years?

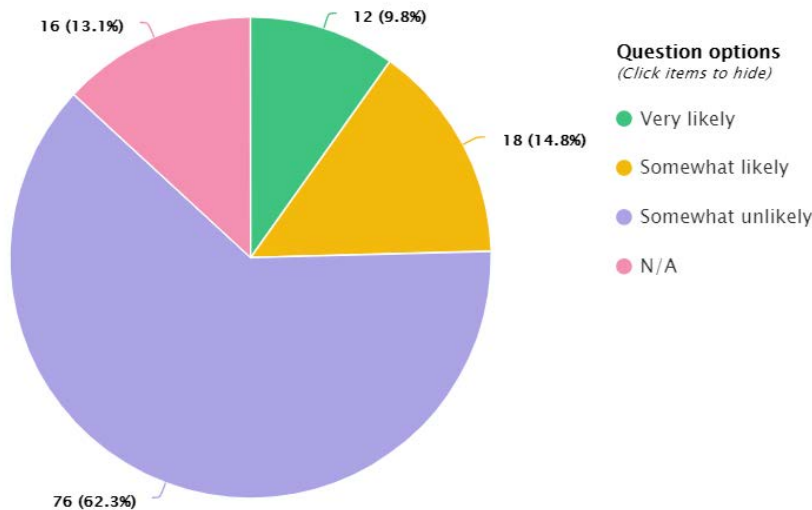


**Figure 5: Likelihood that you will sell or redevelop in 5-10 years**

### Likelihood that the RHS ODP would lead them to develop a 100% rental building

We also asked property owners who were intending to redevelop or sell within the next 5 to 10 years on the likelihood that the RHS ODP extension would lead them to develop a 100% secured rental apartment rather than a strata with rental replacement units. Only 25% of respondents indicated that this policy move would lead them to develop a new 100% secured rental apartment building.

If you indicated that you are planning to redevelop your property in the next 5 to 10 years, what is the likelihood that this policy change would lead you to develop a new 100% secured rental apartment as a 6 storey rezoning on the site instead of new strata housing with replacement rental units?



**Figure 6: Likelihood that policy change would encourage 100% secured rental building**

## 3. Stakeholder Engagement

### Renters Advisory Committee

City Staff met with the Renters Advisory Committee to discuss the policy proposal and discussed the potential outcomes for renters. Overall, the Committee is supportive of the proposal and greater protection for renters. The Committee was invited to send a formal submission for the Council Report, which is appended below.

### Feedback on Rental Replacement in Commercial-Zoned Areas

MOVED by Louise Chivers

SECONDED by Matt Damario

WHEREAS

1. The Renters Advisory Committee received a presentation on COVID-19 Housing Recovery Plan & Fall Council Agenda at their meeting held on September 23, 2020; a
2. The Renters Advisory Committee had the following feedback to provide on the above noted presentation:
  - Supportive of the policy's proposal for one to one replacement of rental housing in commercial-zoned areas;
  - Ensure that there is only one entrance for both owners and renters; and
  - Find ways to assure that maintenance is not being neglected.

### Urban Development Institute

Staff held two stakeholder meetings with Urban Development Institute's Rental Housing Subcommittee. Overall, UDI expressed extensive concerns and disapproval of the proposal. Generally, comments from committee fell into the following themes:

- Members felt that devaluating properties without compensation from the city is punitive and will slow housing development in Vancouver.
- Many projects and redevelopments, especially those owned by small-scale property owners, will no longer be able to secure financing due to the reduction in property values.
- Managing the few rental replacement units in a strata redevelopment is deeply challenging and costly to administer.
- Extending the RHS ODP to C2 zones adds a layer of complexity and additional costs to the already expensive, litigious, and lengthy development process in Vancouver.
- CMHC, financial lenders, and other investors require a predictable and stable regulatory and zoning regime to secure capital funds for all types of housing projects.
- UDI expressed concerns that the Council direction to extend the RHS ODP to C2 zones from November, 2019 did not include consultation. This is perceived by the development industry to be unreasonable.

### Financial Institutions

In conjunction with UDI, City Staff consulted with several financial lenders to discuss the implications of extending the RHS ODP to C2 zones. Stakeholders in attendance included executives from Bank of Montreal, HSBC Bank, Royal Bank of Canada, and KingSett Capital. Overall, financial lenders expressed concerns on the impacts of the policy, and shared their insights on how the policy proposal is perceived by investors and financial lenders.

- Generally, financial lenders believe that the policy proposal will have a destabilizing and slowing effect on the housing system, especially on rental housing development.
- All lenders - private, public and institutional, will have to re-assess their loaning guidelines to account for new rental replacement requirements for strata redevelopments and reduced property values.
- The policy change will affect developers/property owners with existing financial agreements as they will have to renegotiate loans based.
- The uncertainty in Vancouver's regulatory regime may lead to decreased loan values to developers in Vancouver.
- Lenders will take the most conservative approach in evaluating the economic viability of a project and will assume that all renters will return to the building at discounted rates.
- In cases where developers have purchased C-2 sites with the intent to redevelop the property, financial institutions will have to reassess their lending criteria due to the policy changes that apply on the site.
- In the event that redevelopment is no longer economically viable due to the decreased land value, landowners who purchased these properties are faced with the choice of selling the property at a significantly reduced value, or potentially foreclosing the property if they don't have the cash funds available to repay the financial institution.

### BC Assessment

City Staff met with B.C. Assessment to discuss the Provincial property assessment process, and the potential impacts on individual C2 Sites with existing rental units. The key points from the meeting are:

- B.C. Assessment bases their property assessments on market sales of similar sites/properties.
- The downzone effect of extending the RHS ODP on C-2 sites may result in a decrease in the amount of property sales in C-2 sites with rental units.
- The policy change may not have an immediate impact on assessed values from BC Assessment; the downzone effect may take time to play out in the market.
- Extending RHS ODP to C-2 may dissuade landowners from selling/redeveloping, thereby negatively impacting new housing supply in Vancouver.

### Business Improvement Associations

City Staff met with BIA Executive Directors to discuss the policy proposal as the change occurs in commercial areas. The committee did not express any major concerns or questions on the matter.

## **4. Survey Questions**

### Renter/Homeowner Survey

1. Are you a current or potential future owner/developer of one or more properties that may contain rental housing units in C-2 zoning areas in the City of Vancouver?
  - Yes
  - No
2. Which of the following best describes you?
  - I currently rent my home
  - I currently own my home
  - Other (describe)
3. Do you live in the City of Vancouver?
  - Yes
  - No
4. What kind of housing are you living in right now?
  - Apartment (on top of retail)
  - Apartment (no retail)
  - Basement/Secondary Suite
  - Single Family Home
  - Townhouse/row house/duplex
  - Laneway
  - Other (Please describe)\_\_\_\_\_
5. *Do you live in an area currently zoned C-2, C-2B, C-2C, and C-2C1 (see map below)*
  - Yes
  - No
  - Not sure

6. How long have you lived in your current housing? (Please select one response only)

- Less than 1 year
- 1-5 years
- 6-10 years
- 11-20 years
- More than 20 years

The Rental Housing Stock ODP (RHS ODP) is a City policy that requires one- for-one replacement of existing rental in redevelopments of sites with three or more rental dwelling units in multi-family apartment areas in the city (RM, FM, and CD-1 zones). The policy is intended to prevent the loss of rental units in these zones, and covers ~58,000 existing purpose-built rental housing units. The RHS ODP has been in place since 1989, and is a key tool for retaining existing secure rental housing for moderate-income residents in some of the city's most transit-accessible and amenity-rich neighbourhoods.

