

## MEMORANDUM

June 25, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief Communications Officer, CEC  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office  
Neil Hrushowy, Director of Community Planning, Planning, Urban Design and Sustainability  
Dan Garrison, Director of Housing Policy and Regulation, Planning, Urban Design and Sustainability  
Chris Robertson, Director of City-Wide and Regional Planning, Planning, Urban Design and Sustainability  
Doug Smith, Deputy General Manager, Planning, Urban Design and Sustainability  
Matt Shillito, Acting Director of Planning and Director of Special Projects, Planning, Urban Design and Sustainability  
Templar Tsang-Trinaistich, Director of Rezoning, Planning, Urban Design and Sustainability

FROM: Josh White  
General Manager, Planning, Urban Design and Sustainability

SUBJECT: Recommended Staff Changes to the Implementation of Transit-Oriented Areas (Provincial Legislation: Bill 47) – Proposed Inclusionary Social Housing Option Requirements

RTS #: 16268

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The Transit-Oriented Areas Rezoning Policy ("TOA Rezoning Policy"), proposed as part of the policy and regulatory responses to Provincial Bill 47, outlines several housing tenure and affordability options for applications seeking to maximize height and density in the TOAs. One of

the options is for market ownership housing with 30% of the residential floor area as inclusionary social housing delivered “turn-key” to the City.

Since the public release of the Council Report and proposed TOA Rezoning Policy on Thursday June 20, 2024, staff have heard concerns from some members of the development community and in the public sphere about the viability of the inclusionary social housing option with a floor area requirement at 30%. Staff have considered the feedback and revisited key inputs that informed the original policy recommendation, including results from third-party economic testing, and are recommending that the inclusionary floor area requirement for that option be reduced to 20%.

In developing the TOA Rezoning Policy, staff sought to balance the need to comply with provincial requirements on a short timeline, to enable supply of new housing to meet City and provincial targets for rental and social housing, and to ensure that new development opportunities do not fuel speculative market activity that produces significant upward pressure on land values.

The 30% floor area requirement for the inclusionary social housing option was originally proposed based on results from the financial testing that indicated that this would make proposals marginally viable in some locations and would generally align that option with the performance of the below-market rental option. Lower floor area requirements were also evaluated, and the results indicated some potential for that option to produce upward pressure on land values in some locations. However, the consultant retained by the City to undertake the testing, Coriolis Consulting Co., noted that while a 30% requirement would mitigate potential speculation, it would likely result in very limited uptake by increasing risk and lowering the market component of the project through which any cost overruns could potentially be recouped. This concern has been reinforced through feedback received since the report was released last week. Therefore, staff are recommending reducing the requirement to 20%. Potential concerns related to speculation and land value impacts will be addressed through pro forma review, and where necessary, CAC negotiation.

As such, moving to 20% will improve project viability, and likely result in more market housing and commensurate social housing being delivered via new projects.

Based on this, the staff report has been updated to alter Recommendations B and E as follows:

- B. THAT, after enactment of the proposed Transit-Oriented Areas Designation By-law, the General Manager of Planning, Urban Design and Sustainability be instructed to bring forward for approval by Council the Transit-Oriented Areas (TOA) Rezoning Policy to establish the conditions under which new rezoning enquiries and applications will be considered under new provincial legislation, generally as presented in Appendix B, with a change to paragraph 5.2.1 (b) of the TOA Rezoning Policy to require a minimum of 20% of the net residential floor area be provided as social housing and an amendment to 5.9.1 to require a pro forma review for proposals providing 20% of net residential floor area as social housing.
- E. THAT, after enactment of the proposed Transit-Oriented By-law, the General Manager of Planning, Urban Design and Sustainability be instructed to bring forward for approval by Council the proposed amendments to the Community Amenity Contributions Policy for

Rezoning, generally as set out in Appendix E, to expand the commercial linkage target city-wide and to provide a CAC exemption for inclusionary housing projects that comply with the Transit-Oriented Areas Rezoning Policy, **with a change to modify the CAC exemption in 8.2(f) and to make other related changes throughout to only specify an exemption for rezonings for 100% market rental with a minimum 20% of the net residential area provided as below-market rental.**

The proposed TOA Rezoning Policy covers all 29 of the TOAs in Vancouver and overlaps with a significant amount of existing city-wide and local area plan policies. There has been very limited time to meet the Province's June 30, 2024 deadline. The proposed TOA Rezoning Policy is an initial enabling policy, intended to guide new opportunities for rezoning applications in the TOAs and provide clarity on City requirements and expectations. Additional and more detailed work is required and will be undertaken as part of ongoing implementation efforts to tailor new housing and other development opportunities across each of the TOAs. This will also include work to bring forward an inclusionary housing by-law, density bonus by-law and an amenity cost charge framework in response to other Provincial legislation.

Provincial legislation and the City's response to all the constituent elements is complex and happening quickly. Therefore, staff will continue to monitor, evaluate, and bring adjustments to Council for consideration as necessary.

A handwritten signature in black ink, appearing to read 'J. White', is positioned above the typed name and title.

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