



# NEW WESTMINSTER



## SECURED MARKET RENTAL HOUSING POLICY NEW WESTMINSTER

May 13, 2013





**City of New Westminster**  
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A *Secured Market Rental Housing Policy* has been developed for the City of New Westminster. The policy was adopted by Council on May 13, 2013. The strategies and actions outlined in the policy are aimed at retaining, renewing and enhancing the supply of secured rental housing.

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# SUMMARY OF POLICY

## PURPOSE

The intent of this policy is to provide incentives to encourage the development of secured market rental housing projects by the private sector. The objective is to increase the supply of market rental housing and ensure security of tenure over time. Rental units created under this policy will be secured by Housing Agreements and no-separate sales (no stratification) covenants.

It is important to note that this policy focuses on the creation of secured market rental housing; in order for affordable rental housing to be achieved, other additional incentives would need to be considered.



## SECURED MARKET RENTAL HOUSING POLICY: SUMMARY

### Retention of the Existing Rental Housing Stock

| <i>Objective</i>                                                                                                                                                                                                                                   | <i>Actions</i>                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Reduce the likelihood that the existing purpose-built rental stock will be redeveloped.</li> <li>• If demolition occurs, reduce the impact of the loss of the rental housing stock on tenants.</li> </ul> | <ul style="list-style-type: none"> <li>• Continue the moratorium on the conversion of rental buildings to strata title (except for heritage revitalization).</li> </ul>                                                 |
|                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• For properties containing purpose-built rental housing, no support for rezoning to higher density developments or variances to increase the building height.</li> </ul>        |
|                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• In cases where demolition of purpose-built rental housing occurs, require developer to present a plan addressing tenant relocation and replacement housing options.</li> </ul> |
|                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• Explore the use of the density transfer to preserve the existing purpose-built stock.</li> </ul>                                                                               |

### Renewal of the Rental Housing Stock

| <i>Objective</i>                                                                                                                                                                                                                                                         | <i>Actions</i>                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Increase investment into the existing purpose-built rental housing stock.</li> <li>• Increase the life span of the existing stock.</li> <li>• Improve the operating costs of the purpose-built rental housing stock.</li> </ul> | <ul style="list-style-type: none"> <li>• Use the density bonus program to permit the construction of additional secured market rental units on site (up to 10% of the number of existing units), including the conversion of unused storage or recreation areas for additional units (subject to livability/Building Code issues being addressed).</li> </ul> |
|                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Eliminate the parking requirement for additional secured rental units created in existing buildings.</li> </ul>                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Reduction in Building Permit fees (50%).</li> </ul>                                                                                                                                                                                                                                                                  |
|                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Consider including existing rental buildings in a future phase of the Building Energy Efficiency Program that is part of the Community Energy &amp; Emissions Plan.</li> </ul>                                                                                                                                       |
|                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Consider relaxations to Engineering servicing requirements when adding new units.</li> </ul>                                                                                                                                                                                                                         |