7. Do you agree or disagree with the City proposal to extend the Rental Housing Stock Official Development Plan to include C-2 zoning areas?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Don't know/no opinion

Extending the RHS ODP to include Commercial (C-2 zoning) areas will have impacts primarily on renters and for property owners planning to sell or redevelop their building containing existing rental housing units. You can learn more here about some of these potential impacts ([external link to Shape Your City Page](#)).

8. What are the top 3 potential outcomes/impacts of the proposed change that are the most important you?

- Ensuring that new developments replace any existing rental units that are demolished
- Protection of existing rental units from redevelopment
- Possibility that existing rental sites will be more likely redevelop as 100% secured rental housing through a 6 storey rezoning instead of strata
- Decrease in the current and future value of properties containing existing rental
- Impact on ability of existing and future property owners to access financing
- Changes to current and future development potential of existing properties
- Potential challenges with mixed strata and rental tenure buildings (i.e. separate entrances, air space parcels, separate management)
- Other (describe)

9. Do you have any other comments? (open ended)



10. Which neighbourhood do you live in? (*View the map and then make your selection below*).

11. What does your household look like?

- Me
- Me and a partner
- Me and a roommate/s
- Me and my family with children
- Me and my family without children
- Other (please describe): \_\_\_\_\_

12. Which of the following age groups do you fall into?

- 19 and under
- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70+

13. Which one of the following reflects your household income?

- Under \$20,000
- \$20,000 to under \$40,000
- \$40,000 to under \$60,000
- \$60,000 to under \$80,000
- \$80,000 to under \$100,000
- \$100,000 to under \$150,000
- \$150,000 or more
- Prefer not to say

#### Property Owner Survey

1. Are you a current or potential future owner/developer of one or more properties that may contain rental housing units in C-2 zoning areas in the City of Vancouver?

- Yes
- No

2. How many rental buildings do you own in C2 areas?

- 1 building
- 2 buildings
- 3 buildings
- 4 buildings
- 5 and more buildings

3. What is the average number of units in your rental building?

- 0-5 rental units
- 5-10 rental units
- 10-20 rental units

- 20+ rental units
4. Which neighbourhood(s) is (are) your rental property located in? *(View the map and then make your selection below. You can select more than one neighbourhood)*
5. What is the likelihood that you will sell or redevelop one or more of your properties in the next 5-10 years?
- Very likely
  - Somewhat likely
  - Somewhat unlikely
  - Very Unlikely
  - Other (describe)

The Rental Housing Stock ODP (RHS ODP) is a City by-law that requires one- for-one replacement of existing rental in redevelopments of sites with three or more rental dwelling units in most multi-family apartment areas in the city (RM, FM, and CD-1 zones). The policy is intended to prevent the loss of rental units for moderate-income residents in these areas, and covers ~58,000 existing purpose-built rental housing units.

6. Do you agree or disagree with the City's proposal to extend the Rental Housing Stock ODP to include Commercial (C-2 zoning) areas?
- Strongly Agree
  - Agree
  - Neutral
  - Disagree
  - Strongly disagree
  - Don't know/no opinion
7. Why or why not? (Open ended)

Extending the RHS ODP to include Commercial (C-2 zoning) areas will have impacts primarily on renters and for property owners planning to sell or redevelop their building containing existing rental housing units. You can learn more here about some of these potential impacts ([External link to Shape Your City Page](#)).

8. What are the top 3 potential outcomes/impacts of the proposed change that are the most important you?
- Ensuring that new developments replace any existing rental units that are demolished
  - Protection of existing rental units from redevelopment
  - Possibility that existing rental sites will be more likely redevelop as 100% secured rental housing through a 6 storey rezoning instead of strata
  - Decrease in the current and future value of properties containing existing rental
  - Impact on ability of existing and future property owners to access financing
  - Changes to current and future development potential of existing properties
  - Potential challenges with mixed strata and rental tenure buildings (e.g. separate entrances, air space parcels, separate management)

9. If you indicated that you are planning to redevelop your property in the next 5 to 10 years, what is the likelihood that this policy change would lead you to develop a new 100% secured rental apartment as a 6 storey rezoning on the site instead of new strata housing with replacement rental units?
- a. Very likely
  - b. Somewhat likely
  - c. Somewhat unlikely
  - d. Very unlikely
  - e. N/A
10. Do you have any other comments? (open ended)
11. Which neighbourhood do you live in? (*View the map and then make your selection below*).
12. What does your household look like?
- Me
  - Me and a partner
  - Me and a roommate/s
  - Me and my family with children
  - Me and my family without children
  - Other (please describe): \_\_\_\_\_
13. Which of the following age groups do you fall into?
- 19 and under
  - 20-29
  - 30-39
  - 40-49
  - 50-59
  - 60-69
  - 70+
14. Which one of the following reflects your household income?
- Under \$20,000
  - \$20,000 to under \$40,000
  - \$40,000 to under \$60,000
  - \$60,000 to under \$80,000
  - \$80,000 to under \$100,000
  - \$100,000 to under \$150,000
  - \$150,000 or more
  - Prefer not to say

\* \* \* \* \*

# Evaluation of the Potential Impact of a Rental Replacement Requirement on Rental Property Land Values in the C-2 District

25 January 2021

**Prepared for:**  
City of Vancouver

**By:**  
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CONSULTING CORP.

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## 1.0 Introduction

### 1.1 Background

The City of Vancouver Rental Housing Stock Official Development Plan (RHS ODP) requires the one-for-one replacement of existing rental units that are demolished as part of a redevelopment project. The RHS ODP currently applies to rental properties in the RM<sup>1</sup>, FM-1, and CD-1 zoning districts, but does not apply to any commercial zoning districts.

In November 2019, City Council directed staff to explore amending the RHS ODP to include sites in the C-2 districts (C-2, C-2B, C-2C and C-2C1).

Newly completed rental units have a lower market value per square foot than comparable new strata units. Therefore, a rental replacement requirement (in the absence of upzoning) will reduce the completed market value of a new project. This will reduce the land value of sites that are subject to the rental replacement requirement.

Staff is interested in understanding the potential financial impact on the owners of rental properties in the C-2 districts of amending the RHS ODP to include C-2 sites. Therefore, the City retained Coriolis Consulting Corp. to evaluate the potential impact of a one-for-one rental replacement requirement on C-2 sites that are currently improved with rental housing units.

This report provides a summary of our analysis and the key implications.

