

## RECOMMENDATIONS:

- 1) That the Community and Intergovernmental Committee direct staff to bring forward a new housing policy and update to the density bonus policy to Council that would:
  - a) Require 10% of units additional to the calculated number of units allowed by the current land use designation/zone to be secure non-market rental units;
  - b) Recognize community benefit when calculating land lift; and
  - c) Provide for flexibility in provision of amenity spaces in apartment buildings.
- 2) That the Community and Intergovernmental Committee direct staff to make the following amendments for presentation to Council:
  - a) The Zoning Bylaw be amended to:
    - i) change the density bonus provision of the Residential Apartment RA1 zone;
    - ii) apply a floor area ratio of 1.5 in the Community Commercial zone; and
    - iii) require units in projects with attached dwelling units to include a minimum of 25% of the units as family oriented, including a minimum of 5% designed as 3-bedroom units.
  - b) The Parking and Management Development Bylaw be amended to:
    - i) reduce the required spaces for 3-bedroom units to 1.5;
    - ii) require non-market projects to provide a minimum of 1 space per unit;
    - iii) allow secured market rental projects to reduce parking requirements by 10%; and
    - iv) provide that cash-in-lieu of parking for sites not in the Downtown may be used for complementary purposes.
- 3) Staff be directed to consider a review of rental housing policies and regulations as part of its 2019 work program.

## PREVIOUS COUNCIL/COMMITTEE ACTION

At the February 20, 2018 meeting of the Finance and Budget Committee, the following motion was passed:

*That the Sustainability & Environment Committee be requested to include, in its 2018 work plan, an assessment of current housing affordability, to develop a definition of what constitutes affordability, and to propose options that may increase the stock of housing to meet specified housing needs, as deemed to be appropriate and feasible for implementation in Port Coquitlam and that this work be targeted for submission to Council by mid-year 2018.*

## REPORT SUMMARY

This report responds to Committee's request to consider options to address housing needs in Port Coquitlam. Its assessment of the current housing stock, cost and tenure identifies the most significant gaps as the need for more non-market rental units, more housing suitable for families in new multifamily buildings, and more ground-oriented housing units suitable for first time home buyers. An assessment of measures to address these gaps being taken by the City and a comparison of measures being implemented by other communities reveals a number of policy and regulatory changes to influence the type of housing being provided in the community. In keeping with the established direction and existing resources, this report continues to build on the municipal

role as an approval authority to achieve housing objectives and looks to senior levels of government, private developers and the non-profit sector to supply housing. The recommendations of the report to adopt a new housing affordability policy, update the density bonus policy, amend certain zoning and parking regulations, and undertake a focused review of rental housing options would make a substantial difference in addressing the identified gaps. Approval is recommended.

### **BACKGROUND**

#### **A. Housing Actions:**

In March 2015, Smart Growth Committee endorsed the City's *Housing Action Plan*, setting out six directions to be taken to address the major challenges identified at that time. The status of each of these directions is summarized as follows:

Expand housing choices in established neighbourhoods –

- coach houses are now allowed and processes to implement this housing form in place.
- policies and regulations have been amended to facilitate more duplexes and small lot subdivisions.

Increase options for ground-oriented housing (townhouses, rowhouses) –

- this work has been deferred pending staff availability. With additional staffing approved for the Planning Division, it is anticipated to commence mid-year and an amended scope is further discussed in this report.

Identify transit-oriented centres and direct mixed-use projects to these centres –

- direction for transit-oriented developments along Lougheed Highway was set by Smart Growth Committee in 2017.
- the City is working with TransLink, Metro Vancouver and neighbouring municipalities on bus stop locations and to identify land use options along the B-line route.
- amendment of the Official Community Plan to include a Transit Corridor Commercial designation is currently in process (for Fremont Village).

Protect and expand rental housing –

- this work is to be included in a future work program, including the consideration of new legislation allowing rental zones (also as further discussed in this report).

Address housing needs of a growing seniors' population –

- approval of the sale of City lands adjoining the community recreation complex has included a seniors' apartment building.
- 30% of all new apartment units are required to meet accessible design standards as set by the Province.

Encourage senior government funding of social housing projects –

- an expedited proposal to redevelop a portion of the Dogwood Seniors housing was approved (funded by BC Housing).

