

# Bulletin

## Rental Incentive Programs Bulletin

*Effective May 15, 2012*

*Last amended January 23, 2020*

*Authority: Director of Planning*

**Note:** Council approved amendments to the City's rental policies and incentives on November 26, 2019, including changes regarding the Development Cost Levy (DCL) waiver, to be effective as of September 30, 2020. The changes will come into effect for all projects that reach Building Permit issuance after that date. The existing requirements will continue to apply to DCL waivers being processed until that time, and applicants with in-stream projects that will reach the Building Permit stage before that date should refer to the previous Rental Incentive Guidelines document last updated January 8, 2019.

## 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

## 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

**Note:** Council approved amendments to the City's rental policies and incentives on November 26, 2019, including changes regarding the Development Cost Levy (DCL) waiver, to be effective as of September 30, 2020. The changes will come into effect for all projects that reach Building Permit issuance after that date. The existing requirements will continue to apply to DCL waivers being processed until that time, and applicants with in-stream projects that will reach the Building Permit stage before that date should refer to the previous Rental Incentive Guidelines document last updated January 8, 2019. Asterisks (\*\*) in this section denote new or amended provisions, which will come into effect September 30, 2020.

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 Utilities DCL By-law (effective September 30, 2018), 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.

## 2.1 Rent Level Criteria for DCL Waivers for 2020

- (a) In order to be eligible for the DCL waiver in 2020, proposed project rents must meet or fall below the following (*Updated January 2020*): 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 2020**

Unit Type	East Area DCL Maximum Rents <sup>1</sup>	West Area DCL Maximum Rents <sup>2</sup>
Studio	\$1,641	\$1,805
1-bedroom	\$1,942	\$2,136
2-bedroom	\$2,611	\$2,872
3-bedroom or larger	\$2,977	\$3,275

<sup>1</sup>For 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 2019 Rental Market Report released on January 15, 2020.

<sup>2</sup> For 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 2019 Rental Market Report plus 10% released on January 15, 2020.

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

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

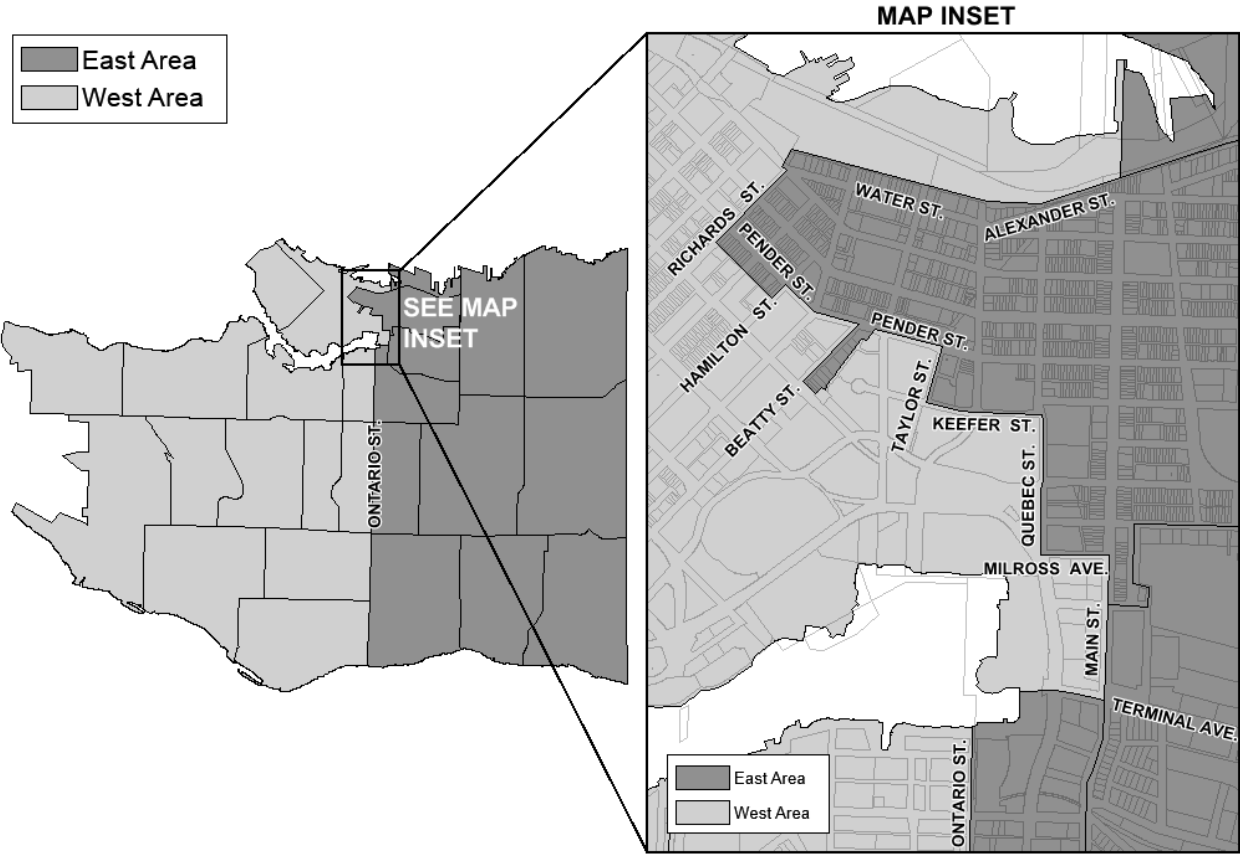
At least 20% of the residential floor area that is counted in the calculation of the floor space ratio consists of units with average rents per unit type for initial occupancy that do not exceed the following maximum average monthly rents:

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

Unit Type	Maximum Average Rents for 20% of Residential Floor Area
Studio	\$950
1-bedroom	\$1,200
2-bedroom	\$1,600
3-bedroom or larger	\$2,000

**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 <u>full</u> DCL waiver	Projects eligible for <u>partial</u> DCL waiver	Projects <u>not</u> eligible for DCL waiver
<p>Average rents in all studio, 1-, and 2-, and 3-bedroom units <b>are at or below</b> rents in Section 2.1(a). Average Maximum Rents Across All Residential Units.</p> <p>OR</p> <p>For at least 20% of the residential floor area, average rents in all studio, 1-, and 2-, and 3-bedroom units <b>are at or below</b> rents in Section 2.1(b). 20% of Residential Floor Area at Below Market Rents.**</p> <p>← <b>ELIGIBLE FOR FULL WAIVER</b></p>	<p>Average rents in all studio, 1-, and 2-bedrooms units <b>are at or below</b> rents in Section 2.1(a). Average Maximum Rents Across All Residential Units.</p> <p>← <b>ELIGIBLE FOR WAIVER OF THESE UNITS ONLY</b></p> <p>Average rents in 3-bedroom units exceeds rents in DCL By-laws.</p> <p><b>X NOT ELIGIBLE FOR WAIVER FOR 3-BEDROOM UNITS</b></p>	<p>Average rents in studio or 1- or 2-bedroom units <b>exceeds</b> rents in Section 2.1(a). Average Maximum Rents Across All Residential Units (even if 3-bedroom units comply)</p> <p>AND</p> <p>Average rents <b>do not meet</b> 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.</p> <p><b>X NOT ELIGIBLE FOR ANY WAIVER</b></p>

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 3: Maximum Average Unit Sizes for DCL Waiver by Unit Type**

Unit type	Apartment Units	Townhouse Units**
Studio	42 sq. m (450 sq. ft)	-----
1-bedroom	56 sq. m (600 sq. ft)	56 sq. m (600 sq. ft)
2-bedroom	77 sq. m (830 sq. ft)	90 sq. m (969 sq. ft)
3-bedroom	97 sq. m (1,044 sq. ft)	112 sq. m (1,205 sq. ft)
4-bedroom	-----	125 sq. m (1,345 sq. ft)

### 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 4: Timing for DCL Waiver Request**

Project Application Stream	Timing of DCL Waiver Request
Requiring rezoning and exempt from CACs <sup>1</sup>	Development permit application
Requiring rezoning and not exempt from CACs <sup>1</sup>	Rezoning application
Not requiring rezoning	Development permit application

<sup>1</sup> For more information on CAC requirements and exemptions for secured rental housing, refer to the Community Amenity Contributions Policy for Rezoning.

### 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 5: Effective Timing for Setting DCL Waiver Rents**

<b>Project Application Stream</b>	<b>Effective Timing for Setting DCL Waiver Rents</b>
Requiring rezoning and exempt from CACs <sup>1</sup>	'Prior-to' letter of approval issued
Requiring rezoning and not exempt from CACs <sup>1</sup>	Public hearing approval
Not requiring rezoning	'Prior-to' letter of approval issued

<sup>1</sup>For more information on CAC requirements and exemptions for secured rental housing, refer to the Community Amenity Contributions Policy for Rezoning.

