



Corporation of the City of
NEW WESTMINSTER

REPORT

Development Services

To: Mayor Coté and Members of Council **Date:** 1/8/2018

From: Jackie Teed **File:** 01.0110.20
Acting Director of Development
Services

Item #: 553/2017

Subject: Rental Replacement Policy and Inclusionary Housing Policy: Proposed Work Plan and Consultation Process

RECOMMENDATION

THAT Council endorse the proposed work plan and consultation process as outlined in this report.

THAT Council approve an amount of \$40,000.00 from the Affordable Housing Amenity Provision Capital Reserve Fund to cover the cost of a Land Economics Analysis, and that this amount be included in the 2018 -2022 Capital Plan.

EXECUTIVE SUMMARY

This report outlines a proposed work plan and consultation process in support of the development of a City of New Westminister Rental Replacement Policy and Inclusionary Housing Policy, and requests that funds be allocated for a Land Economics Analysis to support this work.

PURPOSE

The proposed Rental Replacement Policy would seek to obtain replacement of some or all of the new units as rental and/or affordable rental when an existing purpose-built rental building redevelops, and the proposed Inclusionary Housing Policy would seek to lever the market development process to gain voluntary inclusion of some affordable and/or rental or special

needs housing. The purpose of this report is to request Council endorse the work plan and approve the necessary consulting budget.

POLICY AND REGULATIONS

Official Community Plan

The Official Community Plan (2017) includes the following goal:

New Westminster's neighbourhoods are great places to live and have diverse housing choices that meet the needs of the community.

Affordable Housing Strategy

The Affordable Housing Strategy (2010) contains the following two goals:

- 1. To preserve and enhance New Westminster's stock of safe, appropriate and affordable rental housing.*
- 2. To improve the choice of housing for New Westminster's low and moderate income residents and households with unique needs.*

Secured Market Rental Housing Policy

The Secured Market Rental Housing Policy (2013) contains strategies and actions aimed at retaining, renewing and enhancing the supply of secured market rental housing.

BACKGROUND

Housing Affordability

Access to adequate and affordable housing is becoming increasingly difficult in Metro Vancouver and the province, with housing affordability being especially problematic for renter households. In New Westminster, escalating housing costs, record-low vacancy rates and an increasing number of renovations are leading to a higher number of households facing housing insecurity and homelessness.

Council has directed staff to develop two policies to help address New Westminster's housing affordability challenges: (1) a rental replacement policy; and, (2) an inclusionary housing policy. Based on this direction, staff has developed a proposed work plan and consultation approach. Staff would regularly present updates to the Mayor's Task Force on Housing Affordability and Council for feedback.

Purpose-built Rental Replacement

New Westminster has approximately 8,600 units of aging purpose built market rental units, largely built between 1960 and 1979. Existing purpose built market rental buildings (PBMR) provide important affordable rental housing, usually due to their age and the fact that rent increases are controlled by the Residential Tenancy Act. Most municipalities with a significant supply of PBMR protect this supply by preventing conversion to condominium tenure, but otherwise cannot prevent demolition and redevelopment based on current zoning. Municipal rental replacement policies seek to obtain replacement of some or all of the new units as rental, instead of the preferred condominium tenure, through the rezoning process and usually with the incentive of additional density. The downside is that most new replacement rental units have higher market rents and are typically smaller than existing PBMR units. Depending on development economics and market rents, it may be possible to obtain some below market rental units through rental replacement policies.

Inclusionary Housing Policy

Inclusionary housing policies aim to ensure that new development does not exclude certain classes of people by virtue of high market prices that are unaffordable for certain household income levels. Inclusionary housing policies in BC generally aim to lever the market development process to gain voluntary inclusion of some affordable and/or rental or special needs housing. This is done through municipal rezoning powers, and usually involves providing incentives such as additional density and parking relaxations that make the development economically feasible. Currently, only four municipalities in Metro Vancouver have inclusionary housing policies (Vancouver, City of North Vancouver, Burnaby and Richmond), and other municipalities may negotiate units on a case by case basis through the rezoning process. The City of New Westminster is currently developing some inclusionary expectations for the development of the Sapperton Green site, which will inform policy development city wide.

PROPOSED PROCESS

Staff has identified a five-step process to proceed with this work as follows:

Step 1: Guiding Principles and Gap Analysis (Winter 2017)

Staff would develop guiding principles for the rental replacement policy and inclusionary housing policy. The guiding principles would frame policy development in order to achieve desired outcomes and avoid unintended consequences. Simultaneously, staff would undertake a gap analysis to determine the existing and emerging need for affordable rental housing in the City of New Westminster.

Step 2: Case Study Research (Winter 2017)

Staff would undertake a comparative analysis of Metro Vancouver municipalities that have rental replacement policies and inclusionary zoning policies. The learnings from this review would inform the economic analysis for rental replacement and inclusionary housing policy development.

Step 3: Internal Stakeholder Consultation (Winter 2017)

Staff would consult internally with the Development Services team (Planning, Building, and Integrated Services) on the principles and framing questions for the land economic analysis, as well as land use implications of these potential policies. Staff would also liaise with non-profit housing or other providers who may play a role in operating or managing any non-market units gained through these policies.

Step 4: Land Economics Analysis (consultant) (Winter 2017 / Spring 2018)

A land economist would be contracted to undertake an economic analysis of: (1) the additional density required to incentivize one-to-one replacement of existing purpose built rental units; and, (2) including non-market units in rental replacement and new rental and ownership projects. The economic analysis would also consider the impacts of other incentives (e.g. parking reductions, fee waivers, etc.) and Council policies (Family Friendly Policy, Density Bonus Policy, Tenant Relocation Policy, etc.) as appropriate.

Step 5: Policy Development (Winter 2017 / Spring 2018)

Staff would develop a draft rental replacement policy and draft inclusionary housing policy, grounded in the guiding principles and informed by the gap analysis, case study research, internal consultations, and land economics analysis. Staff proposes a Council workshop at this point to bring the analysis and options for both policies forward for discussion.

Step 6: Stakeholder Consultation (Spring 2018)

Staff would undertake a consultation program with stakeholders, including residents, the development community, non-profit housing providers, and others, on the draft rental replacement policy and draft inclusionary housing policy. Staff would also present the draft policy documents, and consultation findings to the Mayor's Task Force on Housing Affordability, and Community and Social Issues Committee, for feedback.

Step 7: Council Consideration (Spring 2018)

The rental replacement policy and inclusionary housing policy would be presented to Council for review and consideration of endorsement.

FINANCIAL CONSIDERATIONS

The Land Economics Analysis is necessary to inform the City's Rental Replacement Policy and Inclusionary Housing Policy. The estimated cost of this work is \$40,000. Given that both policies would facilitate capital investment in new affordable housing, the funding would come from the Affordable Housing Amenity Provision Capital Reserve Fund, and this amount would be included in the 2018 – 2022 Capital Plan.

INTERDEPARTMENTAL LIAISON

Staff from the Finance Department was consulted regarding the allocation of funds for the Land Economics Analysis.

OPTIONS

There are three options for Council's consideration:

1. That Council endorse the proposed work plan and consultation process as outlined in this report;
2. That Council approve an amount of \$40,000.00 from the Affordable Housing Amenity Provision Capital Reserve Fund to cover the cost of a Land Economics Analysis, and that this amount be included in the 2018 – 2022 Capital Plan.
3. That Council provide staff with other direction.

Staff recommends Option 1 and 2.

This report has been prepared by:
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Approved for Presentation to Council



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