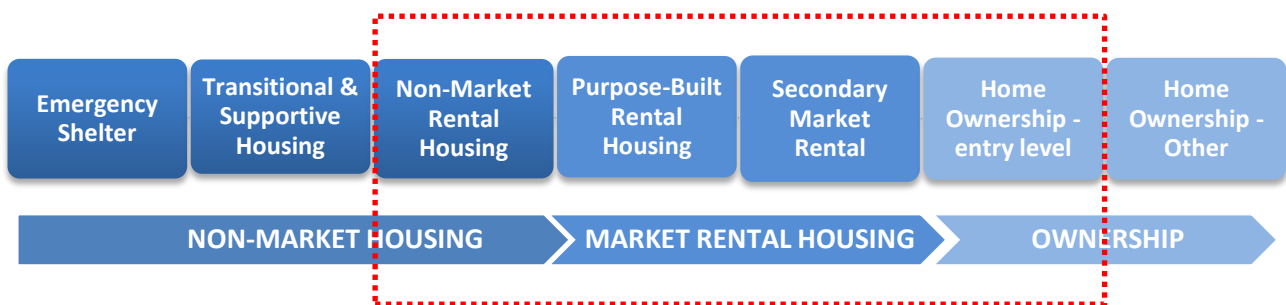
- an expedited application for a women’s housing complex is in process (land provided by Metro Vancouver; to be funded by BC Housing).

## B. Understanding Port Coquitlam’s Emerging Housing Affordability Gap

When the research on the *Housing Action Plan* was in process (2013/14), housing in Port Coquitlam was successfully meeting a variety of housing needs, including that of first time homebuyers. The larger challenges identified at that time were to ensure a sufficient supply to meet projected demands for new dwelling units as well as to respond to changing demographics. It was then recognized that the City was benefitting from a range of lower cost housing types, in part due to its early acceptance of secondary suites in established neighbourhoods, the rezoning of the Downtown to apartment zones and the rezoning of defined areas to allow for smaller lots. Consequently, the actions identified in the Housing Action Plan did not focus on housing cost but promoted increasing the housing supply and the variety of units.

The recent direction from the Finance and Budget Committee to bring forward proposals to address housing affordability acknowledges the significant changes now being experienced in the housing market. The Sustainability & Environment Committee was requested to include, in its 2018 work plan, an assessment of current housing affordability, to develop a definition of what constitutes affordability, and to propose options that may increase the stock of housing to meet specified housing needs as deemed to be appropriate.

“Affordability” is defined as a measure of the ability to pay for housing, taking into consideration both housing costs and incomes. In Canada, housing is generally considered to be affordable if a household spends 30% or less of its before-tax income on shelter costs (e.g. rent, mortgage and/or strata fee payments and utilities<sup>1</sup>). In keeping with the approach used by CMHC, this report acknowledges affordable housing to be a very broad term that can include housing provided by the private, public and non-profit sectors. It also includes all forms of housing tenure including rental, ownership and co-operative ownership, as well as temporary and permanent housing. The following housing continuum diagram portrays the range of shelter and housing options available to serve all income levels, needs and tenures.



<sup>1</sup> Source: CMHC, “About Affordable Housing in Canada”

## Housing Affordability Review & Recommendations

To better understand the increasing challenges related to affordability, this report focuses on an assessment of how the City can better address three sectors of the continuum: non-market rental housing, purpose-built rental housing and entry-level home ownership. Detailed attention is not given to the secondary market rental sector (such as secondary suites and investment condominium units) as the supply of this type of housing has substantially increased within the City and there are few effective policy tools which municipalities can employ to influence housing affordability issues within this form.

Staff conducted an analysis of the City's current housing supply and an assessment of housing costs and affordability as they apply to the three sectors. The key findings of this analysis are as follows:

- Almost half of the dwelling units in Port Coquitlam are single detached homes. This ratio is shifting to a higher ratio of multifamily units as the developable land base ("green field") has been fully developed and redevelopment of older housing and commercial sites is now required to accommodate new dwelling units. A 44% growth in apartment units and 23% in townhouses was experienced compared to 1% growth in single residential stock between 2011 and 2016.
- The City's tenure ratio is 77% ownership to 23% rental. This ratio is higher than the regional ratio of 64% to 36%, reflecting a higher proportion of single detached homes and a newer apartment stock built as condominiums.
- 18% of Port Coquitlam's renter households live in non-market rental units.
- As Port Coquitlam has a higher percentage of detached homes and townhouses, 63% of its housing stock has three or more bedrooms compared to the regional average of 50%.
- 73% of the townhouses in the City have three or more bedrooms, but only 7% of apartments. This reflects the historical demand for apartments by households that do not have children or early in the family formation stage.
- 95% of housing in Port Coquitlam is in good repair and has enough bedrooms to meet the needs of the household size and composition, in accordance with criteria established by National Occupancy Standards.
- The City has an estimated 538 non-market seniors' housing units.
- The City's 585 non-market rental housing units (other than seniors) are located in ten buildings, all more than 20 years old. Most are relatively small units.
- Approximately 760 purpose-built market rental units are located in 24 buildings with the majority of these constructed more than 40 years ago; about 200 are geared towards seniors.
- Most renters live in secondary rental market dwellings. Some apartment buildings are being operated as rental developments but they were stratified prior to occupancy to allow the developer to sell these units in future, if desired.