For projects seeking the DCL waiver by meeting the maximum average rent requirements, 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. This is the maximum starting rents that the project can charge at initial occupancy.

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 will be allowed prior to building occupancy.

For more information on rent increases after project opening, refer to Housing Agreement Requirements of this bulletin.

### **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 Citywide Utilities DCL Bylaw?\***

On July 11, 2018, Council approved the new City-wide Utilities DCL by-law, which provided a waiver for "for-profit affordable rental housing." 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. In order to ensure fairness to applications that have been submitted prior to the adoption of the Utilities DCL By-law change, in-stream rate protection will be offered. Building permits issued within 12 months of the Utilities DCL By-law change are exempt from that DCL rate change, provided there was a precursor application (rezoning, development permit or building permit application) that was in-stream on the date of that increase. The UDCL waiver for rental continues until Sept 29, 2021 provided that they have an application in before Sept 30, 2020 and can get the corresponding BP issued before Sept 29, 2021.

## **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 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**

Proposed starting rents will be secured through a Housing Agreement. For details on when the proposed starting rents are to be specified, see Administration of the DCL Waiver of this bulletin.

## **Rent Increases After Initial Tenancies**

Rent increases upon unit turnover will be 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.), agreed upon between the City of Vancouver and applicant through a Housing Agreement.

## **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 Rezoning. 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/m<sup>2</sup> or less.

For more information on these requirements and the documentation to be submitted, refer to the Green Buildings Policy for Rezoning and the Green Buildings Policy for Rezoning – 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. New privately initiated rezoning applications in the areas described in Table 1 of the Secured Rental Policy, including for sites zoned C-2, C-2B, C-2C and C-2C, may be supported, effective immediately.

Amendments to the C-2, C-2B, C-2C and C-2C1 district schedules will be prepared for Council's consideration to enable 6 storey mixed use 100% residential rental projects in areas outside of recently approved community plans or where planning programs are underway. Should Council approve such amendments, new proposals to rezone sites in these areas to a site-specific CD-1 will no longer be supported.

These amendments to the C-2, C-2B, C-2C, and C-2C1 district schedules are anticipated to be brought to Council for consideration in Spring 2020.

### **Green Building Requirements in C-2 Areas**

Should Council approve amendments to the C-2, C-2B, C-2C and C-2C1 district schedules to enable 6 storey mixed use 100% residential rental projects in areas outside of recently approved community plans or where planning programs are underway, new development permit applications for these projects 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/m<sup>2</sup> or less, and to meet the energy efficiency and emissions requirements of the Green Buildings Policy for Rezoning, by meeting the requirements of



either:

- Passive House or an acceptable alternate near zero emissions standard; or
- Greenhouse gas, thermal energy demand, and total energy use intensity limits (GHGI, TEDI, and TEUI, respectively) as specified in the policy.

### **Rental Housing Applications in Low Density Transition Areas**

On November 26, 2019, Council approved amendments to the Secured Rental Policy. New rezoning applications in low density transition zones, as described in Section 2.4 of the Secured Rental Policy 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.

Should Council approve new residential tenure district schedules, rezoning enquiries for new proposals in low density transition areas will be accepted until June 30, 2022, at which time staff will report back to Council on this time-limited pilot with further recommendations.

These new rental tenure district schedules are anticipated to be brought to Council for consideration in Spring 2020.

## **Secured Rental Policy**

### **Policy 2.4 Rezoning in Low Density Transition Areas**

Map 1 illustrates the general location of sites zoned RS and RT in low density transition areas that may be eligible for rezoning under Policy 2.4 of the Secured Rental Policy. To be eligible, sites must be within approximately 400 m of a park or public school and shopping area(s) with a combined minimum of 15,000 sq. ft. of commercial floor space, and either:

- fronting an arterial or road that is on TransLink's Frequent Transit Network, or
- off arterial but part of a block face that is entirely within approximately 150 m of an arterial

Map 1 is intended as a general illustration only. Site eligibility may change over time where new commercial space, schools or parks are added. Interested applicants should contact the Rezoning Centre with details regarding the subject property so that staff can advise on eligibility and specific considerations under Policy 2.4 of the Secured Rental Policy.

Map 1: General Location of Blocks That Can Be Considered for Rezoning in Low Density Transition Areas (Secured Rental Policy - 2.4)

