

# Policy

## Secured Rental Policy Incentives for New Rental Housing

*Approved by Council May 15, 2012*

*Amended November 26, 2019*

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## Background and Context

On November 26, 2019, Council approved amendments to the Secured Market Rental Housing Policy originally approved by Council in May 2012. The amendments include the following:

- Retitling of the policy
- Addition of rezoning opportunities for 100% secured market rental housing previously enabled by the Affordable Housing Choices Interim Rezoning Policy, to be implemented as a pilot on a time-limited basis until June 30, 2022
- Changes to the family housing requirements
- Additional Green Buildings requirements

### Housing Choice Supports a Diverse Population

Vancouver is a growing and diverse city with significant housing challenges. Creating new housing for all Vancouverites through a range of housing options is critical to ensuring a vibrant and diverse city.

As of 2016, 53% of households in Vancouver were renters.<sup>1</sup> Renters in the city are a diverse group, including singles, families, and roommate households, and have a wide range of household incomes ranging from under \$30,000 to over \$80,000. The diversity of renters in Vancouver means that a broad range of housing types is required to meet the needs of these households.

Purpose-built market rental housing is a key source of secure, long-term housing for renter households earning a broad range of incomes. A robust supply of rental housing is also crucial for supporting a broad range of renter households in locations across the city, including areas accessible to transit and jobs, as well as in neighborhoods away from major arterial roads.

### Rental Housing Challenges

Vancouver has the tightest rental market and one of the lowest vacancy rates in Canada, which over the last 30 years has averaged 0.9 percent. This is partly the result of limited new supply of rental housing in recent decades, along with the demand for rental housing from a growing population facing significant increases in the cost of home ownership. In this context, the need for suitable housing choices for renter households has grown dramatically.

### Housing Vancouver Strategy Context

On November 28, 2017 City Council adopted the 10-year Housing Vancouver Strategy. A core objective of Housing Vancouver is to shift the supply of new housing toward the “Right Supply” that meets the needs of the diversity of households in the city. The Strategy identified the need for an additional 72,000 housing units over 10 years, of which 20,000 units are new purpose-built rental housing.

The Secured Rental Policy is part of the larger Housing Vancouver Strategy that also addresses the housing needs of moderate and low income households. The regulations contained in the Rental Housing Stock Official Development Plan and Single Room Accommodation By-law are in place to protect the stock of existing market rental housing. In addition, the Housing Vancouver Strategy targets 4,000 of the total 20,000 purpose-built market rental units as below-market rental, and includes aggressive targets for social, supportive, and co-op housing (12,000 units by 2028) to meet the needs of low income residents.

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<sup>1</sup> Census 2016

## **Rental Housing Policies in this Document**

This document contains policies to encourage new purpose-built market rental housing. These policies are intended to increase the supply of secure market rental housing that is available to renter households. Affordability will be achieved through tenure, location, modesty in unit size, and over time as the buildings age, and through terms secured in Housing Agreements for projects including below-market rental units.

## **Use of Residential Rental Tenure Zoning**

In May 2018, the Government of British Columbia amended the Local Government Act and Vancouver Charter to provide local governments with a new authority to zone for residential rental tenure. This tool allows municipalities to require new housing to be developed as rental in multi-family or multi-use areas; set different rules that restrict the form of tenure of housing units for different zones and locations within a zone; and require that a certain number, portion or percentage of housing units in a building be rental. Through the implementation of this policy, this new authority will be utilized in several ways:

- Amendments to the C-2, C-2B, C-2C and C-2C1 zoning districts will be proposed for Council's consideration which will include a new provision that limits projects above 4 storeys and 2.5 FSR to be 100% rental in tenure in the residential units, while continuing to allow mixed use strata projects up to 4 storeys and 2.5 FSR (see Policy 2.3 and Table 1).
- New zoning district schedules will also be proposed for Council's consideration to enable new apartment, townhouse and mixed use buildings where 100% of the residential units are rental in tenure, for use in privately-initiated rezonings in low density transition areas (see Policy 2.4 and Table 2)

# Secured Rental Policies

## 1 Residential Rental Projects Under Existing Zoning

Development permit applications for projects which can be approved under the existing zoning will be considered where 100% of the residential rental floor space is secured as non-stratified rental housing. Qualifying projects may be mixed use (i.e. include a commercial component), but all of the residential floor space must be rental.

### 1.1 Incentives

Projects which can be developed under the existing zoning are eligible for the following incentives:

- Parking reductions as described in the Vancouver Parking By-law;
- City-wide and Area Specific DCL waiver for the residential floor space of the project; and
- Relaxation of unit size to a minimum of 320 sq. ft. provided that the design and location of the unit meets the livability criteria as defined in the Zoning and Development By-law.

