REGIONAL GROWTH STRATEGY IMPLEMENTATION GUIDELINE #6

What Works:
Municipal Measures for Sustaining and Expanding the Supply of Purpose-Built Rental Housing
ACKNOWLEDGEMENTS

Metro Vancouver acknowledges and appreciates the following contributions to this report:

- The Metro Vancouver Regional Planning Advisory Committee, Housing Sub-Committee;
- Staff from municipalities and other agencies - information for the profiles of municipal measures;
- LandlordBC – information from the perspective of purpose-built rental housing owners and managers;
- Coriolis Consulting Corp. – overview of regional rental housing market economics; and
- Heather Evans Consulting – assisted Metro Vancouver staff with research and writing of the report.

Note:
Information and links in this report are current as of May 2016.
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1. INTRODUCTION

REPORT OUTLINE
This report is organized in the following three sections:

1. Introduction. Background and purpose, purpose-built market rental trends in Metro Vancouver, roles of the private sector and economics, roles of government.

2. Evidence about Municipal Measures that Work. Findings from the literature on practices and measures that are considered to be effective for sustaining and expanding the supply of purpose-built rental housing.

3. Showcase of Municipal Measures. Profiles of municipal measures that are being implemented to sustain and expand the supply of purpose-built rental housing in Metro Vancouver communities and other Canadian cities.

BACKGROUND AND PURPOSE
Purpose-built rental housing refers to multi-family housing that is constructed for the purpose of long-term rental tenure and is not subdivided into co-op, strata condominium, or fractional ownership arrangements.1 Purpose-built rental housing is a vital component of the long-term secure rental housing supply in Metro Vancouver. Secured market rental housing is a term with similar meaning that refers to more recently-created market rental units that are secured by municipalities, by legal agreements that secure the rental tenure. Older purpose-built rental housing (developed in previous decades) may have different types of agreements in place and/or rely on municipal strata conversion policies to prevent loss of rental tenure over time.

Additional types of rental housing are included in the secondary rental market, consisting of rented condominiums, secondary suites, and laneway homes. These are also an important component of the rental housing stock, but are only available for rent based on overall economic and real estate conditions and the owner’s discretion.2 An expanding supply of investor owned condominiums, secondary suites, laneway houses have been the main sources of new rental supply in this region for years. Metro Vancouver has estimated that between 2011 and 2014, the supply of new rental housing fell short of the demand by about 1,600 units.

There has been relatively little purpose-built rental housing construction in the past 25 years. Combined with continued population growth and demand for rental housing, this has led to very low vacancy rates, which have been well below 3% for years (the rate that is considered to be a healthy rate). In late 2015, vacancy stood at 0.8% regionally.3 As such, sustaining and expanding the supply of purpose-built market rental housing continues to be a pressing policy matter in the region.

Two recent regional trends provide the motivation for this report:

- Existing purpose-built market rental housing in key locations, usually near transit, is beginning to be demolished for redevelopment.
- New purpose-built rental housing is beginning to be developed thanks to changing market conditions and innovative municipal incentive programs.

Preserving and enhancing the rental housing supply is a key direction of Metro Vancouver’s Regional Affordable Housing Strategy (2016) and the regional growth strategy, Metro 2040. One of the ways that Metro Vancouver advances regional planning and housing policy goals is by conducting policy research and analysis. A previous report in this series looked at municipal measures for facilitating affordable housing, typically non-profit or non-market housing renting at below market levels, usually affordable to low and moderate income households.

Purpose-built rental housing is market-based housing that rents at prevailing market rates. The older, existing stock of purpose-built rental housing...
in Metro Vancouver is relatively affordable, due to its age, although still offered at market rents. New purpose-built rental housing, on the other hand, while also renting at market rates, rents at much higher levels due to the fact that it is new construction, with up-to-date features and amenities. Market rents in these units are typically quite a bit higher, and affordable to moderate or above moderate income households. The aim is that with increased supply a market demand is satisfied, and a future inventory of rental housing is assured that over time will become more affordable. It is also more affordable than homeownership for those households without access to the large down-payments required. It is recognized that new purpose-built rental housing does not create affordability levels similar to existing purpose-built rental housing or non-profit housing, but it does meet a market demand.

The purpose of this report is to synthesize what the literature says about effective municipal practices to both sustain the existing supply of purpose-built rental housing and expand the purpose-built rental housing supply, and to highlight some examples of measures that have been employed by Metro Vancouver member municipalities and elsewhere to facilitate this. Measures to “sustain” the existing supply aim to improve the economics of ongoing operation to encourage owners to retain the aging stock for longer, before making a decision to redevelop. Measures to “expand” the supply aim to improve the economics of rental housing development to encourage the market to build new rental housing units.

This report is intended to inform key stakeholders about the current state of practice, reflect on current measures and practices (some of them are quite recently implemented), and advance understanding about the most effective ways for municipalities to sustain and expand the purpose-built rental housing supply.
RENTAL HOUSING TRENDS IN METRO VANCOUVER

SUPPLY OF PURPOSE-BUILT MARKET RENTAL HOUSING

Between 328,000 and 340,000 renter households live in rental housing in Metro Vancouver. Figure 1 shows that purpose-built rental housing is an important part of the rental housing supply, representing about one-third of all rental units.

The universe of purpose-built rental housing in the region declined slightly between 2004 and 2014, with an upward trend evident since 2011. Some new units were added but a greater number have been lost since 2003. Figure 2 illustrates this trend.

FIGURE 1. ESTIMATED DISTRIBUTION OF RENTER HOUSEHOLDS BY SOURCE OF RENTAL UNITS, METRO VANCOUVER, 2011.

This regional rental inventory was the subject of an in-depth investigation by Coriolis Consulting Corp. for Metro Vancouver in 2012, in a study that included a review of the inventory and analysis of the risk of redevelopment. The purpose-built rental inventory was characterized as relatively old, with a significant majority (88%) built before 1974. The inventory is also concentrated: the largest share of purpose-built market rental buildings in the region was in Vancouver (58% of buildings), followed by Burnaby (10%), New Westminster (8%), City of North Vancouver (6%) and Surrey (5%).

The study found that without intervention, approximately 16% to 18% of rental units (in the six municipalities of the region that were studied) are at risk of redevelopment in the next ten years. Further, “A rental property is at risk of demolition and redevelopment if its market value as an income producing investment property is less than (or equal to) its value as a redevelopment site (land value).” Some of the factors contributing to this are age and physical condition of the property, extent to which permitted density is underutilized under existing zoning, location, OCP and zoning designations, and the contribution of building ‘improvements’ to overall property value. In a report for City of Vancouver, McClanaghan and Associates noted that “economic pressures favour redevelopment once the economic viability of ‘build new’ is established”, and “the pace of development can be very quick.” Since the referenced study was completed, the risk of redevelopment may be heightened as redevelopment of rental housing becomes increasingly attractive due to market factors.

Outside of Vancouver:

- In the District of North Vancouver and in Richmond there is a high proportion of rental buildings at risk of redevelopment, in the City of North Vancouver and West Vancouver a moderate proportion is at risk, and in Surrey and New Westminster a low share is currently at risk.
- About 31% of the existing rental stock is in buildings that are 5 storeys or more, primarily concrete buildings, about one third more than 40 years old. The concrete rental stock is less likely to include properties that are candidates for redevelopment than the wood frame inventory.
- About 64% of the buildings that are 4-storeys or less were constructed before 1970 and are wood frame. There are examples of 40 to 50 year old wood frame rental buildings in the region which have been demolished for redevelopment.

DEMAND FOR RENTAL HOUSING

To meet the region’s forecast population growth, 18,200 new housing units per year over the next 10 years are estimated to be required. Table 1 shows that about 30% of this estimated demand is for rental housing or 5,300 new rental units per year over the next ten years. About two-thirds of the rental units are estimated to be for very low to low income households. Looking ahead a decade to the mid-2020’s it is clear that additional supply of purpose-built market rental housing is needed, both to catch up from unmet demand and to accommodate demand from growth.
<table>
<thead>
<tr>
<th>Municipality</th>
<th>Total Demand</th>
<th>Ownership Demand</th>
<th>Rental Demand</th>
<th>Very Low</th>
<th>Low Income</th>
<th>Moderate Income</th>
<th>Above Moderate</th>
<th>High Income</th>
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<td>5,910</td>
<td>2,340</td>
<td>1,930</td>
<td>1,120</td>
<td>1,450</td>
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</tbody>
</table>


NOTES:
1. To meet this estimated demand, funding from other levels of government is required.
2. Increase in total households over 10 years based on regional population and household projections. Regional total exceeds municipal aggregate totals due to municipal variance.
3. Very low income <$30,000/year, Low income <$30,000-50,000/year, Moderate income $50,000-75,000/year, Above moderate $75,000-$100,000/yr, High income $100,000/yr plus.
4. Household maintainer rates and cohort projection method using census/NHS based household maintainer rates and projected demographic characteristics (age, births, deaths, immigration, Canadian migration, intra-regional migration). Assumes that household income and household type ratios remain constant over the projection period. See Metro Vancouver Regional Planning. Metro Vancouver Housing Demand Projections – Overview of Assumptions and Methodology. Dec 2015.
5. These estimates are to assist in long range planning and represent an approximate range of potential increase in each municipality.
EXPANDING RENTAL HOUSING SUPPLY

PRIVATE SECTOR ROLE AND ECONOMIC FACTORS

Purpose-built rental housing is largely developed, owned and operated by the private sector and thus market conditions determine supply. Up until fairly recently, there have been good economic reasons for the lack of new purpose-built rental housing, notably a financial feasibility gap between the total rent from residential units that a building owner could expect to receive and the cost of constructing and operating a project. Past studies suggested that the financial feasibility gap existed for both concrete and wood frame buildings, but the gap was greater for concrete buildings. Scenario modelling in 2010 for the City of Vancouver suggested that this gap averaged between $51,500 to $108,000 per unit depending on unit type, unit mix, and location. Based on results of scenario testing in 2009/2010 a new purpose-built market rental unit requires a rent of $1.80 to $2.50 per square foot, which works out to be significantly higher than the rent that is affordable for a median income household in Vancouver.6

There has been a preference in the private sector to construct strata condominiums over the development of purpose-built rental because it is less risky and more profitable. Residential zoned land can generally not be acquired at a price that makes rental housing a viable option instead of strata titled residential development.7

Of course market conditions vary across the region and over time. The CMHC purpose-built inventory figures suggest a modest increase in this inventory since 2010 (from 104,460 units to 106,945 units in 2015), but the recent resurgence in rental housing projects is mostly still under construction or in the development approval process. This suggests that the financial feasibility gap has narrowed or closed in some specific local markets, for specific construction types (i.e. wood-frame) or locations, or at least in markets with available incentives.

The Canadian Federation of Apartment Associations (CFAA) has attributed a recent resumption of rental starts in some local Canadian markets to relatively high rents and low interest rates making rental development more feasible.8 The CFAA notes that a rise in interest rates could reverse this trend, and will result in new rental starts dropping off, as well as an increase in demand for rental housing as homeownership will no longer be affordable to some. This trend has been visible in Metro Vancouver with some recently approved development applications construction starts for 100% rental projects. The Urban Development Institute hosted a forum in Vancouver that explored an apparent renaissance in developing market rental housing in the region.9 Panelists attributed development interest in rental to a variety of factors, including:

- Municipal incentives for rental housing, e.g. City of Vancouver STIR and Rental 100 programs, City of New Westminster Secured Market Rental Housing Policy
- Broader economic and market factors, e.g. volatility of other investments, stability and value of the multi-family rental asset class, low interest rates; and
- Regional market conditions, e.g. high rents and declining vacancies.

In addition to factors mentioned above there may be additional considerations affecting demand and consumer preference for rental housing, though these are not explored further in this report.
According to an Ontario study in 2013, the economics of acquiring an existing rental building are better than building a new one. Rental buildings can be acquired for a good price and provide stable cash flows. However, many rental owners generally do not earn a high enough rate of return to justify further investment; some of the factors limiting investment are lower rents, higher energy costs, and difficulty in assessing deferred capital repair costs. The Canadian Federation of Apartment Associations attributes this to the current tax system and its impact on the rate of return and incentive to invest or divest.

ROLE OF GOVERNMENT

In previous decades, federal government policies and programs (which no longer exist) and a responsive housing finance system encouraged the construction of purpose-built market rental housing. Between the early 1950s and early 1970s federal taxation measures included incentives for new rental residential development. Between the mid-1970s and mid-1980s more targeted incentives for rental residential were introduced to address supply constraints following the introduction of condominium tenure. Also in this period non-profit and co-op housing programs were introduced. Since the mid-1980s the federal government has retreated from programs and incentives for rental supply and consequently, rental housing production has dropped considerably in the past few decades.

The rental housing industry and tenant advocates have proposed many ways the federal and provincial governments could improve the economics of rental development, through more favourable tax treatment for rental properties and low income housing tax credits similar to those in the United States.

Municipalities have a number of land use, regulatory and financial tools at their disposal and can play a pivotal role in purpose-built market rental housing retention and supply. While some authors have concluded that municipalities – on their own – do not have the jurisdiction nor the resources to provide the required incentives to meaningfully stimulate rental housing supply, recent trends and market conditions in some municipalities and locations in Metro Vancouver indicate that together with favourable market conditions, municipal incentives may be sufficient to encourage new rental projects, without senior governments’ involvement.

This report focuses on municipal actions for encouraging purpose-built rental housing, however this does not preclude the possibility or desirability for a senior government role. Provincial or federal incentives would level the playing field and help ensure access to new rental housing in all municipalities. Two municipal profiles in Section 3 of this report, notably those from outside of BC (Ontario and Manitoba), demonstrate a provincial government role in sustaining and expanding rental housing supply, for example leading legislative changes and participating in programs that enable new municipal policies and incentives for rental housing.

Other organizations may also play a role or partner with the private sector or municipal government. For example, development and housing industry organizations (e.g. LandlordBC), utilities (e.g. Fortis), and some co-op and non-profit housing agencies are involved in some measures showcased in the municipal profiles in Section 3 of this report.
2. EVIDENCE ABOUT MUNICIPAL MEASURES THAT WORK

SCAN OF LITERATURE AND PRACTICE

A review of literature for this report included a search of academic and practice-based sources with an emphasis on Canadian sources, and yielded about a dozen reports of direct relevance. There is a limited amount of published literature on broadly based effectiveness of municipal tools and measures to sustain or expand the purpose-built rental supply. Most of them were written by (or for) local governments, advocacy organizations, industry groups, non-profit and government agencies, or academic institutions.

The most relevant sources for this report were conducted on behalf of Metro Vancouver municipalities and focused on presenting recommendations for local action, usually based on analysis of financial feasibility for market rental in the local market. Two sources are heavily referenced in this report:

- McLanaghan and Associates for City of Vancouver. August 2010. City of Vancouver Rental Housing Strategy Research and Policy Development Synthesis Report. This report includes synthesis of seven specialized studies on the topic of rental housing that were completed in 2009-2010, looking at both sustaining and expanding the supply of rental housing in the city.

- Coriolis Consulting Corp. for Metro Vancouver. 8 May 2012. Metro Vancouver Purpose-Built Market Rental Housing: Inventory and Risk Analysis. This report contributed toward a database of existing purpose-built rental housing in the region, explored the risk of redevelopment and demolition, and suggested strategies for retention.

Other municipalities in the region have also commissioned market studies to inform their rental housing policies and strategies.

The effectiveness of municipal measures for sustaining or expanding rental housing is hinged on whether the measures have the financial effect of making the preservation or development of rental housing feasible. In some studies for the City of Vancouver, the effectiveness of potential measures was assessed by studying a number of scenarios in which the measure was applied, and then quantifying how much it would narrow the feasibility gap for rental housing.

Effectiveness can also be considered from a qualitative perspective, i.e. successfully working within the community context. For example, municipal approval of a new rental housing building with density and form that does not meet the overall community vision and acceptance would not be considered successful, at least in part because it may jeopardize community support for expanding rental housing in the longer term.
There is little published material demonstrating clear outcomes or effectiveness of specific municipal measures for purpose-built rental housing. It is likely that given varying local market conditions, no one tool or measure should be considered as so, and that instead, knowledge and assessment of local market conditions should prevail. However, effectiveness in a particular instance can be measured by tracking the number of rental housing units that were sustained or created over time, and relating these trends to the timeline associated with introducing and implementing a local policy, regulation, or incentive for rental housing, as well as the market conditions and any external economic factors.

The Federation of Canadian Municipalities noted that Saskatoon experienced dramatic increases in rental starts in 2010 as a result of local government initiatives for new rental housing. Saskatoon introduced a $5000 per unit incentive grant, and a five year incremental tax rebate. In Metro Vancouver, New Westminster has experienced a dramatic increase in rental housing projects since approving their Secured Market Rental Policy in 2012, with nine new secured market rental projects for a total of 1,265 units. 774 of these units (seven out of nine projects) are already approved with housing agreements in place, and others are in process.
SUSTAINING PURPOSE-BUILT RENTAL HOUSING – WHAT WORKS?

