



To:	Planning Committee	Date:	April 19, 2021
From:	John Hopkins Director, Policy Planning	File:	08-4057-08/2021-Vol 01
Re:	Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions		

Staff Recommendations

1. That Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255, which proposes to amend the following:
 - a) in Schedule 1 of Richmond Official Community Plan Bylaw 9000, amend Section 3.3 “Diverse Range of Housing Types, Tenure and Affordability” by introducing City-wide market rental housing provisions for new development including:
 - i) inserting language to clarify a purpose-built market rental housing requirement in new development that includes more than 60 apartment units, and an associated density bonus (0.1 floor area ratio), which applies to the site;
 - ii) inserting language to establish that for townhouse development with 5 or more units and apartment development with 5 to 60 apartment units, a community amenity contribution may be accepted through a rezoning application; and
 - iii) inserting language to clarify that 100% market rental housing projects would be exempted from affordable housing requirements.
 - b) in Schedule 2.10 (City Centre Area Plan) of Richmond Official Community Plan Bylaw 7100, insert language to clarify City Centre Area Plan density bonusing requirements with respect to the Richmond Affordable Housing Strategy and Official Community Plan Market Rental Housing Policy; and
 - c) in Schedule 2.2A (Thompson Area Dover Crossing Sub-Area Plan), Schedule 2.4 (Steveston Area Plan), Schedule 2.10C (McLennan North Sub-Area Plan), Schedule 2.12 (Bridgeport Area Plan), and Schedule 2.14 (Hamilton Area Plan) of Richmond Official Community Plan Bylaw 9000, insert language to support density bonus provisions with respect to the Official Community Plan Market Rental Housing Policy,

be introduced and given first reading.

2. That Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255, having been considered in conjunction with:

- the City's Financial Plan and Capital Program; and
- the Greater Vancouver Regional District Solid Waste and Liquid Waste Management Plans;

is hereby found to be consistent with said program and plans, in accordance with Section 477(3)(a) of the *Local Government Act*.

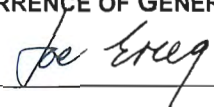

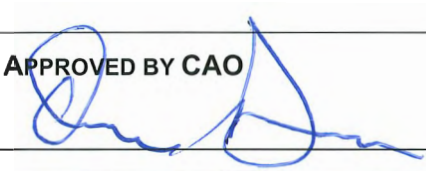
3. That Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255, having been considered in accordance with Section 475 of the *Local Government Act* and the City's Official Community Plan Bylaw Preparation Consultation Policy 5043, is found not to require further consultation.
4. That Richmond Zoning Bylaw 8500, Amendment Bylaw 10256, to insert a definition for residential rental tenure, to clarify habitable area, to make a series of updates to existing zones to reflect changes to the Official Community Plan Market Rental Housing Policy, to update Low End Market Rental housing construction requirements, and to increase the density bonus provisions in the CDT zone be introduced and given first reading.
5. That in-stream rezoning applications received prior to Council's adoption of the proposed recommendations be processed under the existing Official Community Plan Market Rental Housing Policy and Low End Market Rental program provisions provided that the application achieves 1st reading within one year of the adoption of Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255 and Richmond Zoning Bylaw 8500, Amendment Bylaw 10256. New applications received after Council's adoption of Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255, and Richmond Zoning Bylaw 8500, Amendment Bylaw 10256, are subject to the updated requirements.
6. That staff report back to Council regarding key findings related to the implementation of updates to the Official Community Plan Market Rental Housing Policy after the program provisions are in place for two years.

7. That staff be directed to share information with key stakeholders, including the Urban Development Institute and non-profit housing providers, regarding opportunities for public input, particularly the proposed public hearing associated with Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255 and Richmond Zoning Bylaw 8500, Amendment Bylaw 10256 and the bylaw amendment described in the companion report titled "Low End Market Rental (LEMR) Contribution Rate Review".



John Hopkins
Director, Policy Planning
(604-276-4279)

Att. 4

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Affordable Housing	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Law	<input checked="" type="checkbox"/>	
Finance	<input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

The following referral motion was passed at the October 19, 2020 Public Hearing:

That staff provide suggestions and options for a market rental policy and report back.

At the February 8, 2021 meeting, Council requested that the above noted referral be prioritized and brought forward as soon as possible for consideration. This was based on Council's deliberations on Polygon's mixed-use, mid-rise development proposal at Cambie Road and Sexsmith Road/Garden City Road (Talisman Park Ltd.) where members of City Council expressed interest in the feasibility of a mandatory approach to securing market rental housing units, in addition to the feasibility of expanding the Low End Market Rental (LEMR) program construction and cash-in-lieu rates. Following the discussion, City Council expressed a desire to receive rental housing recommendations in advance of considering large development proposals that are well suited to the provision of rental housing. With this direction, staff retained an economic development consultant to assess the financial feasibility of various options to expand the City's rental housing approach, which are discussed in this report and a companion report, "Low End Market Rental (LEMR) Contribution Rate Review" from the Director, Community Social Development dated April 19, 2021.

To expedite staff's response to the Council referral and to minimize scheduling impacts on development applications that are preparing for consideration by Council, staff recommend that public consultation regarding the policy changes discussed in this report occur as part of Council's consideration of the proposed amendment bylaws. The statutory bylaw amendment process will provide stakeholders with multiple opportunities to share their views with City Council.

This report responds to the referral and includes the following:

1. a summary of the existing Official Community Plan (OCP) Market Rental Housing Policy and the outcomes of its implementation;
2. a synopsis of existing in-stream market rental projects and estimated demand for market rental housing;
3. a summary of other municipal approaches to securing market rental housing; and
4. options to increase the supply of secured and constructed market rental housing in new apartment development and an option to accept a community amenity contribution rather than constructed market rental housing in smaller development based on the findings of a financial feasibility analysis.

This report is being brought forward for consideration with a companion report and the analysis and options included in this report are coordinated with those outlined in the companion report.

A report that considers using zoning to preserve and to protect existing purpose built, 100 percent rental buildings will be brought forward for consideration in the future.

This report supports Council's Strategic Plan 2018-2022 Strategy #6 Strategic and Well-Planned Growth:

Leadership in effective and sustainable growth that supports Richmond's physical and social needs.

