



City of Vancouver *Planning-By-law Administration Bulletins*

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RENTAL INCENTIVE GUIDELINES

Authority - Director of Planning

Effective May 15, 2012

Amended January 10, 2013, December 3, 2013, May 26, 2015, January 12, 2016, June 1, 2016, and January 31, 2017

This Bulletin provides further information on the rental incentives approved by Council on May 15, 2012 through the Secured Market Rental Housing Policy. The guidelines contained in this document will help inform the way in which the rental incentives are applied to specific projects.

Parking Requirement Reductions

Parking reductions will be considered for all market rental housing units that are secured for a term of 60 years or life of the building, whichever is greater, through a Housing Agreement. Market rental housing applications involving new buildings, alterations of or extensions to existing dwelling units are eligible for parking reductions. For more information, please see “Secured Market Rental Housing” in the City of Vancouver’s Parking Bylaw: <http://vancouver.ca/your-government/parking-bylaw.aspx>.

Downtown: secured rental projects will have a greater opportunity to substitute car share services for required parking spaces.

Outside of the Downtown: secured market rental projects will benefit from a reduced parking standard and will have a greater opportunity to substitute car share services for required parking spaces.

Development Cost Levy (DCL) Waivers

Projects creating new rental supply, where 100% of the residential development is rental in tenure are eligible for a DCL waiver for the rental portion of the development. Under the Vancouver and Area Specific Development Cost Levy By-laws (the “DCL By-laws”), DCLs for rental housing can be waived for “for-profit affordable rental housing” where the tenure is secured through a Housing Agreement. Projects that include existing rental units (e.g. alterations or extensions) are not eligible for the waiver.

The DCL waiver regulates maximum unit size and rents by unit type and hard construction cost for the project.