As part of the 2012 Metro Vancouver Purpose-Built Rental Housing study, Coriolis was asked to suggest policies to lower the risk of redevelopment of the rental stock. The study authors recommended that municipalities first ask guiding questions to help frame their goals for retaining and sustaining purpose-built market rental:

- Is the concern about protecting the existing rental stock equal across all locations or are there specific neighbourhoods that should be targeted?
- What is the share of the existing rental stock that should be protected?
- “In the long term, is it desirable/acceptable to protect all of the rental buildings that are at risk of redevelopment given that these sites are under-utilizing permitted density? Protecting these buildings from redevelopment in perpetuity will under-utilize the capacity to accommodate future multifamily residential development.”

Coriolis consulted with apartment investors and real estate brokers knowledgeable about the Metro Vancouver market to identify a range of measures that could be effective to sustain the existing supply of rental housing, as summarized in Table 2 below. Several measures are within the jurisdiction of municipal governments, while others are targeted at provincial and federal governments.

It has also been emphasized by rental sector representatives that in order to sustain the existing stock of rental housing, that it is also important for municipalities ensure that their regulations, policies, and development approvals process can be navigated by small owners/operators of rental buildings with limited experience with development.

In terms of the types of tools that are proposed for sustaining rental housing, several of the suggested measures in Table 2 could be considered ‘carrots’: regulatory or fiscal incentives to make the operation of rental housing more economically viable and encourage them to continue. Some of these measures can also result in additional ‘infill’ rental units, thereby also increasing the rental stock as well.

One of the proposed measures (See #4 in Table 1 below) uses regulation to limit redevelopment of purpose-built rental buildings.

Many Metro Vancouver municipalities are already implementing some of the measures and they are profiled in the Showcase (Section 3 of this report). None of the measures within federal and provincial jurisdiction in Table 2 are known to be underway.

In addition to the possible municipal measures outlined in Table 2, municipalities play a key leadership and policy role in generating sustained support in the community to retain and regenerate/redevelop rental housing. For example, municipalities lead community and neighbourhood planning processes that engage residents in identifying areas for rental housing retention and areas/opportunities for future redevelopment of rental housing to meet growing needs, and through implementing tenant relocation policies they support tenants to find accommodation during renovation and redevelopment of rental housing. Municipal Housing Action Plans may also contain policies to help sustain existing purpose-built rental housing.
<table>
<thead>
<tr>
<th>Possible Measure to Retain Supply</th>
<th>Possible Strategies to Achieve this Measure</th>
<th>Considerations and Cautions</th>
<th>Municipal Role</th>
<th>Municipal Profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase revenue (to owners) from existing rental buildings.</td>
<td>Relax or eliminate rent control legislation, so that building owners can achieve full market rents. This will increase the rental building value and encourage investment in existing buildings, and will provide owners an incentive to upgrade and reinvest in buildings.</td>
<td>Introduction of government funded rent supplements is also presented as an option in the report, but it is suggested that rent supplements should instead be applied to stimulate construction of new rental housing.</td>
<td>Municipal role could be advocacy.</td>
<td>No profiles in this report.</td>
</tr>
<tr>
<td>2. Decrease operating costs of existing rental buildings. This would increase the property's value and make them more attractive to retain as rental buildings.</td>
<td>Reduce property taxes, and reduce government sales taxes on rental building operating costs. Offer tax incentives to rental building owners to encourage improvements to the energy efficiency of existing buildings.</td>
<td>Reduced operating costs will have a temporary effect; rental properties’ value as a redevelopment site will continue to increase at a faster rate and the properties will become redevelopment candidates over a period of time.</td>
<td>Municipal role could be advocacy.</td>
<td>Profile 7. City of Toronto – Hi-RIS Energy Efficiency Program.</td>
</tr>
<tr>
<td>3. Use under-utilized properties to increase the housing stock. Density transfer: Allow the transfer of unused density from under-utilized rental properties to neighbouring or nearby properties that are up-zoned, in exchange for a housing agreement to retain and maintain the existing rental building. If using this approach, municipalities would need to be mindful of the location of the new density and the existing rental properties, and also ensure that rent stabilization agreements are in place to protect residents from high rents.</td>
<td>Density transfers and development of under-utilized property could potentially compete with density transfers for heritage protection.</td>
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<td>Municipal role could be advocacy.</td>
<td>Profile 11. City of North Vancouver - Density Bonus.</td>
</tr>
<tr>
<td>4. Use under-utilized properties to increase the housing stock. Density transfer: Allow the transfer of unused density from under-utilized rental properties to neighbouring or nearby properties that are up-zoned, in exchange for a housing agreement to retain and maintain the existing rental building. If using this approach, municipalities would need to be mindful of the location of the new density and the existing rental properties, and also ensure that rent stabilization agreements are in place to protect residents from high rents.</td>
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<td>Profile 1. City of North Vancouver - Zoning Bylaw Regulations for Infill.</td>
</tr>
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<td>Municipal role could be advocacy.</td>
<td>Profile 2. City of Vancouver - Laneways 2.0.</td>
</tr>
<tr>
<td>6. Use under-utilized properties to increase the housing stock. Density transfer: Allow the transfer of unused density from under-utilized rental properties to neighbouring or nearby properties that are up-zoned, in exchange for a housing agreement to retain and maintain the existing rental building. If using this approach, municipalities would need to be mindful of the location of the new density and the existing rental properties, and also ensure that rent stabilization agreements are in place to protect residents from high rents.</td>
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<td>Profile 3. City of Toronto - Residential Apartment Commercial Zone.</td>
</tr>
</tbody>
</table>

**Profile 11. City of North Vancouver - Density Bonus**
- Increase rental property sales taxes on rental properties.
- Reduce operating costs.
- Offer tax incentives to rental building owners to encourage improvements to the energy efficiency of existing buildings.

**Profile 1. City of North Vancouver - Zoning Bylaw Regulations for Infill**
- Increase density allowances in areas designated for infill development.
- Allow the transfer of unused density from under-utilized rental properties to nearby properties that are up-zoned.

**Profile 2. City of Vancouver - Laneways 2.0**
- Allow the construction of laneways in areas designated for development.
- Increase density allowances in areas designated for laneway development.

**Profile 3. City of Toronto - Residential Apartment Commercial Zone**
- Increase density allowances in areas designated for commercial development.
- Allow the transfer of unused density from under-utilized rental properties to nearby properties that are up-zoned.
<table>
<thead>
<tr>
<th>Possible Measure to Retain Supply</th>
<th>Possible Strategies to Achieve this Measure</th>
<th>Considerations and Cautions</th>
<th>Municipal Role</th>
<th>Municipal Profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Limit the ability for an owner to redevelop or convert existing rental housing.</td>
<td>Strata conversion policies to limit the conditions in which a rental building can be converted to a strata building. (Many Metro Vancouver municipalities have this policy already.) Eliminate strata development as an option, i.e. zone for rental use only. This would require a change to the Local Government Act, since municipalities are not currently permitted to use zoning to specify tenure without the consent of the property owner. Impair the economics of redevelopment, e.g. levies, required replacement, required amenity contributions. (Many Metro Vancouver municipalities have this strategy already.) Manage the pace of redevelopment, e.g. through setting a maximum number of demolitions per year (could be zero). This approach is demonstrated by City of Vancouver’s rate of change policy.</td>
<td>This approach results in under-utilization of land in the long term. A share of the existing stock will be at risk of demolition in the long term anyway, due to declining building condition.</td>
<td>Many strategies are within local government jurisdiction.</td>
<td>Profile 9. Multiple Communities. Strata Conversion Policies Profile 4. City of New Westminster- Secured Market Rental Housing Policy Profile 6. District of North Vancouver – Rental Replacement Policy Profile 8. City of Vancouver – Rate of Change and Rezoning Policies</td>
</tr>
<tr>
<td>5. Implement tax incentives that encourage owners to keep rental buildings in the rental inventory.</td>
<td>FCM has proposed that a tax credit could be offered to rental building owners that sell their building to a non-profit housing provider who agrees to hold and maintain affordable rents for a period of time. This would reduce capital gains tax that the owner would face upon sale of the property, and would encourage sale to a non-profit rental apartment provider instead of a developer that might demolish and redevelop.</td>
<td>Not necessarily a municipal government role</td>
<td>No profiles in this report</td>
<td></td>
</tr>
</tbody>
</table>

The source of information for columns 1, 2, and 3 is Coriolis Consulting Corp. 2012.
EXPANDING THE SUPPLY OF PURPOSE-BUILT RENTAL HOUSING – WHAT WORKS?

While in some local markets within Metro Vancouver it appears feasible for new rental projects to proceed with or even without incentives, the limited literature (which tends to be dated by a few years), documents a general need for partnerships between municipal and senior governments to expand the supply of rental housing, in order to pool resources and share responsibility. Here is one conceptual example of possible roles:

- Municipal measures: in kind contributions such as relaxations, density bonus, alleviated permit fees;
- Federal government: grant or tax credit to help close the financial feasibility gap; and
- Provincial government: ongoing subsidy or assistance to ensure that a proportion of units are available at below market rent.

The President of the Federation of Canadian Municipalities stated in 2012 that: “Local governments … can’t get the rental housing market working by themselves” and a 2012 FCM report acknowledges that municipal governments are unlikely to be successful on their own and over a longer time horizon at creating sufficient incentives for sufficient new rental housing. The McClanaghan and Associates’ 2010 report concurred and emphasized that the City of Vancouver –and this would apply to other municipalities as well—should “recognize its resource limitations and, whenever possible, use a partnership approach for a new [purpose-built market rental housing] supply program.” In addition, McLanaghan emphasized that standalone measures will not sufficiently reduce the feasibility gap, so a layering / packaging of measures is recommended.

Municipalities are implementing an array of initiatives to increase the supply of purpose-built rental housing. Many of these incentives are aimed at alleviating capital costs of developing rental housing. Fewer measures are aimed at reducing operating expenses. Further, there is a strong interest from developers to reduce the timeline for development approvals for rental projects. A goal for this report is to explore which municipal measures are the most effective at closing the financial feasibility gap for rental housing.

Table 3 summarizes the range of municipal measures that have been recommended in the literature, and available evidence about their effectiveness. Much of the analysis is from McClanaghan and Associates’ work done in 2010 for the City of Vancouver and is not necessarily applicable for other municipalities or at different points in time. The results could be a starting point for general consideration, and expert advice on local market economics is recommended for municipalities prior to taking any action. The right column of Table 3 notes municipal measures that are showcased in profiles in Section 3 of this report. Readers can refer to the profiles for information about how effective the measures have been in the profiled municipalities.
### Table 3. Possible Municipal Measures for Expanding the Supply of Purpose-Built Market Rental Housing

<table>
<thead>
<tr>
<th>Possible Municipal Measure to Expand Supply</th>
<th>Information about Effectiveness</th>
<th>Relevant Municipal Profiles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Inclusionary housing models</strong></td>
<td>Close the financial feasibility gap by 10% to 18% (in a City of Vancouver scenario).</td>
<td>Toronto: Successful where costs and risks to developers can be offset with incentives like land grants, and if the rents are aimed at middle income households. Including 15% affordable rental units in new development can be economical with increased building density and exemption from fees and charges to offset costs.</td>
</tr>
<tr>
<td><strong>2. Combination / package of municipal measures, e.g. reduced parking, permit fees, development cost levy or fees, increased density.</strong></td>
<td>Depends on whether the goal is to achieve specific results. An increase in density can reduce the financial feasibility gap. If a 58% increase in FSR for concrete, 44% of the feasibility gap would be closed. If a 38% increase for wood frame, 47% of the feasibility gap would be closed. Financial results of density bonusing vary significantly from site to site.</td>
<td>A combination of measures is needed to close the financial feasibility gap. To find out the portion of the gap that the measures effectively address, would need to add up the financial feasibility gap reductions of each measure in the package. Ability to overcome financial feasibility gap depends on the site, timing and other factors. Also, &quot;it is difficult for the city along to generate sufficient incentives to support a sustained supply response&quot;.</td>
</tr>
<tr>
<td><strong>3. Reduce parking requirements</strong></td>
<td>A 50% reduction in parking requirements (for City of Vancouver) would close the feasibility gap by 15% (concrete construction) to 32% (wood construction). The cost of building parking is estimated to be up to 10% of the project cost, and the average cost per parking stall in a structure is $20,000 to $45,000 (depending on whether it is above or below grade).</td>
<td>Profile 11: City of North Vancouver – Density Bonus and Density Relaxations</td>
</tr>
<tr>
<td><strong>4. Increased density</strong></td>
<td>An increase in density can reduce the financial feasibility gap. If a 58% increase in FSR for concrete, 44% of the feasibility gap would be closed. If a 38% increase for wood frame, 47% of the feasibility gap would be closed. Financial results of density bonusing vary significantly from site to site.</td>
<td>Profile 12: City of New Westminster – Density Bonus and Density Relaxations</td>
</tr>
<tr>
<td><strong>5. Waive Development Cost Charges and Permit Fees</strong></td>
<td>Waiver of development cost charges and permit fees. The use of a waiver is workable but not necessary according to the municipality. Would close the financial feasibility gap by 10% to 18% (in a City of Vancouver scenario).</td>
<td>Profile 14: District of West Vancouver – Inclusionary Policies for Purpose-Built Market Rental Housing</td>
</tr>
<tr>
<td><strong>6. Property tax waiver</strong></td>
<td>Property tax waiver.</td>
<td>Change and permit fees</td>
</tr>
</tbody>
</table>

Unless otherwise noted, the source of information in Column 2 of Table 2: "Information about Effectiveness" is McClanaghan and Associates for City of Vancouver. August 2010. City of Vancouver Rental Housing Strategy Research and Policy Development Synthesis Report. The figures for estimated closure of the financial feasibility gap are for City of Vancouver scenarios, and would vary for other local markets.
INTRODUCTION

The Showcase shares examples of measures to sustain and expand the supply of purpose-built rental housing that are being implemented in Metro Vancouver, as well as elsewhere in Canada. They are intended to demonstrate different approaches which may be replicable. The measures that are profiled draw on municipalities’ influence and regulatory authority. Profiles 1 to 9 include measures that aim to sustain the supply of purpose-built rental. A profile on the topic of tenant assistance policies is also included (Profile 10), in recognition of the impact of rental housing replacement and demolition on tenants. Profiles 11 to 16 include measures that aim to expand the supply of purpose-built rental housing.

MEASURES TO SUSTAIN THE SUPPLY:

Profile 1. Infill Rental Units in Existing Purpose-Built Rental Housing Buildings (City of North Vancouver)
Profile 2. Laneway Housing 2.0 Infill Housing Strategy in the West End (City of Vancouver)
Profile 3. Mixed Uses in Existing Apartment Towers (City of Toronto, ON)
Profile 4. Secured Market Rental Housing Policy - Retain and Renew Existing Stock (City of New Westminster)
Profile 5. Rental Premises Standards of Maintenance Bylaws (City of Maple Ridge)
Profile 6. Rental Replacement Policies and Practices (District of North Vancouver)
Profile 7. High-rise Retrofit Improvement Support (Hi-RIS) Program (City of Toronto)
Profile 8. Rate of Change Policy and Rezoning Strategies (City of Vancouver)
Profile 9. Strata Conversion Policy (multiple municipalities)

MEASURE TO SUPPORT TENANTS:

Profile 10. Tenant Assistance Policy (City of Burnaby)

MEASURES TO EXPAND THE SUPPLY:

Profile 11. Density Bonus and Community Amenity Policy (City of North Vancouver)
Profile 12. Reduced Parking Requirements for Purpose-Built Market Rental Housing Near Transit (Cities of New Westminster and Coquitlam)
Profile 13. Secured Market Rental Housing Policy – Increase Supply (City of New Westminster)
Profile 14. Inclusion of Market Rental Housing in Master-Planned Development (District of West Vancouver)
Profile 15. Downtown Residential Development Grant Program - Tax Increment Financing Tool (City of Winnipeg, MB)
Profile 16. Reduced Development Fees and Accelerated Application Processing for Rental Housing Projects (multiple municipalities)
The showcase does not represent all possible measures, but it provides a cross-section of examples from a range of municipalities throughout the region, and two from elsewhere in the country. Also, the profiles in the showcase do not intend to represent all of the initiatives and measures for purpose-built market rental housing that a given municipality is implementing, rather each profile focuses on the implementation of a particular measure.

The profiles were created by reviewing municipal policies, staff reports and documents, as well as through personal communication with relevant municipal staff. Metro Vancouver staff and the steering committee for the project (members of the Regional Planning Advisory Committee, Housing Subcommittee) provided guidance and direction in preparing the profiles. An overview of information is presented in each of the profiles, and further information and detail is available through the relevant municipal and/or Metro Vancouver staff.