## Enhancement to the Secured Rental Housing Stock

**Objective: Create new secured market rental housing stock to offset the loss in the existing stock**

| <i>Category of Secured Market Rental Housing</i>                                                                                                                                                                        | <i>Actions/Incentives</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Type 1: Long Term</b></p> <ul style="list-style-type: none"> <li>• Rental for 60 years or life of the building.</li> <li>• Restrictions on stratification.</li> <li>• Owned and managed by one entity.</li> </ul> | <ul style="list-style-type: none"> <li>• Increase in density, offered through a density bonus process, or rezoning if appropriate.</li> <li>• Reduction to Building Permit fees (50%).</li> <li>• Concurrent processing of Rezoning and Development Permit Applications.</li> <li>• Reduction in required parking and payment in lieu policy not applicable for buildings located within 400 metres of a Frequent Transit Network or SkyTrain Station or Downtown.</li> <li>• Payment in lieu for parking policy not applicable for buildings located further than 400 metres from a Frequent Transit Network or SkyTrain Station where the reduction in parking is approved through a DVP process.</li> <li>• City payment of legal fees to prepare Housing Agreement.</li> <li>• Consider relaxations to servicing requirements.</li> </ul> |
| <p><b>Type 2: Medium Term</b></p> <ul style="list-style-type: none"> <li>• Rental for 30-59 years.</li> <li>• Some flexibility on stratification.</li> <li>• Units are managed by one entity.</li> </ul>                | <ul style="list-style-type: none"> <li>• Reduction to Building Permit fees (50%).</li> <li>• Concurrent processing of Rezoning and Development Permit Applications.</li> <li>• Not applying payment in lieu for parking policy where the reduction in parking is approved through a DVP process.</li> <li>• City payment of legal fees to prepare Housing Agreement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Type 3: Short Term</b></p> <ul style="list-style-type: none"> <li>• Rental for a minimum of 10 years.</li> <li>• Units can be stratified.</li> <li>• Units are held and managed by one entity.</li> </ul>         | <ul style="list-style-type: none"> <li>• Concurrent processing of Rezoning and Building Permit Applications.</li> <li>• City payment of legal fees to prepare Housing Agreement.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |



# BACKGROUND INFORMATION

## OVERVIEW

A secure and robust stock of rental housing contributes to the social diversity and economic health of the City, and to the development of community sustainability. Rental housing provides an option for those who cannot afford ownership housing as well as for those who need flexible shorter-term housing options.

In New Westminster, the median household income for renter households (\$34,000) is significantly less than for homeowner households (\$66,000). For many, homeownership will remain out of reach.

As well, particularly for households who are in the early stages of career development, renting provides the flexibility to respond to educational and employment opportunities that may require relocation. A good supply of rental housing provides housing options for the workforce, which is considered essential to attracting employers to locate in the City.

The percentage of households who rent their dwellings has dropped from 61% in 1991 to 46% in 2006, although the number of renter households only dropped from 13,000 to 12,500. Since 2001, there has been (other than secondary suites or non-profit housing) no purpose-built rental housing starts in the City. The average median age of the City's rental stock is approaching 50 years, and there is evidence of pressure to redevelop with the demolition of 51 rental units in 2012.

The Secured Market Rental Housing Policy provides targeted interventions at specific points along the rental housing continuum, to increase the supply of rental housing in order to address the shortage of rental housing and on-going affordability pressures. In addition to affordability challenges (rent levels relative to incomes), the shortage of rental may result in over-crowding (suitability) and has impacts on maintenance or building condition (adequacy).



## EXISTING POLICY/ PRACTICE

The Affordable Housing Strategy is the leading policy document to guide affordable housing initiatives in the City. The first goal in the City's Affordable Housing Strategy is to preserve and enhance New Westminster's stock of safe, affordable, appropriate rental housing.

A number of the goals, objectives and priorities in the Affordable Housing Strategy are relevant to the objective of increasing the supply of rental housing, particularly for low and moderate income households, addressing the potential loss of affordable rental housing, and creating a supportive environment for the development of affordable housing by the non-profit and private sector.



The following strategic directions in the Strategy are relevant to the development of a policy to increase the supply of secure rental housing and protect the existing rental housing stock:

### **Strategic Direction #1**

The enhancement of the rental housing stock is identified as a priority, and several directions are presented, such as amending the OCP to include a priority for the replacement of rental housing.

### **Strategic Direction #2**

The redevelopment of older rental stock is noted as a possibility due to the aging stock. Strategic Direction #5 notes that rezoning and density bonusing can facilitate new affordable and rental housing. This Strategic Direction also suggests that the City consider providing grants-in-lieu to offset the costs associated with DCCs or other permit fees for non-profit housing providers on a case-by-case basis.

The Strategy also contains an action supporting the preferential processing of affordable housing applications.

