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Date: 3/22/2018 3:49:56 PM
Subject: Memo - Moderate Income Rental Housing Pilot Program Update
Attachments: Memo to Mayor and Council - Moderate Income Rental Housing Pilot Program....pdf

Greetings Mayor and Council,

Please see the attached memo from Gil Kelley that provides information on the Moderate Income Rental Housing Pilot Program (MIRHPP).

- In brief, the memo provides an update on the implementation of the MIRHPP, explains the results of the initial project proposal intake phase and outlines next steps.
- Appended to the memo is a FAQ document that was published and circulated earlier this week to provide interested proponents and the public with additional notes and clarifications on the MIRHPP policy.
- The memo is for Council's information; no staff recommendations are contained.

If you have any questions, please contact Dan Garrison, Assistant Director, Housing Policy at 604-673-8435 or dan.garrison@vancouver.ca.

Best,
Sadhu

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MEMORANDUM

March 22, 2018

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
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Janice MacKenzie, City Clerk
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Kaye Krishna, General Manager, Development, Buildings and Licensing
Jerry Evans, Director, Real Estate Services

FROM: Gil Kelley, General Manager, Planning, Urban Design and Sustainability

SUBJECT: Moderate Income Rental Housing Pilot Program Update

Dear Mayor and Council,

The Moderate Income Rental Housing Pilot Program was approved by Council on November 29, 2017 in conjunction with the Housing Vancouver Strategy 2018-2027.

What is the Moderate Income Rental Housing Pilot Program (MIRHPP)?

The MIRHPP incentivizes the development of 100 percent rental buildings where at least 20 percent of the residential portion of the building is permanently affordable and targeted to households with moderate incomes earning between \$30,000 and \$80,000 annually. As a limited pilot program, the MIRHPP creates the opportunity to invite up to 20 projects to submit full rezoning applications by July 1, 2019.

Significant Initial Interest

As part of an initial intake phase, the development industry was invited to submit Pre-Enquiry Applications to create rental housing between January 1 and February 16, 2018. There was significant initial interest in this opportunity, including a variety of development firms, architects and consultants that engaged staff and led submissions.

By the February deadline, staff received a total of 55 proposals for projects on 51 different sites across the city:

- Proposed sites were located in 17 different neighbourhoods across Vancouver, with 44% in locations on the westside and 56% in locations on the eastside
- Proposed sites were located in a wide variety of zoning districts across the city, including mixed use commercial districts (C zones) and one and two family dwelling districts (RS and RT zones)
- A notable number of proposed sites were located off of arterial roads, and roughly one quarter of submissions were for corner sites at the intersection of two arterial roads
- Proposed project scales and forms ranged widely from low-rise buildings on smaller sites in lower-density areas to high-rise tower-podium forms along major arterial roads

20 Projects Invited to Proceed

On March 19, 2018, staff provided response letters back to each of the Pre-Enquiry applicants. 20 proposals were invited to proceed under the program and submit a formal rezoning enquiry package. 7 proposals were placed on a waitlist for future consideration under the program if capacity becomes available. 28 proposals were not eligible for current consideration because they did not meet the MIRHPP policy requirements or other City objectives. However, staff recommended some of these proposals be explored under other City policies or plans that create opportunities for rezoning to create secured rental housing. Several ineligible proposals also highlighted key areas of interest for future exploration (eg. alternative workforce housing), which will be detailed as part of future reporting back on the MIRHPP.

Along with the response letters, staff circulated a Frequently Asked Questions document clarifying some of the key policy requirements of the MIRHPP. This document has been posted on the City's website, and is attached to this memo in Appendix A.