Table 3 provides an overview of the profiles in the Showcase by listing the relevant municipality, the example/type of measure that is being profiled, and a brief summary of the profile.

Each of the profiles in the showcase includes the following: an overview, background and rationale for initiating the measure, description of how the measure was developed and an overview of how it works, outcomes, and reflections about transferability. Some of the profiles provide examples of measures from multiple municipalities. In addition, key links and a suggested general contact for further information is provided so that readers can follow up to get more detailed information.
### TABLE 4. SUMMARY OF PROFILES IN THE SHOWCASE OF MUNICIPAL MEASURES

<table>
<thead>
<tr>
<th>#</th>
<th>Name and Municipality</th>
<th>Measure</th>
<th>Overview</th>
<th>Outcomes So Far and Costs to Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEASURES TO SUSTAIN THE SUPPLY (PROFILES 1 TO 9)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Infill Rental Units in Purpose-Built Market Rental Buildings City of North Vancouver</td>
<td>Zoning Bylaw regulations for infill units</td>
<td>Zoning bylaw regulations allow additional infill units within the existing area of a rental building.</td>
<td>58 new infill rental units have been created since 2007. No direct cost to municipality.</td>
</tr>
<tr>
<td>2</td>
<td>Laneway Housing 2.0 Housing Strategy in the West End City of Vancouver</td>
<td>Infill and intensification of rental housing sites – Neighbourhood Plan, Zoning, Design Guidelines</td>
<td>Strategy to infill existing residential properties with additional market rental buildings (3-6 storeys) that are oriented to the laneways.</td>
<td>Since 2015, 37 units have been approved (4 development applications). No cost to municipality.</td>
</tr>
<tr>
<td>3</td>
<td>Mixed Uses in Existing Apartment Towers City of Toronto, ON</td>
<td>Residential Apartment Commercial (RAC) zone in Zoning Bylaw</td>
<td>A new residential apartment commercial zone allows small commercial and community uses to be added to approximately 500 sites in existing apartment buildings.</td>
<td>Implementation anticipated to begin in 2016. No direct cost to municipality.</td>
</tr>
<tr>
<td>4</td>
<td>Secured Market Rental Housing Policy City of New Westminster</td>
<td>Incentive package to renew and enhance existing purpose-Built market rental housing (Policy also includes measures and policies to create new supply – see Profile 13)</td>
<td>Policy includes multiple measures and policies to renew and enhance rental housing including: moratorium on strata conversion; stated lack of support for rezoning to higher density and height; requirement for relocation assistance; density bonus; fee reductions, etc.</td>
<td>Policy applied since 2013. Cost to municipality includes foregone revenue from reduced building permit fees (50%), and foregone payment for density bonus and parking relaxations (payments not required for rental housing projects).</td>
</tr>
<tr>
<td>5</td>
<td>Rental Premises Standards of Maintenance Bylaw City of Maple Ridge</td>
<td>Bylaw and enforcement</td>
<td>The bylaw allows the City to receive complaints from tenants about maintenance and living standards in rental buildings, follow up with the owner/building manager, and issue orders for repair as warranted. The profile also provides links and examples to a model bylaw, and municipalities’ standards of maintenance bylaws for additional municipalities.</td>
<td>Bylaw in effect since 2008. No direct cost to municipality.</td>
</tr>
<tr>
<td>6</td>
<td>Rental replacement policies and practices District of North Vancouver</td>
<td>Policy provisions in OCP and Town Centre/Village Plans</td>
<td>The District of North Vancouver’s planning policies facilitate the replacement of existing older purpose-built rental units with new rental units, when buildings are demolished to create new housing.</td>
<td>Replacement of market rental housing in several new housing developments. Cost to municipality includes foregone community amenity contributions, which are not typically required when secured market rental units are provided.</td>
</tr>
<tr>
<td>#</td>
<td>Name and Municipality</td>
<td>Measure</td>
<td>Overview</td>
<td>Outcomes So Far and Costs to Municipality</td>
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</tbody>
</table>
| 7  | High-Rise Retrofit Improvement Support (Hi-RIS) Program  
City of Toronto, ON | Loans and staff support for energy efficiency upgrades in apartment buildings | Staff support and $10 million (over a 3-year period) allocated for loans to multi-residential property owners for energy efficiency upgrades. The loans are repaid through a Local Improvement Charge on the property tax bill. Hi-RIS program is part of the City of Toronto’s Tower Renewal Program. | Eight buildings are participating, and most projects are to replace windows and balcony doors. The committed projects represent 340 tonnes of GHG reductions. No net cost to the municipality and taxpayers. |
| 8  | Rate of Change and Rezoning Policies  
City of Vancouver | Policies and strategies to limit and regulate rental redevelopment | The purpose of the policies is to retain the existing stock of rental housing in designated ‘no change’ areas, and to ensure that the rental units are replaced with new (both market and affordable rental units) in designated ‘change’ areas. | The West End Neighbourhood Plan provides an example of these policies and implementation. No direct cost to the municipality. |
| 9  | Strata Conversion Policy  
Multiple municipalities | Policy with conditions / limitations for converting existing rental buildings to strata title ownership | Conversion policies protect existing rental buildings from conversion to strata titled units. Most but not all municipalities in Metro Vancouver have strata conversion policies, and a few examples are provided in this profile. | No direct cost to the municipality. |
| 10 | Tenant Assistance Policy  
City of Burnaby | Policy for relocation of tenant when rental buildings are rezoned and demolished | The City of Burnaby adopted a Tenant Assistance Policy in May 2015. The purpose of the policy is to clarify the City’s expectations for resources and considerations for existing tenants, when development applicants involve multi-family residential buildings (6 or more dwellings). | No direct cost to the municipality. |
<table>
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</tr>
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<tbody>
<tr>
<td>11</td>
<td>Density Bonus and Community Amenity Policy City of North Vancouver</td>
<td>Density Bonus and Community Amenity Policy, OCP, Zoning</td>
<td>The City of North Vancouver developed a Density Bonus and Community Amenity Policy in 2015, which outlines 100% secured rental housing as an eligible use for bonus density. The maximum density for new rental housing projects depends on the OCP Land Use Designation. The City of North Vancouver OCP also has provision for density transfer.</td>
<td>Policy was approved in 2015 and projects are in development approvals process. No direct cost to the municipality.</td>
</tr>
<tr>
<td>12</td>
<td>Reduced Parking Requirements for Purpose-Built Market Rental Housing Near Transit City of New Westminster, City of Coquitlam</td>
<td>Policies and regulations for parking</td>
<td>The Metro Vancouver 2012 Apartment Parking Study recommended that rental housing be encouraged in urban centres and FTDAs, and that municipalities should encourage rental apartments near transit by reducing or waiving parking requirements as a development incentive. The profile outlines the City of Coquitlam’s and the City of New Westminster’s approaches to parking for purpose-built market rentals near transit.</td>
<td>Rental developments are being constructed, which take advantage of the reduced parking requirements. Direct cost the municipality: in New Westminster parking variance payments are not received for rental projects.</td>
</tr>
<tr>
<td>13</td>
<td>Secured Market Rental Housing Policy City of New Westminster</td>
<td>Incentive package to encourage new purpose-built market rental housing. (Policy also includes measures and policies to renew and enhance existing purpose-built market rental housing – see Profile 4)</td>
<td>Policy includes multiple measures and policies to encourage new purpose-built market rental housing. Including: parking reductions, density bonus, reduced building permit fees, relaxation of servicing requirement, concurrent processing of applications, payment of legal fees for housing agreements etc., and other financial benefits (such as reduced assessment value resulting in lower property taxes).</td>
<td>Six secured market rental projects for a total over 1000 units: nearly 700 of these units are already approved with housing agreements in place, and others are in process. Three of the 6 projects are under construction / renovation. Cost to municipality: reduced building permit fee revenue, and opportunity cost of density bonus and parking variance payments that are not received for rental projects.</td>
</tr>
<tr>
<td>#</td>
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<td>Measure</td>
<td>Overview</td>
<td>Outcomes So Far and Costs to Municipality</td>
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<tr>
<td>14</td>
<td>Inclusion of Market Rental Housing in Master-Planned Developments District of West Vancouver</td>
<td>OCP Policies, Master Development Agreements, Comprehensive Development Zoning</td>
<td>The District of West Vancouver has general policies in the OCP to include a diversity of housing including rental housing in new developments, and to provide bonuses for rental housing. The profile provides an example of the inclusion of rental units in the Evelyn development in West Vancouver. Other approaches to inclusionary market rental housing are also listed.</td>
<td>Example: 30 secure market rental units in a 349-unit development. Cost to municipality: provision of rental units is negotiated with a package of services and requirements for development.</td>
</tr>
<tr>
<td>15</td>
<td>Downtown Residential Development Grant Program City of Winnipeg, MB</td>
<td>Tax increment financing for new purpose-built market rental housing</td>
<td>Winnipeg has been using a Tax Increment Financing tool since 2002 to offer incentives for private developers to build new rental housing in various areas of the city, particularly downtown, as part of a downtown revitalization strategy.</td>
<td>750 to 900 rental units are being created in the city through this program. Cost to municipality: The City forgoes the incremental tax amount (and receives the base tax amount) during the grant period of 10 to 15 years. After the grant period the City receives all of the taxes.</td>
</tr>
<tr>
<td>16</td>
<td>Reduced Fees and Accelerated Application Processing for Rental Housing Projects Multiple municipalities</td>
<td>Policies and/or provisions within bylaws</td>
<td>Several Metro Vancouver municipalities waive or reduce fees and costs associated with development, and optimize application processing time, as incentives for purpose-built rental housing applications. A few examples are provided in this profile.</td>
<td>Cost to municipality. Reduced revenue from fees</td>
</tr>
</tbody>
</table>
PROFILE 1 – INFILL RENTAL UNITS IN EXISTING PURPOSE-BUILT RENTAL BUILDINGS

Municipality: City of North Vancouver
Measure: Zoning Bylaw Regulations for Infill Rental Units

AT A GLANCE

| WHAT | Infill units permissible through existing zoning. Zoning bylaw provision to permit additional infill rental units in existing rental buildings, by using existing space in the building. |
| WHY | To sustain existing purpose-built market rental housing. To increase operating revenue of existing market rental buildings and viability of the operation of the building. To renew the existing rental housing stock. To provide more rental housing units in the community. |
| HOW | Zoning Bylaw amendment to permit additional units in existing building area. Building permit only; no development permit required. |
| COST | No additional cost to the municipality. |
| RESULTS | 58 new infill rental units in existing buildings have been created since 2007. |

Overview/Synopsis

This profile outlines zoning bylaw regulations that are intended to encourage infill rental units in existing purpose-built market rental buildings in the City of North Vancouver, through the Section 516 regulations in the Zoning Bylaw.

Background

Approximately 46% of households in the City of North Vancouver are renters. The majority of the City’s market rental units can be found in purpose-built rental buildings. Most of this stock was constructed in the 1950s and 1960s, when senior government programs facilitated rental housing development. Today, these units continue to be the primary source of rental housing in the City, and offer some of the most affordable market rents. However, with many of these buildings now well over 50 years of age, the maintenance, retention, and continual replacement of these units will be critical to the City’s supply of rental housing for the foreseeable future. The rental vacancy rate is very low, approximately 0.4% in 2015. In a municipality with a constrained land base, this is one way of adding new rental stock that does not require redevelopment of existing purpose-built market rental housing.
How Does It Work?
In 2007 the City of North Vancouver added Section 516 Special Provisions for Rental Apartment Residential Use to the Zoning Bylaw. Section 516 regulates the addition of rental units to existing rental apartment buildings that were built and originally permitted prior to 1985. Section 516 was added to encourage legalization of existing suites in apartment buildings that had been added after the original building permit approval, and to encourage additional supply of affordable rental apartments in the city. Section 516 also serves to support the continuation of rental buildings as viable investments, through enabling additional rental income to owners from the additional suites.

Some provisions in Section 516 Special Provisions for Rental Apartment Residential Use include:

- The rental building must contain 3 or more apartment units.
- Infill rental units must be 400 square feet or larger.
- Infill rental units may be in basements, or areas that were not counted toward gross floor area in the building.
- Units in basements units require a window in bedroom (as per the building bylaw requirements). Also the units must meet building code, safety and fire requirements.
- Parking requirement is 0.75 per infill unit. (This is the parking requirement for all rental units in the City.)
- Only a building permit is required to add a suite (no development permit).

Section 516 was enabled by Section 482 of the Local Government Act for “Density benefits for amenities, affordable housing and special needs housing”, which allows the municipality to provide special zoning regulations for affordable housing. The infill rental units are likely to be located on the main floor or basements and smaller units, and market forces would result in lower-end rents in these building locations that are generally less ‘preferable’.

Purpose-built market rental housing owners may wish to add multiple units to their rental building; however, in some cases the existing zoning does not accommodate their plans. In this situation, an application for rezoning can be submitted and considered. Since rental housing is considered a public benefit the City of North Vancouver considers a density bonus for rental units in the rezoning process, as specified in the Density Bonus and Community Amenity Policy and in the OCP. See Profile 11 in this report for more information.

Outcomes and Reflections
When this provision was implemented in 2007, it was estimated that approximately 1 or 2 additional units per existing rental apartment building would/could potentially be added. To date, approximately 58 new rental units have been added under this provision in the Zoning Bylaw.

There is no additional cost to the municipality, nor any loss of revenues, since Building Permit fees apply.

Similar Measures in other Municipalities
City of New Westminster’s Secured Market Rental Housing Policy (2013) also contains provisions for infill units and additional density in existing purpose-built market rental buildings. Refer to Profile 4 for more information.

More Information
City of North Vancouver Planning Department
City of North Vancouver Zoning Bylaw:
http://www.cnv.org/Zoning
PROFILE 2 – LANEWAYS 2.0 INFILL HOUSING STRATEGY IN WEST END

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of Vancouver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Infill and Intensification of Rental Housing Sites–Neighbourhood Plan, Zoning, Design Guidelines</td>
</tr>
</tbody>
</table>

**AT A GLANCE**

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Residential infill with additional market rental housing (3 to 6 storeys depending on size of site) oriented to rear lanes of sites in the West End neighbourhood.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>Enhance viability of rental properties, and add new infill rental units. Particular focus on providing units for families with children.</td>
</tr>
<tr>
<td>HOW</td>
<td>Strategy and guidelines have been created through a planning process with West End residents. Owners can apply for a conditional development permit.</td>
</tr>
<tr>
<td>COST</td>
<td>No municipal costs.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>Since 2015, 37 units have been approved in 4 applications.</td>
</tr>
</tbody>
</table>

**Overview/Synopsis**

The City of Vancouver has developed and is implementing a strategy within the West End Community Plan (2013) to infill existing residential sites with additional rental housing that is oriented to the laneways. The infill development is occurring on properties with existing mid- to high-rise rental buildings, as well as on properties with character houses. The infill rental housing is typically in 3 to 4 storey buildings.

**Background and Rationale**

The Laneways 2.0 Infill Housing Strategy intends to:

- Maintain neighbourhood character by focusing new development along laneways, ensuring that change to existing buildings and mature landscaping along the street is minimized.
- Protect heritage, by allowing character houses to be retained and renewed.
- Incentivize the retention and renewal of existing rental apartment buildings.
- Provide new secured market rental housing, particularly for families with children.
- Incrementally enhance laneways as greener, more walkable places.

By permitting additional units and development potential for existing rental housing sites, the value of these properties increases. Also rental owners are able to sustain and fund improvements to the existing aging buildings on the site. The program intends to take advantage of the generous width of laneways in the West End, and makes use of underutilized parking and open space, while respecting the existing lot pattern and texture in the community.
How Does it Work?
The strategy was developed by City of Vancouver staff and was shaped by the community planning objectives and process with West End residents. This form of infill housing can be considered under existing zoning, through a conditional development permit application. Generally, 3 or 4 storeys infill buildings are permitted, with up to six storey buildings on some larger sites and adjacent commercial streets. The laneway building is separated from the existing building by at least 20 feet, and faces the lane. Additional parking requirements can be absorbed on site, as existing parking on rental residential sites is generally underutilized in the West End.

Outcomes and Reflections
Laneway multifamily housing in the West End is facilitated by wide rear lanes, which allow for emergency access. Most of the sites where infill will occur are 33 feet or 66 feet wide.

The suitability of laneway housing is site specific. Some conditions may limit the potential for this type of infill, e.g. existing underground parking (may limit building footprint), and possible seismic and building code upgrades for existing buildings may be needed.

