



MODERATE INCOME RENTAL HOUSING PILOT PROGRAM: APPLICATION PROCESS, PROJECT REQUIREMENTS AND AVAILABLE INCENTIVES

Authority - Director of Planning
Effective November 29, 2017
Amended December 15, 2017, May 4, 2018

This bulletin provides information on the application process, project requirements and incentives approved by City Council on November 29th 2017 (including amendments) relating to the construction of moderate income rental housing.

Beginning January 1st, 2018, the City will begin accepting development proposals for new buildings where 100% of the residential floor area is secured rental housing and at least 20% of the residential floor area that is counted in the calculation of the floor space ratio is made available to moderate income households; earning between \$30,000 and \$80,000/ year. As per Council direction, rental units for moderate income households will be provided in a variety of unit types (studios, 1, 2 and 3 bedrooms).

This is a pilot program to test and demonstrate what is possible in different parts of the city. Staff will select up to 20 proposals to submit full rezoning applications between January 1st 2018 and July 1st 2019. All applications will proceed through a full rezoning process including public hearing. Following the pilot program, Staff will report back to City Council with lessons learned and, if appropriate, recommendations for a new, long term program to encourage the construction of moderate income rental housing.

1. Application Process

1a. Information Session

An information session will be held on December 11th, 2017, from 8:30am-10:30am in Committee Room #1 at City Hall, 453 W 12th Ave, Vancouver. Staff will be on hand to discuss the Moderate Income Rental Housing Pilot Program in more detail and answer questions.

1b. Pre-Enquiry Application Form

Following the information session, interested proponents are encouraged to complete and submit a Pre-Enquiry Application Form for review by an interdepartmental staff team. Proponents are not required to submit any form of development work (i.e. drawings or plans) at this stage.

Proponents who would like to present alternative options for a single site are asked to complete one form for each option.

The interdepartmental staff team will review the Pre-Enquiry Application Forms to identify projects that best meet and exceed the criteria of the pilot program. Key criteria that staff will apply in the review of the Pre-Enquiry Application forms include the depth and breadth of affordability being provided, the

inclusion of family housing and locational considerations. As the purpose of the pilot is to demonstrate what is possible in different parts of the city, staff will seek to identify sites in a diversity of locations and zoning districts.

Proposals that are selected by the interdepartmental staff team will be invited to submit a full rezoning enquiry package.

1c. Rezoning Enquiry Package

The interdepartmental staff team will review and compare proposals at the enquiry stage to evaluate and assess the fit with the requirements of the pilot program and other Council policies and guidelines. Proposals that score well against set criteria will be selected to proceed further in the application process.

1d. Rezoning Application

Proponents of selected projects will be notified and advised of the requirements to submit a full rezoning application.

2. Project Requirements

2a. Affordability in the Moderate Income Rental Units

The incentives outlined in section 3 below are designed to encourage the delivery of new buildings where 100% of the residential floor area is secured rental housing and at least 20% of the residential floor area that is counted in the calculation of the floor space ratio is made available to moderate income households; earning between \$30,000 and \$80,000/ year.

Targeted Rents in Moderate Income Rental Units (at Project Opening)

Unit Type	Rents
Studio	\$950
1 Bedroom	\$1,200
2 Bedroom	\$1,600
3 Bedroom	\$2,000

Rent rates for any proposed Micro Dwelling units are expected to be lower than the rents for studio units.

Rent escalation in the moderate income units will be capped at the BC Residential Tenancy Act annual allowable increase, regardless of turnover.

2b. Requirements for Project Proponents

As a condition of approval, applicants will be required to enter into a Housing Agreement pursuant to section 565.2 of the Vancouver Charter including no stratification and no separate sales covenants (and any other legal mechanism deemed necessary by the Director of Legal Services and the General Manager of Arts, Culture, and Community Services) with the City of Vancouver to secure the applicable starting rents and the rental units for a term of 60 years or life of the building, whichever is greater.

The Housing Agreement will also include the following requirements for the proponent regarding the operation of the moderate income rental units:

- **The Proponent will Verify Eligibility for New Tenants in Moderate Income Rental Units**
 - For new tenants, household income cannot exceed 4 times the annual rent for the unit (i.e. at least 25% of income is spent on rent).
 - There should be at least one occupant per bedroom in the unit.
- **The Proponent will Verify Eligibility for Existing Tenants in Moderate Income Rental Units**
 - Building operator will test existing tenants to ensure eligibility every 5 years after initial occupancy.

