Effective May 15, 2012
Last amended February 9, 2021
Authority: Director of Planning
By-law and Policy References

- Secured Rental Policy
- Moderate Income Rental Housing Pilot Program
- Below-Market Rental Housing Policy for Rezonings
- Development Cost Levy By-laws
- Parking By-law

Background and Context

This Bulletin provides further information on the rental housing incentive policies approved by Council, as well as the DCL By-laws. The information contained in this document will help guide the way in which the rental incentives are applied to specific projects.

Community plans contain policies for the development of rental housing and specific direction around location and form. Information on the specific rental incentives outlined in this bulletin apply to those policies.

Rental Incentives

1 Parking Requirement Reductions

Except Downtown, in the Southeast False Creek area or in the East Fraser Lands area, the Vancouver Parking By-law provides generally reduced parking requirements for ‘Secured Market Rental Housing’ (as defined in Section 2 of the Vancouver Parking By-law).

Additionally, secured rental projects have enhanced opportunities to seek vehicle parking reductions through a Transportation Demand Management (TDM) Plan, as specified in the Vancouver Parking By-law.

For more information, see the parking requirements for ‘Secured Market Rental Housing’ in Section 4.5B of the Vancouver Parking By-law, and the Transportation Demand Management for Developments in Vancouver Bulletin, including its Schedules A and B.

2 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 City-wide and Area Specific Development Cost Levy By-laws, DCLs for rental housing can be waived for ‘for-profit affordable rental housing’ where the tenure is secured through a Housing Agreement. The DCL waiver also regulates maximum unit size and starting rents by unit type. Projects that include existing rental units (e.g. alterations or extensions) are not eligible for the waiver.

2.1 Rent Level Criteria for DCL Waivers for 2021

(a) In order to be eligible for the DCL waiver in 2020, proposed project rents must meet or fall below the following (Updated January 2021): Average Maximum Rents Across All Residential Units

Average rents across the entire residential rental building at initial occupancy do not exceed the following specified rents:
Table 1: Average Maximum Monthly Rents for 2021

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>East Area DCL Maximum Rents</th>
<th>West Area DCL Maximum Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$1,653</td>
<td>$1,818</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>$2,022</td>
<td>$2,224</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>$2,647</td>
<td>$2,912</td>
</tr>
<tr>
<td>3-bedroom or larger</td>
<td>$3,722</td>
<td>$4,094</td>
</tr>
</tbody>
</table>

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 2020 Rental Market Report released on January 28, 2021.

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 2020 Rental Market Report released on January 28, 2021, plus 10%.

Note: Refer to Figure 1 for Vancouver east and west area boundaries.

(b) 20% of Residential Floor Area at Below Market Rents

At least 20% of the residential floor area that is counted in the calculation of the floor space ratio consists of units with average rents per unit type for initial occupancy that do not exceed the following maximum average monthly rents:

Table 2: Below Market Rents for 20% of Residential Floor Area

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Maximum Average Rents for 20% of Residential Floor Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$950</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>$1,200</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>$1,600</td>
</tr>
<tr>
<td>3-bedroom or larger</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

Note: A partial DCL waiver is not permitted for this option.
Figure 1: City of Vancouver Map – East and West Areas

Note: This map is intended for purposes of administration of the DCL waiver.
2.2 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 or partial DCL waiver is available for projects proposing 3-bedroom units as illustrated below.

Projects applying for the DCL waiver and meeting Section 2.1(a). Average Maximum Rents Across All Residential Units 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.

A partial waiver is not permitted for any projects applying for the DCL waiver through Section 2.1(b). 20% of Residential Floor Area at Below Market Rents.

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

Figure 2: Project Eligibility for DCL Waiver System - Meeting the Rental Rates

- **Projects eligible for full DCL waiver**
  - Average rents in all studio, 1-, 2-, and 3-bedroom units are at or below rents in Section 2.1(a). Average Maximum Rents Across All Residential Units.
  - OR
  - For at least 20% of the residential floor area, average rents in all studio, 1-, and 2-, and 3-bedroom units are at or below rents in Section 2.1(a). Average Maximum Rents Across All Residential Units.
  
  \[ \text{ELIGIBLE FOR FULL WAIVER} \]

- **Projects eligible for partial DCL waiver**
  - Average rents in all studio, 1-, and 2-bedrooms units are at or below rents in Section 2.1(a). Average Maximum Rents Across All Residential Units.
  - \[ \text{ELIGIBLE FOR WAIVER OF THESE UNITS ONLY} \]

- **Projects not eligible for DCL waiver**
  - Average rents in 3-bedroom units exceeds rents in DCL By-laws.
  
  \[ \text{X NOT ELIGIBLE FOR WAIVER FOR 3-BEDROOM UNITS} \]
  - Average rents in studio, 1- or 2-bedroom units exceeds rents in Section 2.1(a). Average Maximum Rents Across All Residential Units (even if 3-bedroom units comply)
  - AND
  - Average rents do not meet rents specified in Section 2.1(b). 20% of Residential Floor Area at Below Market Rents for at least 20% of the residential floor area.
  
  \[ \text{X NOT ELIGIBLE FOR ANY WAIVER} \]

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 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.
2.3 Average Maximum Unit Sizes

Unit size can contribute significantly to affordability. They will be used in determining eligibility for DCL waivers.