The City of Vancouver West End Plan has a target to create 1,000 potential new units of secured market rental housing through laneway infill. To date a cumulative total of 37 units has been approved in 4 applications. All of the approved projects involve protection of an existing heritage building.
EXAMPLE: 1529 COMOX STREET

The development site is 66 feet wide by 131 feet deep (8,646 square feet), and located in the West End neighbourhood of Vancouver. The approved project involves renovation of the existing heritage residential apartment building on the site, adding approximately 500 square feet, for a new building area of approximately 6,200 square feet and containing 10 rental units (mostly one-bedroom units). The new infill component of this project will be 4 storeys high, oriented to the laneway, approximately 9,600 square feet in area, and will contain 17 rental units. The infill building will contain 8 one-bedroom units, 7 two-bedroom units, and 2 three-bedroom units. There will be some shared laundry, and shared bike and vehicle parking for the two buildings on the site. More information is available in the City of Vancouver development permit board report (April 20, 2015) http://vancouver.ca/files/cov/committees/report-development-permit-board-1529-comox-street-DE418115.pdf.
Other Municipalities and Transferability

While property sizes, neighbourhood contexts and situations are different in various communities, it is likely that infill principles similar to those in the City of Vancouver’s Laneways 2.0 program could be applied elsewhere.

For example, some larger sites with multi-storey residential buildings in suburban locations may have sufficient space on the site to accommodate infill rental units. In West Vancouver, Hollyburn Properties has applied to add infill rental housing to a property with an existing high rise building. Application information is available on the District of West Vancouver website: http://westvancouver.ca/home-building-property/planning/major-applications/hollyburn-gardens-195-21st-street.
PROFILE 3 – MIXED USES IN EXISTING APARTMENT TOWER

Municipality: City of Toronto
Measure: Residential Apartment Commercial (RAC) Zone

AT A GLANCE

| WHAT | Small scale commercial and community uses are permitted in existing rental housing towers. |
| WHY | To create more accessible, inclusive and functioning communities, in aging purpose-built market rental housing (mostly larger concrete buildings, 100+ units). |
| HOW | Amend the zoning bylaw to create a “Residential Apartment Commercial” (RAC) zone and apply it to 500 pilot sites in Toronto neighbourhoods. |
| COST | No cost to the city. |
| RESULTS | The Residential Apartment Commercial zone has been approved and is under review with Ontario Municipal Board. Implementation of the RAC zone on pilot sites is anticipated to begin in 2016. |

Overview/Synopsis

The City of Toronto has introduced a Residential Apartment Commercial (RAC) zone, which allows small commercial and community uses to be added to approximately 500 sites in the city with existing condominium and rental apartments. The intent is to advance a vision of “complete communities” in tower neighbourhoods that were previously single residential use, with new commercial spaces and community services.

Background and Rationale

In Toronto there is a large stock of apartment buildings of eight or more storeys that were built prior to 1985, primarily in the 1960s and 1970s. Approximately 1200 buildings (70% privately owned) house a half-million residents, one-third of them with low incomes. The Tower Renewal program in Toronto is a permanent program that aims to drive broad environmental, social, economic, and cultural change by improving Toronto’s concrete apartment towers and the neighbourhoods that surround them. The City of Toronto and non-profit agencies identified the need to transform apartment neighbourhoods into more accessible, inclusive and functional communities. RAC zoning is anticipated to come into effect in 2016. The City of Toronto began the Tower Renewal Program in 2009, and there are six components to the program: energy, waste, water, operations, safety and security, and community building.
How Does it Work?
The Residential Apartment Commercial (RAC) zone was adopted in 2014. The RAC zone permits a number of small-scale commercial and community uses on apartment (both rental and condominiums) building sites, providing opportunities for new ventures which will contribute to the vibrancy and diversity of apartment neighbourhoods. Some elements of the RAC zone include:

- Permitted uses include small shops, food markets, cafes, learning centres, barbershops, doctor’s offices, community centres and places of worship.
- The apartment site must have at least 100 units in order to allow the commercial and community uses. All commercial uses permitted in the RAC zone are limited to a maximum of 200 square metres per shop and the maximum commercial use is related to the number of dwelling units in the building.
- The total maximum amount of floor area devoted to non-residential uses is restricted in order to ensure these uses remain oriented to the local area.

The RAC zone was developed through a comprehensive update to the zoning bylaw, which is currently under review by the Ontario Municipal Board. The zone applies to some 500 apartment properties in Toronto.

Outcomes and Reflections
The Residential Apartment Commercial zoning is anticipated to work well in the context of ‘apartment communities’ in Toronto that have limited access to services and need new amenities. Some of the main objectives are to increase neighbourhood revitalization and vibrancy and to create complete communities.

Rental apartment owners were consulted and were receptive to the idea of increasing their rentable space and attracting tenants. The City is implementing this zoning in particular areas, and is developing a plan for how to evaluate the implementation and success. Since the program is just beginning, it is too soon to measure the uptake.

The direct cost of this program to the City of Toronto is minimal. The program is administered by planning staff and staff with the Tower Renewal office.

Other Municipalities and Transferability
Residential Apartment Commercial or mixed uses could work well in several community contexts and types of residential buildings. The scale is important: a relatively large residential building and site, with a proportionately small commercial area ensures that the commercial use does not have an unintended overwhelming impact on the site and residents. In older residential buildings there may be some retrofits required to accommodate the new commercial uses, and this could be explored through some ‘test sites’ as part of the process of developing the zoning for residential apartment commercial uses. Metro Vancouver’s apartment stock is primarily older 3 or 4 story wood-frame buildings not concrete towers as in Toronto, and they are generally single use residential. There are several examples of mixed use zoning in Metro Vancouver municipalities and of condominium and apartment buildings with retail or office space on grade and/or lower floors. The need for an overall strategy as in Toronto is unclear.

MORE INFORMATION
City of Toronto Tower Renewal Program Staff
City of Toronto Tower Renewal Program: http://www1.toronto.ca/wps/
<table>
<thead>
<tr>
<th>PROFILE 4 – SECURED MARKET RENTAL HOUSING POLICY - RETAIN AND RENEW EXISTING STOCK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipality:</strong></td>
</tr>
<tr>
<td><strong>Measure:</strong></td>
</tr>
</tbody>
</table>

### AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>This profile focuses on the strategies to retain and renew existing rental housing, within the City of New Westminster’s Secure Market Rental Housing Policy, which was approved in 2013.</th>
</tr>
</thead>
</table>
| WHY | To sustain existing purpose-built rental housing.  
To protect and if possible extend the lifespan of the existing secured market rental housing in New Westminster. |
| HOW | Policy includes the following:  
Moratorium on conversion to strata title ownership.  
Lack of support for rezoning to higher density and height.  
Requirement for relocation assistance when tenants are affected by demolition.  
Intent to explore density transfer options.  
Provisions for density bonus and parking relaxations for rental housing  
Reduced building permit fees for rental housing.  
Inclusion of rental buildings in the building energy efficiency retrofit program. |
| COST | Foregone revenue from reduced building permit fees (50%).  
Foregone payments for density bonus and parking relaxations (payments are not collected from rental housing projects). |

### Overview/Synopsis
The City of New Westminster’s Secured Market Rental Housing Policy, approved in 2013, includes three strategies for purpose-built rental housing: retention, renewal and enhancement.

This profile focuses on the retention and renewal strategies in the Policy, which pertain to existing purpose-built rental housing.

Profile 13 focuses on the ‘enhancement’ strategy (new units) in the City of New Westminster’s Secured Market Rental Housing Policy.

### Background and Rationale
The existing stock of purpose-built rental housing in New Westminster includes approximately 8,068 units in 364 buildings. 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 provides a significant portion of housing available for the City’s low and moderate income households, and is a tremendous asset. The Policy states that the existing stock should be protected and its lifetime should be extended if it is possible.

The policies for retention were inspired by the City’s desire to demonstrate leadership, and to leverage the municipality’s limited jurisdiction (e.g. rezoning) to prevent demolition of existing rental housing.
How Does it Work?
The Secured Market Rental Housing Policy was created by staff, presented to Council, and adopted in 2013. The Policy includes actions that draw on the City’s regulatory authority (e.g. zoning bylaw). The Policy also affirms the City’s position on various issues (e.g. strata conversion policy) and informs Council decisions about preserving rental housing stock.

Actions in the Secured Market Rental Housing Policy to Retain the Stock
The four actions in the Policy to retain existing rental housing are:

1. Continue the moratorium on conversion of rental buildings to strata title ownership. The City of New Westminster has a long-standing policy of denying approval for strata conversion applications, except in limited cases involving heritage revitalization. (Note: Strata conversion policies are discussed in Profile 9.)

2. 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 to achieve strategic policy directions such as heritage conservation. It is through the discretion inherent in zoning powers where local governments can express a preference to preserve purpose-built rental housing. (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.)

3. 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 Fund. In December 2015, New Westminster’s City Council adopted a Tenant Relocation Policy, which requires landlords and owners to provide tenants with at least three months’ notice (compared with two months’ notice in the Residential Tenancy Act) and compensation equal or greater to the equivalent of three months’ rent (compared with one months’ rent in the Residential Tenancy Act) for tenants who are being evicted due to the demolition of their building.31

4. Explore the use of density transfer to preserve the existing stock. In New Westminster, density transfer (i.e., transferring development density from one site to another) is primarily used 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 purpose-built 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.
Actions in the Secured Market Rental Housing Policy to Renew the Stock

The Policy includes incentives to invest in the existing stock in order to increase its longevity. It is intended that extra income derived from additional units will assist owners in funding capital improvements to the stock. Four actions in the Policy to renew existing rental housing are:

1. Use the City’s existing density bonus program to:
   - 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.
   - Permit the conversion of unused recreation or storage areas (even in cellar areas) to add additional units, subject to livability issues being addressed.

2. Eliminate the parking requirement for secured rental housing units created in existing buildings. This was informed by Metro Vancouver’s parking study.32

3. Reduce Building Permit fees to add suites to existing rental buildings by 50%.

4. As part of the Community Energy & Emissions Plan (CEEP), consider including existing rental buildings in the Building Energy Efficiency Retrofit Program. This could include energy audits and business case assistance.

Outcomes and Reflections

EXAMPLE: 845 ROYAL AVENUE

An example of a rental housing infill project is an existing heritage building at 845 Royal Avenue. The building formerly contained 6 strata-titled apartment units, and it is currently being renovated to create 10 secure market rental bachelor units and one strata-titled three-bedroom condominium unit. The developer received the following rental housing incentives: reduced parking requirements, density bonus, and reduced building permit fees. To ensure that the rental units are secured for the lifetime of the building, the City used the following tools in the development process and to secure the rental housing: a heritage revitalization agreement, a Section 905 housing agreement and covenant with specific conditions, and a Section 219 covenant to prevent future individual stratification of the rental units. In this project, two strata lots were created: one strata lot for the three-bedroom unit, and one strata lot for the ten rental units. More information is available in a City of New Westminster December 19, 2013 staff report http://www.newwestcity.ca/council_minutes/1209_13_CW/9. DS Housing Agreement 845 Royal.pdf.
Other Municipalities and Transferability

The City of New Westminster is unique in its approach to encouraging the retention and renewal of rental housing with a comprehensive “all in one” Secured Market Rental Housing Policy, which is a package with strategies and actions for both existing and new market rental housing. Several other municipalities in the region have implemented similar policies (either singularly, or in combination) as demonstrated in the Profiles in this report; however, mostly not within a comprehensive package.

MORE INFORMATION

City of New Westminster Planning Staff
Secured Market Rental Housing Policy (2013)
http://www.newwestcity.ca/business/planning_development/housing.php
PROFILE 5 – RENTAL PREMISES STANDARDS OF MAINTENANCE BYLAW

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of Maple Ridge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Bylaw and Enforcement</td>
</tr>
</tbody>
</table>

AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Standards of Maintenance Bylaw for rental premises provides regulatory authority and a process for addressing maintenance and living standards in rental housing.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>Sustain rental buildings, and meet the needs of tenants.</td>
</tr>
<tr>
<td>HOW</td>
<td>Municipality adopted bylaw and enforces it.</td>
</tr>
<tr>
<td></td>
<td>Tenants directly request building owner/manager to fix problems, but if no satisfactory action, the tenant can submit documentation to the municipality for investigation and order for repair if needed.</td>
</tr>
<tr>
<td>COST</td>
<td>Staff time to enforce the bylaw.</td>
</tr>
</tbody>
</table>

Overview/Synopsis
The City of Maple Ridge adopted a Standards of Maintenance Bylaw in 2008. The bylaw allows the City to receive complaints from tenants about maintenance and living standards in the rental building they live in, then the City follows up with the owner/building manager and issues an order for repair as warranted. This profile also provides a link to a model bylaw (developed by the provincial government) and some other Metro Vancouver municipalities’ standards of maintenance bylaws.

Background and Rationale
Previous amendments to the Local Government Act allowed local governments to enact standards of maintenance bylaws to enforce basic levels of maintenance for rental accommodation. The purpose of a standards of maintenance bylaw is to provide local government with the ability to meet the needs of tenants who live in unsafe and unhealthy accommodation due to poor building maintenance. The bylaw offers one avenue for local governments to maintain the affordable housing stock in their community and protect it from premature demolition.

Before the City's bylaw was approved in 2008, the City's building and bylaw enforcement officials were able to receive tenant complaints related to life safety only (due to jurisdictional and regulatory constraint). Building issues that were not related to life safety were referred to the provincial Residential Tenancy Branch.

How Does it Work?
The intent of the bylaw is to ensure that rental premises within the City of Maple Ridge are maintained in a safe and reasonable condition, and to require owners to complete repairs to rental premises in a timely manner.

The process for complaints is for tenants to request the building owner/manager to fix a problem and provide them with sufficient time to do so. If unsatisfactory action and results occur, then the tenant is to submit documentation and a complaint form to the City. The City then contacts the building owner/manager, investigates, and may issue an order for repair if warranted.

Outcomes and Reflections
A challenge with the standards of maintenance bylaw is that complaints must be made by building tenants, and they may be reluctant to do so because of concern about repercussions from their landlord, e.g. security of tenancy. The bylaw and/or process could be strengthened to offer renters more protection.
Other Municipalities and Transferability


The Tenant Resources and Advisory Centre (TRAC) provides a list of links for municipalities in BC that have standards of maintenance bylaws: [http://tenants.bc.ca/standards-of-maintenance-bylaws/](http://tenants.bc.ca/standards-of-maintenance-bylaws/).

In addition to Maple Ridge (profiled here) several of the municipalities on the list are in Metro Vancouver: Vancouver, City of North Vancouver, New Westminster, Richmond, and Delta.


**Certified Rental Building Program (LandlordBC)**

In 2015 LandlordBC launched a Certified Rental Building (CRB) program [https://landlordbc.ca/](https://landlordbc.ca/), which is a quality assurance certification program for multi-unit residential apartment buildings. The goal of the program is to promote professionalism in the rental housing industry while providing tenants with a quality assurance alternative when selecting a rental apartment home.

Since this same program was launched in Ontario in 2008, 40 per cent of the province’s multi unit residential buildings have become CRB certified. The goal for British Columbia is to achieve even greater outcomes within the next decade.

The program includes five key areas: resident management, human rights management, building management, financial management and insurance, energy conservation and sustainability.

This voluntary program could assist tenants with selecting well maintained buildings and enhancing communications with building owners/managers regarding issues that arise, and thus avoiding issues that arise that require redress through a standards of maintenance bylaw.

**MORE INFORMATION**

City of Maple Ridge Building Department

City of Maple Ridge Standards of Maintenance Bylaw (6550, 2008) [https://www.mapleridge.ca/DocumentCenter/View/560](https://www.mapleridge.ca/DocumentCenter/View/560)
### Overview/Synopsis

Policies in the District of North Vancouver’s OCP, Village and Town Centre Policies, and Implementation Plans help the municipality to facilitate the replacement of existing older purpose-built market rental units with new market rental units. For some projects it is feasible for new market rental units to replace the demolished units with a one-for-one ratio, and for other situations alternative replacement approaches are taken.

### Background and Rationale

A 2012 study by Coriolis Consulting Corp. identified purpose-built market rental buildings that are at moderate to high risk of redevelopment in the District of North Vancouver: nearly 700 existing rental units in the centres of the District, and about 400 units outside of the centres. As redevelopment occurs, approaches for replacement are needed.

The District wishes to provide residents with housing alternatives to homeownership. Rental housing can offer affordable options for many middle and lower income residents. Displacement of existing tenants and residents as a result of rental redevelopment is a key issue in the District of North Vancouver, and in many communities in the region. There are many associated challenges, for example:

- After an existing rental unit is demolished, the rent charged for a new ‘replacement’ rental unit is typically up to twice as much as the unit it replaces, and the higher rent is likely not affordable to the existing tenant.
- There is no guarantee for the same types/sizes of new unit in new development.
- It is very challenging for displaced residents to find alternate rental accommodation due to limited vacancies.
How Does it Work?
The District of North Vancouver’s approach to rental replacement is informed by general policy direction in the OCP, and more specific strategies in town and village centre plans and implementation plans.

The OCP includes a general policy to “facilitate rental replacement through redevelopment”. The OCP also identifies Town Centres and Village Centres as key areas of growth and development, and provides policy to facilitate the replacement of existing older purpose-built market rental units (where they exist in the Centres) with new market rental units.

