

## **Rent Replacement Policies and Practices Case studies of BC Municipalities**

### **City of Coquitlam**

#### Properties

528 Como Lake Road - - 30 units –supportive transition housing for single mothers

Land is City-owned. Leased to the province for \$1 for 60 years.

City desired to take advantage of funding available through Homelessness Partnership Initiative, and brought the land to the table as an in-kind contribution. (A number of sites were considered, including 7 owned by the City and 4 that were privately owned). Was an RFP call – YWCA was chosen. YWCA brought \$1 million in capital to the project, Province provided \$7.5m in Capital funding, and will cover operating costs. Estimated value of the property in 2006 was \$750,000.

3030 Gordon – Emergency shelter and transition Housing: 30 shelter beds, 30 transition units, and up to 30 cww mats

Land is City owned. City contributed off-site servicing to the site.

The Tri-Cities Homelessness Task Group identified homelessness as a priority in 2007 and identified the need for a shelter and transition housing in the Tri-Cities. In 2008, City Council agreed to contribute the .61 acre portion of a property they owned at 3030 Gordon Avenue. An MOU was negotiated with the Province. The property was zoned service commercial, and required an OCP amendment and rezoning. Province committed \$12 million in capital funding, and BC Housing funded the public consultation program. Open call for operators by BC Housing – Raincity Housing was chosen.

### **City of Richmond**

#### Policies

- Had a moratorium on demolition of existing multi-family rental stock between July 2006 and July 2007, except where 1:1 replacement provided.
- OCP encourages 1:1 replacement of rental units
- Density bonus:
  - .2 FAR density bonus for SF and Townhouse to max .6 FAR
  - .6 FAR density bonus in Apartment zone to max 3.0 FAR
  - SF developer can get bonus for an “affordable” secondary suite or coach house (secured with a housing agreement)

- For <80 units: Cash contribution based on \$2-\$4 of buildable area<sup>1</sup>, to go into Affordable Housing Reserve Fund,
  - For 80+ units, at least 5% and not less than 4 units must be “affordable”
- 70% of monies collected through density bonuses go into the Reserve Fund, while 30% go into an Affordable Housing Operating Reserve fund to cover City costs such as staff and consultant time, legal costs, management and administration costs.
- Monies collected in the Affordable Housing Reserve Fund “to be utilized first and primarily for subsidized housing”
  - Can be used to offset DCCs, infrastructure, development application and permit fees, as well as purchase of property and construction of affordable housing.
- City lands can be used for affordable subsidized rental housing and affordable low end market rental purposes.
- Non-profit rental housing can be exempted from DCCs on a case by case basis (3 year trial)

### Case study

Replacement of older non-profit housing for seniors with a combination of social housing and market (condominium) apartments:

- Kiwanis owned a 5 acre site downtown, with 296 older seniors housing units in several buildings, not in good shape, renting for \$350 per month
- Kiwanis sold 3 acres to Polygon.
- Polygon will be building 338 market units in 3 towers and townhouse units
- Other 2 acres kept by Kiwanis to build 2 highrise towers with 144 units – Housing agreement says rent will not be more than \$850.
- Theoretically, 1:1 replacement of the units, but because woodframe units are being replaced with concrete constructed units (with longer lifespan), was not one-to-one. (296 units to 144)
- Financing of the 144 units: 90% of cost of Tower 1 covered by sale of 3 acres. City reduced parking requirements, and is looking at fee breaks on DCCs and building permit costs, and will also contribute from Affordable Housing Reserve Fund.
- New seniors units will be for independent living, new buildings will include amenity rooms and nurse’s room.

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<sup>1</sup> \$2 for Townhouse or Single Family; \$4 for higher density apartment

## City of Burnaby

### Policies

- Provides density bonuses for affordable/rental housing in the Town Centre– “Community Benefit Bonus Policy”
- Lot is rezoned to Comprehensive Development District – conservation or provision of amenities must be equivalent in value to the increase in the value of the lot attributable to the increase in Floor Area Ratio.
- Cash in lieu is accepted if the benefit is less than \$800,000 in value, or at the wish of Council, and is split 80% to town centre amenities and 20% to City wide Housing Fund. City Council can increase the housing fund contribution on a case by case basis.
- Burnaby Legal team has taken the position that *as long as Council has a policy in place*, Council can require whatever they want in regard to rezoning (that is, there needs to be a policy that is applied across the board).