6.1 Ensure an effective OCP and ensure development aligns with it.

6.5 Ensure diverse housing options are available and accessible across the housing continuum.

In response to Council's referral to staff, this report suggests options to secure market rental housing in new development with more than 60 apartment units. It also introduces a community amenity contribution that the City may accept through rezoning for smaller developments. The following analysis and options are being brought forward for consideration alongside a companion report, "Low End Market Rental (LEMR) Contribution Rate Review" from the Director, Community Social Development dated April 19, 2021. The companion report responds to a referral motion that was passed at the December 17, 2019 Planning Committee meeting that directed staff to explore options to increase the affordable housing requirement to above 10%. The companion report evaluates the feasibility of expanding LEMR construction and cash-in-lieu rates. The options included in this report and the companion report from Community Social Development are a coordinated response to both housing referrals.

The recommended approach includes the following City-wide updates that would apply to new development:

- OCP Market Rental Housing Policy: Replacing the voluntary incentives based approach to securing market rental housing units in mixed market rental and strata buildings with the following provisions:
 - Requiring at least 10% of the total residential floor area in a building that includes more than 60 apartment units to be secured as market rental housing. An associated 0.1 floor area ratio (FAR) density bonus will apply to the site.
 - Inserting language to establish that for townhouse developments with 5 or more units and apartment developments with 5 to 60 apartment units, a community amenity contribution may be accepted through a rezoning application. Alternatively, the owner may secure and construct 10% of the total residential floor area in the building as market rental housing. An associated 0.1 FAR density bonus will apply to the site.
- Low End Market Rental (LEMR) program: Expanding the existing LEMR program to secure at least 15% of the total residential floor area in new developments inside of the City Centre Area Plan as affordable housing units. Maintaining the existing LEMR program outside of the City Centre Area Plan, which secures 10% of the total residential floor area in new developments as affordable housing units.

Analysis

Existing OCP Market Rental Housing Policy

The OCP Market Rental Housing Policy includes provisions to:

- protect and to enhance the existing stock of market rental housing;
- support tenants at the time existing market rental housing is redeveloped; and
- encourage the development of new purpose-built market rental housing units.

Since the OCP Market Rental Housing Policy was adopted in 2018, 568 market rental units have been secured. An additional 134 market rental units are proposed within development applications that are in pre-application discussions or early stages of the standard development application review process. These units will be secured through zoning and/or housing agreements and will be available to tenants at market rates once they are constructed. Recent notable projects include the following:

- a development by Headwater Living Inc. that will provide approximately 149 purpose-built market rental housing units at 5500 No. 3 Road;
- the “Atmosphere” development at 7960 Alderbridge Way, which will provide approximately 112 market rental units in a mixed use development;
- a development by Mosaic Homes, which will provide approximately 33 secured market rental units in a four storey mixed use building at the intersection of No.3 Road and Williams Road; and
- a mixed use, mid-rise development by Colliers International Consulting on Bennet Road that includes a church and approximately 142 purpose built rental units, including approximately 122 market rental and moderate income units, and 20 LEMR units.

A summary of the OCP Market Rental Housing Policy incentives to increase the supply of market rental housing units is provided in Attachment 1. This report includes options to secure purpose-built market rental housing units in new development that includes more than 60 apartment units and an option to accept a contribution toward the City’s affordable housing objectives through rezoning applications for smaller developments that do not include market rental housing.

Market Rental Housing’s Contribution to the Housing Continuum

Market rental housing is an important element of the housing continuum. Market rental housing rates are established by the market and while available to all income thresholds, new market rental units are generally rented by households with an annual income that is greater than \$70,000. Market rental housing accommodates a broad section of the community and may be preferred by households that require flexibility, and households that are either not able to afford home ownership or are not interested in ownership at a particular life stage.

It is estimated that Richmond’s rental housing stock includes approximately 7,700 primary rental units (e.g., purpose built rental that is secured for the long term) and 13,800 secondary rental units (e.g., not included in the primary rental market and rented out by an owner), which does not include the new market rental units that have been secured to date by the existing OCP Market Rental Housing Policy. While existing City policies have increased the supply of rental housing across the housing continuum and Census data indicates approximately 30% of new development enters the secondary rental market, the City’s average vacancy rate between 2015 and 2019 was 0.7%. Based on data from Canada Mortgage and Housing Corporation, the vacancy rate for private market apartments was 1.9% in October 2020. A balanced vacancy rate is between 3% to 5%.

Based on projected population growth and current demand rates, the estimated annual demand for market rental housing that accommodates households with an annual income greater than \$70,000, is approximately 190 market rental units per year. However, this estimate does not account for latent demand, which is difficult to quantify. Richmond's smaller proportion of renters compared to local municipalities (Attachment 2) suggests an existing latent demand for rental housing and may include the following:

- People who work in Richmond but do not live in Richmond. The City's strong employment market results in a net incoming flow of more than 30,000 workers.
- Households that need flexibility and/or prefer rental housing (e.g., students, contract workers, etc.).
- Households that are not adequately housed and would move to more suitable housing (i.e. spending more than 30% of household income on housing, housing that requires major repairs and/or inadequate size/composition of bedrooms).
- Households that can afford to purchase housing but choose to rent.

Increasing the market rental housing supply would contribute to the overall availability of housing options in the City and would respond to the City's low vacancy rate.

Other Municipal Approaches to Market Rental Housing

Staff surveyed a number of municipalities regarding their approach to rental housing and received responses from the following municipalities: Burnaby, Coquitlam, Delta, Kelowna, New Westminster, North Vancouver, Surrey, Vancouver and Victoria. All municipalities that completed the survey apply a voluntary incentives approach to securing market rental housing. Staff did not find any examples of a jurisdiction that mandates the provision of market rental housing in new development. Municipalities that reported using density bonus incentives to secure market rental housing listed the following approaches:

- site specific consideration of additional density (e.g., Delta, New Westminster, Vancouver, Victoria);
- identifying areas within the city where market rental development is most desirable and establishing a voluntary minimum market rental housing requirement with provisions for associated additional density (e.g., Coquitlam, North Vancouver, Vancouver); and
- supporting conversion of a portion of commercial density to market rental housing (e.g., Burnaby).