Village/Centre Implementation Plans for Lynn Valley and Maplewood Centres will include more detailed policies to protect and expand the supply of rental housing that is specific to the stock and conditions in those areas.

Application of these policies on a site/development basis includes the following approaches:

- One-for-one replacement: On residential strata development sites it may be feasible for the developer off-set the cost of providing new market rental units. In this situation, new market rental units may replace the quantity of demolished units within the range of new units that are constructed.

- Other replacement approaches: In some development scenarios it may not be feasible for the developer to construct the same number of market rental units to replace the number of existing market rental units that were demolished for redevelopment. The District may negotiate alternatives such as limited-time rental agreements on some of the new strata units, payment-in-lieu of constructing units, or provision of a lesser quantity of replacement units that have specific affordable rent criteria intended to make them affordable for moderate or less than median income households.
When rental units are provided in a new residential development, Community Amenity Contributions (CACs) are typically not required because the provision of secure rental units is considered as a valued contribution to the community. Waived CACs are an ‘opportunity cost’ of gaining or retaining rental stock in the community. For example, a recently approved development in the Lynn Valley area resulted in 75 market rental units that were secured in perpetuity by a housing agreement. A CAC contribution valued at $3 million was waived for this development.33

**Outcomes and Reflections**

A rental replacement policy has been implemented in some growth centres of the District of North Vancouver, resulting in new rental units. For example, in the Lynn Valley Centre, 75 new rental units will be created to replace existing purpose-built market rental housing as part of a 321-unit project. The development has been approved. It is anticipated that rents in the new units will be at least 50 to 75% higher than the previous units.

Additional policies that could be considered in the future, to strengthen and clarify the policy direction include:

- **OCP:** Provide specific rental housing replacement requirements to achieve maximum densities in OCP land use designations; this could guide re-development of market rental properties outside of the designated growth centres. More specific information would create greater certainty for the community, the District, and developers.

- **Village and Town Centre Implementation Plans:** Additional policy direction for maximum future densities of existing rental sites would be helpful. For town centres that do not have existing rental buildings to replace, town centre policies could require new rental housing.

**Other Municipalities and Transferability**

Several municipalities in Metro Vancouver have developed approaches for replacing market rental housing in redevelopment situations. Three examples below illustrate the range of tools and strategies.

- **Density Bonus** - The City of North Vancouver OCP Policy 1.5.4 is to “Prioritize the development and revitalization of affordable rental housing and use density bonusing and density transfers to incentivize the retention, renewal, and/or replacement of rental units as a public benefit.”

- **Rate of Change and Retaining Existing Zoning** - The City of Vancouver ‘rate of change’ policy, combined with other policies and regulations for preserving rental housing, intends to prevent net loss of rental and affordable housing resulting from development applications that involve demolition or change of use or occupancy. Refer to Profile 8 in this report for more information about City of Vancouver’s approach to retaining existing zoning (and related policies).

- **Not Net Loss and One-for-One Replacement Policy** - The City of Richmond OCP policy on replacement is: “Limit the demolition or strata conversion of existing rental units, (duplex strata conversions are acceptable), follow a no net loss rental policy and encourage a one-for-one replacement if a conversion of existing rental housing units in multiple family and mixed use developments is approved, with the one-for-one replacement being secured as affordable housing by a housing agreement in appropriate circumstances.”
Examples of Implementation
There are several ways that rental replacement policies can be implemented on a project/site basis, and these are highly dependent on local market conditions. The key differences among the examples below are: (a) the affordability and type of rental units that are created (i.e. market rental, rent controlled, etc.), and (b) who owns them and (c) how the units are managed (i.e. market, managed by municipality or non-profit, etc.).

- 1 for 1 replacement of market rental units, with no affordability requirement for the replacement units. This policy could be implemented in conjunction with low-density zoning that deters redevelopment.
- 1 for 1 replacement of market rental units, with rental rate restrictions for the first occupancy of new rental units (e.g. 80% of market rent for first occupant). Thereafter, the Residential Tenancy Act provisions would apply and market rent would be set. This model requires minimal administration, however the affordability of the unit is lost after the first tenancy.
- Replacement of existing market rental units with new rent-controlled affordable housing units, at perhaps less than a 1 for 1 replacement ratio. Depending on the negotiated agreement, the developer may be required to give the units (as strata units) to the municipality, or the developer is required to administer the tenancies, or the units are leased to a non-profit.
- Cash payment in lieu to an affordable housing fund, with housing to be constructed (possibly by the municipality) in the future.

Further Examples and Discussion
The feasibility of rental replacement varies by development site, location, and market variables and context (including other development requirements). In some development scenarios in the region it may even be possible to replace each existing market rental unit with two replacement units.

MORE INFORMATION
District of North Vancouver Planning Department
PROFILE 7 – HIGH-RISE RETROFIT IMPROVEMENT SUPPORT (HI-RIS) PROGRAM

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of Toronto</th>
</tr>
</thead>
</table>
| Measure:    | Loans and Staff Support for Energy Efficiency  
             | Upgrades in Apartment Buildings |

**AT A GLANCE**

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Financing and support program for energy efficiency and water upgrades in aging residential apartment buildings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>Increase the quality of rental housing stock, mitigate pressures on tenants’ rent increases due to rising utility costs, reduce greenhouse gas emissions, energy and water efficiency and conservation</td>
</tr>
</tbody>
</table>
| HOW  | Program supports a building assessment, then owners enter into an agreement and borrowing terms, and upgrades are completed.  
      | The City places a charge on the property which is paid back over 5 to 20 years through the property tax bill. The City’s financing is secured by a priority lien status. |
| COST | No net cost to the City and taxpayers. Property owners repay the total loan amount plus administration and financing costs. |
| RESULTS | $4.5 million of the $10 million funding envelope is committed. Eight buildings are participating, and projects are window and balcony door replacements. The committed projects represent 28% in energy savings and 340 tonnes in GHG reductions |

**Overview/Synopsis**

City of Toronto’s Hi-RIS program supports rental building owners to make energy efficiency and water conservation improvements. Hi-RIS is part of the City of Toronto’s Tower Renewal Program, providing staff support and $10 million allocated over a 3-year pilot period for loans to qualifying multi-residential property owners. The program utilizes an amendment to a provincial regulation that enables local improvement charges to be applied to private property. Loans are repaid through a charge on the property tax bill.

**Background and Rationale**

In Toronto there is a large stock of apartment buildings of eight or more storeys that were built prior to 1985, primarily in the 1960s and 1970s. Approximately 1200 buildings (70% privately owned) house a half-million residents, one-third of them with low incomes. The older rental buildings in Toronto offer value and benefits. Many Toronto families choose to live in older rental apartments because of the relative affordability, as well as larger floor plans and more bedrooms than many newer apartments. The older buildings are structurally strong, and are profitable investments. However, the aging stock is in need of contemporary upgrades; many of the buildings were constructed prior to the introduction of energy saving measures in buildings.

The City of Toronto began the Tower Renewal Program in 2009, and there are six components to the program: energy, waste, water, operations, safety and security, and community building. This profile focuses on an initiative that supports the energy and water components of the Tower Renewal program: a financing program called Hi-RIS (High-Rise Retrofit Improvement Support program). Hi-RIS works toward the City’s objectives to increase the quality of rental housing stock, mitigate pressures on tenants’ rent increases due to rising utility costs (energy costs are estimated at 10% of rent), reduce greenhouse gas emissions, and achieve energy and water efficiency and conservation objectives.
Toronto developed a financing option to support the upgrades, after some research about other potential options. The City and the utility companies are unable to afford to provide grants that would be sufficient to encourage property owners to invest in more substantial upgrades, to achieve deeper energy savings and a payback longer than 3 years. Feasibility studies and consultations found that without the financing option many owners would choose other investments with higher rates of return, instead of investing in building improvements.

Property owners are generally attracted to the Hi-RIS program for the following reasons: their payments closely match the utility and operating cost savings they gain and may not impact net income; if the property is sold the benefits-and costs-of the retrofit measures stay with the property, not the owner; and the mortgage on the property is not increased.

How Does it Work?
The Hi-RIS program has a participation target of approximately 10 buildings, and currently eight buildings are participating.

Process
The phases of participation in the Hi-RIS program includes the following steps:

1. Assessment: Building improvement applications are reviewed by staff and program eligibility is determined. The maximum amount of financing that the building would be eligible to receive is also determined. Owners also have the option to having an assessment completed by Tower Renewal staff to inform owner’s prioritization of retrofits and improvements. Owners then complete an energy audit that also identifies potential options for recommended improvements.
2. Agreement: Property owners select from the improvements recommended in the energy audit then enter into an agreement with the City to undertake specific energy and water improvements and borrowing terms. Improvements that qualify for this program include building envelope, mechanical system (including lighting), and water fixtures.

3. Complete the work for energy and/or water efficiency upgrades.

4. Repayment: Once the work is completed, the City places a special charge on the property equal to the cost of the improvements, plus the cost of borrowing and a charge reflecting the administrative costs incurred by the City. The property owner then pays the charge on the property tax bill over an agreed term (5 to 20 years). The payment obligation attaches to the property, not the owner, and if a property changes ownership, the new owner assumes the obligation. The City’s financing is secured by the City’s priority lien status, similar to property taxes.

City Administration

Hi-RIS is made possible through an amendment to the Ontario provincial regulation regarding Local improvement Charges (LICs). The amendment allows municipalities to advance funding to consenting private property owners to cover the cost of undertaking energy and water improvements. The LIC has a priority lien status through addition to the tax roll. Funds for Hi-RIS come from a designated municipal reserve fund. Some partner funding and in-kind support for assessment, modeling and program administration came from Ontario Hydro Authority, Toronto Atmospheric Fund, Natural Resources Canada, Toronto Hydro, and Enbridge Gas.

Property owners consent to providing the City with access to the property’s utility usage data in order to monitor results and evaluate the Program’s effectiveness for a period of 5 years after completion of the retrofit.

The program began with pilot sites and then a city-wide rollout.

Outcomes and Reflections

Outcomes

Eight buildings have applied to date and received funding offers. $3.5 million of the $10 million envelope has been committed to date. The committed projects represent 28% in energy savings and 340 tonnes in GHG reductions.

Hi-RIS agreements are in place for two properties (consisting of three buildings) benefitting residents of roughly 800 apartment units. Each building is undergoing a full replacement of windows and balcony doors in the units.

For one of the projects, the building owner is anticipating a six-figure increase in operating income. Using a cap rate of 5%, the owner calculated that the building value will increase twice as much as their investment in the window replacement. The building’s operations will be cash flow positive after the first year, because of the Hi-RIS fixed-rate long-term financing.

Reflections

The City’s in-stream reflections about the Hi-RIS program include the following:

- Many rental building owners are first attracted to the Hi-RIS program because of the low cost financing for energy upgrades. This involvement can open doors to other Tower Renewal initiatives as well, e.g. open space improvements, tenant engagement, etc.
- Owners and property managers may also learn of Hi-RIS through their engagement with other Tower Renewal initiatives.
- Dedicated follow-up by Tower Renewal staff is key, including priority identification, action planning and on-going coaching.
- Technical studies show that the energy investment projects pay for themselves over time through positive returns from reduced utility costs, lower maintenance costs and improved property values.
- This program runs at no net cost to the City and taxpayers. Property owners repay the total amount plus administration and financing costs.
Other Municipalities and Transferability

The City of Toronto studied similar financing programs in other communities to inform their approach, specifically those in California, Colorado, Connecticut and Nova Scotia cities and regions.38

The Province of BC provided information that an amendment to legislation and/or regulation would be required in order to enable local governments in BC to undertake programs that are similar to Toronto’s Hi-RIS program. The amendments, if they were initiated and enacted, would represent an expanded scope to the general concept of a revitalization tax exemption program that encourages improvements to properties.

Fortis BC Rental Apartment Efficiency Program

The Fortis BC Rental Apartment Efficiency Program was launched in late 2015. The program offers eligible rental apartment building owners, or property managers acting on behalf of owners, the following at no charge:

- a water-efficient shower head and a kitchen and bathroom faucet aerator directly installed in each unit;
- a building energy assessment to identify energy-efficiency improvements and upgrades; and
- ongoing professional assistance to guide owners/managers through the process of making larger energy upgrades.

The energy savings from efficiency upgrades can be significant. A typical building where a water-efficient shower head and faucet aerators are installed in each unit (along with replacing its central non-condensing space heating boiler with a new condensing boiler) could save up to 27% of its natural gas usage. The water-efficient upgrades also reduce water consumption and costs.

Within less than six months of launching the program, uptake is strong. Over 12,800 water-efficient devices have been installed in approximately 98 buildings (province-wide). Also, approximately 80 buildings have completed energy assessments to assess further assess energy-efficiency upgrades and opportunities. The Fortis program is set up to provide rental building owners and managers with ongoing support to help building to help them make decisions and take action on energy efficiency upgrades in their buildings, including building assessment, technical advice, and implementation support and coordination.

MORE INFORMATION

City of Toronto Tower Renewal Program staff.
City of Toronto website, Tower Renewal Program
City of Toronto Tower Renewal
Fortis BC Rental Apartment Efficiency Program
https://www.fortisbc.com/Rebates/RebatesOffers/RentalApartmentEfficiencyProgram/Pages/default.aspx
### PROFILES 8 – RATE OF CHANGE POLICY AND REZONING STRATEGY

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of Vancouver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Policies and Strategies to Limit and Regulate Rental Redevelopment</td>
</tr>
</tbody>
</table>

#### AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>When a site/building with existing rental housing is redeveloped, the new development must provide replacement rental units.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>To retain the existing stock of rental housing, or if existing rental housing is redeveloped, to ensure that the rental units are replaced with new and affordable rental units.</td>
</tr>
<tr>
<td>HOW</td>
<td>The City has implemented a rate of change policy, rezoning policies, and neighbourhood plans to sustain the existing supply of housing. The City also identifies feasible areas and sites for new and replacement rental housing. These areas are zoned accordingly for redevelopment and one-for-one replacement is required.</td>
</tr>
<tr>
<td>COST</td>
<td>No cost to the municipality.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>An example is the creation and implementation of West End Neighbourhood Plan: corridor areas are change areas for redevelopment, and other neighbourhoods are no change areas.</td>
</tr>
</tbody>
</table>

#### Overview/Synopsis

The City has implemented a rate of change policy, rezoning policies, and neighbourhood plans to sustain the existing supply of housing. The City also identifies feasible areas and sites for new and replacement rental housing. These areas are zoned accordingly for redevelopment and one-for-one replacement is required.

#### Background and Rationale

The purpose of the policies is to retain the existing stock of rental housing, or if existing rental housing is redeveloped to ensure that the rental units are replaced with new and affordable rental units. Prior to implementing this policy, the City was losing purpose-built market rental housing at a rapid rate in some areas.

#### How Does it Work?

**Rate of Change Policy**

Rate of change means the rate of change from rental apartments to condominiums. When the policy was introduced in the 1990s the rate of change was set at 5%; that is, a maximum of 5% of units could be demolished and/or change from rental to condo, and the city was monitoring for the number of tenants impacted. The first neighbourhood in which the rate of change was set at 0% was in the West End. Now the rate of change is 0% on a city-wide basis. This means that to redevelop rental apartments in RM (residential multifamily) zones, each rental unit must be replaced on a one-for-one basis with a new rental unit.
Zoning Strategy

Existing Zoning:
The density in multi-family (RM) zones is relatively low (e.g. sample FAR 1.45) and in some areas the permitted density on RM sites has been reduced (i.e. down-zoned). If an owner or developer is considering redevelopment on a RM site with an existing market rental building, they would first calculate annual revenue from rental and the value it generates in the property. Then, the owner or developer would calculate whether it would be more feasible and advantageous for them, when compared to their current scenario, to redevelop the property by replacing the existing rental units with new units and building additional condominium units as permitted by existing zoning. Since the density is relatively low in RM zones in Vancouver, usually the owner decides to retain and reinvest in the building instead of redeveloping the site.

Redevelopment Possibilities:
In order to allow some redevelopment to occur in an strategic fashion, the City of Vancouver has identified feasible areas and sites in the City for redevelopment of new and replacement rental housing. To accomplish this, the City works through a process that includes a neighbourhood planning and engagement process, urban design work, and land economics analysis.

- Urban design is one of the first steps and considerations include the context, width of street, pedestrian experience, and more.
- During a neighbourhood planning process, the City and neighbourhood work together to identify areas for potential change, and areas for ‘no change’, and work on the form and neighbourhood implications to be included in the neighbourhood plan.
- Simultaneously, the City of Vancouver retains consulting assistance to conduct a real estate land economics development study, to inform a feasible floor space ratio to enable/encourage private sector developers to redevelop particular areas and properties as envisioned.
When design feasibility, development feasibility, and neighbourhood considerations are layered together, only some of the considered sites are selected as potential redevelopment sites and are zoned accordingly. The sites are zoned to permit a level of density that generates a moderate interest and uptake by the private sector for development applications. In some cases, depending on the results of the land economics studies and the potential densities identified through community planning and urban design work, zoning schedules or rezoning policies are set-up so that existing rental housing is only encouraged to redevelop on the condition that the new development is secured as 100% rental housing (thus achieving the objective of increasing the rental supply). In other cases, existing rental can be redeveloped if the demolished units are built back as social housing (thus allowing for redevelopment of older rental housing while retaining the affordability in the neighbourhood.) See West End neighbourhood example below.

