



Attachment E

Draft Inclusionary Housing Policy for Multi-Unit Strata Residential Development

Draft Inclusionary Housing Policy for Multi-unit Strata Residential Developments

Staff developed the following principles to guide development of an Inclusionary Housing Policy.

Principles

- a) New multi-unit strata residential development seeking additional density contributes to the affordable rental housing supply
- b) Below/non-market rental units serve a range of tenants corresponding to need in the City of New Westminster
- c) Occupancy management of below/non-market rental units ensures intended tenants are served
- d) Adaptable and family friendly housing policies apply
- e) Below/non-market rental units are secured for the long-term
- f) Applicants have clear information regarding municipal expectations
- g) Requirements for City staff time, resources and risk are minimized
- h) Density and built form respect the Official Community Plan (OCP) and are suitable for the surrounding neighbourhood
- i) Inclusive communities are created

Context

Renters account for a significant portion of the City of New Westminster's population and are an important part of the City's social fabric. Generating an adequate supply of new rental housing that is affordable for very low and low income renters is a priority in New Westminster. The City's Inclusionary Housing Policy is focused on the provision of on-site built affordable rental units in multi-unit strata development applications seeking additional density. The Inclusionary Housing Policy is intended to provide guidance to property owners of the City's expectations for the delivery, ownership and management of affordable rental housing as a community amenity contribution.

Purpose

The purpose of the Draft Inclusionary Housing Policy is:

- To help meet the city's affordable rental housing needs by securing built below-market and non-market rental units in new multi-unit residential strata developments seeking additional density.

- To ensure that below-market and non-market rental units secured through this policy effectively serve intended tenants and household income levels through City or non-profit housing society ownership.
- To target household income levels corresponding to rental housing demand in New Westminster, including:
 - a. Below-market rental units intended to meet rental demand for households earning between \$30,000 and \$75,000 per year
 - b. Non-market rental units intended to meet rental demand for very low-income households with incomes under \$30,000 per year
- To provide incentives to help make provision of affordable housing viable.

Definitions

The policy targets two different renter household income levels which correspond to rental housing demand in New Westminster:

- Below-market rental units – To meet rental demand for households earning between \$30,000 and \$75,000 per year. Average below-market rent would be set at time of application at 10% below the currently reported Canada Mortgage and Housing Corporate (CMHC) rental market median rent, all years, for New Westminster. Units must be owned and managed by a non-profit housing organization. Annual rent increases as permitted under the *Residential Tenancy Act*. The following are illustrative below-market rents as of December 2018.

Unit Type	Below-Market Monthly Rents
Studio	\$777
1-Bedroom	\$951
2-Bedroom	\$1266
3-Bedroom	\$1,529

Source: Based on CMHC Rental Market Report Fall 2018.

- Non-market rental units – Intended to serve very low-income households with incomes under \$30,000 per year. All non-market units would have below-market rents, with a minimum of 50% of units renting at the shelter component of income assistance or rent geared to income, as determined by the non-profit housing

provider to meet client needs. Non-market units to be owned by the City or a non-profit housing organization and managed by a non-profit housing organization.

Downtown – means the area covered by the City of New Westminster Downtown Community Plan.

Mainland – means the City of New Westminster excluding Downtown and Queensborough areas (Official Community Plan Land Use Designation Map 17, p. 160)

Policy Scope

The affordable housing contributions outlined in this policy apply to mid-rise and high-rise strata residential development applications in the downtown, except as noted below, and mid-rise strata residential development applications in mainland New Westminster outside of the downtown.

The following are exempted from this policy:

- sites zoned RM-6A and which are designated for Residential – Mid Rise Apartment;
- sites zoned RM-6B regardless of designation;
- Projects developed under the City of New Westminster Secure Market Rental Policy
- Large master planned areas such as Sapperton Green and the 22nd Street Station Area where a similar inclusionary policy approach is expected

Scenarios not covered by the scope of this policy are still required to consider the inclusion of an affordable housing contribution; however this contribution would be negotiated on a case-by-case basis using the principles outlined in this policy.

Policy Application

The Official Community Plan (OCP) outlines suitable building forms and the Density Bonus Program may specify anticipated densities. For applications which are consistent with the Official Community Plan and the Density Bonus Program where applicable, there are three options provided that may be suitable in different situations. Applicants may choose from the following options:

- Option 1 – provision of a minimum of 10% of total units as below-market rental units with a payment to developer based on the rental income option;
- Option 2 - provision of a minimum of 7.5% of total units as non-market rental

- units with no payment to developer; or
- Option 3 – provision of a minimum of 20% of total units as non-market rental units (to be negotiated), with a contribution to the developer to assist in construction costs.

Options 1 or 2 are financed internally (e.g. by the development applicant), whereas Option 3 depends upon a contribution from an outside source such as BC Housing or Canada Mortgage and Housing Corporation.