Municipal incentives that are unrelated to density bonus provisions include parking reductions, amenity relaxations, municipal fee and/or property tax reductions/waivers, reduced servicing requirements, unit size relaxations, design relaxations, and expedited development application processing. Attachment 2 summarizes the survey responses and highlights similarities between the reported municipal approaches and Richmond's existing OCP Market Rental Housing Policy. Attachment 1 summarizes current market rental housing incentives and incentives that have been considered.

Options to Simultaneously Secure Market Rental Housing Units and to Expand the Low End Market Rental Program

Building upon the City's demonstrated commitment to playing a leadership role within the housing sector, and in response to existing housing referrals, the City hired an experienced economic development consultant to assess the feasibility of simultaneously undertaking the following in new construction that includes more than 60 apartment units:

- introducing a requirement to secure and construct market rental housing in new development with an associated 0.1 floor area ratio (FAR) density bonus applied to the site; and
- increasing the LEMR construction requirement inside of the City Centre Area Plan (currently 10% of residential floor area is secured as LEMR units).

The recommended threshold for construction of market rental units (more than 60 apartment units in a development) is consistent with the threshold that was established for the LEMR program for the construction of affordable housing units based on recommendations by independent economic development consultants. It also acknowledges the challenges associated with securing a small number of units within smaller developments and the property management resources required to effectively manage the units. While more than 60 apartment units is the threshold for requiring construction of market rental housing units, the same density bonusing provision (0.1 FAR applied to the site) applies to a development with 5 or more units that secures and constructs 10% of the residential floor area of the building as market rental housing.

To balance a developer's contribution to the City's affordable housing objectives between projects of various size and type, the feasibility analysis evaluates and recommends community amenity contribution rates for townhouse developments with 5 or more units and apartment developments with 5 to 60 apartment units, which are not required to construct market rental housing units. The recommended contribution rates are discussed in a subsequent section of this report. Contributions to the Affordable Housing Reserve Fund (Reserve Fund Bylaw 7812) would be directed to support affordable housing projects that target low and moderate income households. This approach aligns with the overall OCP Market Rental Housing approach, which secures rental replacement units as affordable housing in redevelopment projects. The LEMR program includes cash-in-lieu contribution rates that apply when the threshold for built LEMR units is not met. Updated LEMR cash-in-lieu rates are discussed in the companion report.

Attachment 1 summarizes existing incentives to increase the supply of market rental housing and references an amendment to clarify that 100% market rental housing projects would be exempted from affordable housing requirements. Other elements of the OCP Market Rental Housing Policy and LEMR program remain unchanged, including existing density bonus provisions for 100% market rental development.

Financial Feasibility Analysis Summary

Acknowledging that without a reasonable profit, a developer/property owner will seek other forms of investment, the City hired an experienced economic development consultant to assess the financial feasibility of amendments to the existing OCP Market Rental Housing Policy and LEMR program. The financial feasibility analysis applied the following criteria:

- Market rental and/or LEMR floor area includes only habitable floor area and is a percent of the residential floor area ratio in the building.
- A 0.1 FAR density bonus applies to the site and market rental floor area in a mixed market rental and strata building is not exempted from affordable housing requirements.
- Analysis includes consideration of median rental rates, base land values that reflect recent land sale transactions, and land lift for a range of building density and construction types (i.e. concrete construction high density development and wood construction medium to medium/low density development inside of the City Centre Area Plan and medium/low density development elsewhere).
- Amenity contribution exemptions and lower parking rates apply to both market rental and LEMR units.
- The financial feasibility ranking applied to the scenarios reflects an industry average profit expectation (i.e. 15% profit for the strata portion of the project weighted to reflect the proportionate share of the building that represents strata development, and 3.5% capitalization rate applied to the rental component). A summary of the applied financial feasibility ranking system is outlined in Attachment 3 following the consultant's executive summary.

Land costs are a key variable in the analysis. While the proposed approach includes 0.1 FAR of density bonus to be applied to the site, the financial impact of securing market rental housing units and increasing the existing LEMR contribution will vary between individual property owners. The base land values used in the study are current land values and do not represent the full continuum of land sales in the City; therefore, owners who purchased land at values that are significantly higher than the base values would face less financially feasible redevelopment conditions. Although the recommended approach includes a density bonusing provision, the *Local Government Act* permits a local government to secure housing with rental zoning without an associated bonus density. This is unlike the terms that apply to securing rental housing with below market rental rates, eligibility criteria, and other conditions.

To reflect differences in land values and density, options were studied for sites both inside of the City Centre Area Plan and outside of the City Centre Area Plan. Securing LEMR units is prioritized based on the low probability of LEMR units being included in market development independent of the Affordable Housing Strategy.

Tables 1 and 2 summarize both the OCP Market Rental Housing Policy and the LEMR program scenarios that were considered and their associated cumulative financial feasibility scores. The analysis supports a higher percent of secured rental housing inside of the City Centre Area Plan compared to outside of the City Centre Area Plan based on land values and achievable densities.

For areas inside of the City Centre Area Plan, staff recommend Option 1 which would secure a total of 25% of the residential floor area as rental housing and represents the highest percent of combined market rental and LEMR housing floor area that retains a strong financial feasibility ranking for most developers. Staff did not find nearby examples of mandated market rental housing requirements in new development.

Staff have provided two other options that would increase the total percent of market rental and LEMR housing floor area inside of the City Centre Area Plan, but it would impact developers

who purchased land at significantly higher values and may impact their financial feasibility. Further, staff recognize that there are other referrals that staff are reviewing which relate to non-residential space (e.g., non-profit space needs) that may also impact the financial feasibility for multiple-family development.

Table 1: Program Options Summary Inside of the City Centre Area Plan

	Current Policy	Option 1 Recommended	Option 2	Option 3
Market Rental Floor Area Contribution Rate	Voluntary, Incentives Based	10%	10%	15%
LEMR Floor Area Contribution Rate	10%	15%	20%	15%
Financial Feasibility Score*		For high-density development (concrete): 4 of 5 For medium, medium/low density development (wood): 3 of 5	3 of 5	3 of 5

*See Attachment 3 for supplementary information related to the financial feasibility scale ranking system.

For areas outside of the City Centre Area Plan, staff recommend Option 2, which suggests maintaining the existing LEMR construction rate (10% of residential floor area) and introducing a market rental housing requirement of 10%. The lower recommended rate reflects the lower densities that characterize areas outside of the City Centre Area Plan. Staff have provided an option to introduce the market rental housing requirement of 10% and to increase the LEMR contribution to 15% of residential floor area; however, the financial feasibility drops significantly.