### Examples

- Did not document loss of rental housing when SkyTrain was developed.
- Has been requiring developers to contribute 100% of the land lift when rezoning to higher densities (which covers both affordable/rental housing and other amenities). This has never been an issue with developers.
- Did purchase a 58 rental building that was being sold, and turned it into coop housing. This was unrelated to SkyTrain development.
- 2012: Achieved 1:1 replacement on a site with 8 rental units which was close to the Metrotown Station of the Expo SkyTrain Line. The developer received a 0.4 FAR bonus to bring total FAR to 1.5, and of the 44 new units, 8 are designated rental. Of these, 5 are studio units and 3 are one bedroom plus den. The rezoning report did not identify number of bedrooms in the demolished rental units.
- A developer voluntarily provided 6 months rent to tenants who were displaced by a redevelopment project.

## Port Coquitlam

### Policies

- Provides density bonuses for affordable housing.
- Bonus at .5 FAR bringing the RA1 Zone (MF Apartment Zone) from 1.5 FAR to 2.0.
- Cash contribution is based on 100% of value of the land lift (currently \$25 per square foot), which is split 50%/50% between affordable housing and other amenities (See Port Coquitlam Density Bonus Policy #5.01 dated 2009-11-12).
- Coriolis did consultant report recommending Port Coquitlam capture 100% of the value of the land lift resulting from rezoning.
- Do independent market appraisals of the properties.

## **Port Moody**

### Policies

- Will consider a 10% bonus density where proposed redevelopment in Multifamily residential zones provides significant community benefit such as affordable housing;
- Encourages the development of affordable housing through measures such as density bonusing up to 15% for innovative forms of housing such as laneway housing, assisted housing and co-housing
- Allows parking exemptions where benefits such as affordable housing are provided.
- Considering a Standards of Maintenance Bylaw

### Case study

Inlet Centre Project – City Leased the land at below market value under long term lease (\$1 per year? To be confirmed)

- Managed by Greater Vancouver Housing Authority
- 96 units including 22 family units, 41 Assisted Living, 23 units geared to “homeless” and 10 hospice units.
- Started operation in October 2003.

## **City of New Westminster**

Rental replacement policies currently under development

### Case Study

The City of New Westminster is at a disadvantage in that there are fewer opportunities to request affordable and/or rental housing through the rezoning process (increased densities beyond existing zones are not contemplated).

However, a developer who was redeveloping on a site with existing rental units voluntarily provided relocation assistance (both financial assistance and help locating new rental units) to existing tenants, as well as a voluntary contribution to the Affordable Housing Fund.

## **District of North Vancouver**

### Policies

- OCP “encourages the retention of existing, and the development of new, rental units through development, zoning and other incentives,” and “facilitates rental replacement through redevelopment”.
- Lynn Valley Neighbourhood Plan encourages the replacement of rental units when rental buildings are being redeveloped

### Case study

The Lynn Valley Neighbourhood Plan policy on rental replacement was sufficient to enable the District to negotiate with the developer for replacement of 36 of 54 rental units, and existing tenants were given right of first refusal to purchase/rent the new units. The new units were at market rents, so the tenants did not take advantage of this right, but received \$1000 each in moving assistance. The developers also contributed \$140,000 to the District’s Affordable Housing Fund.

### Case Study – Seylynn Village

The project was initially rezoned as follows:

- 5.5 acre site (includes some existing municipal road and MOT lands)
- 690 dwelling units, 50,000 square feet for commercial space
- 70 affordable units to be transferred to the District, amenity contributions included park improvements, child-care, public art and accessible design features
- Housing agreement to secure rental apartments

In 2011, the property was sold and the new developer made a number of changes including:

- A reduction in the amount of commercial space
- Changes in the unit count and unit mix and changes in the building design 720 units (700 strata and 20 rental);
- Incorporation of the District’s Housing Parcel to allow for redevelopment of 70 affordable rental units
- RTC is expected to be forwarded to Council in the Fall 2012

## **City of North Vancouver**

### Policies:

- Provides up to 10% density bonus for affordable housing in higher density residential development
- Demolition moratorium between November 1989 and July 1990
- Demolition notification bylaw
- Requirement in large high density residential projects for 20% of units to be less than 750 square feet
- Leases land at below market (\$1 a year) for non-profit housing projects (e.g. Margaret Heights – 19 family townhouse units)
- Policy to allow for the creation and legalization of additional suites in existing multiple unit apartments
- Rental Premises Standards of Maintenance & Nuisances Bylaw
- DCCs for off site works such as crosswalks and traffic signal upgrades not required for market rental units.