Option/Outcome	Inclusionary Housing Minimum	Incentives
<p>OPTION 1) TURNKEY BELOW-MARKET RENTAL UNITS SOLD TO A PRE-QUALIFIED NON-PROFIT BASED ON RENTAL INCOME</p> <p>Developer constructs the below-market units and sells the units to a non-profit operator who would own and manage the units. The non-profit’s payment to the developer is based on the maximum mortgage supportable from the net income generated by the units.</p>	<p>10% of total units in a project are below-market rental units.</p> <hr/> <p>5% of total units in a project are below-market rental units for sites zoned RM-6A which are designated residential highrise.</p>	<p>Below-market rental unit floor space is excluded from the density bonus calculation.</p> <p>Density bonus payments reduced by 30%</p> <p>Secure Market Rental Policy parking provisions apply</p> <p>On mixed use sites, consideration of exclusion of grade level commercial space from FSR</p>
<p>OPTION 2) TURNKEY NON-MARKET RENTAL UNITS PROVIDED TO PRE-QUALIFIED NON-PROFIT OR CITY AT NO COST</p> <p>Built non-market units transferred by developer to a pre-qualified non-profit housing operator or to the City housing at no cost.</p>	<p>7.5% of total units in a project are non-market rental units.</p> <hr/> <p>5% of total units in a project are below-market rental units for sites for sites zoned RM-6A which are designated residential highrise.</p>	<p>Same as Option A</p> <p>Plus....</p> <p>Reduced parking for non-market rental units may be considered in areas well served by transit with suitable supporting analysis and TDM measures</p> <p>Expedited processing</p> <p>Potential eligibility for Greater Vancouver Sewerage and Drainage District Development Cost Charge Waiver For Affordable Housing</p> <p>Potential eligibility for Translink DCC Waiver For Affordable Housing</p>
<p>OPTION 3) TURNKEY NON-MARKET RENTAL HOUSING, PARTNERSHIP WITH PRE-QUALIFIED NON-PROFIT AND PAYMENT OF CONSTRUCTION</p>	<p>20% of total units in a project are built non-market rental housing units (target to be negotiated).</p>	<p>Same as Option B</p> <p>Plus....</p>

<p>COSTS</p> <p>Built non-market rental housing units transferred to a pre-qualified non-profit housing partner with up-front payment per sq. ft. to developer towards construction costs for built non-market rental units, to be negotiated.</p>		<p>Additional density above OCP maximum subject to land use and livability constraints.</p>
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Development Requirements Exceeding Existing Policy Framework

Development applications which propose to exceed densities anticipated through the Density Bonus Program or which propose OCP amendments are expected to provide significantly more below/non-market rental housing units than outlined above. The three options above would still apply and the amounts would be negotiated on a case by case basis.

Unit mix and size guidelines for below-market/non-market rental units

The unit mix reflects the requirements of the New Westminster Family-Friendly Housing Policy for rental units. Unit sizes are based on BC Housing Design Guidelines 2018. Below/ non-market rental units provided should be consistent with the unit sizes listed below. City to be flexible based on the population served.

Number of Bedrooms	Share of Units	Unit Size
Studios	75%	350 sq. ft.
1-Bedroom		525 sq. ft.
2-Bedroom	20%	725 sq. ft.
3-Bedroom	5%	925 sq. ft.

Cash in lieu provision

Council priority is for delivery of built below/non-market rental units. If the applicant can demonstrate to the City’s satisfaction that a suitable partnership with a pre-qualified non-profit housing society for ownership of the built units is not possible, the City will consider other options, including City ownership of the units or a cash contribution of \$200,000 per affordable housing unit (adjusted periodically to reflect current market conditions). The per unit cash contribution would be placed in the City’s Affordable Housing Reserve Fund.

The City’s priority would be to utilize cash-in-lieu contributions to secure new non-market housing units, as determined by the City’s Affordable Housing Reserve Fund policy.

Flexibilities

Where applicants can demonstrate unique development circumstances and financial hardship such that development viability is compromised, the City will consider negotiating for different outcomes. Financial analysis undertaken to support a case for hardship would be required. Where the applicant and non-profit partner can demonstrate that a different outcome is desirable to meet tenant needs, the City will consider negotiating for different outcomes.

Grace period

It is recommended that a four month grace period after the date when the policy is adopted (the effective date) be allowed before the policy is applied. Complete applications that have been made to the City prior to the effective date and that receive Council approval within 18 months will be exempt from the Inclusionary Housing Policy.

Pre-qualified non-profit housing agencies

The City will supply applicants with a list of pre-qualified non-profit housing societies and foundations that have expressed interest in partnering on affordable housing projects in the City. The City reserves the right to determine suitable target populations for below/non-market rental units. Applicants are responsible for finding a suitable pre-qualified partner, as early as possible in the project development cycle.

Requirements

As a condition of approval, applicants / partners will be required to enter into a Housing Agreement pursuant to Section 483 of the *Local Government Act* and other legal mechanisms deemed necessary with the City of New Westminster specifying:

- a) Eligible tenants and tenant incomes for below/non-market rental units;
- b) Starting rents for below/non-market rental units;
- c) Transfer of built below/non-market rental units in air space parcel (preferred) or as strata lots to pre-qualified non-profit partner or City of New Westminster;
- d) Below/non-market rental units secured as rental units for life of building or 60 years, whichever is greater;
- e) Non-profit housing society or City ownership;
- f) That the applicant/non-profit housing partner will verify tenant eligibility for new below-market units (household income cannot exceed 4 times annual rent);
- g) That the applicant/non-profit housing partner will verify tenant eligibility for existing below-market tenants every five years (household income cannot exceed 5 times annual rent);
- h) An annual report to be provided to the City of New Westminster on the operation

of the below /non-market rental units;

- i) No additional charges, such as parking or storage, permitted for below/non-market tenants;
- j) Below/non-market tenants have access to all amenities at no charge; and
- k) Other conditions as agreed.