## THE RENTAL HOUSING STOCK

It is estimated that there are over 9,400 purpose-built rental housing units in 364 properties in New Westminster. The majority (64%) of this stock was built from 1950-1970, and is largely a legacy of the Federal government during previous eras; favourable Federal taxation measures for rental housing; and numerous rental housing construction incentive programs.

The elimination of these incentives resulted in a significant drop in the level of new rental housing production about the same time that the strata title tenure option for multiple unit housing was introduced. Residential strata development can pay more for land compared to rental development. As such, virtually all of new multiple unit market housing units built since the 1970's has been built as strata titled units.

The median age of the City's purpose-built rental stock is approaching 50 years. The majority of the units (61%) are wood frame construction that will require investment over the next decade or so and could be at risk for demolition and redevelopment.

In 2012, two purpose-built rental housing buildings containing 51 units were demolished. Both buildings exhibited deteriorated physical conditions caused, in part, by site settling as a result of poor soils.

The October 2012 vacancy rate for purpose-built apartments in New Westminster was 2.3%, a drop from 2.9% in April 2012 and October 2011. The decrease in New Westminster was counter to the modest increase in vacancy rates which occurred in the region as a whole.



## THE FOCUS ON SECURED MARKET RENTAL HOUSING

Secured rental housing is that portion of the rental stock that provides longer term rental housing where tenants can reside without worry that their tenancy may be terminated by new owners who purchase the units. Rents are determined by market demand, subject to the Residential Tenancy Act.

The financial goal of investors in rental housing is to obtain a long term stream of income rather than shorter term capital appreciation expected in the strata title housing investment. As such, market rental units tend to become more affordable over time as buildings age since the units are not bought and sold as individual strata titles. Further, secured rental housing tends to contain a more modest standard of fit and finish rather than high end finishings common in the strata housing market, contributing to lower costs.

The Secured Rental Housing Policy directs the implementation of a number of financial incentives and bylaw relaxations that are targeted towards the retention and renewal of the existing stock and the creation of new rental housing stock. The incentives and relaxations are designed to reduce the financial gap between rental housing development and market ownership development, thereby improving the economics of new market rental housing, which for the City of Vancouver was estimated at between \$31,700 and \$111,530 per unit.

The policy contains a number of restrictions on the rental housing stock to ensure that it remains part of the rental inventory in the longer term. The policy actions are aimed at long term rental properties which would be protected from demolition or repurposing as ownership housing.

In the absence of federal government policies supporting the development of affordable or rental housing, much of the new housing stock comes from the “secondary” rental housing market: rented condominiums and secondary suites in single detached units. These are essential components of the housing system as these units meet rental housing needs for many households.



With respect to rented condominiums, they do not offer the same level of long term security as purpose-built rental housing since there are a variety of circumstances that can result in tenants losing their housing (e.g., the unit being sold or the owner or family members moving in). Once the units are individually strata titled, there is no effective or administratively efficient method to ensure that the units remain as part of the rental stock. Rented condominiums tend to be more expensive due to their higher level of finishings and amenities and can be subject to regulations implemented by strata corporations that impact the ability to rent the units.

At this time, the development of market rental condominiums aimed at investors occurs without municipal financial incentives or bylaw relaxations, especially in locations in close proximity to SkyTrain stations and the Frequent Transit Network.

In the Metro Vancouver market, such investors tend to be interested in the capital appreciation of the unit over time rather than the rental income, since rents rarely cover the costs associated with owning the unit (mortgage, strata fees, taxes and maintenance). Therefore, the secured rental housing policy does not apply to condominium units that are individually strata titled and made available for rental or cases where small groups of individually strata titled units (less than 5 units) are marketed as rental investments.

Similarly, secondary suites in single detached dwellings are a successful form of rental housing that is not dependent upon financial incentives. The City has an effective program that involves working with homeowners to include legal suites in new construction and the inclusion or legalization of suites in existing buildings. Financial incentives to encourage secondary suites are not included in this policy.