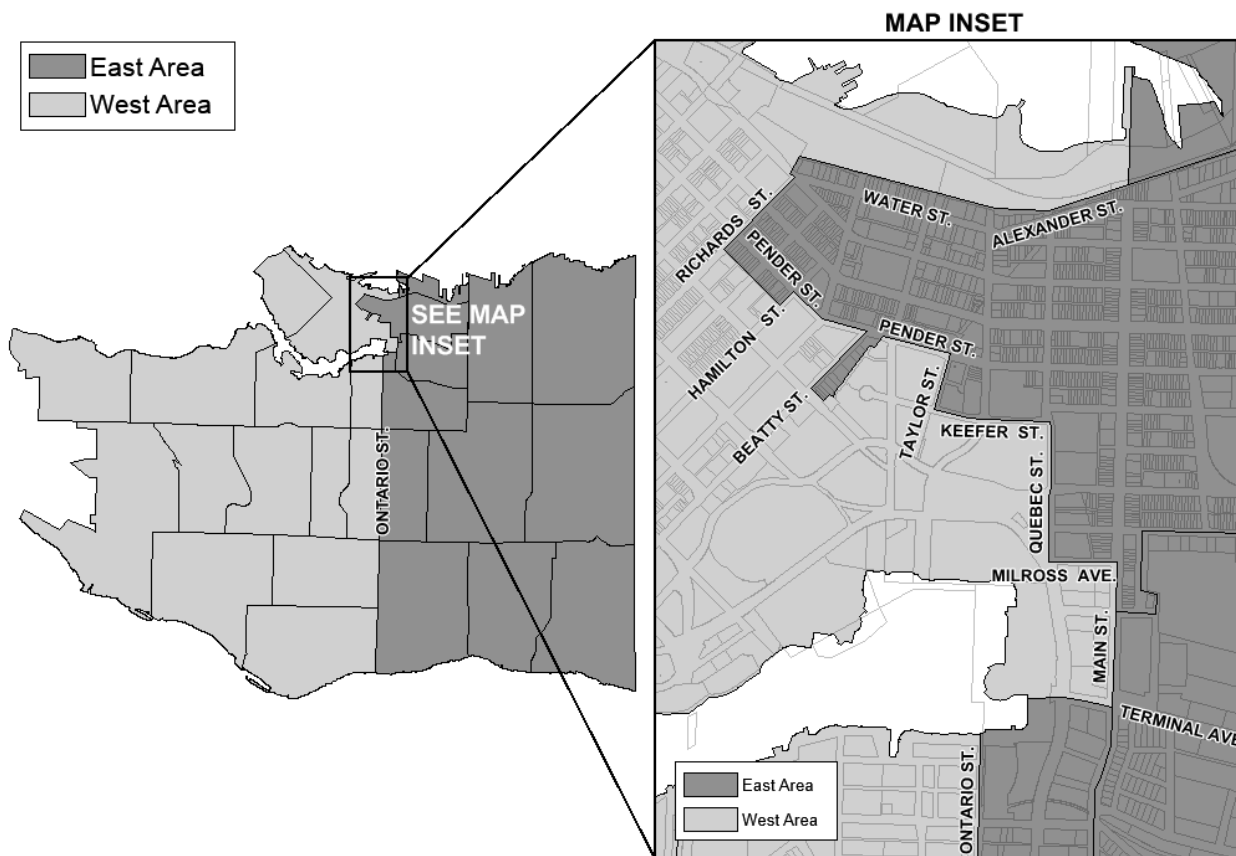
Average Maximum Rents for 2016

In order to be eligible for the DCL waiver in 2017, proposed project rents must meet or fall below the following (*Updated December 2016*):

Unit Type	East Area DCL Maximum Rents 2017 ¹	West Area DCL Maximum Rents 2017 ²
Studio	\$1,360	\$1,496
1-bedroom	\$1,747	\$1,922
2-bedroom	\$2,308	\$2,539
3-bedroom	\$3,030	\$3,333

Please refer to the map below for more information on Vancouver neighbourhood boundaries.

Vancouver Map – East and West Areas



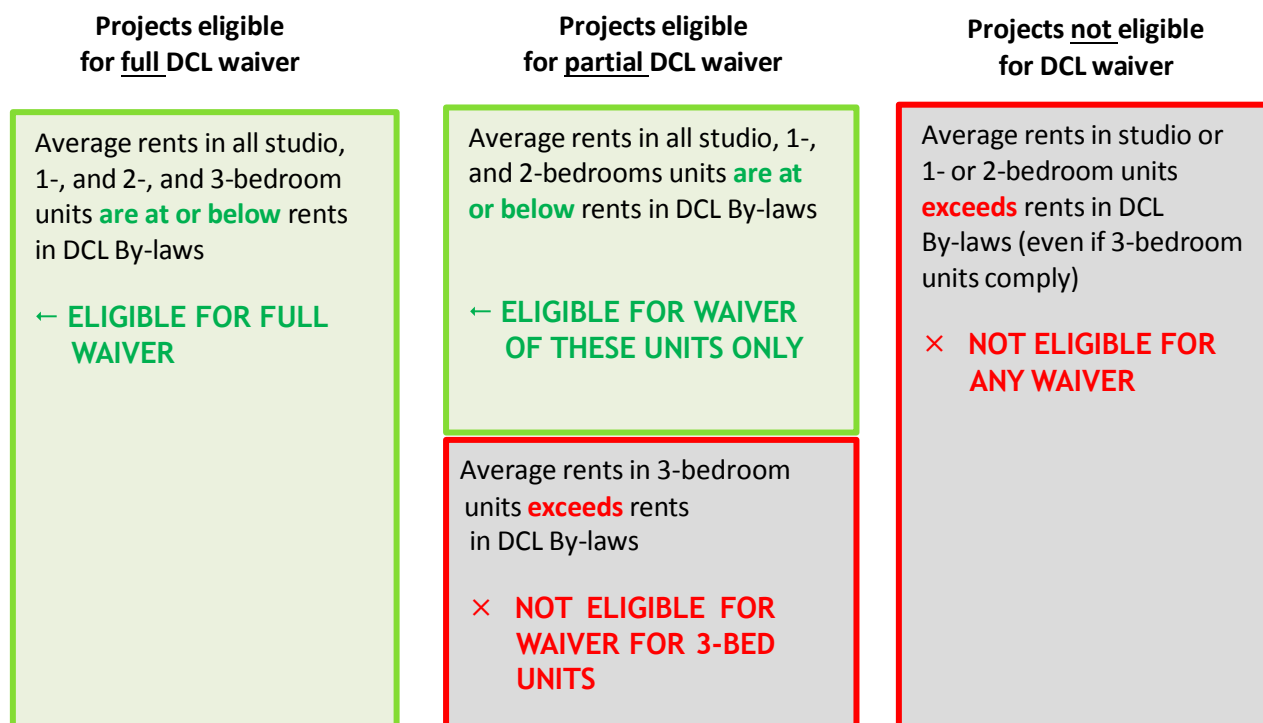
¹For studio, 1-, 2-, and 3-bedroom units, the maximum DCL rents are the average rents for all residential units built **since the year 2005** in the City of Vancouver as published by CMHC in the fall 2016 Rental Market Report.