# Housing Affordability Review & Recommendations

- The older age cohorts will grow more rapidly than the younger cohorts over the next 20 years, shifting community demographics and creating demand for smaller apartment units suitable for seniors and others looking to downsize from large homes.
- The average household income for owners is a moderate<sup>2</sup> \$95,752. The average shelter cost is approximately \$1500/month; about \$100 less than the regional average. About 20% of owners pay more than 30% of their income on shelter costs.
- The average household income for renters is low<sup>1</sup>, \$49,432. About 40% of renters in the City are paying 30% or more of their income on shelter costs and 18% pay over 50%.
- Benchmark prices for home ownership is now approximately \$1,000,000 for a single residential home, \$675,000 for a townhouse and \$480,000 for an apartment<sup>3</sup>.
- There is an increasing gap in meeting demand for ground-oriented units suitable for families entering the market. The City's primary supply of ground-oriented 3-bedroom units are detached homes however the high benchmark prices and changes to mortgage rules is creating a challenge for purchasers to qualify for these homes unless they are in a high income group or provide a significant down payment.
- Average monthly rents in purpose-built rental buildings increased by more than \$100 between 2016 and 2017 and currently range from ~\$700 for a bachelor unit to ~\$1400 for a 3-bedroom unit. The average rent in Port Coquitlam is about \$100 less than the regional average.
- Secondary market rental units are typically much more costly than purpose-built rental, in large part because these units are newer.

Metro Vancouver's Regional Affordable Housing Strategy<sup>4</sup> estimates Port Coquitlam would need to add 3000 new dwellings between 2016 and 2026, of which 800 should be rental. It further indicated that 470 of this rental stock should be suitable for very low income households, 160 for low income households, and 150 for moderate to high income households. This suggests a high need for market intervention by the public sector.

Metro Vancouver's Regional Growth Strategy estimates the number of dwelling units in Port Coquitlam to increase from 21,755 units in 2016 to 34,300 units by 2041. Based on current land use designations, the City's *Housing Action Plan* projects these units to be 45% apartment, 36% detached or duplex, 19% townhouse and 11% secondary suites.

## C. Policy and Regulatory Measures

Attachment 1, Scan of Housing Measures in Lower Mainland Municipalities, provides a useful starting point to identify actions being taken by others that may be appropriate for Port

<sup>2</sup> Defined by Statistics Canada, Census 2016 (based on 2015 incomes)

<sup>3</sup> Data provided by Real Estate Board of Greater Vancouver June 2018

<sup>4</sup> Adopted by Metro Vancouver May 2016. This strategy focuses on rental housing supply, and has five goals: expand supply and diversity of housing to meet a variety of needs; expand rental supply and balance preservation of existing stock with redevelopment while supporting existing tenants; meet housing demand estimates for very low and low income earners; Increase the rental housing supply along the frequent transit network and end homelessness.

Coquitlam to consider in addition to those currently used by the City. The scan identifies the following:

**Use of inclusionary zoning:** this measure, implemented through rezoning, requires a certain percentage of units within a development to meet defined affordability or tenure criteria. For example, the City of Richmond implements this approach within a comprehensive framework. Richmond requires developers of multi-family buildings with more than 60 units to allocate 10% of the building's floor area for low end rental units (minimum 4 units, of which 15% must be 2 bedroom and 5% 3-bedroom); smaller projects must provide a cash contribution. All single family lots created through subdivision must include a secondary suite or coach house, or pay cash in lieu. Its strategy is to not only use regulatory tools to encourage a diverse mix of housing types, but actively work to build capacity with non-profit housing and service providers and facilitate and strengthen partnership opportunities as well as increase advocacy, awareness and education roles.

Until recently inclusionary zoning in most communities has been used to obtain non-market rental units. Communities are increasingly using their zoning approvals to require purpose-built market housing for moderate income households with additional density in exchange for affordable units. Local governments may own the units, in which case they must also put structures in place to oversee their administration and management or enter into partnerships with housing providers. Some allow the developer to retain ownership and utilize housing agreements to ensure the units' occupancy and affordability are in accordance with the intent over time.

**Adoption of "family-friendly" housing policies:** Vancouver and New Westminster adopted requirements that a minimum number of units in apartment buildings be family-oriented (2 and 3-bedroom units) along with guidelines for location of units, minimum bedroom size and amenities. In developing their policies, the local governments have given consideration to factors including financial impact, market demands, transit accessibility and projected need.

**Reduction of parking requirements:** Allowing for reduced parking is typical for most non-market projects due to the tenants' lower rates of vehicle ownership and siting of these developments where there is good access to transit services. Project managers also typically monitor parking usage to avoid issues.

Some communities have amended their parking bylaws to assign lower parking requirements for market dwelling units located in close proximity to transit and community services, reflecting a lower demand for vehicles in these locations and helping to lower costs for the owners or renters.

A number of communities have set lower parking requirements for larger units (3-bedroom) than that required in Port Coquitlam.