## REGULATORY AND FINANCIAL INCENTIVES TO ENCOURAGE SECURED RENTAL HOUSING

The following outlines the main incentives designed to encourage the retention, renewal of, and enhancement to the supply of secured market rental housing. A guiding principle for the policy is that the most generous incentives and bylaw relaxations be reserved for proposals offering a higher degree of rental housing security of tenure.

### **1. Relaxation of Parking Requirements**

The relaxation of parking requirements is considered a significant incentive, in that the construction costs of structured parking is estimated to be in the order of \$25,000 - \$35,000 per stall. Market strata developers are able to recover most of these costs through adding this cost to the strata unit or to sell the stalls separately, whereas rental developers must rent the stalls often at a nominal value.

In 2012, Metro Vancouver staff completed a major study of parking demand for apartments located close to TransLink's Frequent Transit Network (FTN) which are areas located 800 metres to SkyTrain and 400 metres to FTN bus corridor. The report contains the following policy guideline:

Generally, market and non-market renters have lower vehicle ownership rates than do apartment owners. In order to maximize affordability and efficiency in apartment buildings, municipalities should encourage rental housing in Urban Centres and Frequent Transit Development Areas. Household expenditures on transportation should inherently be lower in locations near transit as there is a reduced need to own or operate a private personal vehicle. Reduced parking reduces the cost of development. Municipalities could encourage rental apartment units near transit by reducing or waiving parking requirements as part of an incentive package as appropriate, and encouraging inclusion of rental apartment units in new developments through policy or housing agreements.

The following compares the guidelines for parking spaces rental units located within the Frequent Transit Network contained in Metro Vancouver’s report and the City’s Zoning Bylaw requirements for multiple unit residential development:

|                                                                                                                     | Bachelor suite |      | One Bed-room |      | Two Bedroom |      | Three or More |      | Visitor |
|---------------------------------------------------------------------------------------------------------------------|----------------|------|--------------|------|-------------|------|---------------|------|---------|
|                                                                                                                     | Min.           | Max. | Min.         | Max. | Min.        | Max. | Min.          | Max. | Min.    |
| Metro Vancouver: Market rentals (FTN)                                                                               | 0.25           | 1.00 | 0.25         | 1.00 | 0.50        | 1.00 | 1.00          | 1.50 | 0.10    |
| New Westminster Zoning Bylaw Requirement                                                                            | 1.00           |      | 1.20         |      | 1.40        |      | 1.50          |      | 0.20    |
| New Westminster Zoning Bylaw Requirement C-8 zone (Mixed use sites from Eighth Street to Fourth Street on Columbia) | 1.0            |      | 1.0          |      | 1.0         |      | 1.0           |      | 0       |

Staff is currently undertaking a review of parking in the Downtown area, with recommendations regarding residential land uses as a deliverable. The recommended parking regulations in the Downtown area will take into account the lower parking demand that is typical of secured market rental housing.

As such, the parking regulation for secured market rental units will likely be lower than that for standard market housing, and an amendment to the Zoning Bylaw for secured market rental housing will be considered by Council when this work is complete.

In order to provide a meaningful incentive to long term secured rental housing located within 400 metres of the Frequent Transit Network (FTN) and SkyTrain Stations (outside the downtown), the policy recommends that the Zoning Bylaw parking regulations be relaxed to 1 space per unit and additional 0.1 spaces per unit for visitor parking.

If a developer wishes to pursue parking variances beyond the reductions established in the Zoning Bylaw, then it is possible to apply for a Development Variance Permit (DVP) so that the requested variance can be evaluated in relation to the merits of the proposal. In such instances, it is recommended that the payment in lieu for parking policy not apply to the reduced parking approved through the DVP.