Amongst the 20 proposals invited to move forward to the enquiry phase:

- Sites were located in 11 different neighbourhoods, with 35% in locations on the West Side and 65% in locations on the East Side
- Sites were located in a range of zoning districts, including 20% in one and two family dwelling districts (RS and RT zones), one site in a multiple dwelling (RM) district and one site in a comprehensive development (CD-1) district
- The average proportion of Moderate Income units included was nearly 25%, and in total these projects proposed to deliver approximately 750 moderate income rental units and 2,250 secured market rental units. Please note: these are proposed unit numbers only, and are subject to change as project enquiries proceed. Final unit numbers will be determined at rezoning approval.

Next Steps

A final deadline of May 25, 2018 has been set for applicants to submit rezoning enquiry packages for proposals invited to proceed as part of the initial MIRHPP intake process. Staff have also indicated that proponents who are able to deliver complete enquiry packages ahead of two early submission deadlines (April 13 and May 4, 2018) will receive early responses. Depending on applicant response times, staff are expecting to be able to begin inviting formal rezoning applications as early as June 25, 2018. Depending on the results of this phase, a future MIRHPP Pre-Enquiry Application intake period may be required.

City staff will report back to Council on the MIRHPP as this program moves forward and as part of the Housing Vancouver Annual Progress Report. Following the conclusion of the pilot in July 2019, staff will also report back with lessons learned and recommendations for future programs to encourage the construction of moderate income rental housing in Vancouver.

If you have any questions, please contact Dan Garrison, Assistant Director, Housing Policy at 604-673-8435 or dan.garrison@vancouver.ca.

A handwritten signature in black ink, appearing to read 'Gil Kelley', with a long horizontal stroke extending to the right.

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March 19, 2018

MODERATE INCOME RENTAL HOUSING PILOT PROGRAM (MIRHPP) Frequently Asked Questions

In response to questions received to date, this document provides additional information and clarifications on the application process, requirements and available incentives associated with the Moderate Income Rental Housing Pilot Program, approved by City Council on November 29, 2017.

1. PROCESS & TIMELINE

The MIRHPP creates an opportunity for submission of up to 20 rezoning applications between January 1, 2018 and July 1, 2019. In order to ensure timely processing, the application process is being phased and involves submission of a Pre-Enquiry Application form.

The initial Pre-Enquiry Application submission window closed on February 16, 2018. Given the number of submissions received, the program is currently fully subscribed and additional applications are not being accepted until further announcement.

Updates will be available on our website at: vancouver.ca/rental100

2. REQUIREMENTS

2.1 Moderate Income Unit Starting Rents

The maximum average rents by unit type set out in Section 2a of the policy bulletin are the starting rents that will apply for the first Moderate Income tenants at project opening. Unlike the rental rates in the market rental units, the Moderate Income Unit rents may not be inflated ahead of project opening.

2.2 Tenant Relocation

Comprehensive tenant relocation planning is required for all MIRHPP projects where existing tenants would be impacted. A City-approved tenant relocation plan will be required prior to rezoning approval. This means that, at minimum, any tenants impacted or displaced must be offered support, compensation and relocation assistance in accordance with the terms set out in the City's [Tenant Relocation and Protection Guidelines](#), regardless of whether they would otherwise be eligible under that policy.

2.3 Eligible Sites

Proposals may be considered for sites in zoning districts described in the section 3g table of the policy bulletin. Sites in areas not identified, or proposals that do not conform with applicable Council land use and development policy (eg. the Regional Context Statement) will not be considered.

Conformity with Recently Approved Community Plans

Project proposals for sites located in areas covered by recently approved community plans (eg. Grandview-Woodland, Cambie Corridor, Downtown Eastside, Marpole, West End, Joyce Station Area, Mount Pleasant, Norquay Village) must respect the policy directions contained in those plans. Projects seeking heights and densities in excess of plan direction will not be considered.

3. INCENTIVES

3.1 Relaxations to Unit Size and Configuration

Certain relaxations of unit sizes and configuration may be considered for Moderate Income Rental units, subject to project location, livability and design performance, and increased affordability for new renters. This includes potential opportunities to pilot micro dwellings in new areas of the city and inboard third bedrooms in family units as part of the Moderate Income Rental portion of a project. Market rental units may not be micro dwellings or have inboard bedrooms.