Table 2: Program Options Summary Outside of the City Centre Area Plan

	Current Policy	Option 1 (no change to current program)	Option 2 Recommended	Option 3
Market Rental Floor Area Contribution Rate	Voluntary, Incentives Based	Voluntary, Incentives Based	10%	Voluntary, Incentives Based
LEMR Floor Area Contribution Rate	10%	10%	10%	15%
Financial Feasibility Score*		3 of 5	3 of 5	1 of 5

*See Attachment 3 for supplementary information related to the financial feasibility scale ranking system

Staff recommend introducing the provisions outlined in Option 1 (Table 1) and Option 2 (Table 2) respectively inside and outside of the City Centre Area Plan in development with more than 60 apartment units as outlined below:

- Inside of the City Centre Area Plan:
 - Secure 10% of residential floor area as market rental housing, with an associated 0.1 FAR density bonus applied to the site, utilising zoning, as applicable, to secure market rental housing units; and
 - Secure 15% of residential floor area as LEMR housing units (as recommended in the companion report).
- Outside of the City Centre Area Plan:

- Secure 10% of residential floor area as market rental housing, with an associated 0.1 FAR density bonus applied to the site, utilising zoning, as applicable, to secure market rental housing units; and
- Secure 10% of residential floor area as LEMR housing units (as recommended in the companion report).

In addition to the analysis summarized in the preceding section of this report, the economic development consultant completed an assessment of the cash value to offset eliminating the requirement for market rental housing and instead assigning the space to development of market apartments in smaller developments. For townhouse developments with 5 or more units and apartment developments with 5 to 60 units, a community amenity contribution may be accepted through a rezoning application. The recommended contributions, which are listed below, are comparable with requiring 10% of the residential floor area to be secured and constructed as market rental housing:

- for townhouse development: \$18.84 per m² (\$1.75 per ft²);
- for apartment development inside of the City Centre Area Plan: \$37.67 per m² (\$3.50 per ft²); and
- for apartment development outside of the City Centre Area Plan: \$21.53 per m² (\$2.00 per ft²).

The contribution rates would be regularly adjusted to reflect inflation increases using the administrative mechanism that is used to adjust other amenity contribution rates that are collected through the development process.

Other key findings from the financial feasibility analysis include the following:

- The financial feasibility of constructing 100% or even 50% market rental housing is not viable unless the land is acquired at a significant discount. 100% market rental housing in high density concrete construction is not financially feasible even if the land is free. Recent developments that secure a high percent of rental housing are characterized as partnerships that acquired land at low or no cost, which is consistent with the findings in the consultant's analysis.
- Development Cost Charge waivers that apply to the rental housing component of the development would have a small impact on a project's profit and would not offset the costs associated with providing secured rental housing in the project.

Implementation and Amendment Bylaws

Proposed Official Community Plan (OCP) and Zoning Bylaw Amendments

Conditional to Council's approval of recommended Option 1 (Table 1) and Option 2 (Table 2), respectively for property both inside and outside of the City Centre Area Plan, amendments to the OCP Market Rental Housing Policy and Zoning Bylaw 8500 are required. Amendment Bylaws 10255 (amendments to both the OCP and related Area Plans) and 10256 (Zoning Bylaw) include the amendments that are required to implement the recommended options, which suggest an approach that would simultaneously:

- secure market rental housing units in new development with more than 60 apartment units;

- secure a comparable contribution toward the City's rental housing objectives from new townhouse development with 5 or more units and apartment developments with 5 to 60 units; and
- increase the LEMR housing contribution requirement in development with more than 60 dwelling units.

While the amendments required to implement the recommendations are referenced in Attachment 4, the elements that are specific to the LEMR program, are discussed in detail in the companion report, "Low End Market Rental (LEMR) Contribution Rate Review".

Conditional to Council supporting the amendment bylaws, it is recommended that staff report back to Council regarding key findings related to the implementation of the updates to the OCP Market Rental Housing Policy after the program provisions are in place for two years. Further, staff will share the updated policy and program details with the public using the City's website and will share information with key stakeholders, including development industry and non-profit housing providers in the community.

Provisions for In-stream Applications

Subject to Council approval of Bylaw 10255 and Bylaw 10256, the amendments would be implemented at the time of bylaw adoption. To provide the development community with an opportunity to make adjustments, a one year 'grandfathering' period for in-stream development applications is recommended that includes the following provisions:

- Rezoning applications that are received prior to Council's adoption of the proposed amendment bylaws may be processed under the existing OCP Market Rental Housing Policy and the existing LEMR program, provided that the application achieves 1st reading within one year of the effective date of the revised OCP Market Rental Housing Policy and revised LEMR program provisions.
- New applications that are received after Council adoption of the proposed amendment bylaws are subject to the terms in the revised OCP Market Rental Housing Policy and revised LEMR program provisions.

Public Consultation

The provision of rental housing is a fundamental component in meeting the City's housing objectives. City Council has also expressed a desire to see rental housing policies advanced in a timely manner. Accordingly, staff recommend that public consultation regarding the policy changes contemplated in this report occur as part of Council's consideration of the proposed OCP amendment bylaw. This approach will provide interested stakeholders with multiple opportunities to share their views to City Council as part of the statutory bylaw amendment process.

Should Planning Committee endorse the OCP amendment bylaw, the bylaw will be forwarded to the next open Council Meeting for City Council's consideration. Should City Council grant first reading to the OCP amendment bylaw, the bylaw will be forwarded to a Public Hearing. The Council Meeting and Public Hearing will provide stakeholders and the public with opportunity to

provide comments directly to City Council at the Public Hearing. Public notification for the Public Hearing will be provided in accordance with the *Local Government Act*.

Staff have reviewed the proposed OCP amendments, with respect to the *Local Government Act* and the City's OCP Consultation Policy No. 5043 requirements and recommend that this report does not require referral to external stakeholders.

The table below clarifies this recommendation as it relates to the proposed OCP amendment.