In cases where the long term rental housing is located more than 400 metres from the City's FTN or Skytrain Stations, then the normal parking regulations would apply. If a developer wishes to pursue parking variances to the Zoning Bylaw, then it is possible to apply for a DVP so that the requested variance can be evaluated in relation to the merits of the proposal.

In such instances, it is recommended that the payment in lieu for parking policy not apply to the reduced parking approved through the DVP.

A relaxation to parking regulations may be considered for medium term secured rental housing (as described below) depending on the specific details of the proposal. Requests for a parking variance should be evaluated on a case-by-case basis, taking into account the location of the project and the level of security of tenure offered.

If a developer wishes to pursue parking variances to the Zoning Bylaw, then it is possible to apply for a DVP so that the requested variance can be evaluated in relation to the merits of the proposal. In such instances, it is recommended that the payment in lieu for parking policy not apply to the reduced parking approved through the DVP.

Finally it is recommended that, within limits described below, additional parking not be required for additional secured market rental units being added to existing purpose-built rental buildings recognizing that it is unlikely that it would be possible to add additional parking on such sites.

## **2. Use of Density Bonus Program for New Secured Market Rental Housing in Existing Rental and New Rental Buildings**

The Affordable Housing Strategy contains a recommendation that the density bonus provision in the Zoning Bylaw be used to allow non-profit housing to take advantage of the bonus density without paying for the additional density. In order to implement this recommendation, staff will bring forward a Zoning Bylaw text amendment for Council consideration.

Staff will prepare a Zoning Bylaw amendment for Council's consideration that will extend the opportunity to use bonus density without payment to add new secured, non-strata titled units in existing rental buildings, and to new secured market rental buildings that are guaranteeing rental tenure for the long term. The Zoning Bylaw would have a "base" density for all development, and if a developer wished to build long term secured market rental building, the "bonus" density would be allowed without payment.

Market strata developers would still be able to use the bonus density program by paying for the additional density. In all cases, the proposed building is expected to meet the planning and urban design objectives contained in the City's land use policies.

## **3. Reduced Building Permit Fees**

A 50% reduction in Building Permit fees for the construction of new units in existing purpose-built rental housing and new medium-term and long-term secured rental housing has been implemented. A 50% permit fee reduction would provide a \$30,000-\$50,000 per project benefit for new buildings and a \$5,000 benefit for small additions.

## **4. Relaxations to the City's Servicing Requirements**

Consideration will be given to relaxing the City's servicing requirements for potential additions to existing purpose-built rental housing buildings and the creation of long-term secured market rental housing. As secured market rental housing is considered to be a City strategic priority, the Director of Engineering would take into account the scope and nature of a project in determining appropriate servicing requirements. For example, a small addition to an existing purpose-built rental housing project may not be required to bring infrastructure up to the level expected of new development considering that the building already exists.

Further, the servicing requirements for new long-term secured market rental buildings may be relaxed to provide services and infrastructure to a more modest level compared to market housing (e.g. re-surfacing of adjacent streets). In all instances, servicing will be required for items which are essential to support the development, or are health and safety related, such as water, sewer, electrical connections and safe access to the site.



## **5. Concurrent Processing of Rezoning and Development Permit Applications**

In order to expedite the development approvals process, if rezoning of a site is required, the rezoning application and development permit application can be processed concurrently. This action could reduce the development approvals timeframe by reducing trips to the Design Panel and Council. As well, secured market rental applications will be managed through a multi-departmental team approach for development review and approvals; similar to non-profit housing applications.

## **6. Payment of Legal Fees for the Preparation of Housing Agreements and Related Documents**

The City will pay for the costs related to the preparation and registration of Housing Agreements and related detailed documents that are required to secure the rental housing.