**Outcomes and Reflections**

Across the city 55,000 rental housing units are affected by the rate of change policy. Whenever an applicant inquires or proposes a development in an RM zone, Development Services staff advise them of the policies around rental housing redevelopment and the requirement for 1 for 1 replacement.

**West End Neighbourhood Example**

The West End community planning process worked with the community (through charettes etc.) to explore areas of the neighbourhood where growth was most appropriate. In the West End Neighbourhood Plan, corridor areas in the neighbourhood (e.g. Burrard/Thurlow corridor) are designated as ‘change areas’. Other neighbourhood areas in the West End are designated as ‘no change’ areas. In change areas, properties are zoned for considerably higher density, and can be redeveloped with condominiums, as long the demolished rental units are replaced with social housing units that are handed over to the city as an asset and operated by a non-profit agency. This requirement achieves the following objectives in terms of rental housing: (a) in change areas - aging market rental units are replaced with rental units that are affordable to people who meet income criteria, and (b) in no change areas - the existing market rental units are retained.
Other Municipalities and Transferability
Rental replacement may be workable in SkyTrain locations (e.g. Burnaby, Coquitlam) in which rental housing may be at risk of demolition, and importantly, on sites where a significant change in density would be contemplated (i.e. high-density condominium towers).

A spectrum of rental replacement policies is implemented by various municipalities, either city-wide or by neighbourhood/area. This spectrum of options results in a range of replacement units in terms of quantity (number of units), affordability (market rent, affordable), ownership, and municipal involvement in administration of the new units. A range of replacement policies is listed in Profile 6 Rental Replacement Policies and Practices.

MORE INFORMATION
City of Vancouver Housing Policy and Projects staff
City of Vancouver Rate of Change Policy http://vancouver.ca/people-programs/creating-new-market-rental-housing.aspx
City of Vancouver West End Community Plan http://vancouver.ca/home-property-development/west-end-community-plan.aspx
City of Vancouver West End Rezoning Policy http://vancouver.ca/files/cov/rezoning-policy-west-end.pdf
## PROFILE 9 – STRATA CONVERSION POLICY

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>Multiple municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Policy with Conditions / Limitations for Converting Existing Rental Buildings to Strata Title Ownership</td>
</tr>
</tbody>
</table>

### AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Municipal policies that specify the conditions under which they will / will not consider conversions of purpose-built market rental buildings to stratified (individual ownership) housing units.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>To protect the existing and limited stock of purpose-built rental housing as a valuable source of affordable market housing that meets the needs of residents.</td>
</tr>
<tr>
<td>HOW</td>
<td>Municipalities determine a vacancy threshold at which they will consider strata applications, and any other conditions. Some municipalities create standalone policies and others include it in existing policies.</td>
</tr>
<tr>
<td>COST</td>
<td>No cost to the municipality.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>Number of estimated number of rental units that are retained owing to strata conversion policies is not regularly tracked by municipalities.</td>
</tr>
</tbody>
</table>

### Overview/Synopsis

Fourteen municipalities in Metro Vancouver have strata conversion policies and one is pending. Several examples are provided in this profile. Conversion policies often protect existing rental buildings from conversion to strata provided that vacancy rates are below a certain threshold (e.g. below a vacancy of 2% to 4%, varies by municipality) that is not often reached. That is, most municipalities’ vacancy rates are lower than the threshold and thus conversion to strata is not supported.

### Background and Rationale

The purpose of these policies is to limit the conversion of existing purpose-built rental buildings to strata units that can be individually owned, and to instead ensure that market rental units are available for rent for the lifespan of the building.

### How Does it Work?

Five municipal examples of strata conversion policies in Metro Vancouver municipalities are outlined below.

**City of Langley:** Since the late 1970’s the City has had restrictive policies governing the conversion of rental housing units to condominium tenure. The current policy requires written evidence that at least 60% of all suites within the building are in favor of the proposed strata conversion. The City will not approve strata conversions from rental buildings to strata title units unless Langley’s vacancy rate reaches or exceeds 4%, as determined by the Canada Mortgage and Housing Corporation. According to the City’s records, these policies have prevented the conversion of any rental housing units for a few decades.

**City of Maple Ridge:** The policy and procedure for considering strata conversions outlines that Council must consider the priority of rental accommodation over privately owned housing in the area, and that a vacancy rate less than 3% is considered unhealthy for the City. Any proposals that are submitted for strata conversion must include a proposed plan for the relocation of persons occupying a residential building.

**City of North Vancouver:** Unless the rental apartment vacancy rate determined by Canada Mortgage and Housing Corporation is equal to or greater than 4% for a minimum 12-month consecutive period, the City will
not approve applications for the conversion of rental apartments of three or more units to strata units.

City of Coquitlam: The policy is that Council will not normally give favourable consideration to applications of existing rental residential premises with three or more units when the apartment vacancy rate in the Tri-Cities (Coquitlam/Port Moody/Port Coquitlam) and the region (Metro Vancouver) or either of them is less than 4.0%. Where the proposed conversion is for three or more units, the applicant needs to submit written evidence that existing tenants representing at least 60% of all units are in favour of the proposed conversion, and will exclude any owners with an interest in the land.

City of New Westminster: The Secured Market Rental Housing Policy (2013) affirms the City’s long standing policy of denying approval for strata conversion applications, except in limited cases involving heritage revitalization.

### Outcomes and Reflections

The City of New Westminster estimates that “due in part to the moratorium on strata conversion of older purpose-built rental buildings, the City has experienced a loss of no more than 2.9%, or 244 units, in the past five years due to redevelopment.39 Estimated retention of rental units owing to strata conversion policies was not available for other municipalities.

### Housing Agreements and Covenants for Rental Units

The rental tenure of new dwelling units obtained through rezoning negotiations is commonly secured by Housing Agreements and Section 219 covenants. The purpose is to ensure that the rental units remain as rental in perpetuity (or for the duration of the agreement), and are prevented from being converted to strata units. Municipalities have noted that careful legal work is key to ensuring that the municipality’s intent and interest is met, for the units to remain as rental units over the life of the building. Some municipalities offer to handle the legal costs of ensuring that the securing rental units are finalized and registered on the development properties.

### Strata Rental Protection Policy for New Strata Units

For newly constructed strata titled condominium projects (5 or more units) the District of North Vancouver requires, through its corporate Strata Protection Rental Policy, that unrestricted opportunity be provided for any owner to offer their unit for rent at anytime in the future. This requirement prevents strata councils from passing bylaws prohibiting rental of units. The requirement is enacted through a bylaw pursuant to Section 905 of the Land Title Act to authorize a housing agreement.

### More Information

- **Strata conversion policies:**
  - City of Langley (Affordable Housing Strategy) http://www.cityoflangley.ca/sites/default/files/uploads/Services/Affordable_Housing_Strategy.pdf
  - City of Maple Ridge (Official Community Plan, refer to policy 3-31) https://www.mapleridge.ca/DocumentCenter/View/2415
  - City of North Vancouver (Strata Conversion Policy Update 2008) http://www.cnv.org/City-Services/Planning-and-Policies/Housing/Market-Rental-Housing
  - City of Coquitlam (Strata Title Conversion Guidelines) http://www.coquitlam.ca/city-services/licenses-and-permits/development/subdivision.aspx
PROFILE 10 – TENANT ASSISTANCE POLICY

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of Burnaby</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Policy for Relocation of Tenants When Rental Buildings are Rezoned and Demolished</td>
</tr>
</tbody>
</table>

**AT A GLANCE**

<table>
<thead>
<tr>
<th>WHAT</th>
<th>A policy that clarifies expectations for resources and considerations for existing tenants, when rezoning applications involve demolition of multi-family residential buildings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>To provide a minimum standard of expectations and practice for additional notice, rent compensation, moving cost assistance, relocation information, and opportunity for rental or purchase of an available unit in the new development.</td>
</tr>
<tr>
<td>HOW</td>
<td>Rezoning applications that involve demolition must submit a Tenant Assistant Plan (prior to demolition) that addresses the expectations in the City’s policy.</td>
</tr>
<tr>
<td>COST</td>
<td>No cost to the municipality.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>Policy was approved in 2015, and development applicants are working to meet the expectations in the policy.</td>
</tr>
</tbody>
</table>

**Overview/Synopsis**

The City of Burnaby has a significant stock of purpose-built rental housing located in rapidly redeveloping town centres with good transit access. Developers are purchasing existing stock and applying for redevelopment, necessitating the relocation of tenants. The City of Burnaby adopted a Tenant Assistance Policy in May 2015. Previously, the City requested but did not require applicants to prepare tenant assistance plans. The purpose of the policy is to clarify the City's expectations for resources and considerations for existing tenants, when rezoning applications involve demolition of multi-family residential buildings (6 or more dwellings units).

**Background and Rationale**

When older multi-family buildings are proposed for demolition, the Provincial Residential Tenancy Act (RTA) addresses requirements of notice and assistance to be provided to relocating tenants. An aim of tenant relocation and assistance policies is generally to exceed the RTA requirements. The purpose of Burnaby's Tenant Assistance Policy is to provide information to applicants and tenants on the City's expectations, and to ensure that a suitable range of resources and considerations are provided for tenants needing to relocate.

Prior to the adoption of the Tenant Assistance Policy in May 2015, the City's practice was to request that the development applicant prepare a plan to assist the existing tenants in their relocation efforts. Although the preparation of tenant assistance plans is voluntary under the current policy, applicants have recognized the plans as standard practice to support the City's rezoning process while also addressing the requirements of the Residential Tenancy Act. The policy was prepared in order to provide a minimum standard of expectations and practice.
How Does it Work?
The policy builds on the base provisions of the Residential Tenancy Act, including: additional notice, rent compensation, moving cost assistance, relocation information, and an opportunity for rental or purchase of an available unit in the new development.

The policy applies to rezoning applications that involve demolition of buildings with 6 or more tenanted dwellings. The submitted Tenant Assistance Plan must include:

- A written commitment to exceed the minimum requirements of the Provincial Residential Tenancy Act;
- Documentation of the on-site applicable units including the number and size of units, rental rates, and existing vacancy rates;
- A plan to guide communications between the applicant and the tenants;
- A minimum of three months rental payment compensation payable to each tenant relocating to compensate for moving expenses, utility reconnection fees, and relocation costs; and,
- A minimum of three months’ notice provided to each tenant.

The applicant through the Tenant Assistance Plan is to provide assistance to tenants seeking alternate accommodation, by way of:

- An offer to interested tenants to secure any available rental housing unit in the new development, or in an off-site rental housing unit managed by the same applicant;
- An offer to interested tenants to purchase an available housing unit in the new development; and
- Information on other accommodation options for tenants to re-locate in the same area and/or other areas.

The tenant assistance plan must be submitted and implemented prior to demolition. However, a rezoning application may be approved prior to demolition and some owners may allow tenants to stay in building after rezoning approval, especially if construction timelines are delayed. Thus a plan may not be fully implemented prior to rezoning approval. The City would require that it be implemented to its satisfaction given the timelines of specific projects.

Outcomes and Reflections
The City has received several rezoning applications since the adoption of the policy that trigger the requirement for a tenant assistance plan, and applicants are working to meet the expectations in the policy.

Other Municipalities and Transferability
Several municipalities in Metro Vancouver have tenant relocation and tenant assistance policies. Three examples are:


PROFILE 11 – DENSITY BONUS AND COMMUNITY AMENITY POLICY

**Municipality:** City of North Vancouver

**Measure:** Density bonus policy, OCP, and Zoning

### AT A GLANCE

| WHAT | The Density Bonus and Community Amenity Policy works with the Official Community Plan and Zoning Bylaw to provide density bonus incentives for the development of 100% secured market rental projects. There is also provision for density transfer for rental housing. |
| WHY | The City acknowledged that new rental units need to be developed to meet community needs, and that they require incentives to occur. The policy was introduced to provide clarity for the community and developers. |
| HOW | The Density Bonus and Community Amenity Policy establishes that Council may approve additional floor area with a secured commitment to provide market rental (or non-market) rental housing. The OCP Land Use Plan clearly specifies the maximum densities that can be achieved with ‘base density’ and ‘maximum densities’ (bonus density level) for each land use designation. |
| COST | No cost to the municipality. |
| RESULTS | The policy came into effect in 2015. Rental projects are being constructed using the density bonus provisions. |

### Overview/Synopsis

The City of North Vancouver developed a Density Bonus and Community Amenity Policy in 2015. 100% secured market rental housing is an eligible use for bonus density. The City’s Density Bonus Policy has provisions for non-market secured rental housing as well. The maximum density for new rental housing projects depends on the OCP Land Use Designation.

The City of North Vancouver OCP and Density Bonus and Community Amenity Policy also provide for density transfer for rental retention.

### Background and Rationale

46% of households in the City of North Vancouver are renters. Rental housing is an important part of the City’s housing stock. With an aging rental stock and impending redevelopment, the City developed the policy to support the long term sustainability of the rental stock, by providing an incentive that makes rental projects viable, and to avoid losing rental stock to new strata developments.

The amount of density bonus is intended to be commensurate with the public benefit achieved. The policy was introduced to provide clarity for the community, developers, community members, etc. The policy is formulaic and provides a predictable process that reduces the amount of time that needs to be spent on negotiations on a case by case basis.

### How Does it Work?

#### Density Bonus

In the OCP (adopted in 2015) and the Density Bonus and Community Amenity Policy (adopted in 2015), it is stated that Council may approve additional floor area if there is a secured commitment to provide market rental or non-market rental housing. The OCP Land Use Plan specifies the maximum densities that can be achieved with ‘base density’ and ‘maximum densities’ (bonus density level) for each of the land use designations.
### Category ‘B’ Bonus: Up to OCP Schedule ‘A’ Max. Bonus

An increase in density that exceeds the OCP Schedule ‘A’ Density up to the maximum bonus amount set out in the OCP. This type of bonus requires a rezoning, which may include a Town Hall meeting as well as a Public Hearing.

### Category ‘A’ Bonus: Up to OCP Schedule ‘A’ Density

An increase in density that does not exceed the OCP Schedule ‘A’ Density. This can include lands that are pre-zoned with a density bonus, as well as lands that are rezoned through a site specific rezoning process with a density bonus.

### Outright Zoning

The amount of density permitted on an outright basis in the Zoning Bylaw.

### Density Transfer

The OCP also makes provision for Density Transfer. As written in the OCP Section 2.3:

“A transfer of density is the relocation of anticipated density from one parcel of land to another. To achieve the goals and objectives outlined in this Plan and/or achieve a preferable form of development, City Council may authorize transfers of density between properties. Such transfers do not involve an increase in the total development potential, but rather the relocation of a density allowance. As such there is no increase in the overall OCP capacity as a result of density transfers.”

### Outcomes and Reflections

**EXAMPLE: 1549 ST. GEORGE’S**

An example of the application of City of North Vancouver bonus density provisions is a 2015 development application for a 100% market rental housing building at 1549 St. George’s Avenue. The project involved renovation of an existing rental residential building and addition of additional floors for new units, resulting in a net gain of 16 units and a new total of 29 units. The applicant requested a bonus of .46 FSR, which was within the maximum allowable additional density of 1.0 FSR for rental housing for the property. The rental housing was secured through a housing agreement and a Comprehensive Development zone.

Another example of a development that is consistent with the density bonus policy is 141-147 East 21st Street; however, this development project was approved prior to the adoption of the density bonus policy.

There are no examples of a density transfer to preserve or create rental housing at this time.
Estimated Value of Density Bonus
To estimate the dollar value of density bonus for rental, here is a hypothetical example in the City of North Vancouver that provided a bonus valued at approximately $4.2 million:

- **Site:** 30,000 square feet
- **Zoning:** RM-1 (Medium Density Residential Apartment Use)
- **OCP Designation:** Level 5
- **Base density:** 1.6 FSR
- **Maximum bonus:** 1.0 FSR
- **Location:** Lonsdale Regional City Centre (CACs differ depending on location)
- **Value of density bonus for rental:** The 1.0 FSR bonus provides a bonus of 30,000 sq. ft., which at $140 per sq. ft. ($ per sq. ft. of residential floor area increase beyond existing zoning) which would be valued at $4.2 million.

**Notes:** This is a simple and hypothetical calculation. The City does have conditions, such as sites with existing rental units are not eligible for a bonus except for Secured Rental Housing. CACs may also be negotiated in unique circumstances.