### 1.2 Professional Disclaimer

This document may contain estimates and forecasts of future growth and urban development prospects, estimates of the financial performance of possible future urban development projects, opinions regarding the likelihood of approval of development projects, and recommendations regarding development strategy or municipal policy. All such estimates, forecasts, opinions, and recommendations are based in part on forecasts and assumptions regarding population change, economic growth, policy, market conditions, development costs and other variables. The assumptions, estimates, forecasts, opinions, and recommendations are based on interpreting past trends, gauging current conditions, and making judgments about the future. As with all judgments concerning future trends and events, however, there is uncertainty and risk that conditions change or unanticipated circumstances occur such that actual events turn out differently than as anticipated in this document, which is intended to be used as a reasonable indicator of potential outcomes rather than as a precise prediction of future events.

Nothing contained in this report, express or implied, shall confer rights or remedies upon, or create any contractual relationship with, or cause of action in favor of, any third party relying upon this document.

In no event shall Coriolis Consulting Corp. be liable to the City of Vancouver or any third party for any indirect, incidental, special, or consequential damages whatsoever, including lost revenues or profits.

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<sup>1</sup> Applies to the RM-2, RM-3, RM-3A, RM-4, RM-4N, RM-5, RM-5A, RM-5B, RM-5, RM-5D, and RM-6 zoning districts.

## 2.0 Approach and Scenarios Tested

### 2.1 Approach to Analysis

Our approach to the financial analysis included the following main steps:

1. We identified three C-2 case study sites for the financial analysis. We selected sites in three different areas that represent a cross-section of the different market values in the City, including:
  - A lower value market location.
  - A mid-value location.
  - A higher value market location.
2. The financial impact of a rental replacement requirement will vary from site-to-site depending on the number of units that need to be replaced. Therefore, we identified four different rental replacement scenarios for each case study site (described in Section 2.2) that are intended to span the range of likely existing rental units at C-2 sites in the City.
3. We estimated the approximate value of the net income generated by the assumed existing buildings at each site for each scenario (the assumed existing commercial space and rental apartment units). If this income value is higher than the estimated redevelopment land value then the site is not likely financially attractive for redevelopment.
4. We estimated the existing C-2 land value for each case study site and each scenario in the absence of a rental replacement requirement. This is the land value under current policy. These estimates assume mixed use commercial and strata redevelopment at existing permitted C-2 density (2.5 to 3.0 FSR depending on the specific C-2 District).
5. We estimated the C-2 land value for each case study site and each scenario assuming one-for-one replacement of any demolished rental units. These estimates assume mixed use commercial, rental and strata redevelopment at existing permitted C-2 density. One of the policies in the City of Vancouver Tenant Protection and Relocation Policy requires developers of new buildings to provide any displaced existing tenants with a Right of First Refusal (ROFR) to move back into the new building at a 20% discount off starting market rents. This impacts the value of the completed building as it reduces the rent that can be achieved for the new rental units occupied by returning tenants. The scale of the actual financial impact will depend on two key variables:
  - The number of tenants that elect to return to the new building. The higher the number of returning tenants, the greater the financial impact.
  - The length of tenancy for any returning tenants. The longer the tenancy, the greater the financial impact.

These variables cannot be predicted in advance, so we analyzed two different sets of ROFR assumptions for each rental replacement redevelopment scenario:

- A lower impact ROFR scenario. This assumes that 20% of the existing tenants return for an average of seven years each. Given that development of a new building will likely span two or more years it is possible that many existing tenants will not be interested in moving back into a newly completed building. There could be a number of reasons for this, such as relocation to another City, change in

household size, satisfaction with existing residence, need for a different kind of housing, and the cost of the new rental unit (even at a discounted price). This scenario assumes each returning tenant remains for an average of seven years because CMHC data indicates that the average tenancy in the City spans about six or seven years.

- A higher impact ROFR scenario. This assumes that that 100% of the existing tenants return to the completed building and each returning tenant stays for the life of the building. This is obviously the worst-case financial scenario (and is likely impossible as, at a minimum, some tenants will presumably die during the life of the building). However, we tested these assumptions as the Urban Development Institute (UDI) reported that this is the set of assumptions that lenders will use in evaluating financing decisions. It also shows the maximum potential financial impact on C-2 land values.
6. We estimated the rezoned land value for each site and assuming the site is rezoned to market rental at 3.5 FSR. This is consistent with the density typically achieved at C-2 sites that are rezoned to allow 100% market rental under the City's Rental 100 Program. We analyzed each of the two ROFR scenarios for each of the market rental scenarios (note the ROFR requirement would already existing for new 100% rental buildings and is not a new requirement due to rental replacement).
  7. We calculated the impact on existing land value for each rental replacement scenario at each of the three case study sites.

## 2.2 Case Study Sites and Replacement Scenarios Analyzed

We selected three case study sites for the analysis:

1. A site fronting on Kingsway in the Collingwood area, intended to represent a lower value market location. This site is 15,697 square feet and is zoned C-2, allowing a maximum density of 2.5 FSR.
2. A site fronting on Kingsway in the Mount Pleasant area, intended to represent a mid-value location. This site is 18,304 square feet and is zoned C-2C, allowing a maximum density of 3.0 FSR.
3. A site on West 4<sup>th</sup> Avenue in Kitsilano, intended to represent a higher value market location. This site is 11,300 square feet and is zoned C-2, allowing a maximum density of 2.5 FSR.

Each site is current improved with grade level commercial space and upper floor rental apartment units. However, to test the financial impact of a rental replacement requirement, we assumed four different scenarios for the number of existing rental units that would need to be replaced at each site (rather than just assuming the actual existing number of rental units at each site).

The financial impact of rental replacement increases as the number of existing rental units at a site increases. It is not possible to analyze all of the different rental replacement scenarios that could exist at C-2 sites in the City. However, the four scenarios we tested are intended to illustrate the potential impact on the vast majority of C-2 rental properties in the City. It is possible impacts could be somewhat lower or somewhat higher than indicated by the scenarios we tested.

The rental unit scenarios that we tested for each site are as follows:

1. A minimum replacement scenario that assumes there are four existing rental units at the case study site. This is representative of the minimum number of units that would likely need to be replaced if a C-2



property was redeveloped. It assumes that a small rental building is part of a larger C-2 site assembly that is being redeveloped.

2. A lower replacement scenario. This scenario assumes that the overall C-2 development site is built to an existing rental unit density that is equal to the 25<sup>th</sup> percentile of the rental unit density at existing C-2 rental properties in the City (0.8 units per 1,000 square feet of site area or about 35 units per acre).
3. A medium replacement scenario. This scenario assumes that the overall C-2 development site is built to an existing rental unit density that is equal to the 50<sup>th</sup> percentile of the rental unit density at existing C-2 rental properties in the City (1.05 units per 1,000 square feet of site area or about 45 units per acre).
4. A higher replacement scenario. This scenario assumes that the overall C-2 development site is built to an existing rental unit density that is equal to the 75<sup>th</sup> percentile of the rental unit density at existing C-2 rental properties in the City (1.5 units per 1,000 square feet of site area or about 65 units per acre).