**Offering of financial incentives:** Many communities, including Port Coquitlam, waive their rezoning and development permit fees for applications from non-profit housing providers. In



addition, some waive building permit fees, provide grants to offset DCCs, or allow property tax exemptions. Similar to Port Coquitlam, they may also offer a fast-track review process.

**Use of municipal lands:** Using public lands can be pivotal to achieving housing objectives. Many communities lease city-owned property to a non-profit housing provider at no cost or offer their lands for sale to the private sector with requirements that it be developed to meet specified needs.

**Implementation of tenant and rental housing protection:** Some cities have adopted strata conversion policies<sup>5</sup> and protocols to restrict the loss of rental units and to assist displaced tenants. They may include policies to discourage the redevelopment of purpose-built rental buildings for market ownership or require replacement of a certain percentage of these units. Recent changes to the *Local Government Act* now provide for municipalities to zone for rental tenure allowing greater protection of existing and future rental stock.

### **DISCUSSION**

**Housing Priorities:** It is important that the City of Port Coquitlam's housing stock continue to provide for families and a variety of household types. It is also important to start by being clear with respect to what the City wishes to achieve in affordable housing and how it wishes to realize this achievement. The assessment of the City's existing housing stock, projected supply and projected demand has identified emerging gaps in the City. This assessment confirms the benefit of making changes to the City's policies and regulations to address these gaps.

The current housing policy supports the development of affordable housing units but only if they are funded by a senior level of government. This policy is proving to be inadequate to meet emerging housing needs. This report focuses on making policy changes which will benefit three priority areas:

- (1) more non-market rental units, responding to the data indicating a larger number of residents need housing at a lower cost than that being provided by the market;
- (2) more housing suitable for families in new apartment buildings, responding to data indicating there is an increasing number of first-time home buyers and renters with families who cannot afford ground-oriented housing and require larger units than in apartments; and
- (3) more ground-oriented housing units to meet the gap in housing suitable for first-time home buyers and families looking to move from smaller apartment units.

**Proposed Changes:** This report proposes that Committee recommend to Council the adoption of a housing policy, an update to the bonus density policy, and amendment of the zoning and parking

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<sup>5</sup> Per s.242(6) of the *Strata Property Act*, a person applying to stratify a previously occupied building person must submit the proposed strata plan to the approving authority, which may approve the plan, or approve or refuse it subject to terms and conditions, or refuse to approve the strata plan. The Director of Development has this authority in Port Coquitlam, but the only applications have been for duplexes.

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regulations to take action that will address the three priority areas. It further outlines how two additional reviews will address these areas: the review of townhouse-designated areas per the current work plan and a proposed rental housing review to be undertaken in 2019.

(1) **Adoption of a Housing Policy:** It is proposed that a housing policy be adopted to provide clarity to the development community as to the type of housing the City wishes to consider in its review of development applications. The policy, which would complement the Density Bonus Policy adopted in 2009, would include the following:

- a. **Require 10% affordable units (for additional density):** If an application to amend the Official Community Plan or Zoning Bylaw would result in more dwelling units or floor area than could be achieved under current regulations, the housing policy would require the developer to provide a minimum of 10% of the additional units as secure non-market rental units or 10% of the additional floor area, whichever is greater. The policy would further provide that cash in lieu of secure market non-rental units may be provided if the calculation results in 3 or fewer units. This inclusionary zoning policy would apply the percentage as currently proposed in the rezoning of the Fremont Village lifestyle centre and it has been identified in reports to other communities as a realistic amount<sup>6</sup>. It may generally be seen as the maximum amount which can be accommodated by developers without funding incentives.
- b. **Require consideration of “family friendly” amenities:** The proposal to amend the Zoning Bylaw amendments will require family-oriented units in multiple family buildings. The draft policy would provide for an applicant to evaluate indoor and outdoor amenity spaces to ensure appropriate amenities are provided to meet residents’ needs. The policy would further provide that the City may vary its current requirement to provide indoor and outdoor amenity spaces if the site-specific consideration determines this would result in creating a suitable area for outdoor play or otherwise better serve the needs of families.
- c. **Recognize community benefit in calculation of land lift, when applying the Density Bonus policy:** The following are identified as eligible community benefits:
  - i. Non-market rental housing to be secured in perpetuity. The housing could be operated by the developer or contracted to a non-profit housing provider to be administered in accordance with BC Housing’s Housing Income Limit program or a similar program.
  - ii. Commitment to rental tenure for a minimum of 10 years.

If Committee endorses the approach being recommended in this report, the detailed housing policy reflecting the above direction would be drafted for Council consideration. The updates to the bonus density policy (largely housekeeping to reflect the housing policy) and would also be brought forward for consideration.