Additional projects compliant with the policy are still in the development approvals process.

Other Municipalities and Transferability

**Community Amenity Policies – Guide for Local Governments**
The BC Ministry of Community, Sport, and Cultural Development provides publications to guide local governments on density bonus and community amenity contribution policies [http://www.cscd.gov.bc.ca/lgd/planning/community_amenity.htm](http://www.cscd.gov.bc.ca/lgd/planning/community_amenity.htm)

**Density Transfer – Other Municipalities**
The City of New Westminster’s Secured Market Rental Housing Policy includes a provision to “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 in New Westminster, 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. It was noted that 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.”

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**MORE INFORMATION**

City of North Vancouver Planning Department
PROFILE 12 – REDUCED PARKING REQUIREMENTS FOR PURPOSE-BUILT RENTAL HOUSING NEAR TRANSIT

Municipality: Cities of New Westminster and Coquitlam
Measure: Policies and Regulations for Parking

AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Reduced parking requirements for market rental housing located near transit stations or nodes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>Constructing parking is costly. Residential parking demand for rental housing is lower than in owned units, particularly in transit accessible locations. Lower parking requirements make development of rental housing more cost effective, and are an important incentive to build purpose-built rental housing</td>
</tr>
<tr>
<td>HOW</td>
<td>Parking standard reductions in municipal policies and regulatory bylaws, tied to location.</td>
</tr>
<tr>
<td>COST</td>
<td>There is no cost to the municipality.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>In New Westminster new developments are being constructed, taking advantage of parking reductions for rental housing (layered with density bonus incentives).</td>
</tr>
</tbody>
</table>

Overview/Synopsis

The Metro Vancouver 2012 Apartment Parking Study found that parking supply exceeds demand for apartments generally and that parking demand is lower for renters than owners. It suggested that rental housing be encouraged in urban centres and Frequent Transit Development Areas, and that municipalities could encourage rental apartments near transit by reducing or waiving parking requirements as a development incentive. The profile outlines the City of New Westminster’s and the City of Coquitlam’s approaches to reduced parking requirement for purpose-built rental housing near transit.

Background and Rationale

By reducing the required number of parking spaces in new rental housing developments, the development and construction cost is reduced and this can enhance economic viability of purpose-built rental housing, encouraging rental housing development (instead of condominiums or other types of development) to occur.

The Metro Vancouver 2012 Apartment Parking Study noted that in metropolitan Vancouver, the cost of constructing on-site structured parking on average ranges from $20,000 to $45,000 per stall. This study pointed out that purpose-built market rental parking demand is lower than other apartment parking demand:

- Parking demand range is 0.58 to 0.72 vehicles per rental apartment unit. For comparison, parking demand for owned apartments is 0.89 to 1.06 vehicles per apartment when close to a FTN, and 1.10 to 1.25 when further away from a FTN.
- Market and non-market renters have lower vehicle ownership rates than apartment owners.

The study recommended that in order to maximize affordability and efficiency in apartment buildings, municipalities should encourage rental housing in Urban Centres and Frequent Transit Development Areas, by reducing or waiving parking requirements as part of an incentive package as appropriate.
How Does it Work?

City of New Westminster – Reduced Parking Requirements near Transit

In order to provide a meaningful incentive to create long term secured rental housing located within 400 metres of the Frequent Transit Network (FTN) and SkyTrain Stations (outside the downtown), the City of New Westminster’s parking regulations for secured rental buildings are 1.0 spaces per dwelling unit and 0.1 visitor parking spaces per dwelling unit. For new secured rental buildings within the Downtown, the zoning bylaw requirements are 0.6 spaces for each bachelor or one-bedroom dwelling unit and 0.8 spaces for each dwelling unit with two or more bedrooms, as well as 0.1 visitor parking spaces per dwelling unit.

In comparison, in cases where the long-term rental housing is located outside of the Downtown or more than 400 metres from the City’s FTN or SkyTrain Stations, then the normal parking regulations would apply which vary from 1 to 1.5 spaces per unit depending on size of unit and location in the city. 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.

City of Coquitlam – Policies for Burquitlam TOD Area

Significant redevelopment potential in Coquitlam is expected in association with the upcoming Evergreen SkyTrain project. In light of these new transit infrastructure investments, the city is planning to re-evaluate its parking requirements in these transit oriented locations. It is important that these reductions be considered in light of available evidence from similarly structured suburban areas. The Burquitlam-Lougheed Neighbourhood Plan update is in process, and the city has committed to develop more detailed policy on rental housing for this area.

The City of Coquitlam’s Transit Oriented Development Strategy (Section 2.1.3) includes policies to incent rental housing near the Burquitlam Station Area, in advance of preparing some more specific policies. The TOD Strategy includes consideration to reduce parking requirements based on review of ownership data and best practices.

The City of Coquitlam’s Affordable Housing Strategy Policy 1.2.3 also commits to review the Zoning Bylaw for possible off-street parking reductions, based on local neighbourhood and market context, vehicle ownership data and transit service levels.

Outcomes and Reflections

City of New Westminster

In the City of New Westminster, there were 1,450 new rental units in the development review process, approved (but not yet under construction) or under construction as of April 2016. The majority of these developments are taking advantage of the reduced parking standard in combination with the density bonus provisions for rental housing, which are included in the Secured Market Rental Housing Policy. The majority of these developments utilized or will utilize the Secured Market Rental Housing Policy incentives.

The City of New Westminster uses the following indicators that support lower parking standards, particularly for rental housing:

- High walk score. The walk score in transit-proximate neighbourhoods in New Westminster is 70%. https://www.walkscore.com/CA-BC/New_Westminster
- High proportion of people commuting to work by transit. Information available through 2011 national household survey https://www12.statcan.gc.ca
- Ample supply of carshare services. Car share is encouraged in new developments, and car share locations and services are listed on City of New Westminster website. http://www.newwestcity.ca/residents/residents_services/transportation/articles/3875.php
Similar indicators that could be used to consider suitability for parking reductions for rental housing (and other forms of housing as well) near transit would be transferrable to other communities.

**Metro Vancouver Housing and Transportation Cost Burden Study (2015)**

This study points out that lower income households, which include many rental households, shoulder a heavy housing and transportation cost burden that is beyond their financial capacity. Improving access and expanding the reach of frequent transit in the region will help households in rapidly growing communities be less auto-dependent and reduce their transportation expenditures. The study recommends that each new transit-oriented location provides an opportunity to make the transit and affordable housing connection. Parking reductions for rental housing in transit-oriented locations can provide incentives for a new affordable development opportunity to occur.

**Other Municipalities**

The City of North Vancouver has reduced parking for all rental apartment apartments to 0.75 parking stalls per unit. The City further allows for reduction of parking stalls by providing secure bicycle parking so the actual parking requirement is closer to 0.5 stalls per unit.

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**MORE INFORMATION**


City of New Westminster Zoning Bylaw (Refer to Introduction - Secured Rental Residential Units Parking (Articles 150.8.7 and 150.8.8)) [http://www.newwestcity.ca/city_hall/bylaws/articles250.php](http://www.newwestcity.ca/city_hall/bylaws/articles250.php)

**PROFILE 13 – SECURED MARKET RENTAL HOUSING POLICY (ENHANCE SUPPLY)**

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>City of New Westminster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Incentive Package to Increase Supply of Purpose-Built Market Rental Housing</td>
</tr>
</tbody>
</table>

### AT A GLANCE

**WHAT**
A comprehensive municipal policy with several commitments and incentives to encourage the development of new market rental housing.

**WHY**
To provide a clear package of incentives for market rental housing that enhances the financial viability of purpose-built market rental housing without the need for complex negotiations, and is easily understood by developers, staff, Council and the community.

**HOW**
Includes parking reductions, density bonus, reduced building permit fees, relaxation of servicing requirement, concurrent processing of applications, payment of legal fees for housing agreements etc., and other financial benefits (such as reduced assessment value resulting in lower property taxes).

**COST**
Reduced building permit fee revenue, and opportunity cost of density bonus and parking variance payments that are not received for rental projects.

**RESULTS**
Nine secured market rental projects for a total of 1,265 units. 774 of these units (seven out of nine projects) are already approved with housing agreements in place, and others are in process. Six of the nine projects are under construction/renovation.

---

**Overview/Synopsis**
The City of New Westminster’s Secured Market Rental Housing Policy, approved in 2013, includes three strategies: retention, renewal and enhancement of the rental housing supply.

This profile focuses on the strategy to create new secured market rental housing. See Profile 4 for information about the ‘retain’ and ‘renew’ strategies in New Westminster’s Secured Market Rental Housing Policy.

**Background and Rationale**
The intent of the ‘enhance supply’ strategy in New Westminster’s 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 the policy are secured by Housing Agreements and no-separate sales (no stratification) covenants. In order for affordable (including non-market) rental housing to be achieved, other additional incentives or initiatives would need to be considered.

The incentives and relaxations in the Policy are designed to reduce the financial gap between rental housing development and market ownership development, thereby improving the economics of new market rental housing.

The policy contains a number of restrictions on the rental housing stock created 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. 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.

To develop the policy, the City reviewed North American examples (and especially City of Vancouver’s Rental 100 policy) and talked with developers focused on rental development.
How Does it Work?

Range of Models for Rental Housing – Short, Medium, Long-Term

The Policy recognizes that a range of rental housing models will be proposed and presented to Council. Some of the proposed models will offer a 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 by the City is the length of the commitment to provide secured market rental housing. Models that are closer to the traditional long-term “purpose-built” market rental buildings (long-term and medium term models outlined below) 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, are preferred. The following is an overview of the models contemplated in the Policy:

- Secured Market Rental Housing (Long-Term): Secured market rental housing for 60 years or the life of the building, with restrictions on stratification of the units. The units are managed by one entity.
- Secured Market Rental Housing (Medium Term): Secured market rental housing for 30-59 years or the life of the building, with restrictions on stratification of the units. The units are managed by one entity.
- Short Term Market Rental Housing (Short Term): Secured market rental housing for 10 years, with restrictions on stratification of the units. The units are managed by one entity.

Rental proposals that involve individually strata-titled units that are held by individual owners are not be considered for rental housing incentives.

Incentives in the Policy

The following incentives to enhance the supply of secured rental housing are included in the Policy:

1. Relaxation of Parking Requirements

The construction costs of structured parking are estimated to be in the order of $25,000 - $35,000 per stall.

In order to provide a meaningful incentive to create long term secured rental housing located within 400 metres of the Frequent Transit Network (FTN) and SkyTrain Stations (outside the downtown), the City of New Westminster’s parking regulations for secured rental buildings are 1.0 spaces per dwelling unit and 0.1 visitor parking spaces per dwelling unit. For new secured rental buildings within the Downtown, the zoning bylaw requirements are 0.6 spaces for each bachelor or one-bedroom dwelling unit and 0.8 spaces for each dwelling unit with two or more bedrooms, as well as 0.1 visitor parking spaces per dwelling unit.

In comparison, in cases where the long-term rental housing is located outside of the Downtown or more than 400 metres from the City’s FTN or SkyTrain Stations, then the normal parking regulations would apply which vary from 1 to 1.5 spaces per unit depending on size of unit and location in the city. 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.
2. Density Bonus Program for New Secured Market Rental Housing in Existing Rental and New Rental Buildings

The Policy commits that staff will prepare a Zoning Bylaw amendment for Council's consideration that will extend the opportunity to use bonus density without payment (already available for non-profit housing) 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.

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 in the City of New Westminster. A 50% permit fee reduction is estimated to provide a $30,000-$50,000 per project benefit for new buildings and a $5,000 benefit for small additions.

4. Relaxation of Servicing Requirements

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 that 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. City Pays 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

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. 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 are subject to less taxation. The Homeowner Protection Office also provides reduced fees for secured market rental developments.

Outcomes and Reflections

Progress

As of April 2016, there were nine development projects that have utilized/will utilize the Secured Market Rental Housing Policy to create new rental housing in New Westminster. Six of the projects are under construction/renovation in April 2016, and none of the projects are complete yet. There are a total of 1,265 units in these nine projects, including 774 units in the seven projects that have already been approved by City Council with housing agreements in place. For context, the existing stock of purpose-built rental housing in New Westminster includes approximately 8,000 units.

Within these new rental housing projects, the City has also gained some family-friendly rental housing; i.e. units with two or more bedrooms. 26% of all units in the ‘new’ rental projects have two bedrooms and 9% of all units in the nine projects have three or more bedrooms.
EXAMPLE: 404 ASH STREET

In 2014 a 29-unit condominium building was destroyed by fire. Existing zoning would have allowed the owner to rebuild the building as strata-titled condominiums. However, the owner took advantage of parking reductions and density bonus for rental housing offered through the Secured Market Rental Housing Policy. Thirty-eight secured market rental units are being constructed.

Reflections

Political will is an essential ingredient for retaining existing rental housing stock: Council’s leadership is required to initiate, approve, and stand by the City’s clear and written policy. The policy has been very successful, as the City has seen a major increase in the number of rental housing developments. The Secure Market Rental Housing Policy makes it easy and clear for the development community to understand what the benefits of rental housing are (in terms of the incentives being offered by the City) and the written policy increases certainty in the development process. The process also makes the City’s process efficient, e.g. with a defined policy staff do not need to go to Council for clarification and sign off on multiple items.

The municipality’s cost of providing the incentives include: fees that would have otherwise been received for density bonus and parking (these fees are paid only if the project is not rental) and building permit fees (50% discount for rental projects). The City has not included reduced DCCs and property tax reductions in the incentives as it would not be affordable to the municipality.

The City has intentionally focused the rental housing policy on market rental housing, and not on non-market and affordable housing. Although new market units are more expensive in comparison to the existing stock, they provide a valuable contribution to the rental housing stock and will become more affordable over time. In order to create a policy and incentives for affordable rental units, the City would need a more complex set of agreements and administrative infrastructure.

The City has learned about the legal aspects (e.g. housing agreements, no-stratification covenants etc.) of securing rental housing, both in terms of the importance and complexities. The arrangements can be complicated (especially when air space parcels are involved) and expertise is needed. If the legal agreements are not secure, then the rental units can be lost over time through conversions.

Looking to the future, the City will consider changes to the Policy on an as needed basis, e.g. whether building permit fee reductions are required, etc. Depending on market conditions, in some parts of the city (e.g. close to transit) it is possible that in the future a sufficient rental housing may be able to be delivered without incentives, but incentives would likely still be required in other parts of the city.

The City will continue to offer the policy for rental housing into the future, in order to gain supply of market rental housing to ‘catch up’ with a lack of new supply in recent decades and to meet new demand.

Other Municipalities and Transferability

City of Vancouver - Rental 100 Program and Rental Incentive Guidelines http://vancouver.ca/people-programs/creating-new-market-rental-housing.aspx

MORE INFORMATION

City of New Westminster Planning Staff
City of New Westminster. Zoning Bylaw. Introduction. Secured Rental Residential Units Parking (Articles 150.8.7 and 150.8.8) http://www.newwestcity.ca/city_hall/bylaws/articles250.php
PROFILE 14 – INCLUSION OF MARKET RENTAL HOUSING IN
MASTER-PLANNED DEVELOPMENTS

Municipality: District of West Vancouver
Measure: OCP Policies, Master Development Agreements, Comprehensive Development Zoning

AT A GLANCE

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Rental housing is included in master-planned developments/neighbourhoods, through the development process and/or planning process.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>To ensure that residents’ needs for rental housing are met.</td>
</tr>
<tr>
<td>HOW</td>
<td>Policy that supports inclusion of a diversity of housing and rental housing specifically. Inclusion of market rental housing in Master Development Agreement and density bonus provision within a Comprehensive Development zone</td>
</tr>
<tr>
<td>COST</td>
<td>No direct cost to the municipality; negotiated with a package of services and requirements for development</td>
</tr>
<tr>
<td>RESULTS</td>
<td>In this example, 30 market rental units are to be provided in a 349-unit development.</td>
</tr>
</tbody>
</table>

Overview/Synopsis

The District of West Vancouver has general policies in the Official Community Plan to include a diversity of housing including rental housing in new developments, and to provide density bonuses for rental housing. The profile provides an example of the inclusion of rental units in the Evelyn development in West Vancouver.

Background and Rationale

The District of West Vancouver OCP encourages new purpose-built market rental housing in the community. OCP Policy H9 is to “provide amenity zoning (bonuses) for rental housing”. The OCP also provides site specific policy direction for the ‘Evelyn’ development site (21 acres) that is located on a site north of Park Royal Shopping Centre, South of Keith Road, and West of Taylor Way: the site will include “a diversity of housing . . . and will include rental housing.”

The development application for this site began over 10 years ago, and the master-planned housing development is currently being constructed in phases.

How Does it Work?

The OCP policies provided high-level policy guidance on the Master Development Agreement (MDA) and the rezoning process for the ‘Evelyn’ residential development. The agreement was for 30 units of market rental apartments as part of the 349-unit residential development, or just under 10%. The working components include:

- **Master Development Agreement**: Thirty units of market rental apartments will be secured via a Housing Agreement in the future when they are developed (per the MDA). Design of these units will be considered through a Development Permit process.