Stakeholder	Referral Comment (No Referral necessary)
Agricultural Land Commission (ALC)	No referral necessary because the Land Reserve is not affected.
Richmond School Board	No referral necessary; however, staff did meet with School District staff to discuss the proposed amendments.
The Board of Metro Vancouver	No referral necessary because the Regional District is not affected
The Councils of adjacent Municipalities	No referral necessary because adjacent municipalities are not affected.
First Nations (e.g., Sto:lo, Tsawwassen, Musqueam)	No referral necessary because First Nations are not affected.
TransLink	No referral necessary because the proposed amendments will not result in road network changes.
Port Authorities (Vancouver Port Authority and Steveston Harbour Authority)	No referral necessary because the Port is not affected.
Vancouver International Airport Authority (VIAA) (Federal Government Agency)	No referral necessary because the proposed amendments do not affect Transport Canada's maximum permitted building height or the OCP Aircraft Noise Sensitive Development (ANSO) Policy.
Richmond Coastal Health Authority	No referral necessary because the Health Authority is not affected.
Community Groups and Neighbours	Community Groups including the Urban Development Institute and Richmond Community Services Advisory Committee will be notified when this report is made public and will have the opportunity to comment on the proposed OCP amendment at Planning Committee and at a Public Hearing.
All relevant Federal and Provincial Government Agencies	No referral necessary because Federal and Provincial Government Agencies are not affected.

Financial Impact

None.

Conclusion


The City of Richmond has demonstrated a leadership role within the rental housing sector by applying a range of approaches to increase the supply of non-market affordable housing, LEMR housing, and market rental housing. In response to Council's referral to staff to provide suggestions and options for a revised market rental housing policy, staff completed an analysis of options that would simultaneously increase the supply of market rental housing in new development and respond to a companion housing referral to explore opportunities to increase the existing LEMR housing program. Staff retained an economic development consultant to assess the financial feasibility of various options to expand the City's rental housing approach.

Based on the findings of the financial feasibility analysis and consideration of demonstrated housing need in the City, staff recommend an approach to secure the following in development with more than 60 apartment units by way of agreement and, where applicable, zoning:

- For development inside of the City Centre Area Plan:
 - Secure 10% of residential floor area as market rental housing, with an associated 0.1 FAR density bonus applied to the site; and
 - Secure 15% of residential floor area as LEMR housing units.
- For development outside of the City Centre Area Plan:
 - Secure 10% of residential floor area as market rental housing, with an associated 0.1 FAR density bonus applied to the site; and
 - Secure 10% of residential floor area as LEMR housing units.

For townhouse developments with 5 or more units, and apartment developments with 5 to 60 units, a community amenity contribution may be accepted through a rezoning application. The recommended contributions are comparable with requiring 10% of the residential floor area to be secured and constructed as market rental housing.

The bylaw amendments that are required to implement the recommended approach are attached to this report and the companion report. It is recommended that Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255 and Richmond Zoning Bylaw No. 8500, Amendment Bylaw No. 10256 be introduced and given first reading.


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DN:cas

Attachment 1: Existing Incentives to Increase the Supply of Market Rental Housing
Attachment 2: Municipal Approaches Survey Summary (Market Rental Housing)
Attachment 3: Financial Review Executive Summary
Attachment 4: Proposed Official Community Plan (OCP) and Zoning Bylaw Amendments Summary

Existing Incentives to Increase the Supply of Market Rental Housing

The existing Market Rental Housing Policy in the Official Community Plan applies an incentives based approach to securing new market rental housing. Bonus density may be considered for new development that provides 100% of the residential units at the site as secured market rental housing at the following rates:

- Townhouse: 0.20 Floor Area Ratio (FAR) bonus density; and
- Concrete buildings in City Centre: 0.25 FAR bonus density.

Further, the existing OCP Market Rental Housing Policy supports the following:

- 0.1 FAR bonus density for mixed market rental and strata buildings, with bonus density applying only to the portion of the new development that contains market rental housing.
- An undefined amount of bonus density on a site specific basis for projects that provide additional rental housing to address community need.

The policy also includes incentives that are not related to density, including the following:

- Lower parking rates for secured rental housing. In 2018, Zoning Bylaw 8500 was amended to apply reduced parking rates for secured market rental housing, which may be eligible for additional parking reductions subject to provision of Transportation Demand Management (TDM) measures.
- Staff “fast track” the review of 100% market rental development proposals ahead of in-stream market housing applications.

OCP Amendment Bylaw 10255 would limit a provision that exempts market rental housing in new development from affordable housing requirements by specifying that the exemption applies to 100% market rental development.

A March 25, 2019 report from the Manager, Policy Planning, “Market Rental Housing Policy and Approaches for Residential Rental Tenure Zoning” included detailed consideration of approaches to incentivize market rental housing including the following:

- *Further parking reductions.* While staff did not support further reduction of parking and the original lower parking rates, which are based on a comprehensive assessment of market rental sites, staff reiterated continued support to consider enhanced Transportation Demand Management measures on a site-specific basis that may result in additional parking reductions for new market rental developments.
- *DCC waivers.* Staff did not recommend waiving DCCs. Staff retained a consultant to assess the impact of potential DCC waivers on the financial performance of new market rental development. While DCC waivers would enhance the profit potential for a market rental housing project, the impacts would be small and would not offset the high land costs that primarily impact the project’s profit margin. The findings of the original assessment (in 2019) have been reiterated by the financial analysis that was completed for this report (Attachment 3).
- *Additional density.* The proposed approach will apply a density bonus of 0.1 FAR to the site. The City faces unique constraints that limit density bonusing opportunities, including building height constraints imposed on development in the City Centre by the YVR flight path. While staff do apply some flexibility related to design for significant rental housing projects, additional bonus density would be challenging to incorporate into development without significant impacts on urban design and built form.