<sup>6</sup> Source: Coriolis report to the City of North Vancouver June 2018



### (2) Amend the Zoning Bylaw:

- a. **Update the density bonus regulation of the RA1 zone:** The Zoning Bylaw currently includes the following provision:

“In RA1 zones, the maximum floor area ratio may be further increased to 2.0 provided that a contribution in the amount of \$25 per square foot of gross floor area created by this provision is provided to City reserve funds for community amenities and social housing amenities.”

To date, this provision has been used infrequently as it is difficult for most applicants to design buildings larger than that permitted in the RA1 zone and still meet parking and siting regulation requirements. However, there are some developments which can increase the density even by relatively small amount. As the amount charged for the additional density has not been updated since its adoption in 2009 and, when it is applied, the amount levied is not recapturing the land value. It is proposed that the Zoning Bylaw be amended at this time to increase the bonus density amount to \$50 per square foot to better reflect higher land values.

When an applicant is looking to use bonus density, calculating the additional gross floor area is overly complex. Staff suggest the bylaw be amended to simply base the calculation on total additional floor area.

There are several applications in process that could be impacted by the amendments if approved. In keeping with normal practice to provide early information to the development community about impending changes and not impact in process applications, if Committee supports the recommendations of this report prospective applicants will be informed of the upcoming change. Further, the bylaw amendment would be applied only to new applications received after the date of bylaw adoption to avoid impacting any instream applications.

- b. **Set a floor area ratio of 1.5 in the Community Commercial CC Zone:** The Community Commercial zone, which applies to commercial properties throughout the community, accommodates a wide range of general commercial and personal service uses in commercial centres having a pedestrian orientation and accommodates residential uses above ground floor commercial uses. It does not apply a density regulation but the amount of commercial space and the number of dwelling units a site may support is generally determined through application of policies and guidelines for building height and design per the Official Community Plan, a calculation of parking requirements, and the siting regulations of the Zoning Bylaw. This typically results in buildings which have floor area ratios ranging from less than 1.0 (with a portion of the site used for surface parking) to 1.5 or 1.6. For example, the mixed-use building at the corner of Elgin Avenue and Mary Hill Road was able to achieve a floor area ratio of 1.28 (note: Council approved a 6-stall parking variance for this project and it has surface parking as, at that time, it was determined the site economics did not support parking

within the building). The Villagio development was able to achieve a floor area ratio of 1.68 by constructing two levels of parking for its mix of residential, commercial and neighbourhood pub uses.

Amending the Community Commercial zone to apply a maximum floor area ratio of 1.5 is recommended by this report. This density would reasonably accommodate projects that could be built under current regulations and provide greater certainty to property owners and developers with respect to a site's development potential under existing zoning. Further, this measure would permit the City to apply the proposed affordable housing policy to mixed-use projects within the zone.

- c. **Require “family-oriented” units in all zones permitting multifamily dwellings:** The Zoning Bylaw does not presently stipulate the types of units within multifamily zones (apartment buildings, townhouses, comprehensive developments and mixed-use projects). It is recommended the Zoning Bylaw be amended to:
- i. Require projects including more than 10 multi-family units to have at least 25% of the units designed as family-oriented units and include a minimum of 5% of these units designed as 3-bedroom units.
  - ii. Define a family-oriented dwelling unit as a 2-bedroom unit with a den, larger patio or direct access to the street and any unit with more than 2 bedrooms

This approach would ensure that all sites pre-zoned for apartments (RA1 and RA2 zones) or mixed use (Community Commercial or certain comprehensive development zones) would need to provide family-oriented units in addition to being required through the rezoning process. The amendment would provide certainty to developers with respect to the City's expectations for unit type. As with the proposed amendment to bonus density, the bylaw amendment would not apply to instream applications.

### (3) Amend the Parking Bylaw:

Amending parking regulations is recommended to reflect market trends, encourage 3-bedroom units, support non-market projects and provide for cash-in-lieu payments for sites not in the downtown<sup>7</sup>. The amendments being proposed are modest and more significant changes if requested by an applicant would continue to require project-specific consideration. An amended parking bylaw that would include the following changes is proposed:

- a. Reduce the number of parking stalls required for a 3-bedroom unit in a multi-family dwelling from 2 to 1.5 stalls;

<sup>7</sup> The bylaw presently restricts use of all monies received pursuant to the cash-in-lieu provisions of the bylaw for sites in the Downtown to being placed in a fund established under section 525(1)(d) of the *Local Government Act* for the provision of new and existing off-street parking spaces located in the Downtown. The legislation has since changed and it allows local governments to apply the funds to purposes other than off-street parking spaces and, for sites not within the downtown, such purposes may be appropriate.

- b. For sites other than sites within in the Downtown core, include a cash-in-lieu provision that would apply in the following circumstances:
  - i. For secured market rental projects, allow the replacement of up to 10% of required parking stalls with cash-in-lieu
  - ii. As a condition of rezoning or development variance permit approval of a parking variance
- c. For non-market rental units, require 1 parking stall per dwelling unit (of any number of bedrooms; visitor parking regulations remaining unchanged); and,
- d. Include, in the proposed parking bylaw amendment, that cash-in-lieu funds for purposes such as enhanced access to transit, improvements to sidewalks, construction of trails, and bike facilities.