The maximum average unit sizes, excluding storage space and balcony space excluded from FSR calculations and floor area used for stairways, are as follows:

<table>
<thead>
<tr>
<th>Unit type</th>
<th>Apartment Units</th>
<th>Townhouse Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>42 sq. m (450 sq. ft)</td>
<td>56 sq. m (600 sq. ft)</td>
</tr>
<tr>
<td>1-bedroom</td>
<td>56 sq. m (600 sq. ft)</td>
<td>56 sq. m (600 sq. ft)</td>
</tr>
<tr>
<td>2-bedroom</td>
<td>77 sq. m (830 sq. ft)</td>
<td>90 sq. m (969 sq. ft)</td>
</tr>
<tr>
<td>3-bedroom</td>
<td>97 sq. m (1,044 sq. ft)</td>
<td>112 sq. m (1,205 sq. ft)</td>
</tr>
<tr>
<td>4-bedroom</td>
<td>125 sq. m (1,345 sq. ft)</td>
<td>125 sq. m (1,345 sq. ft)</td>
</tr>
</tbody>
</table>

1 The DCL By-law does not regulate maximum average unit sizes for apartment units with 4 or more bedrooms, however maximum average starting rent requirements for units with 3 or more bedrooms will apply and applicants should refer to the City of Vancouver’s Housing Design and Technical Guidelines for general guidance on unit size.

2.4 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 a DCL waiver provided that the market rental units meet the requirements under the DCL By-laws.

Administration of the DCL Waiver

At what point in the development process does the applicant request the DCL waiver?

Timing for an applicant’s request of the DCL waiver depends on the application stream. For applications requiring rezoning, the applicant’s request for the DCL waiver occurs either during the rezoning process or the development permit process, depending on Community Amenity Contribution (CAC) requirements. For projects developing under existing zoning, the applicant’s request for the DCL waiver occurs during the development permit process. For more details, see Table 4.

<table>
<thead>
<tr>
<th>Project Application Stream</th>
<th>Timing of DCL Waiver Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring rezoning and exempt from CACs¹</td>
<td>Development permit application²</td>
</tr>
<tr>
<td>Requiring rezoning and not exempt from CACs¹</td>
<td>Rezoning application</td>
</tr>
<tr>
<td>Not requiring rezoning</td>
<td>Development permit application²</td>
</tr>
</tbody>
</table>

¹ For more information on CAC requirements and exemptions for secured rental housing, refer to the Community Amenity Contributions Policy for Rezonings.

² To avoid potential delays, applicants intending to seek a DCL waiver are strongly encouraged to engage staff during the rezoning application process (if applicable) and as early as possible when preparing a development permit application in order to confirm waiver eligibility and process considerations.
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 applicant’s request for the DCL waiver, either at public hearing or at the time the ‘prior-to’ letter of approval is issued, depending on the applicable timing of the DCL waiver request. 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. See Table 5 for more details.

<table>
<thead>
<tr>
<th>Project Application Stream</th>
<th>Effective Timing for Setting DCL Waiver Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requiring rezoning and exempt from CACs¹</td>
<td>‘Prior-to’ letter of approval issued</td>
</tr>
<tr>
<td>Requiring rezoning and not exempt from CACs¹²</td>
<td>Public hearing approval³</td>
</tr>
<tr>
<td>Not requiring rezoning</td>
<td>‘Prior-to’ letter of approval issued</td>
</tr>
</tbody>
</table>

¹ For more information on CAC requirements and exemptions for secured rental housing, refer to the Community Amenity Contributions Policy for Rezonings.
² In most cases, if a CAC is negotiated it will be directed to securing below-market affordability in the project, rather than a cash payment.
³ If a DCL waiver is sought and the City determines (following review by Real Estate Services) that the application is not subject to a CAC and no below-market rental is required, the effective timing for setting DCL waiver rents will be issuance of the ‘prior-to’ letter of approval.

Rent Increases Ahead of Initial Occupancy

For projects seeking the DCL waiver by meeting the maximum average rent requirements as specified in Section 2.1(a) of this bulletin, the proposed starting rents may be increased from the time of approval of the applicant’s request for the DCL waiver until building occupancy by the allowable rent increases set out annually by the Provincial Residential Tenancy Branch. These are the maximum starting rents that the project can charge at initial occupancy.