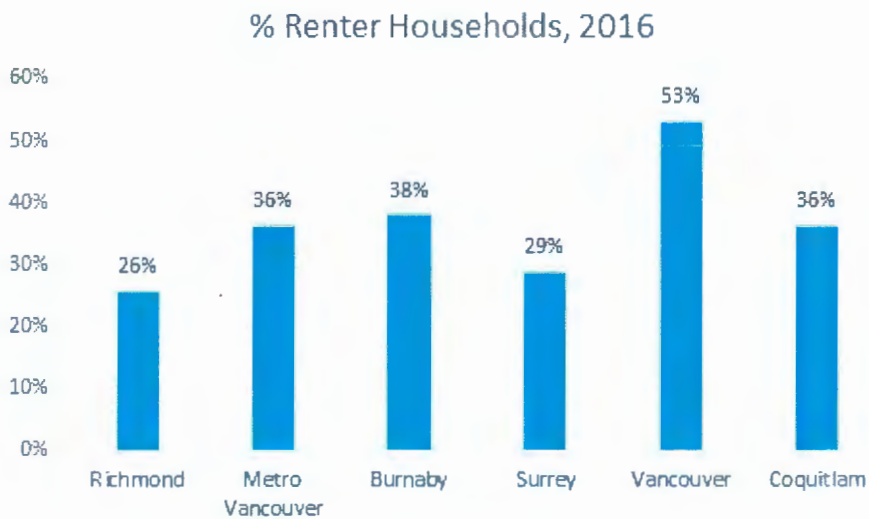
Municipal Approaches Survey Summary (Market Rental Housing)

Municipality Name	Approach to Secure <u>NEW</u> Market Rental Housing Voluntary or Mandatory	Bonus Density for Provision of Market Rental Housing	Incentives to Construct Rental Housing (Market Rental)
Richmond	Voluntary	<p>Yes</p> <p>Bonus density for 100% market rental development:</p> <p>-Townhouse: 0.20 FAR</p> <p>-Concrete buildings in City Centre: 0.25 FAR</p> <p>-Mixed market rental and strata buildings: 0.1 FAR, with bonus density applying only to the portion of the new development that contains market rental housing.</p> <p>Bonus density may be increased on a site specific basis.</p>	<p>Parking reductions</p> <p>Exempt from all/portion of affordable housing requirements</p> <p>Exempt from public art and community planning contributions</p> <p>Fast Track processing</p>
Burnaby	Voluntary	<p>Select reassignment of density</p> <p>Voluntary rental rezoning applications can apply up to 49% of their commercial density toward market rental housing (if a project has met other inclusionary rental requirements)</p> <p>No associated affordability requirement</p>	Parking reductions
Coquitlam	Voluntary	<p>Yes</p> <p>Designated high-density development areas qualify for up to 1.5 FAR of bonus residential density for Priority Housing Types (i.e. below market, accessible and three plus bedroom rental units)</p> <p>Tier 1: Additional 1.0 FAR with 20% of the units within the additional density composed of Priority Unit Types.</p> <p>Tier 2: Additional 0.5 FAR (in addition to the existing 1.0 FAR density bonus) on a site specific basis with 40% of the additional 0.5 FAR being below market or non-market rental units.</p>	<p>Parking reductions</p> <p>Amenity relaxations</p> <p>Design relaxations (reduced upper level building setbacks)</p>
Delta	Voluntary	<p>Yes</p> <p>Site specific</p>	Site specific
Kelowna	Voluntary	No	<p>Parking reduction</p> <p>Municipal fee, property tax reductions/waivers</p>

Municipality Name	Approach to Secure <u>NEW</u> Market Rental Housing Voluntary or Mandatory	Bonus Density for Provision of Market Rental Housing	Incentives to Construct Rental Housing (Market Rental)
New Westminster	Voluntary	Yes New secured market rental housing may qualify for bonus density if secured through zoning for the long term, stratifications are restricted and the development is managed by one entity.	Parking reductions Consideration of reduced servicing requirements
North Vancouver	Voluntary	Yes Two OCP density bonus categories for rental housing secured through zoning. Category A: density up to OCP Schedule 'A' density Category B: An increase in density that exceeds the OCP Schedule 'A' density up to the maximum bonus outlined in the OCP as outlined below: <ul style="list-style-type: none"> • 100% rental housing: 10% of rental units must be mid-market rental • Portion as non-market housing: 30% of incremental/bonus amount provided as non-market rental housing (remainder may be market strata development). • Rental retention: maintain existing rental building with bonus density transfer to another site (with business plan outlining building repair and upgrades) 	None listed
Surrey	Voluntary	No	Parking reductions Exempt from community amenity contributions
Vancouver	Voluntary	Yes Development applications that include rezoning may qualify for additional density when 100% of the residential floor space is secured rental housing. Mixed use projects that contain a commercial component may also qualify. Rental incentives are also included in Community Plans: <ul style="list-style-type: none"> • Cambie Corridor Plan allows additional height and density for projects that deliver 100% of the residential floor area as secured 	Parking reductions Municipal fee reductions or waivers Unit size relaxations Fast Track processing

Municipality Name	Approach to Secure <u>NEW</u> Market Rental Housing Voluntary or Mandatory	Bonus Density for Provision of Market Rental Housing	Incentives to Construct Rental Housing (Market Rental)
		<p>market rental housing.</p> <ul style="list-style-type: none"> Grandview-Woodland Community Plan allows additional height and density for new rental housing in appropriate locations. West End Community Plan creates opportunities for new secured market rental housing through density bonusing. 	
Victoria	Voluntary	<p>Yes</p> <p>Site specific consideration</p>	<p>Parking reductions</p> <p>Community amenity waivers</p> <p>Fast Track processing</p>

Renter Households (Municipal Comparison)



Source: Data from Statistics Canada



City of Richmond Housing Program Financial Review, Executive Summary

G. P. Rollo & Associates (GPRA) has been retained by the City of Richmond (the City) to prepare an analysis to complete a financial review of two City Housing programs:

- The Low End Market Rental (LEMR) housing program; and
- A proposed market rental housing program, which would require a minimum floor area allocation for market rental as part of private market condominium developments.


Specifically, the City has requested assistance in ensuring the program parameters are financially feasible and appropriate relative to current market conditions and needs.