#### (4) Entry-level ground-oriented homes:

With the cost of single detached homes having risen to a point beyond what many entry-level home owners can afford, smaller ground-oriented homes including townhouses, rowhouses, stacked townhouses, small duplexes, and similar housing types are becoming essential to meet this important market. Although the Official Community Plan designates lands for these types of uses, there is relatively low take-up. Further, there is often neighbourhood opposition when projects are proposed as most designated areas are developed with single family homes.

The purpose of the review is to determine if the areas have the appropriate designation, encourage development of townhouses and identify where changes should be made. The review will be considering:

- Should some areas designated for townhouses be re-designated for higher density (apartments, rowhouses or stacked townhouses) or lower density (single residential)?
- Are there any single residential neighbourhoods which could be re-designated for townhouse development?
- Should townhouse zones regulations be amended to promote smaller townhouse units, or alternative multi-unit proposals, such as a 4 or 6 unit stacked design?
- Should the City restrict new detached single residential homes from developing in townhouse designated areas by pre-zoning these areas?
- Should the City allow coach houses in townhouse designated areas or would that preclude development of townhouses in the future?
- How can we better resolve concerns related to a change in neighbourhood character when infill townhouse applications are brought before Council?

As Council has already endorsed a review of townhouse-designated areas that is to be undertaken in 2018, no further recommendations are being proposed in this report time to address the significant gap.

### (5) Consider Rental Housing Options through Consultation:

This review has identified a number of questions which would need to be answered before staff would be prepared to suggest any amendments to regulations and policies applicable to rental housing, particularly with respect to market rental housing. There is also new information becoming available as, for example, the attached bulletin, explaining the residential rental tenure zoning. Consultation with relevant stakeholders, including the Housing and Homeless Task Force, Urban Development Institute, Province, BC Housing, CMHC and the community, would be recommended to provide for discussion of measures that may better protect or create additional rental and affordable housing, including an evaluation of the new rental housing legislation. As part of this consultation, it is anticipated that the following questions could be considered:

- What measures should the City take to protect existing rental housing stock or promote its renewal?
- What are the City's expectations for redevelopment of older apartment buildings held in condominium ownership?
- Should the City require replacement of rental units, if a rental building is to be demolished?
- What criteria should be in place if the City's social housing reserve fund is to be used for rental housing?
- Should the City adopt a strata title conversion policy?
- For non-market rental housing, should the City consider waiving building permit fees to achieve housing objectives? Offering grants to offset development cost charges?

This review is proposed to be included as part of the Planning Division's 2019 work program.

### FINANCIAL IMPLICATIONS

The approach recommended in this report builds on the municipal role as an approval authority to achieve housing objectives and looks to senior levels of government, private developers and the non-profit sector to supply housing. While some communities are taking a more costly approach of being involved in owning, managing, and maintaining housing to meet their affordability objectives, this would have significant financial implications for the City and is not recommended.

### ENVIRONMENTAL IMPLICATIONS

Adopting housing measures that would better help meet community needs for housing affordability is in keeping with the City's sustainability objectives to create a complete community.


### PUBLIC CONSULTATION

In addition to staff informally advising applicants and potential applicants of the proposed changes, information on the proposed amendments would be posted on the City's web page and at the Development Services front counter to ensure prospective applicants and property owners are informed of the impending bylaw changes. The Zoning Bylaw amendment will require a public hearing.

# Housing Affordability Review & Recommendations

## OPTIONS

(Check = Staff Recommendation)

#	Description
1 	<p>In summary, that Smart Growth Committee recommends that Council:</p> <ul style="list-style-type: none"> <li>• approve a housing policy to promote non-market rental and family-oriented units in multi-family developments,</li> <li>• update the Density Bonus Policy,</li> <li>• amend the Zoning Bylaw to: increase the amount to be contributed for additional floor area in the RA1 zone, set a floor area ratio of 1.5 in the Community Commercial zone, and require family-oriented units in multi-family buildings,</li> <li>• amend parking regulations to reduce 3-bedroom unit requirements, set a minimum for non-market projects, reduce for market rental and allow cash-in-lieu funds obtained for sites not in the downtown to be used to improve trails, transit etc., and</li> <li>• include consideration of rental housing policies and regulations as part of the 2019 work program.</li> </ul>
2	Request further technical information be provided to support the recommendations of this report prior to making a decision, such as an economic impact analysis.
3	Request staff initiate a public consultation process to obtain input from developers, other stakeholders and the public on the proposed housing policy and regulatory bylaw amendments prior to making any decision.
4	Determine that no changes are to be made to existing policies and regulations at this time.