## 3.0 Key Assumptions for Financial Analysis

### 3.1 Income Value from Existing Improvements

We estimated the approximate value of the net income that would be generated by the assumed existing improvements (commercial space and rental units) at each site for each scenario. If this income value is higher than the estimated land value for the scenario, then the site is not likely financially attractive for redevelopment. This allowed us to evaluate whether the rental replacement requirement would reduce the number of C-2 sites that are financially attractive for redevelopment.

The actual value of the net income generated by the improvements at C-2 sites will vary depending on the specific characteristics of the existing building, including the amount of commercial space, the size and mix of rental units, the amount of parking, the age and condition of the building and the property's location within the neighbourhood. Because our scenarios are based on hypothetical buildings (not actual buildings), the income value estimates should be considered approximate.

The key assumptions used for the estimates are as follows:

1. Existing commercial space is valued at:
  - \$650 per square foot in the lower value area.
  - \$705 per square foot in the mid value area.
  - \$875 per square foot in the higher value area.
2. Existing rental apartment units are assumed to have a market value of:
  - \$300,000 per unit in the lower value area.
  - \$375,000 per unit in the mid value area.
  - \$500,000 per unit in the higher value area.

### 3.2 Land Value Estimates

The assumptions used in our financial analysis are based on market research that we completed during mid-2020. Some assumptions vary on a property by property basis (to reflect location, building form, property assessments and other property specific factors).

The key assumptions for the redevelopment scenarios are as follows:

1. Average unit (net) sizes are about 800 to 860 for the strata apartment units and 610 to 635 square feet for the rental units, depending on the scenario and the location.
2. Revenues (assuming woodframe construction) are as follows:
  - a) Strata unit sales prices average about:
    - \$900 psf in the lower value area.
    - \$1,000 psf in the mid-value area.
    - \$1,250 psf in the higher value area.
  - b) Market rental units achieve average monthly rents of about:
    - \$3.25 psf in the lower value area.

- \$3.35 psf in the mid-value area.
  - \$3.75 psf in the higher value area.
- c) Units subject to the ROFR are assumed to rent at a 20% discount for the duration of the tenancy for the returning tenant.
3. Annual operating costs and property taxes for the rental scenarios are about \$6,000 to \$6,300 per unit in the 100% rental scenarios and about \$6,300 to \$6,600 per unit in the mixed tenure (strata and rental) scenarios. The mixed tenure scenarios have higher operating costs as management is assumed to be more costly per unit.
4. Vacancy on the new rental units is set as follows:
- 2% per year on units rented at full market rates.
  - 2% per year on ROFR units in the lower ROFR scenario (these units are assumed to turn-over periodically).
  - Zero on ROFR units in the maximum ROFR scenario vacancy as this scenario assumes the returning tenants remain for the life of the building.
5. Cap rates used to value the net income generated by the new rental units are as follows:
- 4.0% for rental units rented at full market rates in the 100% market rental building scenarios.
  - 4.25% for rental units rented at full market rates in the mixed tenure scenarios. A higher cap rate is assumed because the owner of the rental units does not own the entire property.
  - 4.25% for rental units in the lower ROFR scenario (these units are assumed to turn-over periodically and then be rented at full market rates).
  - 4.5% for the units where returning tenants occupy the units for the life of the building. A higher cap rate is assumed because rents would not be increased between tenancies as units do not turnover.
- For context, our market research indicates that cap rates for new rental buildings in Vancouver are generally in the range of 3.75% to 4.0%.
6. A rezoning cost allowance is included in the 100% market rental scenarios (3.5 FSR) as these scenarios require rezoning. No rezoning cost is included in the C-2 scenarios.
7. Tenant compensation for displaced tenants range from \$6,500 to \$7,500 per unit<sup>2</sup> (depending on the scenario). This excludes the impact of the right of first refusal which is modelled separately.
8. Demolition costs are \$20 per square foot of existing building floorspace.
9. Hard construction costs (assuming 4 to 6 storey woodframe construction) are as follows:
- \$230 to \$260 per square foot of above grade residential floorspace depending on the location and building height.
  - \$250 per square foot of grade level commercial space (plus fit up).
  - \$65,000 per parking stall.
  - Servicing/infrastructure totals \$3,500 per lineal metre of frontage.

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<sup>2</sup> This allowance is assumed to cover rent compensation (ranging from 4 to 24 months depending on the length of tenancy), moving expenses and assistance finding alternative accommodation.

- Contingency is in addition.

Depending on the amount of parking included in each scenario (the parking requirement for rental is lower than strata and the location of the case study, these assumptions result in total hard construction costs per square foot of gross buildable area in the range of \$330 to \$360 per square foot including servicing and contingency. This is consistent with cost information provided to us by developers of woodframe buildings and consistent with other sources of cost information we have on file.

10. Soft costs and professional fees are assumed to total about 8% of hard costs.
11. Development management is assumed to total 3% of hard and soft costs.
12. Vancouver DCLs, Metro Vancouver DCCs and TransLink DCCs are charged based on the current schedules. The Vancouver City-Wide DCL is waived in the 100% rental scenario, but not the mixed tenure scenarios.
13. Mixed tenure scenarios include a \$150,000 allowance to address legal and survey issues for the rental component (e.g., a volumetric subdivision).
14. Property taxes are based on 2020 mill rates and our estimates of the assessed values during pre-construction and construction.
15. Financing is charged at 5.0% on 75% of the project construction costs and 50% of the assumed land cost. In addition, financing fees are assumed to total 1% of the total loan amount.
16. The 100% rental scenarios include 1.5 years of preconstruction of land financing to cover a rezoning period.
17. Leasing costs on the new rental units is assumed to average about \$3,500 per unit.
18. Commissions on the sale of the new rental units are assumed to be 2% of rental value.
19. Commissions and marketing on new strata units is assumed to total about 5% of strata value.
20. GST is charged on any new rental units at 5% of estimated completed value.
21. The assumed profit target for the land residual calculations is 15% of total project costs including the estimated land cost.

## 4.0 Summary of Key Findings

Drawing on the key assumptions outlined in Section 3.0, we estimated the land value that would be supported by each redevelopment scenario for each site using a land residual analysis. We produced estimates for 72 different scenarios. This section summarizes the results of the analysis.

Each of the exhibits contained in this section includes the following estimates:

- The estimated value of the income generated by the existing improvements.
- The estimated C-2 land value under existing policies, without a rental replacement requirement.
- The estimated C-2 land value with a new one-for-one rental unit replacement requirement.
- The impact on the C-2 land strata value of the assumed rental replacement requirement.
- The estimated land value for the property if rezoned to allow 100% market rental (with grade level commercial) at 3.5 FSR.

### 4.1 Lower Value Location

Exhibit 1 summarizes the results of our analysis for the lower value case study location for each of the scenarios we analyzed for the lower impact ROFR scenario.

