

From: "Johnston, Sadhu" <Sadhu.Johnston@vancouver.ca>

To: "Direct to Mayor and Council - DL"

CC: "City Manager's Correspondence Group - DL"

"Kelley, Gil" <Gil.Kelley@vancouver.ca>

"Singh, Sandra" <Sandra.Singh@vancouver.ca>

Date: 11/26/2019 1:29:21 PM

Subject: Rental Incentive Review Phase II Report Back – Response to Questions from Mayor and Council – Part II

Attachments: Memo to Mayor and Council - Rental Incentive Review Phase II Report Back....pdf

Dear Mayor and Council,

In addition to the memo I sent last night, attached are additional responses to questions submitted by email to Staff by Mayor and Council on November 25, 2019 with regard to the Rental Incentive Review Phase II Report.

Best,
Sadhu

Sadhu Aufochs Johnston | City Manager
Office of the City Manager | City of Vancouver
604.873.7627 | sadhu.johnston@vancouver.ca

Pronouns: he, him, his



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.

MEMORANDUM

November 26, 2019

TO: Mayor and Council

CC: Sadhu Johnston, City Manager
Paul Mochrie, Deputy City Manager
Lynda Graves, Administration Services Manager, City Manager's Office
Rena Kendall-Craden, Communications Director
Katrina Leckovic, City Clerk
Neil Monckton, Chief of Staff, Mayor's Office
Alvin Singh, Communications Director, Mayor's Office
Anita Zaenker, Chief of Staff, Mayor's Office
Sandra Singh, General Manager, Arts Culture and Community Services
Andrea Law, Director of Development Building and Licenses
Dan Garrison, Assistant Director, Housing Policy and Regulation
Susan Haid, Deputy Director - Long Range and Strategic Planning
Theresa O'Donnell, Deputy Director of Current Planning
Abigail Bond, Managing Director of Homelessness Services & Affordable Housing Programs

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

SUBJECT: Rental Incentive Review Phase II Report Back - Response to Questions from Mayor and Council - Part II

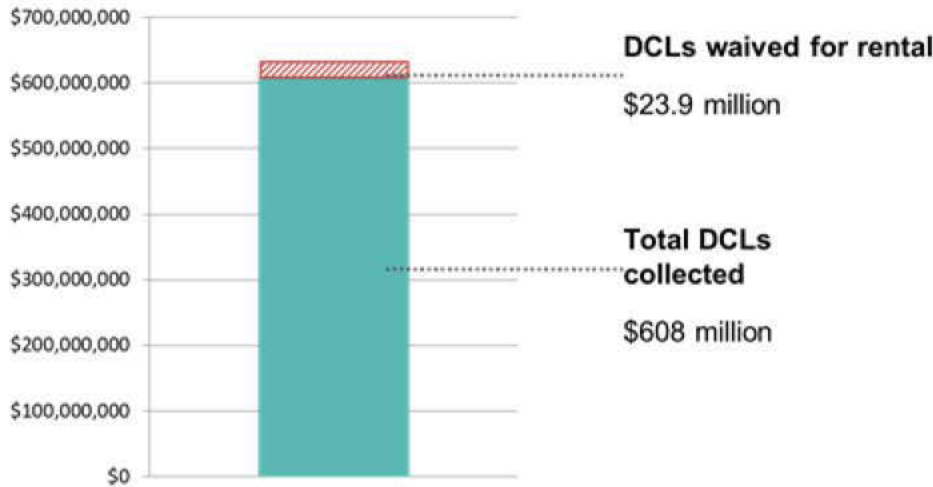
This memo provides additional responses to questions submitted by email to Staff by Mayor and Council on November 25, 2019 with regard to the Rental Incentive Review Phase II Report. The report recommendations will be considered by Council on November 26, 2019.

Questions and Answers

- 1. With regards to the proposed DCL waivers, how will that impact the City's financial ability to deliver amenities such as community centres, neighbourhood centres, parks, childcare? How will these amenities be funded? Has any modelling on the impact of the proposed changes and potential reduction in received DCL's been done with Finance?**

Staff have assessed the historical forgone revenue of waiving DCLs for new rental construction over the last 10 years and determined that impacts are modest as a share of overall DCLs collected, while enabling 2,700 units of much needed rental supply to address the housing crisis. Since being implemented, DCL waivers for rental projects have totaled \$24 million, less than 4% of the \$608 million in DCLs collected over the same period.

DCLs waived for rental and total DCL collections, 2010-2018



**DCL values exclude approved rental projects in stream with DCL waiver to be confirmed at time of building permit issuance.*

The breakdown of forgone DCL revenue by program area shows that DCL waivers for rental housing have only minor impacts to these programs, especially considering DCLs represent only one tool available to fund growth related costs.

Table 4. Cumulative Forgone DCL Revenue (2010-2018) by Program Areas

Service Categories	DCLs Waived	DCL Collections	Forgone DCL as % of collections
Childcare	\$1.8 M	\$52 M	3.5%
Engineering Infrastructure (Transportation & Utilities)	\$5.3 M	\$140 M	3.8%
Parks	\$9.2 M	\$232 M	4.0%
Replacement Housing	\$7.6 M	\$184 M	4.1%
Total	\$23.9 M	\$608 M	3.9%

Community amenities such as community centres, neighbourhood centres, parks and childcare are funded through the Capital Plan which prioritizes planned investments in existing assets and planned investments in new assets by service categories.