- For existing tenants, household income cannot exceed 5 times the annual rent for the unit (i.e. at least 20% of income is spent on rent)
 - There should be at least one occupant per bedroom in the unit.
 - If an existing tenant no longer qualifies for their moderate income rental unit, the operator will issue a notice to end tenancy in accordance with the BC Residential Tenancy Act. The notice will take effect 6 months after the date of issuance.
 - Note: in order to support stability of tenure, Provincial regulations allow additional flexibility for operators who meet the definition of a “housing society”. The City will consider alternative proposals for ensuring that moderate income units continue to serve targeted households over the long term while ensuring that existing tenants have stability of tenure.
- **The Proponent will Provide an Annual Report to the City of Vancouver on the Operation of the Moderate Income Rental Housing Units**
 - The report will be in a format deemed acceptable by the General Manager of Community Services or their designate
 - The report will be designed to ensure that the City can confirm that the building is operating as agreed and will include information on:
 - Rents collected in all units
 - Unit turnover and incomes of new tenants
 - Updated incomes for households who have occupied the unit for 5 years
 - The City may audit the information provided in the annual report.

2c. Unit Mix Guidelines

In order to ensure a variety of unit types in both the market and below market housing units, projects should achieve the following unit mix distribution targets.

Unit Type	% of total
Studios	25%
1 Bedrooms	40%
2 & 3 Bedrooms	35%
Total	100%

The unit type mix in the moderate income units should generally match that of the market rate units. The City encourages the provision of 3-bedroom rental housing units.

3. Available Incentives

3a. Development Cost Levy (DCL) Waivers

The City of Vancouver’s Rental Incentive Guidelines include a detailed description of the criteria that must be met in order for a secured rental housing project to be eligible for a DCL Waiver. <http://vancouver.ca/files/cov/rental-incentive-guidelines.pdf>

These criteria will be applicable to 100% secured rental projects that include at least 20% of the residential floor area that is counted in the calculation of the floor space ratio as moderate income rental housing. Projects will be eligible for a DCL waiver provided they meet the requirements of the DCL by-law.

3b. Senior Government Programs to Support Rental Housing Construction

Government of BC Programs

The BC Housing Community Partnerships Initiative provides financing to support the creation of affordable housing for low and moderate income households in communities across British Columbia.

The following financing streams may be available to support proposals that include moderate income rental housing.

Interim Construction Financing – available to both for profit and non-profit developers

BC Housing can provide interim construction financing for the development of affordable housing which includes new construction and the purchase of existing buildings to preserve affordability. Interim financing may be approved up to 100% of the construction cost to complete the affordable housing portion of the project.

Take-out Financing – available to non-profit developers

BC Housing may also help eligible non-profit housing partners obtain take-out financing. BC Housing will make arrangements with a large number of approved lenders to obtain low interest rates and favourable terms through a competitive tender and selection process conducted and approved by BC Housing. All approved BC Housing take-out loans will have low cost Canada Mortgage and Housing Corporation (CMHC) loan insurance. This stream of financing is only available to non-profit developers.

Additional details including eligibility criteria are available on the BC Housing website: <https://www.bchousing.org/partner-services/funding-opportunities-for-housing-partners/community-partnership-initiative>

Government of Canada Programs

Interested proponents are encouraged to review the following CMHC programs that may be available to assist with project viability:

- Affordable Rental Innovation Fund: <https://www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce/affordable-rental-innovation-fund.cfm>
- Rental Construction Financing initiative: <https://www.cmhc-schl.gc.ca/en/hoficlincl/moloin/mupr/rental-construction-initiative.cfm>
- Seed Funding Program : https://www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce/afhoce_001.cfm

3c. City of Vancouver Capital Grants for Non-Profit Developers

The City provides capital grants to improve the viability and/or the enhance affordability of social housing developments that meet the definition of “social housing”, as outlined in the City of Vancouver’s Zoning and Development By-law. Eligibility information (including affordability levels) and application forms are available by contacting affordable housing projects staff at: housing@vancouver.ca.

3d. Parking Requirement Reductions

Incentives for Secured Market Rental Housing

The City of Vancouver’s Parking By-Law outlines the reductions to parking requirements that can be considered for projects that provide “Secured Market Rental Housing”:
<http://vancouver.ca/your-government/parking-bylaw.aspx>.