²For studio, 1-, 2-, and 3-bedroom units, the maximum DCL rents are the average rents for all residential units built **since the year 2005** in the City of Vancouver as published by CMHC in the fall 2016 Rental Market Report plus 10%.

Two Option Approach for 3 bedroom units

One of Council’s objectives is to create more diversity in the rental housing stock. This includes encouraging more housing suitable for children and families, especially 3-bedroom units. In order to meet this objective, a full and partial DCL waiver is available for projects proposing 3 bedrooms as illustrated below:

Figure 1: Project Eligibility for DCL Waiver System - Meeting the Rental Rates



Projects that meet all criteria, including the average rent for all bedroom types will receive a full waiver.

Projects with 3-bedroom units that do not meet the rent requirement, but meet the average rents in all the other bedroom types will be eligible for a partial waiver for the studio, 1- and 2-bedroom units. A full DCL will be charged for the 3-bedroom units.

Apart from meeting the rental rates requirements, projects eligible for a full or partial waiver must not exceed the maximum unit size for all unit types and maximum construction costs outlined in the DCL By-laws.

Note: a partial waiver is not permitted for studio, 1- and 2-bedroom units. These unit types must all meet the maximum rental rates in order to qualify for any waiver.

Average Maximum Unit Sizes

Unit size can contribute significantly to affordability. The maximum sizes for units, excluding storage, are as follows:

- studio – 42 square meters (450 sq. ft.)
- one-bedroom – 56 square meters (600 sq. ft.)
- two-bedroom – 77 square meters (830 sq. ft.)
- three-bedroom – 97 square meters (1,044 sq. ft.)

These unit sizes generally correspond to BC Housing standards for affordable housing and City of Vancouver Housing Design and Technical Guidelines. They will be used in determining eligibility for DCL waivers. Bulk storage, excluded from FSR Calculations, shall NOT be included in the measurement of the dwelling unit floor area.

Construction Costs

For 2017, the proposed construction costs for the rental residential floor area should not exceed \$3,014 per square meter.

This cost is updated annually on January 1 to reflect any change in medium level construction costs for Residential Apartments as set out by Altus Group in the Construction Cost Guide published in the previous calendar year.

Social Housing

Projects where 100% of the residential development is rental in tenure and also contain another type of housing exempt from DCLs, such as social housing, are eligible for the DCL waiver provided that the market rental units meet the requirements under the DCL By-laws.

Administration of the Waiver

How are rental rates evaluated for each project and when do they come into effect?

The starting rents for eligible projects must not exceed the maximum rental rates set out in the DCL By-laws. For applications requiring rezoning, the proposed starting rents would be evaluated against the DCL maximum rents at the time of the public hearing. For projects developing under existing zoning, rents would be evaluated against the DCL maximum rents at the time the 'prior-to' letter of approval is issued.

Once projects are approved, the proposed starting rents may be increased from the time of approval (until occupancy) by the allowable rent increases set out annually by the Provincial Tenancy Office. This is the maximum starting rents that the project can charge at initial occupancy.

Note: the rent requirements under the DCL By-laws apply only to the starting rents at initial occupancy. After occupancy, rent increases are regulated by the Provincial Residential Tenancy Act.

When is the DCL waiver processed?

Once projects are approved, DCLs are calculated and waived at the time of Building Permit issuance.