- It's suggested that the minimum unit size be decreased to 320sq feet? What is the minimum size today? How would Vancouver compare on this metric compared to other urban Canadian cities?

The current minimum unit size in the Zoning and Development By-law for a dwelling unit is 398 sq. ft. In 2009, through the introduction of the Short-Term Incentives for Rental program (STIR), Council introduced a relaxation of minimum unit size to 320 sq. ft. for secured rental developments where the design and location of the unit meets livability criteria established in the Zoning and Development By-law.

In 2014, Council introduced Micro Dwelling units and associated guidelines that allow further relaxations of unit sizes down to 250 sq. ft. for secured rental or social housing developments in limited circumstances, primarily related to SRO replacement in the Downtown Eastside.

This report recommends continuing the practice of relaxing minimum unit sizes for secured rental from 398 sq. ft. to 320 sq. ft., with regard to livability, which has been the City's practice for the past 10 years.

Staff have not conducted a recent jurisdiction scan of unit size requirements in other jurisdictions, and cannot conclusively comment on unit sizes in other Canadian cities.

- 3. How are the Housing Vancouver targets derived? Specifically what are the rental targets and how were they arrived at? Progress to date over what timeframe? And how many new rental units might these changes be expected to generate? Over what time period?**

Please see Page 23 of the November 25, 2019 memo "Rental Incentive Review Phase II Report Back - Response to Questions from Mayor and Council."

- 4. Is it correct that staff don't see this shift as a density increase driver but as a lever to shift housing type from strata to rental?**

Yes, this is an accurate characterization of several of the policy recommendations in this report. In most cases, incentivizing the shift from strata development to rental development requires some increases in height and density to help overcome the difference in value of saleable strata vs secured rental floor area. An example of this is the staff recommendation to allow 6 storey rental buildings in the C-2 zoning districts that currently allow 4 storey strata development.

- 5. Do staff expect that we would see demolition of single family homes in favour of proponents wanting to build rental? Would heritage properties be exempt from the proposed Rental Incentive Guidelines policies?**

In the "low density transition areas", staff expect the redevelopment of single family homes to be a part of the process of developing rental buildings in these areas.

Sites that Council has designated as protected heritage property would retain those protections under the Heritage By-law, and would not be permitted to be demolished to develop a rental building under the rental incentive policies. The rezoning process provides staff and Council with some discretion to address any heritage considerations that may arise as part of a proposal under the rental incentive programs.

- 6. How does lot size factor into the viability of building a rental project in a pre-zoned 'off the shelf' rental tenure designated area?**

Lot size is a significant factor in the viability of rental projects in these areas. Vancouver has two predominate lot widths in RS districts, 33 foot lots and 50 foot lots. To assemble a development site, you would only need to assemble two 50 foot lots, compared to three 33 foot lots. Generally speaking, development sites that require the assembly of fewer lots result in improved financial viability for rental projects.

7. How much time will pre-zoning for up to 6-storey rental shave off the typical timeline to deliver a rental project of that type?

Generally speaking, a typical rezoning process takes approximately 12 months from application to Public Hearing. Pre-zoning (i.e. a City-initiated zoning change to introduce new development entitlements such as those proposed to be added to the C-2 district schedules) effectively removes the rezoning process for individual projects, and is expected to reduce approval times by up to 12 months.

8. With a challenging commercial vacancy rate in many key BIA's/neighbourhood shopping streets, why add additional commercial to rental buildings that are off arterials?

The proposed approach would not enable opportunities for new mixed-use rental buildings with commercial retail space in locations off arterials; the options would be limited to residential apartment and townhouse forms.

On arterials, applicants would have the option of pursuing either an all-residential or mixed-use apartment building. The only circumstance where a mixed-use building will be required would be on sites that are part of a block face where some sites are already zoned for commercial use (eg. C-1, C-2, some CD-1s). Mixed-use development would be required in that circumstance to complete the commercial block and to help ensure the compatibility of the new building.

9. Can you explain explicitly how final district schedules will be developed? And what are the approval points along the way for Council?

Should Council direct staff to do so, staff will undertake the technical work necessary to prepare the new and amended district schedules and associated design guidelines. This will include public engagement on the specific provisions of the proposed zoning and design guidelines, expected to be undertaken in early 2020. Once the schedules and associated guidelines have been drafted, they will be brought to Council for a decision to refer them to a Public Hearing. Following a Public Hearing, Council would make a final decision regarding the considered zoning by-laws.

10. Can you describe an example of a simpler building form as proposed and how that might look different from a rental building that was built today without adoption of the proposed new policies?

Under the current rezoning process for rental housing in C-2 areas, multiple building setbacks have been common in projects approved. Forms of development with multiple building setbacks create challenges for rental project viability, meeting green building standards, and designing livable dwelling units.

The simpler form of development means requiring fewer building setbacks and reducing complexity around form of development. Simplifying form of development requirements will increase project flexibility for the applicant to improve rental viability, ability to achieve green building requirements, and livability of unit design.

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

A handwritten signature in black ink, consisting of a large, loopy initial 'G' followed by a long horizontal stroke that ends in a small hook.

Gil Kelley, FAICP
General Manager, Planning, Urban Design & Sustainability
(T) 604.873.7456
(E) gil.kelley@vancouver.ca