## **7. Other Financial Benefits for Secured Market Rental Housing**

Secured market rental will have its BCAA property assessment based on its income producing value and will benefit from lower property tax rates as compared to strata-titled development. Most recently, the Assessment Authority has taken into account “no separate sales” covenants on strata titled secured market projects as being equivalent to non-strata-titled market rental developments, and therefore, such projects have received a reduced assessment value and subject to less taxation. The Homeowner Protection Office provides reduced fees for secured market developments.





# PROPOSED SECURED RENTAL HOUSING POLICY

## RETENTION OF THE EXISTING HOUSING STOCK

The *Secured Market Rental Housing Policy* includes three strategies, each with specific policy actions. These include retention, renewal and enhancement.

The existing stock of purpose-built rental housing in New Westminster includes over 9,400 units in 364 buildings and makes up about 8% of the region's purpose-built rental housing stock. Over half of the units are in low rise buildings and 73% of the units were built prior to 1970.

The existing stock of purpose-built rental housing, which is amongst the most affordable housing in the City, provides a significant portion of the housing for the City's low and moderate income households and is a tremendous asset. It should be protected and, if possible, have its lifetime extended.

It is evident that, even with the most robust program to encourage the development of new secured rental units, the existing rental housing is the most important component of the secured market rental stock. It is also acknowledged that units obtained through the replacement of demolished units will have higher rents as they are new units.

The policy actions below aim, as objectives, at reducing the likelihood that the existing stock will be redeveloped and increasing the longevity of the stock.

### **Continue the moratorium on the conversion of rental buildings to strata title ownership.**

Under the Land Title Act, applications to convert rental tenure to strata title tenure must be approved by the Local Government. The City of New Westminster has a long standing policy of denying approval for strata conversion applications, except in limited cases involving heritage revitalization.



**Rezoning of properties containing purpose-built rental housing to permit higher density development or increases in building heights through variances will generally not be supported, except for the achievement of strategic policy directions such as heritage conservation.**

Under the Local Government Act, the City is unable to use the withholding of a demolition permit as a method to require the replacement of rental housing. Further, once demolition occurs, developers are able to utilize development rights inherent in a site's zoning to redevelop a site. As such, a developer is able to rebuild to the maximum allowed by the current zone. It is through the discretion inherent in zoning powers where local governments can express a preference to preserve purpose-built rental housing.

**In cases where demolition of purpose-built rental housing occurs through a rezoning process, the developer must provide a plan to replace rental units and to provide appropriate relocation assistance to tenants. The replacement housing would be, as a first priority, secured rental housing on- or off-site and, as a second priority, payment into the City's Affordable Housing reserve.**

The overarching objective should be the preservation of the existing rental stock. However, in situations where this may not be possible, developers will be required to present a relocation plan for the existing tenants and outline how the housing will be replaced. It is expected that the landlord would exceed the minimum requirements of the Residential Tenancy Act in terms of providing notice to the tenants (minimum 2 months) and compensation (one month's rent).

## **Explore the use of density transfer to preserve the existing purpose-built rental housing stock.**

In New Westminster, density transfer (i.e., transferring development density from one site to another) is primarily achieved for the purpose of heritage preservation. As a secondary step in the development of the Secured Market Rental Housing Policy, the transfer of unused density from market rental sites to development sites will be explored. The market rental building would be protected from redevelopment to a higher density, and its long term development density would be limited.

This program must be carefully evaluated to ensure that it does not compete with current heritage protection policies, and ensure that good planning principles in terms of density, form and character are respected for the “receiving” site.



## RENEWAL OF THE EXISTING RENTAL HOUSING STOCK

Amongst the most effective methods of protecting the existing rental housing stock is to implement incentives that would result in investment into the existing stock in order to increase its longevity. Extra income derived from additional units would also assist owners in funding capital improvements to the stock. These incentives include:

1. Use the density bonus program to:
  - a. Permit the construction of additional secured market rental units on site using the additional density offered by the density bonus program without having to pay for the additional density. The addition of units may happen in a separate building on site, or through an addition to the existing building; and/or
  - b. Permit the conversion of unused recreation or storage areas (even in cellar areas) to add additional units, subject to livability issues being addressed.