Additional Floor Area

Applications made under Policy 1.2 (Residential Rental Projects Requiring a Rezoning for Secured Purpose-Built Rental Housing for projects where 100% of the residential floor space is rental) are eligible for additional density. All projects requesting additional floor area through a rezoning are subject to urban design review and a rezoning process including public hearing. Proposals will be reviewed for conformance to the City's liveability standards including tower spacing, setbacks, shadowing, view impacts, overlook and contextual fit. All applicable guidelines of Council will be considered.

The following guidelines provide general direction for consideration of additional density.

*Areas	Zoning District	General Guidelines
Commercial Areas and Arterials	C-1	Generally consider C-2 form of development (e.g. 4 storeys and 2.5 FSR)
	C-2, C-2B, C-2C, C-2C1	Generally consider increases up to 6 storeys and commensurate achievable density
	C-3A, C-5, C-6	Consider additional density; adhere to existing height limits and generally to guidelines
	RT zones on arterials	Generally consider RM-4N form of development (i.e. 1.45 FSR)
Multi-Family areas	RM-3, RM-3A, RM-5A, RM-5B, RM-5C, RM-6	Consider redevelopment of sites where existing rental units do not currently exist and infill development where appropriate on sites where existing tenants are not displaced Adhere to existing height limits and generally to guidelines
CD-1 zoned areas	CD-1	Consider redevelopment of sites where existing rental units do not currently exist and infill development on suitable sites where existing tenants are not displaced; height and density as appropriate to location and context
Industrial areas that allow residential	MC-1	Consider modest increases in height and density
Areas with Official Development Plans that allow residential	ODP areas	Consider development sites which allow for residential density where there are no conflicts with existing policies for social housing (e.g. the density bonus for social housing for small sites in the Downtown South) Consider additional density appropriate to context; adhere to existing height limits

Interested applicants are encouraged to inquire with City staff at the pre-application stage to determine the suitability of a site and the merits of a particular rental housing proposal.

In areas undergoing community planning programs, there are interim rezoning policies in place. These will continue to apply. Appropriate locations for market rental housing will be considered pending the outcome of these planning processes.

Concurrent Processing

Applications made under Policy 1.2 (Residential Rental Projects Requiring a Rezoning for Secured Purpose Built Rental Housing for projects where 100% of the residential development is rental) are eligible for concurrent processing of rezoning and development permits where the form of development at rezoning is known and supportable. Applicants are not encouraged to incur the expense of development permit drawings when the form of development is uncertain at rezoning.

Housing Agreement Requirements

Security of Tenure

The rental units will be secured for a term of 60 years or life of the building, whichever is greater, through legal agreements, (e.g. Housing Agreement pursuant to section 565.2 of the Vancouver Charter including no stratification and no separate sales covenants), or any other legal mechanism deemed necessary by the Director of Legal Services and the General Manager of Community Services.

Proposed Starting Rents

Proposed starting rents will be secured through a Housing Agreement.

If the project is subject to a rezoning, the proposed starting rents will be specified in the Council Report and approved by Council following a Public Hearing. For projects that do not involve a rezoning, the proposed starting rents will be specified in the “prior-to” letter of approval. Once projects are approved, the proposed starting rents may be increased from the time of approval (until occupancy) by the allowable rent increases set out annually by the Provincial Tenancy Office. This is the maximum starting rents that the project can charge at initial occupancy.

After occupancy, rent increases are regulated by the Provincial Residential Tenancy Act.

Family Housing Requirements

The City’s Secured Market Rental Housing Policy encourages the inclusion of family housing. For rezoning applications, the target for family housing units is set at 35 percent of units. The Director of Planning may consider a relaxation for projects that demonstrate significant design challenges or where the application of the policy would deter the development of a project that meets other Council approved policies and objectives. For more information, please see “Family Room: Housing Mix Policy for Rezoning Projects”:
<http://vancouver.ca/people-programs/housing-options-for-families.aspx>.

For simple stream applications (involving a development permit only), the target for family housing units is set at 25 percent of units.

Family units will be 2 or more bedrooms designed to meet the Council adopted guidelines for High Density Housing for Families with Children.