Note: The rent increase freeze orders implemented by the Province of British Columbia in response to the COVID-19 pandemic have not affected the applicability of the allowable annual increases ahead of initial occupancy for the purposes of the DCL By-law.

For projects seeking the DCL waiver by providing at least 20% of residential floor area at below market rents as specified in Section 2.1(b) of this bulletin, no rent increases are permitted prior to building occupancy.

Rent Increases After Initial Occupancy

Rent increases that apply after initial building occupancy, including during a tenancy and upon unit turnover, are regulated by the Provincial Residential Tenancy Act as well as any conditions specified in applicable City policy (e.g. Moderate Income Rental Housing Pilot Program, etc.) or agreed upon between the City of Vancouver and applicant through a Housing Agreement.

When is the DCL waiver processed?

Once projects are approved, DCLs are calculated and waived at the time of Building Permit issuance.
**Does the DCL waiver extend to the City-wide Utilities DCL Bylaw?**

On November 26, 2019, Council approved amendments to the City-wide Utilities DCL By-law to remove the waiver for “for-profit affordable rental housing,” meaning that secured rental projects will be subject to the Utilities DCL as of September 30, 2020. To ensure fairness for applications submitted prior to the change, in-stream rate protection is offered. Building permits issued within 12 months of the Utilities DCL By-law change are exempt from the rate change, provided there was a precursor application (rezoning, development permit or building permit application) that was in-stream on the date of the increase. The Utilities DCL waiver for rental will continue to apply until September 29, 2021 for eligible in-stream projects if a building permit is issued by that date.

**Housing Agreement Requirements**

**Security of Tenure**

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 non-stratification and no separate sales covenants), or any other legal mechanism deemed necessary by the Director of Legal Services and the General Manager of Planning, Urban Design and Sustainability.

**Proposed Starting Rents and Rent Increases**

Where applicable, starting rent and rent increase requirements will be secured through a Housing Agreement. For details on starting rents and rent increases ahead of initial occupancy for the purposes of the DCL waiver, see the Administration of the DCL Waiver section of this bulletin.

**Family Housing Requirements**

The City’s Secured Rental Policy encourages the inclusion of family housing. For rezoning applications, the target for family housing units is set at 35% of units. The General Manager of Planning, Urban Design, and Sustainability 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, see the Family Room: Housing Mix Policy for Rezoning Projects Policy.

Family units will be two or more bedroom units designed to meet the Council adopted High-Density Housing for Families with Children Guidelines.

**Green Buildings Requirements**

All rezoning applications will be expected to meet the Green Buildings Policy for Rezonings. All applications considered under the Secured Rental Policy will also be expected to employ zero emissions heating and hot water systems in the building, achieving a greenhouse gas intensity (GHGI) of 3 kg/m² or less.

For more information on these requirements and the documentation to be submitted, refer to the Green Buildings Policy for Rezonings and the Green Buildings Policy for Rezonings – Process and Requirements Bulletin.
Implementation of Secured Rental Policy

Rental Housing Applications in C-2 Areas

On November 26, 2019, Council approved amendments to the Secured Rental Policy and directed staff to prepare changes necessary to enable new 6 storey mixed use 100% residential rental projects in certain areas zoned C-2, C-2B, C-2C and C-2C1 without requiring site specific rezoning. Council considered proposed changes in July 2020 and referred them back to staff for further consultation and until after such time as Council has considered amendments to the Rental Housing Stock Official Development Plan By-law to apply rental replacement requirements to the C-2 zones. In October 2020, Council provided further direction to staff to conduct additional engagement regarding opportunities to increase new rental housing in C-2 zones as a potential quick start action under the Vancouver Plan. Updates on this work will be shared as they are available at vancouver.ca/rentalhousing.

In the interim, the Secured Rental Policy continues to support consideration of new CD-1 rezoning applications in eligible C-2 zoned areas. Should Council approve zoning amendments to enable new 6 storey rental projects in these areas to proceed directly with a development permit application, it is expected that new rezoning proposals will no longer be supported.

Rental Housing Applications in Low Density Transition Areas

As approved by Council on November 26, 2019, the Secured Rental Policy does not yet support consideration of new rezoning applications for RS or RT zoned sites in low density transition areas. New proposals will not be supported unless new rental tenure district schedules are approved by Council, including proposals that may be eligible for consideration for rezoning to a site-specific CD-1 under Policy 2.4.2. In October 2020, Council provided further direction to staff to conduct additional engagement regarding opportunities to increase new rental housing in low density transition areas as a potential quick start action under the Vancouver Plan. Updates on this work will be shared as they are available at vancouver.ca/rentalhousing.