The majority of the existing purpose-built rental housing stock is located in density bonus zones, so there is potential for existing building owners to take advantage of this opportunity.

Further, according to the Zoning Bylaw, unused space in defined cellar areas cannot be used for accommodation. It is recommended that, for existing buildings only, no more than 10% of the number of existing units be allowed to be added to existing buildings, subject to addressing livability/Building Code issues in the design of the units. For example, if a building is 40 units, no more than four additional units could be added to the existing building. It is expected that only a few properties per year would take advantage of this incentive.

The policy contains an action to prepare an amendment to the Zoning Bylaw to allow accommodation in the cellar area of existing purpose-built rental buildings, subject to Building Code compliance and achieving livability criteria.

2. Eliminate the parking requirement for secured rental housing units created in existing buildings.

Often, existing rental buildings do not meet current Zoning Bylaw parking requirements for parking. However, evidence from the recent Metro Vancouver parking study indicates that tenants have a much lower parking demand than owners, especially in the older purpose-built stock. Rental housing managers are also more efficient at managing limited parking than strata owners in that parking can be assigned to those who require it and are willing to pay extra for it.

Considering that most existing rental buildings do not have additional site area to provide more parking, it would likely be impossible to provide additional parking to serve the new units.

3. As a financial incentive, reduce Building Permit fees to add suites to existing rental buildings to 50% of the cost to the developer.

Reduced Building Permit fees are seen as a modest incentive to encourage the addition of new rental units in existing buildings.

4. As part of the Community Energy & Emissions Plan (CEEP), consider including existing rental buildings in the Building Energy Efficiency Retrofit Program.

The CEEP has identified a target of one to three large strata buildings per year to receive free energy audits and business case assistance to move towards improving energy efficiency. Undertaking upgrades to improve energy efficiency can add to the life span of existing rental buildings and reduce operating costs.

## ENHANCMENT TO THE RENTAL HOUSING STOCK

The final strategy is directed at the creation of new rental housing stock. New projects would be evaluated according to policies in the Official Community Plan. It is expected that the proposed density and form of buildings would be in accordance with planning and urban design principles articulated in the City's existing policies. Requests for additional density would also be assessed on their own merits and the strength of the proposal, and would be subject to the normal development review process.

It is recognized that there will likely be a range of rental housing models that will be presented to Council. Some of the proposed models will offer higher level of tenure security and in some cases, affordability considerations, while other models will offer shorter term rental housing security.

An important factor in determining the level of incentive offered is the length of the commitment to provide secured market rental housing. This recognizes that models that are closer to the traditional long-term "purpose-built" market rental buildings will provide the greatest level of security of tenure for tenants as well as the greatest likelihood of increasing affordability over time. Similarly, models where the City has a higher level of assurance that ongoing compliance with the rental housing obligation is administratively possible, without the dedication of significant staff resources, would be preferred.

Using the principle that the greatest incentives should be reserved for the most secure and administratively possible rental housing models, four categories are presented.



## **Type 1: Secured Market Rental Housing (Long Term)**

This category of secured market rental housing is viewed as being very close to purpose-built rental housing and has the following characteristics:

- Secured for 60 years or the life of the building, whichever is greater.
- Restrictions on the stratification of units, including either:
  - No stratification and registration of a separate sales covenant on title;
  - Stratification, but units held and managed by one entity, and the registration of a no separate sales covenant on title; or
  - Stratification into strata lots, (or air space parcels) but each strata lot or parcel would hold at least 10 non-strata titled units. Each strata lot or parcel would have a no separate sales covenant.
- The units, including parking, are managed by one entity.