**Exhibit 1: Estimated C-2 Values for Lower Impact ROFR Scenarios – Lower Value Location**

Lower Impact ROFR Scenarios: 20% of Existing Tenants for an Average of 7 Years	Rental Replacement Scenarios			
	Minimum: 4 Units	Lower: 13 Units (25th percentile)	Medium: 17 Units (50th percentile)	Higher: 23 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$6,014,376	\$8,714,376	\$9,914,376	\$11,714,376
2.5 FSR Strata Land Value Under Existing Policies	\$8,277,142	\$8,088,906	\$8,005,245	\$7,858,839
2.5 FSR Strata Land Value with Rental Replacement	\$7,618,288	\$6,636,699	\$5,979,731	\$5,293,773
Impact of Rental Replacement on Land Value	-8%	-18%	-25%	-33%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$6,268,607	\$6,044,835	\$5,945,381	\$5,771,336

Exhibit 2 summarizes the results of our analysis for the lower value case study location for each of the scenarios we analyzed for the maximum impact ROFR scenario.

**Exhibit 2: Estimated C-2 Values for Maximum Impact ROFR Scenarios – Lower Value Location**

Maximum Impact ROFR Scenarios: 100% of Existing Tenants Return for Life of Building	Rental Replacement Scenarios at 2.5 FSR			
	Minimum: 4 Units	Lower: 13 Units (25th percentile)	Medium: 17 Units (50th percentile)	Higher: 23 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$6,014,376	\$8,714,376	\$9,914,376	\$11,714,376
2.5 FSR Strata Land Value Under Existing Policies	\$8,277,142	\$8,088,906	\$8,005,245	\$7,858,839
2.5 FSR Strata Land Value with Rental Replacement	\$7,399,838	\$5,866,027	\$5,043,329	\$3,873,500
Impact of Rental Replacement on Land Value	-11%	-27%	-37%	-51%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$6,031,564	\$5,026,682	\$4,879,481	\$4,271,755

As shown in these exhibits, our analysis indicates that a rental replacement requirement would:

- Reduce C-2 land values by between about 8% and 33% for the scenarios we tested for the lower impact ROFR scenarios.
- Reduce C-2 land values by between about 10% and 51% for the scenarios we tested for the maximum impact ROFR scenarios.
- Reduce the number of C-2 sites that are likely financially viable for redevelopment for new strata apartment units because the land value supported by strata redevelopment is reduced. In cases where the land value falls below the income value of the existing improvements, the site will not be financially attractive for redevelopment. We estimate that the number of C-2 rental sites in lower value locations that are financially viable for redevelopment would decline by about 80% in the maximum ROFR scenario. However, it should be noted that in lower value locations, the vast majority of sites that are currently improved with rental buildings are unlikely to be attractive for redevelopment under current policies.

## 4.2 Mid Value Location

Exhibit 3 summarizes the results of our analysis for the mid-value case study location for each of the scenarios we analyzed for the lower impact ROFR scenario.

**Exhibit 3: Estimated C-2C Values for Lower Impact ROFR Scenarios – Mid Value Location**

Lower Impact ROFR Scenarios: 20% of Existing Tenants for an Average of 7 Years	Rental Replacement Scenarios at 3.0 FSR			
	Minimum: 4 Units	Lower: 15 Units (25th percentile)	Medium: 19 Units (50th percentile)	Higher: 27 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$7,439,400	\$11,564,400	\$13,064,400	\$16,064,400
3.0 FSR Strata Land Value Under Existing Policies	\$14,485,192	\$14,249,971	\$14,164,436	\$13,993,366
3.0 FSR Strata Land Value with Rental Replacement	\$13,817,689	\$12,302,298	\$11,756,896	\$10,608,524
Impact of Rental Replacement on Land Value	-5%	-14%	-17%	-24%
Estimated Development Profit (% on costs) with Rental Replacement	13%	9%	8%	4%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$10,449,982	\$10,167,983	\$10,065,438	\$9,860,348

Exhibit 4 summarizes the results of our analysis for the mid-value case study location for each of the scenarios we analyzed for the maximum impact ROFR scenario.

**Exhibit 4: Estimated C-2C Values for Maximum Impact ROFR Scenarios – Mid Value Location**

Maximum Impact ROFR Scenarios: 100% of Existing Tenants Return for Life of Building	Rental Replacement Scenarios at 3.0 FSR			
	Minimum: 4 Units	Lower: 15 Units (25th percentile)	Medium: 19 Units (50th percentile)	Higher: 27 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$7,439,400	\$11,564,400	\$13,064,400	\$16,064,400
3.0 FSR Strata Land Value Under Existing Policies	\$14,485,192	\$14,249,971	\$14,164,436	\$13,993,366
3.0 FSR Strata Land Value with Rental Replacement	\$13,580,753	\$11,405,423	\$10,976,847	\$8,949,327
Impact of Rental Replacement on Land Value	-6%	-20%	-23%	-36%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$10,193,952	\$9,247,289	\$8,945,353	\$8,078,611

As shown in these exhibits, our analysis indicates that a rental replacement requirement would:

- Reduce C-2C land values by between about 5% and 25% for the scenarios we tested for the lower impact ROFR scenarios.
- Reduce C-2C land values by between about 6% and 36% for the scenarios we tested for the maximum impact ROFR scenarios.
- Reduce the number of C-2C sites that are likely financially viable for redevelopment for new strata apartment units because the land value supported by strata redevelopment is reduced. We estimate that the number of C-2 rental sites in mid value locations that are financially viable for redevelopment would decline by about 55% in the maximum ROFR scenario.

## 4.3 Higher Value Location

Exhibit 5 summarizes the results of our analysis for the higher value case study location for each of the scenarios we analyzed for the lower impact ROFR scenario.

**Exhibit 5: Estimated C-2 Values for Lower Impact ROFR Scenarios – Higher Value Location**

Lower Impact ROFR Scenarios: 20% of Existing Tenants for an Average of 7 Years	Rental Replacement Scenarios at 2.5 FSR			
	Minimum: 4 Units	Lower: 9 Units (25th percentile)	Medium: 12 Units (50th percentile)	Higher: 17 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$5,941,788	\$8,441,788	\$9,941,788	\$12,441,788
2.5 FSR Strata Land Value Under Existing Policies	\$11,538,857	\$11,430,580	\$11,365,614	\$11,257,547
2.5 FSR Strata Land Value with Rental Replacement	\$10,602,820	\$9,522,701	\$8,765,136	\$7,633,527
Impact of Rental Replacement on Land Value	-8%	-17%	-23%	-32%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$8,686,344	\$8,554,318	\$8,475,103	\$8,343,248

IMPACT OF A RENTAL REPLACEMENT REQUIREMENT ON RENTAL PROPERTY LAND VALUES IN THE C-2 DISTRICT

Exhibit 6 summarizes the results of our analysis for the higher value case study location for each of the scenarios we analyzed for the maximum impact ROFR scenario.

