



Short term Incentives for Rental (STIR)

Mayor's Roundtable

April 25, 2009

Building Affordable and Rental Housing

Mayor's Roundtable

Part One -

Goals and Objectives of STIR Program

Building Affordable and Rental Housing

Council Motion - 03 March 2009

The Mayor to convene a round-table consultation to discuss both

- short term measures and
- elements of a longer-term strategy

Staff to report to Council on methods to immediately increase rental housing

The Challenges

Economics of Rental Housing

- 0.3% rental vacancy rate*
- \$936 average 1 bedroom rent
- 52% of total housing stock
- 48% of residents are renters

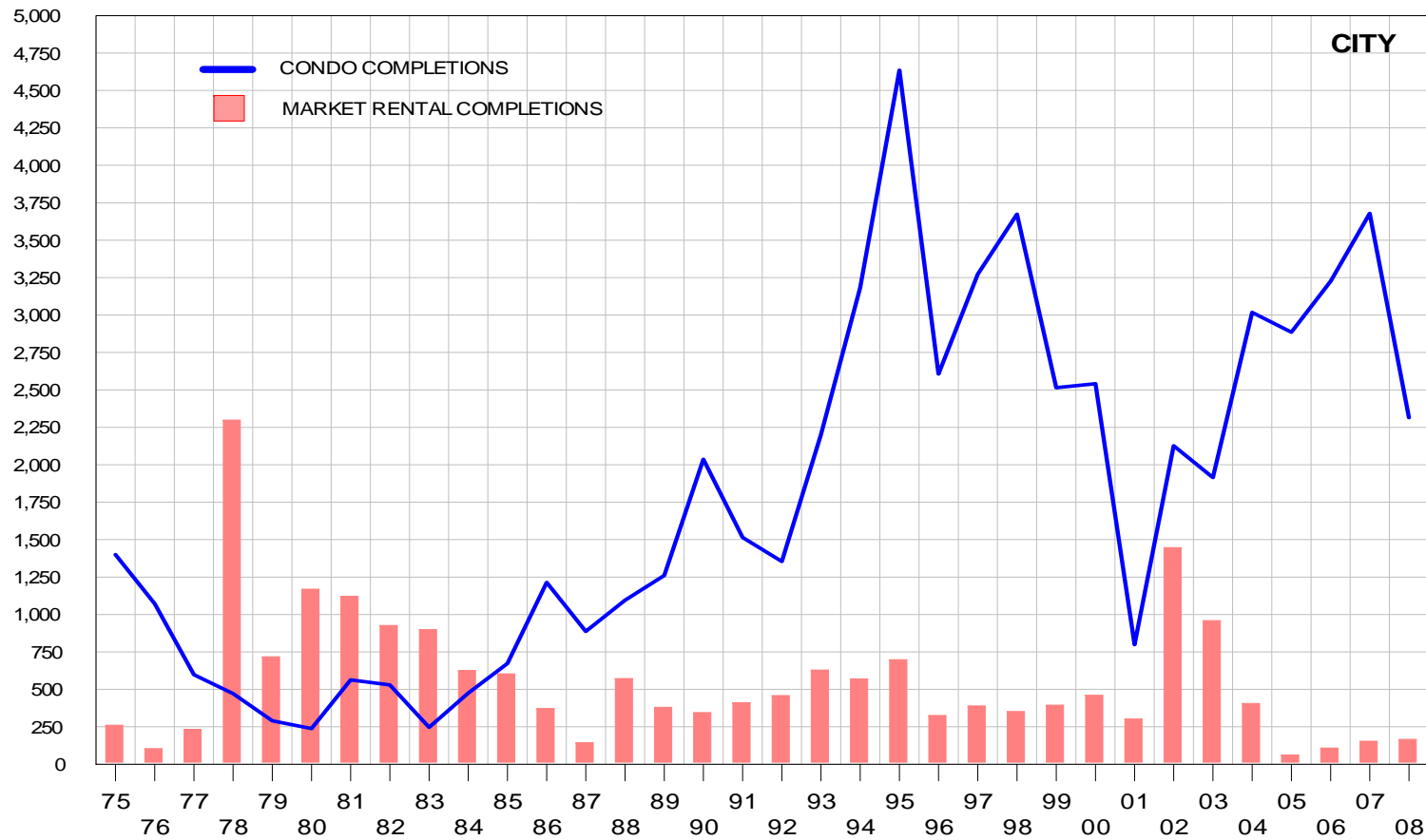


*CMHC Rental Market Survey, Oct 2008

The Challenges

Economics of Rental Housing

ROW & Apartment Completions by Tenure (CMHC)



The Challenges

Rental Housing Issues

- Existing stock is aging and in need of re-investment
- Little rental constructed in recent years
- Condo rentals are increasingly important but rents are higher and units may be withdrawn from rental pool
- Need short term initiatives to stimulate rental supply during this economic downturn
- Need longer-term City actions and involvement of senior levels of government in a strategy to take us through various development cycles