- **Rezoning**: The zoning bylaw amendment (a Comprehensive Development zone) for the ‘Evelyn’ residential development was written to include a density bonus provision, which allowed a higher residential density if 30 rental housing units were provided at no cost. (The provision of rental housing was required in addition to requirements related to site servicing etc.).


Outcomes and Reflections
The delivery of the rental units is set out in the MDA, and will be included as part of Phase 2 development of the site.

Other Municipalities and Transferability
Inclusionary housing policies can work in various ways, and most policies are focused on creating affordable rental housing not market rental housing. Municipalities can pursue various opportunities and approaches for ensuring that affordable non-market housing and rental housing are included in re-developing and newly-developing neighbourhoods. In recent years, many of these policies or incentives are tied to good transit locations, for example:

- The City of Coquitlam’s Transit-Oriented Development Strategy includes Interim Rental Housing Strategies for the Burquitlam area and includes consideration of incentives for rental housing: waiving community amenity contributions; exempting rental floorspace from density maximums subject to servicing, traffic and design review; reducing parking requirements based on review of ownership data and best practices; and encouraging partnerships to maximize the range of rental housing opportunities. Policies in the TOD Strategy include requiring developers in this area to submit a Rental Housing Strategy that covers options for tenant relocation, replacement and other measures for managing the change.

- The City of Vancouver’s Cambie Corridor Plan requires rental housing to be included within the various neighbourhoods along the Cambie corridor as part of a community amenity contribution. (Section 9.1.1 of the plan): “Provide 20% affordable market rental housing units on target rental areas in the Cambie Corridor, as a requirement of rezoning.”

- The Metropolitan Atlanta Rapid Transit Authority’s (Georgia USA) transit-oriented development policy includes a target of having 20% affordable housing for any project proposed on the authority’s property.

- The City of Chicago’s 2015 TOD Ordinance (Illinois USA) increased incentives for quality development near transit stations. It provides a number of benefits specifically to encourage affordable housing units on-site in new developments near transit. Any project benefiting from increased FAR or additional building heights must increase its share of affordable housing units on site.

MORE INFORMATION
District of West Vancouver Planning Department
District of West Vancouver OCP http://westvancouver.ca/government/bylaws-strategies-reports/strategies-plans/official-community-plan
District of West Vancouver, Development Information about Evelyn by Onni: http://westvancouver.ca/home-building-property/planning/major-applications/evelyn-onni
PROFILE 15 – DOWNTOWN RESIDENTIAL DEVELOPMENT GRANT PROGRAM USING TAX INCREMENT FINANCING

Municipality: Winnipeg, Manitoba
Measure: Tax Increment Financing used for Rental Housing Development

AT A GLANCE

WHAT
Tax Increment Financing (TIF) uses incremental tax revenue that will be generated as a result of investment in a property as a funding source for multi-year grants. These grants serve as incentive for specified capital investment – in this case housing development.

WHY
Incentive for development of housing to aid in revitalization of the downtown area. In Winnipeg programs, the TIF tool is used as a development incentive for both market rental and ownership housing.

HOW
Grants are provided to developers in the amount of incremental taxes (provincial portion is from applicable incremental education-related taxes, municipal portion is from municipal taxes) that are generated from redeveloped properties, over a period of 10 to 15 years.

COST
During the grant period participating taxation authorities (e.g. municipality, province) receive the base amount of tax, and offer grants equal to the incremental tax amount over the grant period (10 to 15 years) to developer/owner.

After the grant period taxation authorities receive the full amount of tax (base plus incremental amounts).

The program requires administrative, staff and legal resources to administer the program.

RESULTS
In Winnipeg 750 to 900 rental units are being developed through the Downtown Residential Development Grant Program.

Overview/Synopsis
The City of Winnipeg Manitoba has been using a Tax Increment Financing (TIF) tool since 2002 to offer incentives for private developers to build new rental housing in various areas of the city, particularly downtown. TIF is used as a tool to implement a significant downtown revitalization strategy and initiative.

Background and Rationale
The Provincial TIF and Municipal TIF are separate, albeit complementary, instruments. Municipalities may, under the Municipal Act and The City of Winnipeg Charter, establish their own autonomous programs without provincial partnership. While the Province prefers a municipal/provincial partnership for TIF-supported initiatives, they are able to provide TIF grants autonomously provided the municipality agrees to the purpose of the grant.

In Manitoba, the Province and the City of Winnipeg are using TIF as a tool to encourage various investments and development in specific areas. In addition, the Province is using TIF as a tool for redevelopment in municipalities outside of Winnipeg.
Enabling legislation
Municipal TIF: In 2002, the Winnipeg City Charter was amended to enable the City to establish Tax Increment Financing (TIF) programs in designated areas of the city for the purpose of encouraging investment or development in those areas. In 2004, the Municipal Act was amended to allow all municipalities in Manitoba to establish TIF programs.

Provincial TIF: In 2009 the Province enacted The Community Revitalization Tax Increment Financing Act, which gives the Province authority to levy a Community Revitalization Levy in lieu of incremental applicable school taxes on designated properties and place them into a Community Revitalization Fund to be used for specific purposes outlined in law.

How Does it Work?
TIF is a financial tool used by governments to support and encourage revitalization and redevelopment. The TIF is used to fund multi-year grants to developers/property owners, equal to the amount of incremental taxes that generated as a result of investment. Taxation authorities still receive the base tax amount during the grant years, and then they receive whole tax amount after the grant commitment ends.

TIF complements a range of planning and financial tools that aim to encourage redevelopment, revitalization and economic development. Since 2001 the TIF programs have been tuned to target the desired types (e.g. market rental, affordable rental, etc.) and locations (e.g. downtown) of new housing development.

Examples of TIF programs to incent the development of multiple family housing:

Downtown Residential Development Grant (DRDG)
- Joint program by the Province of Manitoba and the City of Winnipeg, that offers grants to qualifying developers constructing new rental or ownership housing in Downtown Winnipeg.
- Developers can offset a proportion of their capital investment through a grant equal to the applicable incremental municipal and education taxes over 10 or 15 years. The grant program provides a total of $40 million ($20 million by the Province and $20 million by the City).
- The provincial portion of the grant is funded from applicable incremental education-related taxes, and the municipal portion is funded from municipal taxes.
Live Downtown – Rental Development Grant Program

- The program requires that at least 10% of units constructed must rent for an amount equal to or less than the affordable/median market rent in Winnipeg for the first 5 years of occupancy, and 80% of the total usable square footage of the proposed development must be residential.
- Developers can receive a base grant, in addition to up to three bonus grants for construction in an identified strategic location downtown, construction on a surface parking lot, and/or the inclusion of structured parking within the project.
- The program will create 750 to 900 new rental units through a TIF program, that provides grants equal to the incremental tax amount for up to 20 years.

Outcomes and Reflections

As incremental taxes are calculated using the growth in assessment from “what was” to “what is now”, the TIF tool works best for large brownfield development and re-development of depreciated and underdeveloped properties. The key criterion is an opportunity for significant increase in projected value and taxes as a result of redevelopment, and thereby an attractive incentive for developers.

In order to determine whether or not to use the TIF tool in this context, the City and the Province needed to determine whether the project(s) would go ahead without the tool and incentive. In the above-noted examples, the desired housing development would not have otherwise occurred in the downtown and the private sector required an incentive.

In Winnipeg the TIF has been used in addition to other planning tools to contribute to an overall strategy for revitalization. The community benefit from the TIF program is significant in terms of downtown revitalization.

Using TIF as a tool requires staff and legal resources. In Manitoba, both the City and the Province have managed their respective TIF funds through existing resources. As requests for TIF support for programs and projects have increased, staff have been reprioritized to focus primarily on TIF. As TIF is a financing tool that can be used for various purposes it is important to note that other government departments are often involved in program and project development in a team approach. For example, in the housing programs noted above two departments from the Province were involved: Municipal Government, as the department responsible for the Act, and Housing and Community Development, as the department responsible for housing, providing expertise.
Other Municipalities and Transferability
The TIF tool (different models) has also been used in Ontario, Nova Scotia and Saskatchewan.

The Province of BC provided information that the use of Tax Increment Financing is not available to local governments and developers in British Columbia. Somewhat related, Section 226 of the Community Charter permits a municipal council to create revitalization tax exemptions for types of development that increase housing affordability. This is probably the provision that most closely resembles tax increment financing. The authority under this section is quite broad, and is introduced in this guide: http://www.cscd.gov.bc.ca/lgd/gov_structure/library/community_charter_revital_tax_exemptions.pdf

MORE INFORMATION

City of Winnipeg Planning, Property and Development Department
City of Winnipeg Strategic Services and Housing Division
Province of Manitoba - Planning Policy and Programs Branch, Manitoba Municipal Government http://www.gov.mb.ca/ia/bldgcomm/index.html
Province of Manitoba – Strategic Initiatives Branch, Manitoba Housing and Community Development
Downtown Residential Development Grant Program http://demandlivesdowntown.ca/

Province of Manitoba Rental Housing Construction Tax Credit Program
This program (since 2013) stimulates the construction of rental housing (5 or more units) and increases the quantity of new affordable rental housing units (10% affordable housing units). Eligible landlords who develop rental housing receive a tax credit certificate worth up to eight percent (8%) of the capital cost of new rental housing construction in Manitoba, to a maximum credit of $12,000 per eligible rental unit.

http://www.gov.mb.ca/housing/mh/progs/rental_housing_tax_credit.html
PROFILE 16 – REDUCED DEVELOPMENT FEES AND ACCELERATED APPLICATION PROCESSING FOR RENTAL HOUSING PROJECTS

<table>
<thead>
<tr>
<th>Municipality:</th>
<th>Multiple Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure:</td>
<td>Policies and/or provisions within bylaws</td>
</tr>
</tbody>
</table>

**AT A GLANCE**

<table>
<thead>
<tr>
<th>WHAT</th>
<th>Waiving or reducing fees, and reducing processing time for rental housing development applications.</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHY</td>
<td>Provides an incentive for rental development through reduced costs for developers.</td>
</tr>
<tr>
<td>HOW</td>
<td>Policies to reduce, for rental housing only, various types of fees (e.g. DCCs, Building Permit fees, servicing costs, amenity contributions) associated with development, to make it more feasible and to encourage new rental housing units.</td>
</tr>
<tr>
<td></td>
<td>Policies to process rental housing development applications more quickly.</td>
</tr>
<tr>
<td>COST</td>
<td>Reduced revenue from fees.</td>
</tr>
<tr>
<td>RESULTS</td>
<td>Variable depending on fee/time reduction provided, and development context.</td>
</tr>
</tbody>
</table>

**Overview/Synopsis**
Several municipalities in Metro Vancouver waive or reduce fees and costs associated with development, and optimize application processing time, to incentivize purpose-built rental housing applications. A few examples are provided in this profile.

**Background and Rationale**
Feedback from developers is that an efficient and clear development process can be even more important to a decision to pursue a rental development project than financial incentives and fee waivers. The desire for an efficient and clear development process points to the importance of clear policies and development processing priority for rental projects.

Application, processing, and development fees vary considerably across the region and contribute to the cost of construction. Fee waivers and reductions are another tool intended to reduce the financial gap between rental housing development and market ownership development, thereby improving the economics of new market rental housing.

**How Does it Work?**
The following are examples of different approaches to fee waivers or cost reductions for rental housing projects in various municipalities, which are intended to reduce the cost of development and create an incentive for rental housing development:

**Development Cost Charges (DCC)/Development Cost Levies (DCL)**
The City of Vancouver Rental 100: Secured Market Rental Housing Policy states that the DCL is waived for projects in which 100% of the residential development is rental. For 100% rental projects that were approved through the previous City of Vancouver rental incentive STIR program, the primary financial incentive was the waiving of DCLs. In these projects, $1.8 million in waived DCLs enabled 372 rental units. The overall financial incentive to create these units was just under $5,000 per unit.41
The City of North Vancouver reduces DCCs by 50% for market rental projects.

Waived Community Amenity Contributions
The City of North Vancouver Density Bonus and Community Amenity Policy states that no amenity fund contribution is required for 100% secured rental housing projects.

Legal Fees
Cities of New Westminster and Coquitlam pay legal fees for preparation of housing agreements for rental housing.

Reduced Building Permit Fees
In New Westminster the Secured Market Rental Housing Policy provides 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. 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.

Relaxations to Servicing Requirements
In New Westminster, the Secured Market Rental Housing Policy states that: “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.”

Application Processing Times/Concurrent Processing
City of Vancouver Rental Housing Incentive Guidelines state that for applications in which 100% of the residential development is rental, concurrent processing of rezoning and development permits is offered if the form of development at rezoning is known and supportable.

New Westminster Secured Market Rental Housing Policy also offers concurrent processing of rezoning and development permits for applications that are 100% secured market rental.

Outcomes and Reflections
Some municipalities do not want to waive fees that are collected to fund community-wide projects and services. DCCs are required to fund needed community infrastructure projects, and if funds are not collected from development, the municipality must source the funds from elsewhere in the municipal budget.


Municipal Understanding of Rental Development Needs
From the perspective of some in the rental housing owner/developer community, municipalities indicate a priority for rental housing; however this is not always reflected in practice. Ideas for improvement include:

- Municipalities could meet regularly with rental housing owners and rental housing developers to get an understanding of their plans and needs for rental housing. This knowledge could inform the policies and process.
- Municipalities could assign a staff contact/ombudsman role within the existing administrative structure to encourage and facilitate the municipal role in rental housing.

City of Regina Capital Grant and Tax Exemption Incentives
The City of Regina Saskatchewan provides capital grant and tax exemption incentives through the Housing Incentives Policy (HIP) to stimulate new rental and ownership units that address current housing needs. The HIP was revised in October 2015 and amendments included increased incentives for developers of below market rental units in order to increase the supply of below market rental housing, focusing on infill development and areas of core housing need and aging housing stock.41
ENDNOTES


2 Starr Group as cited in McClanaghan and Associates for City of Vancouver. August 2010. City of Vancouver Rental Housing Strategy Research and Policy Development Synthesis Report. Page 7. In this report McClanaghan also notes that rented condos tend to be smaller, have higher rents and be inherently less likely to remain in the rental pool than purpose-built market rental (page 85).


4 Coriolis Consulting Corp. for Metro Vancouver. 8 May 2012. Metro Vancouver Purpose-Built Market Rental Housing: Inventory and Risk Analysis.


8 Canadian Federation of Apartment Associations. 2014. Pre-Budget Submission to the Federal Finance Committee.


11 Canadian Federation of Apartment Associations. August 2015. Rental Housing in the 2015 Federal Budget.


17 Federation of Canadian Municipalities. 2012. No Vacancy: Trends in Rental Housing in Canada.(page 2)
23 Federation of Canadian Municipalities. 2012. No Vacancy: Trends in Rental Housing in Canada. (page 2)
28 Section 516 was added by an amending bylaw to Zoning Bylaw 6700: Bylaw 7830, 2005
29 For more information refer to City of North Vancouver Density Bonus and Community Amenity Policy http://www2.cnv.org/CityShaping/density_bonusing.html
City of Vancouver Development Permit Board reports for the first four Laneway 2.0 projects approved can be found on the City of Vancouver Development Permit Board page [http://vancouver.ca/home-property-development/development-permit-board.aspx](http://vancouver.ca/home-property-development/development-permit-board.aspx). Search by date of meeting and address of project, to obtain relevant documents (minutes, reports from staff) for each project:

- 1071 Cardero Street - October 20, 2014
- 1546 Nelson Street – October 20, 2014
- 1529 Comox Street – April 20, 2015 (Summary information about of this project is included above in this profile.)
- 1427 Haro Street – July 27, 2015

Refer to Profile 10 for more discussion about Tenant Assistance Policies


Interest rates reflect the City’s current return on its investment portfolio with terms to maturity of up to 20 years (multi-residential buildings) for the purpose of recovering the City’s foregone investment income on the funds used by the Residential Energy Retrofit Pilot Program. As part of the overall cost of the Program, the interest rate will be applied to the cost of each retrofit project and used to determine the local improvement charges imposed by the City on participating properties.

A LIC (local improvement charge) is a municipal financing tool traditionally used to help cover the costs of local infrastructure improvements (e.g. street lights, sidewalks for a particular street).


More information about Toronto’s Tower Renewal Program is available here: [http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7fe8f40f9aae0410VgnVCM10000071d60f89RCRD](http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7fe8f40f9aae0410VgnVCM10000071d60f89RCRD)

Summary information about programs in other cities is available in City of Toronto report: [http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-59644.pdf](http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-59644.pdf)


More information about Regina HIP [http://www.regina.ca/residents/housing/housing-tax-incentives/](http://www.regina.ca/residents/housing/housing-tax-incentives/)