**Exhibit 6: Estimated C-2 Values for Maximum Impact ROFR Scenarios – Higher Value Location**

Maximum Impact ROFR Scenarios: 100% of Existing Tenants Return for Life of Building	Rental Replacement Scenarios at 2.5 FSR			
	Minimum: 4 Units	Lower: 9 Units (25th percentile)	Medium: 12 Units (50th percentile)	Higher: 17 Units (75th Percentile)
Strata Analysis				
Estimated Value of Income from Existing Building	\$5,941,788	\$8,441,788	\$9,941,788	\$12,441,788
2.5 FSR Strata Land Value Under Existing Policies	\$11,538,857	\$11,430,580	\$11,365,614	\$11,257,547
2.5 FSR Strata Land Value with Rental Replacement	\$10,363,562	\$8,935,279	\$7,946,593	\$6,586,059
Impact of Rental Replacement on Land Value	-10%	-22%	-30%	-41%
Market Rental Analysis				
3.5 FSR Market Rental Land Value with Rental Replacement	\$8,401,262	\$7,893,395	\$7,580,879	\$7,112,518

As shown in these exhibits, our analysis indicates that a rental replacement requirement would:

- Reduce C-2 land values by between about 8% and 32% for the scenarios we tested for the lower impact ROFR scenarios.
- Reduce C-2 land values by between about 10% and 41% for the scenarios we tested for the maximum impact ROFR scenarios.
- Reduce the number of C-2 sites that are likely financially viable for redevelopment for new strata apartment units because the land value supported by strata redevelopment is reduced. We estimate that the number of C-2 rental sites in high value locations that are financially viable for redevelopment would decline by about 70% in the maximum ROFR scenario.



## 5.0 Implications

The key implications of our impact analysis are as follows:

1. A rental replacement requirement will reduce the land value of C-2 sites that currently include existing rental units.
2. The impact on land value will vary from site to site depending on a number of factors, particularly:
  - The number of rental units that need to be replaced.
  - The scale of the new development project and the resulting mix of strata and rental units.
  - The number of existing tenants that elect to return to a new building through the right of first refusal (ROFR) provided to displaced tenants.
  - The length of time each returning tenant remains in the new building.
3. The minimum impact on existing C-2 land values will likely be about a 10% reduction. The actual total dollar impact would vary depending on the size of the existing property, but the estimated impact is about \$700,000 to \$1.2 million for the sites we analyzed.
4. The maximum impact on existing C-2 land values is likely a reduction in the range of 30% to 50%. The actual total dollar impact would vary depending on the size of the existing property, but the estimated impact is about \$2.6 to \$5.0 million for the sites we analyzed.
5. Based on a high level estimate, the total combined impact on land value for all existing C-2 rental properties in the City could be in the range of roughly \$400 to \$550 million.
6. The estimated reduction in land value will not result in the same reduction for the overall property value if the existing value of a property is based mainly on the income generated by the building, rather than the land value. The actual impact will vary from property-to-property depending on the income stream generated by the property and its current land value as a development site.
7. The reduction in land value will result in fewer C-2 sites being financially attractive for redevelopment so it will decrease the pool of development candidates. This could have implications for the supply of new housing over time. We estimate that the number of C-2 rental sites in the City that are financially viable for redevelopment would decline by up to roughly 60% (a decline of about 110 sites).
8. A rental replacement requirement will not make rental C-2 sites more attractive for 100% rental redevelopment (at 6 storeys) than for strata redevelopment because the existing Right of First Refusal requirement under the Tenant Protection and Relocation Policy impacts the viability of 100% rental development as well as strata development.
9. The reduced land value will negatively affect existing C-2 rental apartment owners from two different perspectives:
  - Rental owners who are interested in selling to a developer will likely realize lower values for their existing assets (particularly if the value of the property is currently mainly in the land value rather than the income value).
  - The ability of rental owners to obtain financing (or to keep existing financing) will likely be negatively affected if the value of their asset declines (particularly for properties where the value of the asset is mainly in the land rather than the income value). It is possible that this could lead to foreclosures.

## **APPENDIX G: Redline Version**

### **1) RENTAL HOUSING STOCK OFFICIAL DEVELOPMENT PLAN**

### **2) ZONING AND DEVELOPMENT BY-LAW**

**This document is being provided for information only as a reference tool to highlight the proposed amendments. The draft amending by-laws attached to the Council report RTS No. 14084 entitled, Extension of the Rental Housing Stock Official Development Plan to Require Rental Replacement in C-2, C-2B, C-2C, and C-2C1 Commercial Districts, represent the amendments being proposed to Council for approval. Should there be any discrepancy between this redline version and the draft amending by-laws, the draft amending by-laws prevail.**

# **RENTAL HOUSING STOCK OFFICIAL DEVELOPMENT PLAN BY-LAW NO. 9488**

## **Section 1 Interpretation**

### **1.1 Definitions**

“zoning districts” mean the C-2, C-2B, C-2C, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, RM-6, FM-1, and CD-1 zoning districts referred to in section 9.1 of the Zoning and Development By-law, the boundaries of which the Zoning District Plan, and amendments to it, attached as Schedule D to the Zoning and Development By-law, delineate.

# Zoning and Development By-law No. 3575

## Section 2

### Definitions

- Rental Housing Unit For the purposes of section ~~3.3.6~~ 4.3.9 of this By-law, and for the purposes of section 3.3.1 of the RM-2, RM-3, RM-3A, RM-4 and RM-4N District Schedules, ~~section 3.3.2 of the RM-6, and FM-1 District Schedules, section 3.3.3 of the C-2 District Schedule, section 3.3.4 of the C-2B, RM5, RM-5A, RM-5B, RM-5C and RM-5D Districts Schedules, and section 3.3.2 of the RM-6, and FM-1 District Schedules,~~ section 3.3.5 of the C-2C District Schedule, and section 3.3.6 of the C-2C1 District Schedule, a dwelling unit, housekeeping unit, or sleeping unit on a site that a tenant rents, or has rented, for the purpose of living accommodation but does not include:
- (a) a unit rented by a not for profit housing cooperative to a member of the cooperative;
  - (b) a unit in a community care facility or group residence;
  - (c) a unit in a hotel;
  - (d) units in an equity co-op where, at the time of rezoning application, or at the time of development permit application for projects that do not require rezoning, the building was operated as an equity co-op within the last three years; or
  - (e) units in a strata titled building where, at the time of rezoning application, or at the time of development permit application for projects that do not require rezoning, the majority of the units were within the last three years individually owned and:
    - (i) for which a petition has been filed with the Supreme Court of BC to dissolve the strata corporation; or
    - (ii) for which all the strata lots within the corporation are now under single ownership.

## Section 4

### Development Permits

4.3.9 Despite anything to the contrary in this By-law, the Director of Planning or the Development Permit Board must not issue a development permit for:

- (a) a multiple dwelling with three or more dwelling units in the C-2, C-2B, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, RM-6, or FM-1 districts;
- (b) a multiple conversion dwelling with three or more dwelling units in the C-2, C-2B, C-2C, C-2C1, RM-2, RM-3, RM-3A, RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, or FM-1 districts; ~~or~~
- (c) an infill multiple dwelling with three or more dwelling units in the RM-4 and RM-4N, RM-5, RM-5A, RM-5B, RM-5C and RM-5D, or FM-1 districts; ~~or~~
- (d) a building containing three or more dwelling units in conjunction with any of the uses listed in the applicable district schedule in the C-2, C-2B, C-2C, or C2-C1 districts,

unless the development permit is subject to conditions that comply with the requirements of the applicable districts schedule or district schedule.