For more information on available incentives, refer to the Rental Incentive Programs Bulletin.

## 2 Residential Rental Projects Requiring a Rezoning

Rezoning applications may be considered for projects only if 100% of the residential floor space is secured as non-stratified rental housing. Qualifying projects may be mixed-use (e.g. include a commercial component), but all residential units must be rental in tenure.

### 2.1 Incentives

Projects requiring a rezoning are eligible for the following incentives:

- Additional floor area, height and new uses;
- Parking reductions as described in the Vancouver Parking By-law;
- City-wide and Area Specific DCL waiver for the residential floor space of the project; and
- Relaxation of unit size to a minimum of 29.7 sq. m (320 sq. ft.) provided that the design and location of the unit meets the livability criteria as defined in the Zoning and Development By-law.

For more information on available incentives, refer to the Rental Incentive Programs Bulletin.

### 2.2 Exclusions

These rezoning policies (2.3 and 2.4) apply city-wide, except in areas that have recently approved community plans (e.g. Cambie Corridor Plan, West End Plan, Grandview-Woodland Plan, Marpole Plan, and the Downtown Eastside Plan) or that are undergoing community planning programs and have interim rezoning policies in place (e.g. Broadway, Jericho Lands).

In community plan areas, secured rental projects may be eligible for incentives, with height and density set as per the applicable community plan policy.

### 2.3 Rezoning in Commercial, Multi-Family, Industrial and ODP Areas

Rezonings for 100% residential rental projects will be considered in the following locations:

- areas close to transit, employment and services (e.g. commercial and mixed use zones);
- multi-family areas (e.g. RM zones) for infill projects or projects on sites that do not have existing rental housing;
- areas with existing rezoning policies or Official Development Plans that accommodate higher residential density (e.g. Downtown District and existing CD-1 zoning) and which do not conflict with existing policies for social housing; and
- light industrial areas that currently allow residential (e.g. MC-1 and MC-2).

Table 1 outlines the additional height and density that may be considered for rezonings in commercial, multi-family, industrial, and ODP areas.

**Table 1: Consideration for Rezoning in Commercial, Multi-family, Industrial, and ODP Areas**

Areas	Existing Zoning District	Direction
Commercial areas	C-1	C-2 form of development (up to 4 storeys and 2.5 FSR)
	C-2* C-2B, C-2C, C-2C1	Generally consider increases up to 6 storeys and commensurate achievable density
	C-3A	Consider additional density; adhere to existing height limits and generally to guidelines
Multi-family areas	RM-3, RM-3A	Consider redevelopment of sites where existing rental units do not currently exist and infill development where appropriate on sites where existing tenants are not displaced Adhere to existing height limits and generally to guidelines
CD-1 zoned areas	CD-1	Consider redevelopment of sites where existing rental units do not currently exist and infill development on suitable sites where existing tenants are not displaced; height and density as appropriate to location and context
Industrial areas that allow residential	MC-1	Consider modest increases in height and density
Areas with Official Development Plans that allow residential	Various ODP areas	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 limits

\*Amendments to the C-2, C-2B, C-2C and C-2C1 district schedules will be proposed 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 to the C-2, C-2B, C-2C and C-2C1 district, new proposals to rezone sites in these areas to a site-specific CD-1 will no longer be supported.

## 2.4 Rezoning in Low Density Transition Areas

Until June 30, 2022, rezonings for 100% residential rental projects will be considered for sites zoned RS or RT that are 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 are 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

For an illustration of general locations eligible for rezoning under Policy 2.4, see Map 1 in the Rental Incentive Programs Bulletin.

### 2.4.1 Eligibility Requirements for Regular Sites – Rezoning to a Rental Tenure District Schedule

Table 2 provides direction for consideration of additional density for 100% rental projects seeking a rezoning in RS and RT zoned areas.

- To be eligible, sites must be generally rectangular in shape, part of the regular street grid and have a full lane to the rear.
- To be eligible for mixed use on blocks that do not have existing zoning for commercial use, sites must include the entire block face.

Rezoning opportunities as described in Table 2 will only be enabled through rental tenure district schedules; rezoning to a site-specific CD-1 will only be considered as per Policy 2.4.2.