Long-Term Solutions

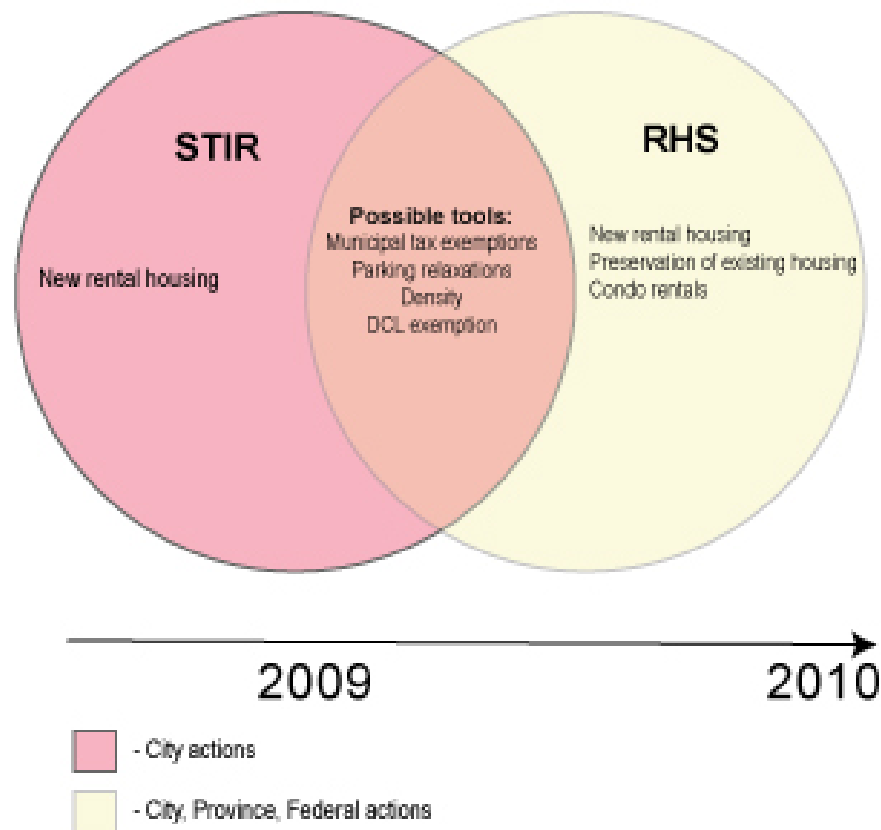
Rental Housing Strategy

- Strategy will provide a long term sustainable approach to protect and increase rental stock through various development cycles
- Evidence-based analysis to develop policies for City as well as sound basis for advocating to other levels of government
- Comprehensive approach with consultant studies on:
 - Supply/demand
 - Purpose built stock (Inventory, Condition, Investment, New Supply)
 - Rented condos

City's Rental Housing Initiatives

Short Term & Long Term

RHS/STIR RELATIONSHIP



The Window Of Opportunity

Short term Incentives for Rental - STIR

- Currently little development of market housing
- Motivated development industry looking for new opportunities or exit strategies for stalled projects
- Strong demand for new rental housing stock
- Timely response between market stagnation and recovery

Short-Term Incentives for Rental - STIR

Proposed Goals and Objectives

- 1) Expand the supply of new rental housing stock
- 2) Take unilateral action using City resources to kick start rental housing development
- 3) Provide leadership in difficult economic times to encourage continued developmental activity
- 4) Encourage 100% new multi-residential rental housing 'in perpetuity'
- 5) Balance the Directions expressed in Community Visions with the need to accommodate new rental housing development that is focused in local shopping areas and near transit stations

Short-Term Incentives for Rental - STIR

Proposed Goals and Objectives

- 6) Adhere to the Rate of Change regulations on redevelopment of existing rental housing stock
- 7) Maintain urban design quality and green building standards
- 8) Apply a program City-wide
- 9) Encourage rental housing in association with transit
- 10) Seek 'value for money' (Rental supply relative to incentives)

Short-Term Incentives for Rental - STIR

Proposed Goals and Objectives

What are your thoughts on **Goals**
and **Objectives** for STIR?

Building Affordable and Rental Housing

Mayor's Roundtable

Part Two - Ideas for the STIR Program

Short-Term Incentives for Rental - STIR

Proposed Components

- Program is **time-limited** (renewable @ 2 years)
- Program **effectiveness** will be monitored
- Increase in **supply** may assist with **affordability**

Short-Term Solutions

What can the City do? - Potential Incentives

- Property Tax
 - Exemptions (City, not School, Etc)
 - Rental Assessment
- DCL Exemptions
- Fee Reductions (subject to Charter change)
- Parking Requirement Reductions
- Increased Density and Height
- Expedited Permit Processing
- Potential City Land Contribution



STIR: Proposed Program Streams

Private-Owned Land

1 Simple

- Predetermined incentive package
- No rezoning or renegotiated existing approvals
- Simpler and quicker
- 100% Rental in perpetuity

‘Project fits the Program’

2 Negotiated

- Applicants make proposal
- Discretionary review including rezoning
- Range of negotiated incentives with analysis
- May involve mixed tenure and flexible rental terms

‘Program fits the Project’