### Implementation:

Negotiate density bonuses on a case by case basis:

- Legion Towers (non-market rental and strata development) (1999)
- The Summerhill Residence (Waterford Gardens) (rental supportive housing) (1999)
- density bonus to create site for 27 unit seniors' non-profit housing project, "St. Andrews Place" (2006)
- Rezoning of Lonsdale School Site to include a 16 unit apartment building for young adults with disabilities (HYAD) (2009)
- "Kimpton Development": Inclusion of 6 affordable rental units in a 52 unit wood-frame strata development (2009). See case study below.
- "Chesterfield Holdings": 5-units for persons with disabilities secured in 28 unit rental building (2012 completion). See case study below.

Provision of Land:

- Purchased site for North Shore Adult Emergency Shelter & Transition Housing facility (2001)
- Lease of Lower Lonsdale site for 42 unit project for single and family households of various disabilities and income levels, "Quay View Apartments"

Other support:

- Existing 28-unit rental apartment building purchased by non-profit housing society with mortgage support from the City (2011)
- 40 unit rental building approved (2011)

### Case Studies

Chesterfield Holdings:

- Heritage rental building with a restaurant at grade. Destroyed by fire.
- Rezoned to CD zone with 2.6 FAR to provide 28 rental units with commercial at grade (2010)

- 100 square feet excluded from the FSR calculations for 5 units adaptable design level 2 suites (3 one bedroom, 2 – 2 bedroom plus den). 19% of total units.

#### Kimpton Development:

- 24 unit rental building (1.31 FSR) rezoned to 1.6 FSR for a 4 storey building with 52 units. Later rezoning provided a density bonus of .856 FSR and an exclusion of .219 for a total bonus of 1.08 FSR, to provide:
  - 10 units with Level 2 Adaptable Design, including 6 affordable units to be deeded to the City.
- City Development Cost Charges for parks and roads were waived for the 6 affordable rental units, for \$5601 per unit, or a total of \$33,607.
- Metro Vancouver DCC's of \$807 per unit were also waived for the 6 units (a total of \$4842).
- 6 accessible rental units (the excluded .218 FSR) provided at no cost to the City.
- Units are valued at between \$300,000 to \$380,000 each.
- City currently soliciting proposals from non-profit organizations to manage the units.
- Original agreement for 8 non-market rental with 5 to be deeded to the City at no cost. Renegotiated to 6 non-market units to be deeded to the City as a result of changes to the real estate and financial markets.

#### Chesterfield House

- Partnership purchase of existing 28 unit rental apartment building with BC Housing and Marineview Housing Society for non-profit supportive rental housing for people with mental health issues (2006)
- Later Rezoning to permit 9 unit additional building on surface parking site

## City of Vancouver

### Policies

- Rate of Change Policy
  - Requires 1:1 replacement of rental units in certain areas of the City.
- Demolition controls – Council approval required for demolition of SROs. Conditions of approval can include:
  - 1:1 replacement
  - Fee of up to \$5000 per unit demolished
  - Tenant relocation assistance of up to 2 months rent
  - Right of first refusal for existing tenants.

- Had STIR Program (Short Term Incentives for Rental) – a 2.5 year pilot program to encourage the construction of market rental units that ended on December 15, 2011. Incentives included
  - Development cost levy waiver
  - Parking reductions
  - Additional density ranged from .3 to 4.1 FSR
  - Expedited processing through the concurrent processing.
 Developers were also encouraged to keep costs down through smaller units, limited amenities and basic finishes.
- STIR was replaced by the Secured market Rental Housing Policy on May 15, 2012, and includes the same incentives. Based on the City’s experience with STIR, these incentives will only apply to projects where all the residential units are designated as rental. (However, mixed tenure projects that require rezoning will still contribute to rental housing through negotiated Community Amenity Contributions). Rental units can be a minimum of 320 sq.ft. All projects are reviewed by the City Manager to ensure the affordability of units receiving incentives. The rental units are secured for 60 years or the life of the building, whichever is greater, through Housing agreements.