Inboard Bedrooms

An inboard or borrowed light third bedroom may be considered in three bedroom Moderate Income Rental units only. Multiple inboard bedrooms in a single unit will not be considered. Rents for any proposed three bedroom units with an inboard bedroom are expected to be lower than rents for the standard Moderate Income three bedroom units.

Micro Dwellings

Micro Dwellings, as defined by the City's Zoning and Development By-law and provided for in the [Micro Dwelling Policies and Guidelines](#) are self-contained units between 250ft² and 320ft². Market units may not be Micro Dwellings, and rents for any proposed Moderate Income Micro Dwelling units are expected to be lower than rents for the Moderate Income studio units.

Unit Size Relaxations

Relaxation of dwelling unit size to a minimum of 320ft² may be considered for both Moderate Income Rental and market rental studio units in appropriate locations and where building design features support livability.

3.2 Unit Mix Requirements and Guidelines

The MIRHPP establishes unit mix guidelines to ensure that a variety of unit sizes and types are delivered. Proposals should seek to achieve these targets.

The unit mix for the Moderate Income Rental units should match that of the market rental units (eg. the proportion of three bedroom Moderate Income units should be the same as the proportion of three bedroom market rental units).

As per the City's [Family Room Policy](#), rezoning applications for secured market rental projects are required to include a minimum of 35 percent family units with two or more bedrooms. Three bedroom units are encouraged in rental projects when and where possible.

3.3 Additional Height & Density

Arterial Intersections

For several of the eligible zoning districts (eg. C-2), the policy guidelines outlining additional height and density refer to sites "at arterial intersections." This means sites that include the corner lot at the intersection of two arterial roads.

Sites that include the corner lot at the intersection of two roads where only one of which is an arterial road may be eligible for some additional height and density, commensurate with site size, context and other considerations.

Neighbourhood Context

Supportable height and density will vary with site context, adjacencies and other factors. For projects located in RS and RT zones, existing precedents for higher buildings in the surrounding area will be considered (eg. where buildings similar in height to the proposed project are located within 200 meters).

3.4 Development Cost Levy (DCL) Waiver

MIRHPP projects that satisfy the requirements of the Development Cost Levy By-law are eligible for a DCL waiver. Applicable criteria are described in the Rental Incentive Guidelines, and include average maximum rents by unit type for the east and west side of the city.

To qualify for the waiver, the DCL maximum average rents for all units must be satisfied; projects that meet the MIRHPP rent requirements will not automatically qualify for a DCL waiver. Partial DCL waivers for Moderate Income Units only are not allowable under the DCL By-law.

The Rental Incentive Guidelines can be found here: vancouver.ca/files/cov/rental-incentive-guidelines.pdf

4. OTHER CONSIDERATIONS

4.1 Community Amenity Contributions (CACs)

Recent Council policy supports the streamlining of routine, lower density rental rezoning applications outside of the Downtown area through an exemption from CACs. Larger and more complex rezoning projects continue to be administered through a negotiated CAC process with a priority to secure enhanced affordability on site. See the full council report for more information: <http://council.vancouver.ca/20171128/documents/a4.pdf>

It is anticipated that MIRHPP projects will provide secured and enhanced affordability and therefore will not be required to undergo a negotiated CAC process, with a few exceptions (e.g. large sites that fall under the [Rezoning Policy for Sustainable Large Developments](#), projects with heritage assets, etc.).

As the MIRHPP is a learning pilot, submission of a proforma with the rezoning application will be required in order for staff to better understand the financial feasibility of these projects, and to help inform the potential development of a permanent moderate income rental housing policy. Proforma submissions will not be used as part of the formal rezoning evaluation process.

CONTACT

Questions related to the MIRHPP may be directed to:

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