This category of secured rental housing development may be offered the following incentives:

- Increase in density, offered through the density bonus program or, when appropriate, through a rezoning process;
- Reduction in Building Permit Fees (50%);
- Concurrent processing of Rezoning and Development Permit applications;
- Reduction in required parking requirements for sites located within 400 metres of Skytrain Stations, or the FTN or Downtown;
- Payment in lieu for parking policy not applicable for further parking relaxations on sites within 400 metres of Skytrain Stations and the FTN, where the parking relaxations are approved through a DVP process;
- Payment in lieu for parking policy not applicable for parking relaxations on sites further than 400 metres from Skytrain Stations and the FTN, where the parking relaxations are approved through a DVP process;

- Consideration of reduced servicing requirements; and
- City payment for legal fees to prepare and register Housing Agreement and Covenant documents.

The reduction in parking reflects the evidence that shows that tenants in long term secured rental have a lower car ownership rate than owners. Further, rental housing property managers are able to allocate parking more effectively to those who need it, as compared to owners of individual strata titled units, where the parking is tied to certain units. A Housing Agreement could ensure that the parking is managed on this basis.

## **Type 2: Secured Market Rental Housing (Medium Term)**

This category of secured market rental housing is viewed as being close to purpose-built rental housing and has the following characteristics:

- Secured for 30-59 years.
- Restrictions on the stratification of units, including either:
  - No stratification and registration of a separate sales covenant on title;
  - Stratification, but units held and managed by one entity, and the registration of a no separate sales covenant on title; or
  - Stratification into strata lots, but each strata lot holding at least 5 non-strata titled units. Each strata lot would have a no separate sales covenant.
- The units, including parking, are managed by one entity.

This category of secured rental housing development may, depending on the model proposed, be offered incentives from the following list:

- Reduction in Building Permit Fees (50%);
- Concurrent processing of Rezoning and Development Permit applications;
- Consideration of a reduction in required parking and payment in lieu requirement not applicable to parking reduction approved through a DVP process; and
- City payment for legal fees to prepare and register Housing Agreement and Covenant documents.

In this case, there is a need to apply more discretion in determining the type of incentive which is appropriate, depending on the proposal. For example, a proposed medium term rental project that is managed by one entity, provides good security of tenure and located in a transit-oriented location could be considered for a reduction in required parking. Site specific requests for parking variances can be considered through requests for relaxations to parking requirements supported by a report prepared by a Professional Engineer.

### **Type 3: Short Term Market Rental**

This category of market rental housing has the following characteristics:

- Secured for a minimum of 10 years.
- Restrictions on the stratification of units, including either:
  - No stratification and registration of a separate sales covenant on title; or
  - Stratification, but units held by one entity, and the registration of a no separate sales covenant on title.
- The units, including parking, are managed by one entity.

This category of secured rental housing development may be offered the following incentives:

- City payment for legal fees to prepare and register Housing Agreement and Covenant documents.

Considering the short term of the rental tenure, parking relaxations will be considered through the normal DVP process supported by a report prepared by a Professional Engineer.

### **Type 4: Strata Titled Units Held by Individual Investors**

Rental proposals that involve individually strata-titled units that are held by individual owners will not be considered for rental housing incentives for the following reasons:

- The market is able to deliver this kind of housing, without incentives;
- Any incentives offered by the City should be targeted towards secured rental housing proposals;
- The current tools of Housing Agreements and covenants are likely to be ineffective in regulating the tenure of units owned by individuals; and
- The monitoring and enforcement of Housing Agreements placed on each title is an administrative burden for the City.

## MONITORING AND ON-GOING EVALUATION OF POLICY

Monitoring and evaluation of the achievement of the policy's objectives will occur on an annual basis. The following will be tracked and evaluated:

- Number, type and location of new secured market rental housing units created through addition to existing purpose-built rental buildings and construction of new units;
- Demolition of the purpose-built rental housing stock;
- Use of the incentives to create new secured rental housing units; and
- The efficacy of the tools (e.g. Housing Agreement) in achieving the objective of secured market rental housing.