**Table 2: Considerations for Rezoning in RS and RT Zones**

Location	Site Context	Direction
On arterial	Part of a block face that has existing zoning for commercial use (C-1, C-2, C-2, C-2B, C-2C, C-2C1 or CD-1 with commercial retail at grade)	4 storey mixed use (up to 2.5 FSR) Consider up to 6 storey mixed use: <ul style="list-style-type: none"> <li>• for split-zone sites where at least half of the site area is already zoned C-2; or</li> <li>• for projects including a minimum 20% of the residential floor area as units secured at below market rents* (See Section 3.2 for specific requirements)</li> </ul>
	Part of a block face that does not have existing zoning for commercial use: <ul style="list-style-type: none"> <li>• If the whole block is zoned RS or RT and does not have existing zoning that permits buildings of 3 storeys or more, sites must include a corner lot</li> </ul>	5 storey apartment (2.0-2.2 FSR) Consider 4 storey mixed-use (up to 2.5 FSR) if the site includes the entire block face Consider 6 storey apartment or mixed-use for projects including a minimum 20% of the residential floor area as units secured at below market rents (See Section 3.2 for specific requirements)
Off arterial	Sites that are part of a block face that is entirely within 150 m of an arterial: <ul style="list-style-type: none"> <li>• If the whole block is zoned RS or RT and does not have existing zoning that permits buildings of 3 storeys or more, sites must include a corner lot</li> </ul>	4 storey apartment (up to 1.75 FSR) or 4 storey townhouse (up to 1.45 FSR)

## 2.4.2 Eligibility Requirements for Irregular Sites – Rezoning to a Site-Specific CD-1

Sites that meet the location and site context considerations in Table 2 but are irregular in size, shape, context or other attributes may be eligible for rezoning subject to a customized review and response.

In general, irregular sites will not be considered for more height or density than may be achieved on a regular lot through the set rental tenure district schedule(s). In some cases, increased setbacks and reduced FSR may be required commensurate to the irregular context to allow for reasonable adjacencies.

Examples of Irregular or Special Sites include:

- Sites with limited street frontage or no lane
- Large Parcels (10,000 sq. ft. or more)
- Sites at the corner of two arterials or roads on Translink's Frequent Transit Network

## Other Policy Requirements

### Security of Tenure and Housing Agreement

The rental units will be secured for a term of 60 years or life of the building, whichever is greater, through legal agreements, (i.e. 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 Director of Planning.

### Affordability

For projects proposing a 6 storey building under Policy 2.4 that are required to achieve a minimum of 20% of the residential floor area as units secured at below market rents, all below-market units will be affordable to households earning less than \$80,000 per year (where rents will be targeted to 30% of tenant's before-tax household income on rent), with the goal of creating units affordable to a range of incomes, with greater affordability subject to project viability.

For details related to eligibility requirements for new and existing tenants, refer to Section 2b of the Moderate Income Rental Housing Pilot Program Bulletin for general guidance, acknowledging that variances from these guidelines may be required to support project viability.

### Housing for Families

The City's Secured Rental Policy encourages the inclusion of family housing. The requirement for family housing units is set at 35% of units for all secured market rental developments. Family units are defined as units with 2 or more bedrooms, designed to meet the Council adopted High Density Housing for Families with Children Guidelines.

### Tenant Relocation and Protection

Where tenants will be displaced as a result of redevelopment, a tenant relocation plan as outlined in the City's Tenant Relocation and Protection Policy will be required. Please also refer to the Tenant Relocation and Protection Policy – Process and Requirements Bulletin.

## Green Buildings

The Secured Rental Policy advances green building objectives and encourages the development of near-zero emission buildings.

All rezoning applications considered under this policy will be expected to meet the Green Buildings Policy for Rezoning, and 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, please refer to the Green Buildings Policy for Rezoning and the Green Buildings Policy for Rezoning – Process and Requirements Bulletin.

## Community Amenity Contributions

Community Amenity Contribution (CAC) policies apply to private rezoning applications. Routine, lower density rezoning applications for secured rental that meet the criteria of the Community Amenity Contributions Policy for Rezoning and other Council approved policies and guidelines are not subject to a CAC.

## Implementation and Monitoring

### Implementation

The policies in this document provide clarity on the incentives offered to enable rental housing, as well as the scale of rental developments that may be considered. New development will be managed through privately initiated rezonings. In addition, amendments to the C-2, C-2B, C-2C and C-2C1 district schedules will be proposed 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. New zoning district schedules will also be proposed for Council's consideration to enable new residential rental tenure apartment, townhouse and mixed use buildings in low density transition areas.

New rezoning proposals in low density transition areas as described in Policy 2.4 will not be supported while Council is considering zoning changes for the corresponding residential rental tenure district schedules, 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.

New privately initiated rezoning applications in the areas described in Table 1, including for sites in applicable areas of the C-2, C-2B, C-2C and C-2C1 zoning districts, may be supported, effective immediately. Should Council approve amendments to the C-2, C-2B, C-2C and C-2C1 district schedules as described above, new proposals to rezone sites in these areas to a site-specific CD-1 will no longer be supported.

### Monitoring

The Housing Vancouver Annual Progress Report will track the rental units created through this policy, and measure and evaluate progress towards the City's approved housing targets in relationship to supply, income, and family housing.