STIR: Proposed Program Streams

City-Owned Land

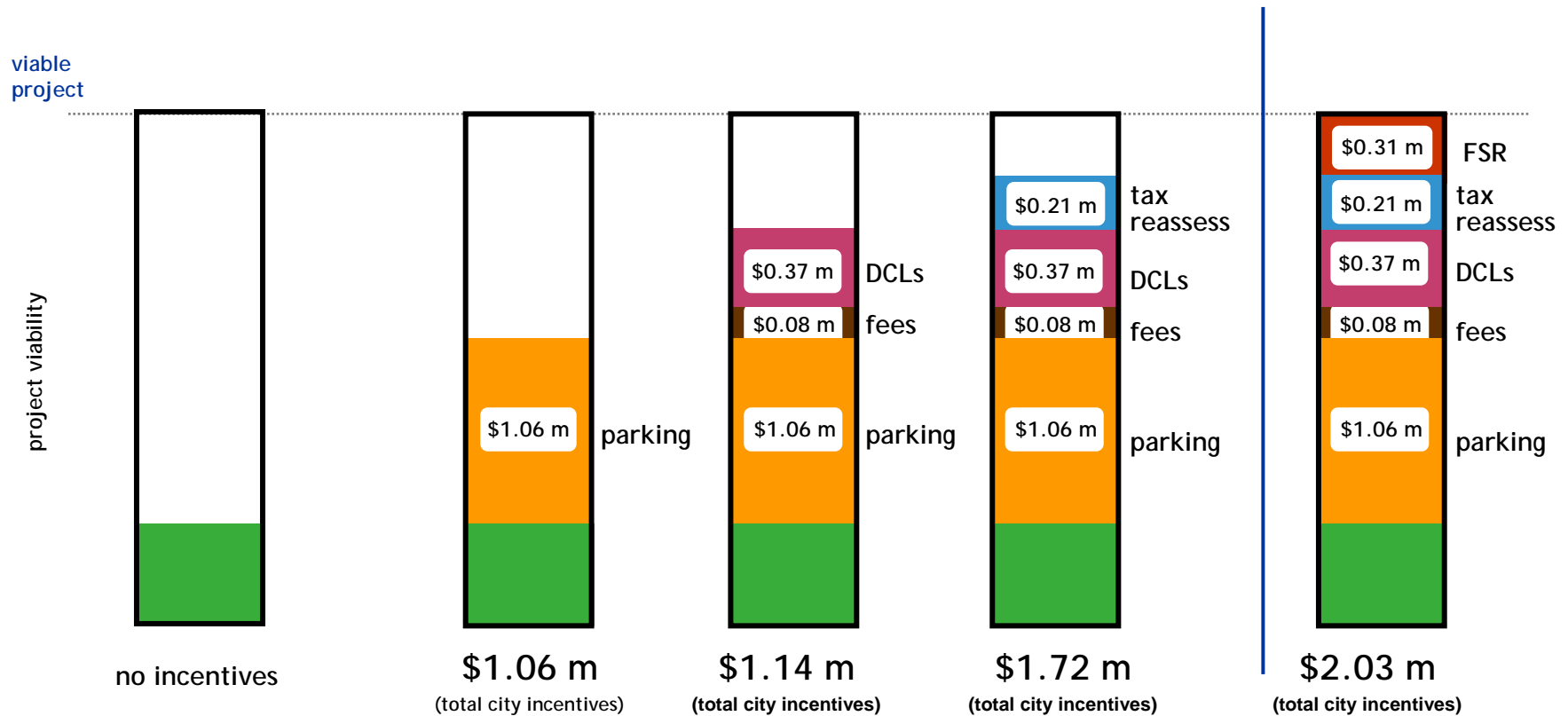
3 Potential City Owned Land

- Staff to report on prospects for development on competitive basis
- Evaluate trade off with other uses and social housing as well as future opportunity costs
- Evaluate leasehold vs freehold



The Challenge

Economics of Rental Housing & Impact of Incentives



* sample project: 4 storey, wood frame building on major transit corridor (East Vancouver)

* assumes market rents (\$2/sq.ft.) and 10-15% return on costs

STIR: Potential Incentives

Simple vs. Negotiated Streams

1 Simple (Pre-Determined)

- Property Tax Rental Assessment
- DCL Exemptions
- Develop & Bldg Fee Reductions (Charter Change)
- Parking Reductions
- Expedited Processing

'Project fits the Program'

2 Negotiated

- Property Tax
 - Exemptions (10 yr) or
 - Rental Assessment
- DCL Exemptions
- Develop & Bldg Fee Reductions (Charter Change)
- Further Parking Reductions
- Expedited Processing
- Density & Height - rezoning

'Program fits the Project'

Next Steps

Looking Forward

April 2009

May/June 2009

June/July 2009

July/Aug/Sept 2009

Initial Consultation

Report/Endorse

Enable

Implementation

Mayor's Roundtable

Report to Council

By-law Changes

Applications Begin

**Communications
Strategy**

**Public Delegations to
Council on Program**

**Council Endorses
Program**

STIR Program

What are **your ideas** for the STIR program?