In order to encourage the construction of projects that include moderate income rentals, the City may consider additional relaxations beyond those provided to 100% secured market rental housing projects. For example:

- if the project is within two blocks of a rapid transit station, or within two blocks of the intersection of two distinct bus routes that run north to south and east to west, the minimum parking requirement can be relaxed to 30% less than what is required for projects that provide 100% of units at full market rates.
- in the Downtown District ODP area, consider reducing parking requirements beyond what is required in developments that provide 100% of units at full market rates.

The amount of parking that is provided will be discussed with the proponent during the enquiry stage.

3e. Relaxation of Minimum Unit Size and Configuration Requirements

The City of Vancouver requires that at least 35% of units in secured market rental housing projects have 2 or more bedrooms: <http://vancouver.ca/files/cov/family-room-housing-mix-policy-for-rezoning-projects-2016-07-13.pdf>.

This requirement for 35% family units will apply to projects that include at least 20% of the residential floor area that is counted in the calculation of the floor space ratio as moderate income rental housing and the unit type mix in the moderate income units will need to match that of the market rate units.

However, as an incentive to encourage construction of moderate income rental housing, the Director of Planning may relax minimum unit size and configuration requirements in the moderate income units. Potential relaxations in unit size (e.g. micro suites) and configurations (e.g. in board bedrooms) may be considered subject to evaluation of livability and design performance.

Proposals that include dwelling units that are less than 398 sq. ft., including Micro Dwellings (as defined in the Zoning and Development By-law), will need to be in appropriate locations and should include building design features to support livability in the smaller units (e.g. balconies on the smaller units and enhanced common amenity space(s) in the building).

3f. Expedited Processing

Proposals that meet the requirements of the Moderate Income Rental Housing Pilot Program will be prioritized for expedited processing by City staff.

3g. Additional Floor Area

The City of Vancouver's Rental Incentive Guidelines provide the opportunity for additional floor area for projects that deliver 100% of residential floor area as secured market rental housing. The table below identifies areas of the City where additional height and density may be considered for rental projects that include at least 20% of the residential floor area that is counted in the calculation of the floor space ratio as moderate income rental housing.

General Guidelines for Additional Height and Density

	100% Secured Market Rental	<u>Additional Height and Density for Projects that Include at Least 20% of Residential Floor Area as Moderate Income Rental Housing</u>
C-1	Generally consider C-2 form	Over 4 and up to 6 storeys on arterial streets.
C-2, C-2B, C-2C & C-2C1	Up to 6 storeys	Over 6 and up to 14 storeys at arterial intersections.
C-3A	Consider additional density; adhere to existing height limits and generally to guidelines	Supportable height and density will vary depending on the site.
MC-1	Consider modest increases in height and density	Over 6 and up to 14 storeys at arterial intersections.
CD-1	Consider redevelopment of sites with no existing rental housing	Consider redevelopment of a limited number of highly underutilized sites (e.g. < 0.75 FSR). Supportable height and density will vary depending on the site.
RM zones	Consider redevelopment of sites with no existing rental housing	Consider redevelopment of a limited number of highly underutilized sites with a low number of existing tenants – buildings with a maximum of 3 existing rental units. Up to 6 storeys on arterials. Consider higher forms at arterial intersections. On larger sites off-arterials, consider up to 6 storeys where appropriate.
RT zones	On arterials, generally consider RM-4N form of dev.	Over 4 and up to 6 storeys on arterials. Consider higher forms at arterial intersections.
RS zones	None	On larger sites off-arterials, consider up to 6 storeys where appropriate
Downtown District ODP (excluding areas A, B, C1, F, K1, K2 & K3)	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 policies and limits.	

Additional Considerations

- Projects must consider and respect transitions to surrounding areas and homes.
- Neighbourhood context is an important consideration. In single family and duplex areas, projects in areas with existing precedents for higher buildings will be considered more appropriate locations for additional height and density.
- Policy direction in recently approved policy plan areas must be respected (e.g. Marpole, DTES, West End, Grandview-Woodland, Joyce Station Area, Cambie Corridor, Oakridge Transit Centre).
- Where existing zoning or street context supports provision of ground floor retail space, proposals should include ground floor retail.
- Where redevelopment impacts existing tenants, comprehensive tenant relocation planning is required: <http://vancouver.ca/people-programs/tenant-relocation-resources-for-owners-and-developers.aspx>
- Proposals for projects in areas not identified in the table above will not be considered. In particular, sites not identified as General Urban in the Regional Context Statement ODP cannot be considered.