## C-2 District Schedule

### 3.2.DW [Dwelling]

- Dwelling units in conjunction with any of the uses listed in this schedule, **in accordance with section 3.3.3 of this Schedule**, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width shall be used for residential purposes except for entrances to the residential portion.
- Multiple Dwelling, **in accordance with section 3.3.3 of this Schedule**, provided that the Director of Planning is of the opinion that the site is suitable for residential use.
- Multiple Conversion Dwelling, resulting from the conversion of a building which was in existence prior to June 18, 1956 **and in accordance with section 3.3.3 of this Schedule**, provided that:
  - (a) before making a decision the Director of Planning shall consider the quality and livability of the resulting units, the suitability of the building for conversion in terms of age and size, and the effect of the conversion on adjacent properties and the character of the area; and
  - (b) building additions shall not be permitted.
- Principal Dwelling Unit combined with a Lock-off Unit in conjunction with any of the uses listed in this schedule, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width may be used for residential purposes unless the purpose is for entrances to the residential portion.
- Principal Dwelling Unit combined with a Lock-off Unit in a Multiple Dwelling if the Director of Planning is of the opinion that the site is suitable for residential use.
- Residential Unit associated with and forming an integral part of an artist studio.
- Seniors Supportive or Assisted Housing.

### 3.3 Conditions of Use

3.3.1 All commercial uses listed in this section shall be carried on wholly within a completely enclosed building, except for the following:

- (a) parking and loading facilities;
- (b) full serve and split island gasoline station, except that section 11.13.2 of this By-law continues to apply;
- (c) vehicle dealer;
- (d) drive-in restaurant;
- (e) drive-through service;
- (f) lumber store;
- (g) taxicab or limousine station;
- (h) neighbourhood public house;
- (i) farmers' market;
- (j) public bike share; and
- (k) Urban Farm - Class B.

3.3.2 The Director of Planning may vary the use conditions of section 3.3.1 to permit the outdoor display of retail goods, and may include such other conditions as the Director of Planning deems necessary, having regard to the types of merchandise, the area and location of the display with respect to adjoining sites, the hours of operation and the intent of this Schedule.

#### [new section]

3.3.3 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Dwellings, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) enter into a housing agreement, satisfactory to Council, that secures:
    - A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the

- Council's intention to maximize the replacement of such rental units; and
  - B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and
- (ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:
  - A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
  - B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
  - C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
  - D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.

## C-2B District Schedule

### 3.2.DW [Dwelling]

- Dwelling units in conjunction with any of the uses listed in this Schedule, **in accordance with section 3.3.4 of this Schedule**, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width shall be used for residential purposes except for entrances to the residential portion.
- Multiple Dwelling, **in accordance with section 3.3.4 of this Schedule**, provided that the Director of Planning is of the opinion that the site is suitable for residential use.
- Multiple Conversion Dwelling, resulting from the conversion of a building which was in existence prior to June 18, 1956 **and in accordance with section 3.3.4 of this Schedule**, provided that:
  - (a) before making a decision the Director of Planning shall consider the quality and livability of the resulting units, the suitability of the building for conversion in terms of age and size, and the effect of the conversion on adjacent properties and the character of the area; and
  - (b) building additions shall not be permitted.
- Principal Dwelling Unit combined with a Lock-off Unit in conjunction with any of the uses listed in this schedule, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width may be used for residential purposes unless the purpose is for entrances to the residential portion.
- Principal Dwelling Unit combined with a Lock-off Unit in a Multiple Dwelling if the Director of Planning is of the opinion that the site is suitable for residential use.
- Residential Unit associated with and forming an integral part of an artist studio.
- Seniors Supportive or Assisted Housing.

### 3.3 Conditions of Use

3.3.1 All commercial uses listed in this section shall be carried on wholly within a completely enclosed building, except for the following:

- (a) parking and loading facilities;



- (b) full serve and split island gasoline station, except that section 11.13.2 of this By-law continues to apply;
- (c) restaurant;
- (d) neighbourhood public house;
- (e) farmers' market;
- (f) public bike share; and
- (g) Urban Farm - Class B.

3.3.2 Manufacturing Uses shall only be permitted subject to the following:

- (a) the total floor area in manufacturing use does not exceed 300 m<sup>2</sup>;
- (b) except for entrances to the manufacturing portion and display features which, in the opinion of the Director of Planning, benefit pedestrian character, that portion of the first storey of a building to a depth of 4.5 m from the front wall of the building and extending across its full width shall be used for ancillary retailing purposes, unless the applicant can demonstrate, to the satisfaction of the Director of Planning, that the site is located in a block predominantly developed with auto-oriented retailing or general business commercial uses and that deletion of the required retailing would not adversely affect adjacent uses; and
- (c) before granting a permit the Director of Planning shall first be satisfied that there will be no undue adverse effect on uses within the building or on an abutting site.

3.3.3 The Director of Planning may vary the use conditions of section 3.3.1 to permit the outdoor display of retail goods, and may include such other conditions as the Director of Planning deems necessary, having regard to the type of merchandise, the area and location of the display with respect to adjoining sites, the hours of operation and the intent of this Schedule.

[new section:]

3.3.4 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Dwellings, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) enter into a housing agreement, satisfactory to Council, that secures:
    - A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing

and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and

B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and

(ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:

- A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
- B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
- C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
- D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

(b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:

(i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and

(ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a

development permit, a person has demolished or in respect of which has changed the use or occupancy.

## C-2C District Schedule

### 3.2.DW [Dwelling]

- Dwelling Units in conjunction with any of the uses listed in this Schedule, **in accordance with section 3.3.5 of this Schedule**, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width shall be used for residential purposes except for entrances to the residential portion.
- Multiple Conversion Dwelling, resulting from the conversion of a building which was in existence prior to June 18, 1956 **and in accordance with section 3.3.5 of this Schedule**, provided that:
  - (a) before making a decision the Director of Planning shall consider the quality and livability of the resulting units, the suitability of the building for conversion in terms of age and size, and the effect of the conversion on adjacent properties and the character of the area;
  - (b) building additions shall not be permitted; and
  - (c) no housekeeping or sleeping units shall be created.
- Principal Dwelling Unit combined with a Lock-off Unit in conjunction with any of the uses listed in this schedule, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width may be used for residential purposes unless the purpose is for entrances to the residential portion.
- Residential Unit associated with and forming an integral part of an artist studio.
- Seniors Supportive or Assisted Housing.