Case Study: STIR

During the 2.5 year pilot, STIR stimulated new market rental housing and will ultimately create up to 1,648 new rental units (699 are already approved and the remainder are under review). This represents a 270% increase over pre-STIR rental production. The 100% rental projects were deemed more effective, creating more rental units for less City money. The waiving of Development Cost Levies, at just under \$5,000 per unit, was deemed the most successful incentive. This was the primary financial incentive for the 100% rental buildings. In contrast, the combination of community amenity contributions through density bonuses plus waived DCLs for rental units in mixed tenure buildings cost approximately \$70,000 per unit. The higher cost primarily reflects the higher cost of building units in concrete towers. STIR was also effective in providing more affordable units: cost for two bedroom STIR rental units were 70% the cost of purchasing a unit, while studio units were 80% the cost of purchasing a unit.

***More Homes, More Affordability Program***

- City owns 4 sites in fee simple and has the option to purchase two more
- The City intends to grant a long term ground lease (60-99 years) for each site at a nominal rate to stimulate the development process and deepen the level of affordability. Other developer incentives include:
  - Development Cost Levy Waiver (DCL)
  - On-site Parking Relaxations
  - Fast-tracked process

Policies

- Focuses on sale to working families rather than rental
- Requests affordable housing whenever:

- Rezoning to higher densities (to capture increase in land value)
  - Variances required
- Target to families at 80% of median income
- Apartments – 10% of units need to be at 80% of market
- Townhouses – 5% of units need to be at 80% of market
- Housing Agreement requires them to be at 80% of market in perpetuity
- Single Family subdivisions – 25% of lots need to be small lots at market value
- Cash in lieu accepted if there are fewer than 10 apartments or 17 townhouses, or if they are “luxury” units – with cash in lieu calculated by the District.
- Incentives offered:
  - Waiver or reduction in fees
  - DCC reduction
  - Reduced parking requirements
  - Time limited property tax exemptions
  - Fast tracking of applications
- Exploring new density bonus zoning districts:
  - If project does not require rezoning, can apply to increase number of units, on the condition that a certain percentage of the units are reserved for low income households.

## City of Kelowna

### Policies

These policies were developed after consultation with local developers who are interested in building rental housing.

- Affordable Rental Housing Grants of \$5000 per unit (\$200,000 annually – up to 40 units)
  - September 30 deadline for application
  - Grants are applied at the building permit stage as a deduction from applicable costs
  - Must qualify as “affordable”: either
    - the income required to spend no more than 30% of total household income before tax on the average rents for Kelowna published annually by CMHC or,
    - purpose built rental buildings of 5 or more units, secured as rental by a housing agreement (market rental qualifies)
- Grants also available to offset DCCs, to cover part or all of the cost. (\$120,000 budgeted annually, unspent funds carried forward). DCCs are quite high in Kelowna so this can be a significant incentive, depending upon area and type of unit: in 2012 they range from \$10,230 to \$30,672 per unit, with most falling within the \$15,000 to \$20,000 range.
- Lower DCC rates for smaller units (units below 600 sf pay between \$200 and \$330 per unit) and supportive housing (which pay the lower institutional rate)
- Accessory suites (below 312 sf) do not pay DCCs
- Ten year exemption from property taxes for new purpose built rental
- Housing Agreements in place for a minimum of 10 years. After 10 years owner can ask for this to be removed, but if agreed, the owner would have to repay the grants, which would go back into the affordable housing fund.
- Expedited processing.
- Considering waiving public hearing requirement for applications that are consistent with OCP.

### Examples:

Note: Although there are no examples of a private developer receiving incentives under this program to date, the City is currently under negotiation with several developers to provide designated rental units under this program, and indications are that these incentives are sufficient to encourage purpose built rental units.

### Low cost lease:

In the following examples, land was leased for 60 years at no cost to the partners:

- [Cardington Apartments](#) has 36 supportive housing units for people who have faced homelessness
- [Tutt St. Place](#) provides 39 apartments with support services for single mothers on a City-owned former parking lot which was provided at no cost to BC Housing
- [Willowbridge](#) 40 housing units for people who have mental health issues and have faced homelessness, in partnership with BC Housing.
- [New Gate Apartments](#) 49 transitional, but longer term apartments with support services for singles, set to open in 2012. Partnership between BC Housing, John Howard Society and the City.
- [Central Green](#) Approximately 75 units of affordable housing in partnership with BC Housing with potential for another 75 affordable (purpose-built) rental units to be built on the same site on another property.