GPRA has completed this analysis and has the following to report:

1. **Rental Survey:** We found that the median rental rate for units listed for rent were around \$2.70 per square foot, with that translating to an average monthly rent of \$2,300 for a two bedroom 855 square foot unit and require a household income of at least \$88,200 a year to meet CMHC guidelines for affordability. Purpose built rental buildings only had Studio to two bedroom units which were smaller on average than the listings on the web and thus resulted in smaller monthly rents for tenants, and we note that there is generally an inverse relationship between unit size and rent per square foot (i.e. as units increase in size the rental rate per square foot goes down and vice versa). This in part explains the lower rental rate outside City Centre as units in wood frame tend to be somewhat larger than concrete units.
2. **Economic Analysis of Variable Mixes of Market Rental and LEMR:** GPRA prepared proforma analysis to determine the land values that could be supported by a hypothetical two acre site in City Centre developed in concrete, in wood frame, and townhouse, as well as outside City Centre in wood frame at 1.2 FSR with 10%, 15%, 20%, 50%, and 100% of the residential floor area rented at the median market rent identified through our survey. Our analysis indicates that the City could require 15% of the gross building area for market rentals if LEMR requirements do not change. With an increase in built LEMR requirements to 15% GPRA recommends requiring no more than 10% of the gross building area for market rentals. Although the analysis does indicate that projects could be viable with a stacked contribution of 15% market rental and 15% LEMR GPRA has based its viability on being able to support the lowest of land value ranges provided by the City's real estate staff. As such we have concerns that there are a significant number of properties in the City that may trade for well above the lowest values indicated and as such our recommendation is intended to reflect this reality. To recommend otherwise would risk pushing many developments into being economically unfeasible at this time.
3. **Impact Mitigation:** In general, best practices would be to inform builders and developers early in advance of proposed changes and to grandfather in-stream applications and consider a graduated roll out to allow for developers to make adjustments in their decision making processes. The graduated rollout is recommended specifically because there is a wide range of land values reported by the City's real estate staff and this would allow time for expectations at the higher end of pricing to be curtailed. GPRA is of the opinion that there is little the City can do to significantly improve the economics of private developments through fees waivers or reductions.
4. **Potential to Increase LEMR Cash-In-Lieu Rates, introduce MR CIL:** GPRA prepared economic analysis using current market revenues and costs to determine the Cash-In-Lieu rate for LEMR that would be the equivalent to providing built LEMR units. GPRA suggests that the City consider increasing rates to \$12 per square foot for townhouses and \$15 per square foot for apartments. These increases are close to a 50% increase over current rates for townhouses and wood frame apartments and thus we suggest that the single family rate be increased from \$4 to \$6 per square foot. Additional analyses have been prepared to estimate the equivalent CIL rates should the City increase built LEMR requirements from 10% to either 15% or 20%. GPRA has also prepared analysis for a CIL for a 10% market rental requirement with recommended rates of \$3.50 for wood frame apartments and \$1.75 per square foot buildable for townhouses in City Centre, and \$2.00 for wood frame apartments and \$1.75 per square foot buildable for townhouses Outside City Centre.

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Financial Feasibility Scoring Summary

High Degree of Financial Feasibility to Very Low Degree of Financial Feasibility 				
1	2	3*	4	5
<ul style="list-style-type: none">Financial difficulty: Very challengingLand acquisition is generally not supported by base land valuesFinancial risks for some developers	<ul style="list-style-type: none">Financial difficulty: NeutralLand value is lower than base land pricesFinancial risks for some developers	<ul style="list-style-type: none">Financial difficulty: NeutralSupports land acquisition at base land pricesFinancial risks for some developers	<ul style="list-style-type: none">Financial difficulty: FeasibleLand value is sufficiently higher than the base land pricesLow financial risk for most developments	<ul style="list-style-type: none">Financial difficulty: High degree of feasibilityLand value is greater than base land pricesFinancial risks not expected

*A score of 3 indicates a "neutral" financial impact and suggests that land acquisition at base land prices is supported. However, a score of 3 could present financial risks for some developments based on the variability of land costs.

Proposed Official Community Plan (OCP) and Zoning Bylaw Amendments Summary

Amendment Bylaw 10255: OCP Amendments

Market Rental Housing Amendments

1. Amendments to the OCP Market Rental Housing Policy to introduce requirements for market rental housing in new development with more than 60 apartment units. The existing OCP Market Rental Housing Policy includes a voluntary 0.1 FAR density bonus that applies to the portion of a new development that includes market rental housing units in a mixed market rental and strata building. Amendment Bylaw 10255 proposes the following amendments:
 - a) Delete the existing provisions for voluntary development of market rental housing units in a mixed market rental and strata building.
 - b) Introduce a mandatory, rather than a voluntary, approach to securing market rental housing within development with more than 60 apartment units that includes the following:
 - Secure 10% of the residential floor area as purpose-built market rental housing units.
 - 0.1 FAR density bonus to be applied to the site.
 - c) Insert language to establish that for townhouse development with 5 or more units and apartment developments with 5 to 60 units, a community amenity contribution may be accepted through a rezoning application.
 - d) Insert language to clarify that only 100% market rental housing projects would be exempted from affordable housing requirements.
2. Amendments to Thompson Area Dover Crossing Sub-Area Plan, Steveston Area Plan, McLennan North Sub-Area Plan, Bridgeport Area Plan, and Hamilton Area Plan. Amendment Bylaw 10255 would clarify existing sub-area plan maximum density references to align provisions in the plans to permit an additional 0.1 FAR (applied to the site) for development that secures market rental housing units. The bylaw would also update a reference to the LEMR program in the Hamilton Area Plan.

Market Rental Housing and LEMR Program Amendments

3. Amendments to the City Centre Area Plan (CCAP) to clarify CCAP density bonusing requirements with respect to the LEMR program and the OCP Market Rental Housing Policy. The amendments are required to achieve the following:
 - To give Council the flexibility to both permit additional bonus density (without amending the CCAP) for rezoning applications that exceed the current density that is referenced in the plan (applicable to rental housing secured by the LEMR program or the OCP Market Rental Housing Policy).
 - To align the CCAP with the recommended proposal to permit an additional 0.1 FAR (applied to the site) for development that is subject to mandatory provision of market rental housing units.

Amendment Bylaw 10256: Zoning Bylaw Amendments

Market Rental Housing and LEMR Program Amendments

1. Amendments to Zoning Bylaw 8500 to clarify the implementation of the proposed policy changes. The amendments include:
 - Introducing a definition for “residential rental tenure”, which includes market rental units, non-market housing units, and cooperative housing units, and associated definitions for cooperative housing and non-market housing units.
 - Clarifying the calculation of habitable area of a dwelling unit for the purpose of calculating dwelling unit floor area.
2. Amendments to Zoning Bylaw 8500 to five existing residential and mixed use zones to reflect the recommended OCP Market Rental Housing Policy and LEMR program amendments. The affected zones include the following:
 - Low Density Low Rise Apartments (RAL1, RAL2);
 - Medium Density Low Rise Apartments (RAM1, RAM2, RAM3);
 - High Density Low Rise Apartments (RAH1, RAH2);
 - Residential/Limited Commercial (RCL1 RCL2, RCL3, RCL4, RCL5); and
 - Downtown Commercial (CDT1, CDT2, CDT3).