## ATTACHMENTS

#1 - Summary of affordable housing measures in other municipalities

#2 - Residential rental tenure zoning bulletin



Scan of Municipal Housing Measures:

		Coquitlam	Langley (City)	Langley (Township)	Maple Ridge	New Westminster	North Vancouver (City)	Pitt Meadows	Port Moody	Richmond	Surrey	Port Coquitlam
Facilitating the Development of New Affordable Housing (market and non-market rental)												
Land Use Policy & Regulations	Housing Action Plan or OCP housing policies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Density bonus for rental (market or non-market)	✓		*	✓	✓	✓	*	*	✓	✓	
	Inclusionary zoning (through a density bonus)				*		✓		*	✓		✓
	Reduced parking for rental (market, non-market)			*	✓	✓	✓	*		✓	✓	Case-by-case consideration
	“Family-friendly” policies mandating bedroom mix					✓	✓			✓		
Financial & Procedural Measures	Housing Reserve Fund	Density bonus funding	✓	*		✓	✓		2	✓	✓	Yes
		Community amenity contribution		*	✓		✓	*	2		✓	
	Using City-owned lands for affordable housing	✓			✓	✓	✓		*	✓	✓	Case-by-case consideration
	Temporary tax exemptions			*	✓	✓	✓	*				
	Reduce/waive fees & charges; offer grants to offset	✓		*		✓	✓	*		✓	✓	✓
	Expedite or streamline applications	✓			✓	✓	✓		*	✓	✓	✓
Protecting Existing Affordable and Special Needs Housing and Tenants												
Tenant relocation assistance policy		✓		✓	✓	✓	✓			✓	✓	
Strata conversion policy limiting conversions of rental				✓			✓		✓			
Standards of Maintenance Bylaw				1	✓	✓	✓	✓	*	✓	✓	3
Rental replacement or rezoning policies protecting rental						✓			*		✓	
Rent bank						✓				*		

\* Recommended for a municipal heritage alteration permit or official community plan.

<sup>1</sup> Langley encourages reinvestment in rental buildings by connecting building owners with grant opportunities.

<sup>2</sup> Port Moody has an affordable housing reserve fund (funding sources unknown).

<sup>3</sup> The City only has a Property Maintenance Bylaw

July 3, 2018



Ministry of  
Municipal Affairs  
and Housing

## Residential Rental Tenure Zoning – Bulletin

The *Local Government Statutes (Residential Rental Tenure Zoning), Amendment Act, 2018, S.B.C. 2018, c. 26* makes amendments to the *Local Government Act* and *Vancouver Charter*.

The legislation provides local governments with a new authority to zone for residential rental tenure (i.e. rental housing), and enact zoning bylaws that:

- require that new housing in residential areas be developed as rental units; and
- ensure that existing areas of rental housing are preserved as such.

The new rental zoning authority can only be used where multi-family residential use is a permitted use. Within these areas, local governments can now:

- set different rules in relation to restricting the form of tenure of housing units for different zones and locations within a zone; and
- require that a certain number, portion or percentage of housing units in a building be rental.

The intent of these changes is to give local governments greater ability to preserve and increase the overall supply of rental housing in their communities, and increase housing choice and affordability.

The new authority came into effect on May 31, 2018, on Royal Assent, and is now available for local governments to use.

### BACKGROUND

Until now, under B.C.'s land-use planning framework, local governments have not been permitted to zone for rental housing. Some local governments have requested this authority, and the 2018 report of UBCM's Special Committee on Housing (*A Home for Everyone: A Housing Strategy for British Columbians*) recommended the Province provide a rental zoning authority to local governments.

This is an innovative approach, as research undertaken to date has not identified a similar authority elsewhere in North America. Some jurisdictions permit *inclusionary zoning* which differs from rental zoning. The main difference is that rental zoning allows for the protection of existing areas of rental housing and the enabling of new rental development, whereas inclusionary zoning is typically aimed at ensuring affordability within new development.

### LEGISLATION

#### *Application*

This new rental zoning authority applies to all local governments in B.C., including municipalities and regional districts.

This tool can be used at different geographic scales - e.g. blocks, lots, or individual buildings. Within a building, it can be used to require that all housing units, or a certain number, portion or percentage of housing units be rental. This means that communities of all sizes can be surgical in applying the authority to support local goals of neighbourhood completeness and diversity.

As noted above, rental zoning can only be used in locations where multi-family residential is a permitted use. These locations could be in zones that are strictly multi-family residential, or within comprehensive development or multi-use zones where multi-family residential is one of several permitted uses. Importantly, a local government can only limit tenure to residential *rental* tenure (i.e. it cannot not limit tenure to ownership and prevent rental).

One way in which rental zoning is expected to be used is to support rental housing close to current and future transit lines and other amenities.