### 3.3 Conditions of Use

3.3.1 All commercial uses listed in this section shall be carried on wholly within a completely enclosed building, except for the following:

- (a) parking and loading facilities;
- (b) full serve and split island gasoline station, except that section 11.13.2 of this By-law continues to apply;
- (c) restaurant;
- (d) neighbourhood public house;
- (e) farmers' market;
- (f) public bike share; and
- (g) Urban Farm - Class B.

3.3.2 Residential uses only shall be permitted on the third floor of any building, except that this condition may be varied by the Director of Planning where the Director of Planning is satisfied that residential use is inappropriate or impractical.

- 3.3.3 No general office except for entrances thereto shall be located within a depth of 10.7 m of the front wall of the building and extending across its full width on that portion of a storey having an elevation within 2.0 m of street grade on the fronting street except for an insurance, travel agency or real estate office. In the case of a site abutting more than one street, the fronting street is to be determined by the Director of Planning.
- 3.3.4 The Director of Planning may vary the use conditions of section 3.3.1 to permit the outdoor display of retail goods, and may include such other conditions as the Director of Planning deems necessary, having regard to the type of merchandise, the area and location of the display with respect to adjoining sites, the hours of operation and the intent of this Schedule.

[new section]

3.3.5 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, or Multiple Conversion Dwellings consisting of three or more dwelling units, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) enter into a housing agreement, satisfactory to Council, that secures:
    - A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
    - B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and
  - (ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:

- A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
- B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
- C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
- D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.

## C-2C1 District Schedule

### 3.2.DW [Dwelling]

- Dwelling Units in conjunction with any of the uses listed in this Schedule, **in accordance with section 3.3.6 of this Schedule**, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width shall be used for residential purposes except for entrances to the residential portion.
- Multiple Conversion Dwelling, resulting from the conversion of a building which was in existence prior to June 18, 1956 **and in accordance with section 3.3.6 of this Schedule**, provided that:
  - (a) before making a decision the Director of Planning shall consider the quality and livability of the resulting units, the suitability of the building for conversion in terms of age and size, and the effect of the conversion on adjacent properties and the character of the area;
  - (b) building additions shall not be permitted; and
  - (c) no housekeeping or sleeping units shall be created.
- Multiple Dwelling, **in accordance with section 3.3.6 of this Schedule**.
- One-Family Dwelling.
- Principal Dwelling Unit combined with a Lock-off Unit in conjunction with any of the uses listed in this schedule, except that no portion of the first storey of a building to a depth of 10.7 m from the front wall of the building and extending across its full width may be used for residential purposes unless the purpose is for entrances to the residential portion.
- Principal Dwelling Unit combined with a Lock-off Unit in a Multiple Dwelling.
- Residential Unit associated with and forming an integral part of an artist studio.
- Two-Family Dwelling.
- Seniors Supportive or Assisted Housing

### 3.3 Conditions of Use

3.3.1 All commercial uses listed in this section shall be carried on wholly within a completely enclosed building, except for the following

- (a) parking and loading facilities;
- (b) full serve and split island gasoline station, except that section 11.13.2 of this By-law continues to apply;
- (c) restaurant;
- (d) drive-in restaurant;
- (e) drive-through service;

- (f) neighbourhood public house;
  - (g) farmers' market;
  - (h) public bike share; and
  - (i) Urban Farm - Class B.
- 3.3.2 Residential uses only shall be permitted on the third floor of any building, except that this condition may be varied by the Director of Planning where the Director of Planning is satisfied that residential use is inappropriate or impractical.
- 3.3.3 Manufacturing Uses shall only be permitted subject to the following:
- (a) the total floor area in manufacturing use does not exceed 300 m<sup>2</sup>;
  - (b) except for entrances to the manufacturing portion and display features which, in the opinion of the Director of Planning, benefit pedestrian character, that portion of the first storey of a building to a depth of 4.5 m from the front wall of the building and extending across its full width shall be used for ancillary retailing purposes, unless the applicant can demonstrate, to the satisfaction of Director of Planning, that the site is located in a block predominantly developed with auto-oriented retailing or general business commercial uses and that deletion of the required retailing would not adversely affect adjacent uses; and
  - (c) before granting a permit the Director of Planning shall first be satisfied that there will be no undue adverse effect on uses within the building or on an abutting site.
- 3.3.4 No general office except for entrances thereto shall be located within a depth of 10.7 m of the front wall of the building and extending across its full width on that portion of a storey having an elevation within 2.0 m of street grade on the fronting street except for an insurance, travel agency or real estate office. In the case of a site abutting more than one street, the fronting street is to be determined by the Director of Planning.
- 3.3.5 The Director of Planning may vary the use conditions of section 3.3.1 to permit the outdoor display of retail goods, and may include such other conditions as the Director of Planning deems necessary, having regard to the type of merchandise, the area and location of the display with respect to adjoining sites, the hours of operation and the intent of this Schedule.

[new section]

3.3.6 Unless its development does not require the demolition or change of use or occupancy of one or more rental housing units, registered owners of buildings containing three or more dwelling units in conjunction with any of the uses listed in this Schedule, Multiple Conversion Dwellings consisting of three or more dwelling units, or Multiple Dwellings, must:

- (a) if it is new development that requires demolition of one or more buildings on that site, or if it is an existing development that requires major alterations resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:



- (i) enter into a housing agreement, satisfactory to Council, that secures:
  - A. one for one replacement of existing rental housing units with dwelling units on the site or in the same zoning district or on another site that was subject to the Rental Housing Stock ODP before it was rezoned to allow for replacement housing and is adjacent to the contiguous area of the zoning district of the site that requires the replacement housing, or one for one replacement with another type of affordable housing if permitted under an applicable community plan, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and
  - B. a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable, and
- (ii) ensure that at least 35% of the total number of dwelling units include two or more bedrooms, except where the Director of Planning considers that such requirement would deter or prevent:
  - A. the conservation of a protected heritage property or a building on, or eligible for addition to, the Vancouver Heritage Register;
  - B. the renovation of a building where there are physical constraints due to light, access, and the form and structural elements of the existing building;
  - C. development of low-rise and midrise buildings on mid-block or unique sites with significant design challenges in meeting the requirement; or
  - D. development of projects on sites or in areas identified in Council-approved plans or policies as targeted to single and couple households,

or

- (b) if it is an existing development requiring renovations resulting in a change of use or occupancy of a rental housing unit on that site, but it does not require major alterations or additions resulting in a change to the unit mix of the building(s) and the reconfiguration of a majority of the existing dwelling units, housekeeping units, or sleeping units:
  - (i) secure, to the satisfaction of the Director Planning, one for one replacement of existing rental housing units with

dwelling units on the site or in the same zoning district, except that in cases where the existing rental housing units are sleeping or housekeeping units, the Director of Planning may permit less than one for one replacement, having regard for the Council's intention to maximize the replacement of such rental units; and

- (ii) provide a Tenant Relocation Plan in keeping with the city's Tenant Relocation and Protection Policy, if applicable;

and, in this section, all references to the demolition or change of use or occupancy of one or more rental housing units are to include then existing rental housing units and rental housing units that, during the three years preceding the date of application for a development permit, a person has demolished or in respect of which has changed the use or occupancy.