### Donated Land:

- The [Pleasantvale Homes](#) site was City-owned and has been provided to BC Housing as a site for affordable housing redevelopment. It continues to provide fifty low cost senior citizens' apartments and the existing tenants will be provided for as part of the redevelopment. Several property acquisitions and the closure of the lane will be part of the City's recent contribution towards affordable housing at this site, aside from the fact that the existing complex was built on City-owned land that was donated for the complex at this location.

### City owned projects:

- Eight shelter beds are in place for youth at the City-owned Glenn Ave. School on Richter St.
- White Buffalo Lodge, owned by the City, is a former motel that provides 39 temporary affordable apartments for youth, families, elders and people at risk of homelessness. It is managed as a partnership with several non-profit groups with the help of [BC Housing](#). This temporary agreement was established in 2010 and is intended to last from two to five years until the City needs the property to replace the bridge over Mission Creek at this location.

## City of Kamloops

### Policy:

- The City will direct \$50,000 per year to the Affordable Housing Reserve Fund
- Affordable Housing Reserve Fund for capital assistance
  - Can be private or non-profit, new construction or purchase of existing units, or upgrading
  - Must have contribution from senior levels of government
  - Affordability guaranteed through a Housing Agreement
  - Payable upon project completion
  - Contributions start at \$5000 per unit for first 15 units, \$3500 for units 16 to 25, and \$2000 per unit from 26 to 35 units.
  - An additional \$2000 is available per unit if they are accessible, up to a maximum of \$20,000 per project
  - Maximum of \$150,000 to any project.
  - Minimum \$150,000 to be retained in the fund.
  - Council approval for fund disbursement.
  - City reserves the right to not allocate any funds and may reduce funding levels should the City be partnering through other mechanisms (DCC waiver, tax exemptions etc)
- The City will encourage developers of projects over 20 units to provide an additional 5% of units as affordable or rent geared-to-income dwelling units through a density bonus. These units will be exempt from paying DCCs and subject to a housing agreement with the City of Kamloops.
- Housing projects greater than 50 units will not be encouraged by the City

## Sicamous

- Require a mandatory min 10% of new developments to be small lots with small houses
- For project involving less than 10 lots, the developer will contribute to the Housing Reserve Fund an amount proportionate to the number of lots being created (5 lot subdivision, 5% of \$190,000= \$9,500
- The Affordable Housing Strategy sets a maximum sale price for affordable housing units (\$140,000 for the house \$50,000 for the unit) and a housing agreement registered against the title of the property would outline these conditions
- The S/D layout shall not have more than 2 adjoining affordable lots
- Provision of the affordable housing unit on a different site, other than the one being developed is permitted
- The district may consider allowing the Development to provide cash-in-lieu which will be directed to the Affordable Housing Reserve Fund
- The City requires a security deposit for the value of the house (\$140,000) which is released to the developer when the construction and occupancy permits for the housing units are finalized

- Qualified households includes those that own a business or are employed in a local business and whose taxable incomes are in the range of \$40,000 to \$60,000 which represents 30-40% of the household income
- Qualified persons are identified by the Social Housing and Planning Committee as eligible
- Regulated by a Housing Agreement registered on title. Sets min lot size to correspond to the R1A zone, sets maximum sale price which will remain constant with minor adjustments for inflation; number of adjoining affordable lots; requirement for adjoining driveways.
- Registration of the Affordable Housing Agreement required conditional on the final approval of the residential subdivision plan;
- Affordable Housing in multi-family projects. 75 to 100m<sup>2</sup> of floor area. Same criteria as those for single-family homes are set. City will accept cash-in-lieu

**Town of Gibsons**

- Contributions to the Affordable Housing Reserve Fund are used to purchase land or to partner with a developer on the development of affordable housing
- Residential rezonings that result in the creation of 10 or more residential lots or multi-family residential units will be required to provide at least 10% of the units for affordable housing on or offsite or contribute funds or in kind services in an equivalent amount towards an affordable housing reserve fund;
- The affordable housing is to be either transferred to a non-profit organization or a covenant or housing agreement registered on title