#### *Non-Conforming Forms of Tenure*

The authority will work in conjunction with the existing provisions for non-conforming uses and non-conforming structures. It reflects the guiding principle that there be the least possible intrusion on property rights of owners occupying their homes when a rental zoning bylaw is adopted.

When a rental zoning bylaw is adopted, the intention is for the following to continue as non-conforming:

- the tenures of existing properties (e.g. strata units);
- the tenures of buildings that are “in-stream” (i.e. have received a development or building permit); and
- the tenure of any pre-sold strata units.

A change in property owners or tenants would not affect the non-conforming tenure status of a property.

The non-conforming tenure status of a property would no longer continue, and the property would be subject to a new rental zoning bylaw...

- when changes to a building include the addition of new housing units. Those units would be subject to the rental tenure provisions of a zoning bylaw; or
- after a strata corporation is wound up, upon disposition of the units and the land that previously belonged to the strata corporation.

#### *Strata Bylaws and Housing Cooperative Rules*

Existing strata properties in locations where a rental zoning bylaw is adopted will be considered to have non-conforming tenure. Where a rental zoning bylaw is adopted, that bylaw would not affect strata corporation bylaws or housing cooperative rules.



### *Public Hearings*

Following a public hearing on a bylaw, a council/board cannot alter a part of a zoning bylaw that would require rental housing without further notice or public hearing. This aligns with the public hearing requirements for zoning bylaw changes to use and density, and ensures that local governments provide adequate information to the public.

### *Development Permits, Development Variance Permits and Boards of Variance*

The legislation establishes that development permits and development variance permits must not vary the application of a zoning bylaw in relation to residential rental tenure.

Similarly, the legislation requires that any variance that is permitted by a board of variance does not alter the application of provisions in a zoning bylaw respecting rental zoning. Specific to the *Vancouver Charter*, the board of variance shall not allow an appeal about a zoning by-law in relation to residential rental tenure of housing.

### *Heritage Properties*

The legislation requires that a local government hold a public hearing if a heritage revitalization agreement, or amendment to the agreement, proposes to alter provisions in a zoning bylaw relating to rental housing. It also establishes that a heritage alteration permit may not vary provisions in a zoning bylaw related to rental housing.

### *Enforcement*

The intention is that local governments will have access to the same suite of bylaw enforcement options for this new zoning authority as they already have for existing zoning authorities (e.g. ticketing, bylaw notices).

## **REGULATIONS**

The legislation provides the Province with the authority to make regulations prescribing when non-conforming forms of tenure are authorized to continue, and in relation to when a non-conforming form of tenure is no longer authorized.

## **IMPLEMENTING RENTAL ZONING**

Before a local government uses this provision, ideally they will first consider their local housing needs, including the appropriate number, type and location of rental units. Over time, this information will become more readily available given the new legislative requirement for housing needs reports (*Local Government Statutes (Housing Needs Reports) Amendment Act, 2018, S.B.C. 2018, c. 20*).



A local government's Official Community Plan (OCP) may already include policies on rental housing that provide sufficient direction about where and how to update the zoning bylaw for rental housing. If not, the OCP would need to be amended accordingly.

Following from this, the local government would amend their zoning bylaw to limit tenure to rental in identified multi-family residential areas. The rezoning process would follow legislated requirements and would typically include a public hearing (if the proposed zoning amendments are consistent with the OCP, a public hearing may be waived).

A local government that chooses to use rental zoning must define "residential rental tenure" in its zoning bylaw. The definition can reflect the different needs and context of the community.

### **RELATIONSHIP TO OTHER LAND-USE TOOLS**

The new rental zoning authority will complement existing provisions in the legislation, including those aimed at securing affordable rental units. For instance, existing density bonus provisions allow affordable housing units to be secured in exchange for a pre-determined density bonus, if a developer/land owner chooses the density bonus option. As well, conditions related to affordability, including rents or sales prices (or the form of tenure), can be secured over time through a housing agreement with the land owner.

### **MONITORING**

Local governments are responsible for local land use planning and development. It will be up to them, when considering rental zoning, to make responsible decisions that take into account best practices related to matters such as community completeness, compactness and diversity.

The Province plans to monitor the adoption and use of rental zoning to determine how local governments are using it and how it is helping to secure the additional rental housing they need to meet local housing needs. Monitoring will also allow the Province to ensure that the tool is performing as intended.

### **MORE INFORMATION**

Guidance material will be forthcoming later in 2018, which will include key considerations for local governments that are considering using this new authority. In the meantime, please direct any questions about the new legislation to:

Ministry of Municipal Affairs and Housing  
Planning and Land Use Management Branch  
Telephone: 205-387-3394  
Email: [PLUM@gov.bc.ca](mailto:PLUM@gov.bc.ca)

Full text of the Act: <http://www.bclaws.ca/civix/document/id/bills/billscurrent/3rd41st:gov23-3>

More information about housing: <https://www2.gov.bc.ca/gov/content/housing-tenancy>