



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

*Adopted by City Council on November 28, 2017*

*Effective November 29, 2017*

*Amended December 15, 2017, May 4, 2018, November 26, 2019*

On November 26, 2019, Council approved amendments to the Moderate Income Rental Housing Pilot Program: Application Process, Project Requirements and Available Incentives originally approved by Council on November 28, 2017. The amendments include the following:

- Extension of the timeline of the pilot to enable staff to continue to select up to 20 proposals to submit rezoning applications until January 1, 2021
- Addition of a new consideration for large developments as defined by the Rezoning Policy for Sustainable Large Developments in Section 3g
- Clarification of additional requirements in Section 2d
- Updated information regarding available incentives in Section 3
- Removal of outdated administrative information in Section 1

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

Beginning January 1, 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 1 2018 and July 1 2019. On November 26, 2019, Council extended the timeline of the pilot to enable staff to continue to select up to 20 proposals to submit full rezoning applications until January 1, 2021. 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. Pre-Enquiry Application

Proposals under the pilot will only be accepted during specified intake periods, and information on submission opportunities will be posted on the City’s website at [vancouver.ca/rentalhousing](http://vancouver.ca/rentalhousing).

Interested proponents are required to complete and submit a Pre-Enquiry Application Form, along with other materials as required, which will be reviewed by an interdepartmental staff team. Projects that best meet and exceed the criteria of the pilot program and other Council policies and guidelines may be selected to submit a full rezoning enquiry package, as program capacity permits.

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.

1b. 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 may be selected to proceed with the rezoning application process, as program capacity permits.

1c. 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 per year.

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

<b>Unit Type</b>	<b>Rents</b>
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 Arts, Culture and 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.

<b>Unit Type</b>	<b>% of total</b>
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.

## 2d. Additional Requirements

### Tenant Relocation and Protection

Where existing tenants are impacted, comprehensive tenant relocation planning is required in accordance with the Tenant Relocation and Protection Policy.

The Tenant Relocation and Protection Policy was updated in June 2019 to enhance and increase protections for renters in Vancouver. Changes included increased compensation, support and requirements for ongoing notice and communication, and an extension of the policy coverage to secondary rental

housing (e.g. rented houses, secondary suites, etc.) in some circumstances where there is a proposal for a new multiple dwelling.

### Housing for Families

The City's Family Room: Housing Mix Policy for Rezoning Projects policy requires that at least 35% of units in secured market rental housing projects have 2 or more bedrooms.

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.

## 3. Available Incentives

### 3a. Development Cost Levy (DCL) Waivers

The City of Vancouver's Rental Incentive Programs Administration Bulletin includes 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.

Projects will be eligible for a DCL waiver provided they meet the requirements of the DCL by-laws. Updates to the DCL by-laws approved by Council on November 26, 2019 enable projects where 100% of the residential floor area is secured rental and at least 20% of the residential floor area that is counted in the calculation of the floor space ratio is secured at the starting rents applicable to moderate income rental housing to qualify for a waiver of City-wide and Area-specific development cost levies.

### 3b. Senior Government Programs to Support Rental Housing Construction

#### Government of BC Programs

The BC Housing Community Partnership 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.

#### Government of Canada Programs

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

- [Rental Construction Financing Initiative](#)
- [Seed Funding Program](#)
- [Mortgage Loan Insurance](#)

### 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](mailto:housing@vancouver.ca).

### 3d. Parking Requirement Reductions

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.”

In order to encourage the construction of projects that include moderate income rentals, the City may consider additional parking reductions in excess of those described in the Transportation Demand Management for Developments in Vancouver Administrative Bulletin (the TDM Bulletin). For moderate income rental units only, the allowable reductions for transit accessibility are as follows:

- For sites with Transit Accessibility Level A, the minimum parking requirement can be reduced by an additional 10%
- For sites with Transit Accessibility Level B, the minimum parking requirement can be reduced by an additional 5%

Additional parking reductions may also be achieved through a Transportation Demand Management (TDM) Plan. Interested proponents should refer to the TDM bulletin and worksheets.

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

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 dwellings) 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 Secured Rental Policy provides the opportunity for additional floor area for projects that deliver 100% of residential floor area as secured 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**

	<b>100% Secured Market Rental</b>	<b><u>Additional Height and Density for Projects that Include at Least 20% of Residential Floor Area as Moderate Income Rental Housing</u></b>
<b>C-1</b>	Generally consider C-2 form	Over 4 and up to 6 storeys on arterial streets.
<b>C-2, C-2B, C-2C &amp; C-2C1</b>	Up to 6 storeys	Over 6 and up to 14 storeys at arterial intersections.
<b>C-3A</b>	Consider additional density; adhere to existing height limits and generally to guidelines	Supportable height and density will vary depending on the site.
<b>MC-1</b>	Consider modest increases in height and density	Over 6 and up to 14 storeys at arterial intersections.
<b>CD-1</b>	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.
<b>RM zones</b>	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.
<b>RT zones</b>	Refer to the Secured Rental Policy for eligibility	Over 4 and up to 6 storeys on arterials.
<b>RS zones</b>		Consider higher forms at arterial intersections. On larger sites off-arterials, consider up to 6 storeys where appropriate.
<b>Downtown District ODP (excluding areas A, B, C1, F, K1, K2 &amp; K3)</b>	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.	
<b>Large developments</b>	For large developments (on sites ≥8,000 sq. m or that contain ≥45,000 sq. m of new floor area) in zones that qualify as per this table, supportable height and density will vary depending on the site.	

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 plan areas must be respected (e.g. Marpole, DTES, West End, Grandview-Woodland, Joyce Station Area, Cambie Corridor, Oakridge Transit Centre, Broadway).
- Where existing zoning or street context supports provision of ground floor retail space, proposals should include ground floor retail.
- 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.