The bylaw also includes housekeeping amendments to address inconsistencies related to the implementation of the LEMR program.

LEMR Program Amendments

3. Increase existing density bonus provisions in the CDT1, CDT2 and CDT3 zone to address challenges with securing LEMR units in pre-zoned CDT1 sites. The changes are proposed to provide an incentive to developers to contribute to the LEMR program on pre-zoned CDT1 sites. No changes are proposed to existing parking reductions on CDT1 zoned sites, provided LEMR units are secured in the development. The amendments also include provisions for in-stream applications that would maintain the current LEMR housing construction rate (10%) for one year provided that the application achieves 1st reading within one year of the adoption of Amendment Bylaw 10256.



**Richmond Official Community Plan Bylaw 7100 and 9000,
Amendment Bylaw 10255
(Market Rental and Low End Market Rental Housing Amendments)**

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Official Community Plan Bylaw 9000, as amended, is further amended at Schedule 1 (Official Community Plan), Section 3.3, Objective 4 [Encourage the development of new purpose-built market rental housing units] by:

- a) Inserting the following as a new section d) and renumbering the remaining sections accordingly:

“d) for new development, City-wide market rental provisions include the following:

- for new development that includes more than 60 apartment units, the owner shall provide purpose-built market rental housing units in the building. The combined habitable space of the market rental housing units will comprise at least 10% of the total residential floor area ratio in the building by utilising residential rental tenure zoning, where applicable. The associated density bonus is 0.1 floor area ratio above the base density set out in the OCP or Area Plan, which is applied to the site.
- for new townhouse development with 5 or more townhouse units, and for new apartment developments with 5 to 60 units:
 - a community amenity contribution may be accepted through a rezoning application. Community amenity contributions will be collected in the Affordable Housing Reserve Fund and calculated on the total residential floor area of the development, excluding residential floor area secured as affordable housing, as follows:
 - for townhouse development: \$18.84 per m² (\$1.75 per ft²);
 - for apartment development inside of the City Centre Area Plan: \$37.67 per m² (\$3.50 per ft²); and
 - for apartment development outside of the City Centre Area Plan: \$21.53 per m² (\$2.00 per ft²); or
 - The owner will provide purpose-built market rental housing units in the building. The combined habitable space of the market rental housing units will comprise at least 10% of the total residential floor area ratio in the building by utilising residential rental tenure zoning, where applicable. The associated density bonus is 0.1 floor area ratio above the base density set out in the OCP or Area Plan, which is applied to the site.”;

- b) Deleting the third bullet under former section e) and now renumbered section f); and
- c) Deleting the third bullet under former Section f) and now renumbered Section g) and replacing it with the following:

“ • for new developments that secure 100% of the residential use at the site as market rental, exemption from all or a portion of the affordable housing requirements in recognition of the significant community benefit provided by the proposed market rental housing units;”.

- 2. Richmond Official Community Plan Bylaw 9000, as amended, is further amended at Schedule 2.14 (Hamilton Area Plan) by:

- a) At Section 3.3, Objective 12: Density Bonusing and Community Amenities, Provision of Community Amenities at the second bullet under Section a) deleting the words “5% of the gross residential floor area of apartment and mixed-use developments with over 80 units” and replacing them with “10% of the gross residential floor area of apartment and mixed-use developments with over 60 units”;
- b) At Section 3.3, Objective 12: Density Bonusing and Community Amenities, Provision of Community Amenities adding the following as a new bullet under subsection a):

“ • A density bonus approach will apply to new development that includes market rental housing that satisfies the requirements of the OCP market rental housing density bonus provisions, over and above that permitted by the development site’s designation in the Land Use Map.”; and

- c) Deleting the notation that is included in the Land Use Map on page 12-4, “The densities (in FAR) for each land use designation below are the maximums permitted based on the net parcel area and including any density bonus that may be permitted under the Plan’s policies.”, and replacing it with the following text:

“The densities (in FAR) for each land use designation below are the maximums permitted based on the net parcel area including any density bonus that may be permitted under the Plan’s policies, except any density bonus for market rental housing in a new development that satisfies the requirements of the OCP market rental housing density bonus provisions.”.

- 3. Richmond Official Community Plan Bylaw 7100, as amended, is further amended at Schedule 2.10 (City Centre Area Plan), Section 4.0 [Implementation & Phasing Strategies] by deleting policy 4.1(n) and replacing it with the following:

- “n) Density Bonusing- Affordable Housing & Market Rental Housing
The density bonus approach will be used for rezoning applications in the City Centre that satisfy the requirements of the:
 - Richmond Affordable Housing Strategy (i.e. permitting use of the CCAP Affordable Housing Bonus application to the development site); or

- OCP market rental housing density bonus provisions (i.e. permitting use of additional density, as specified in the OCP, over and above that permitted by the development site's CCAP Land Use Map Designation).

Furthermore, as determined to the satisfaction of the City, the applicable density bonus may be increased on a site-specific basis for rezoning applications that provide additional affordable housing and/or market rental housing to address community need.”.

4. Richmond Official Community Plan Bylaw 7100, as amended, is further amended at Schedule 2.2A (Thompson Area Dover Crossing Sub-Area Plan) by inserting the following footnote on the Land Use Map on page 21:

“A density bonus approach will apply to new development that includes market rental housing that satisfies the requirements of the OCP market rental housing density bonus provisions.”.

5. Richmond Official Community Plan Bylaw 7100, as amended, is further amended at Schedule 2.4 (Steveston Area Plan) by inserting the following footnote on the Steveston Village Land Use Density and Building Height Map on page 9-69:

“A density bonus approach will apply to new development that satisfies the requirements of the OCP market rental housing density bonus provisions.”.

6. Richmond Official Community Plan Bylaw 7100, as amended, is further amended at Schedule 2.10C (McLennan North Sub-Area Plan) by inserting the following footnote on the Land Use Map on page 23:

“A density bonus approach will apply to new development that satisfies the requirements of the OCP market rental housing density bonus provisions.”.

7. Richmond Official Community Plan Bylaw 7100, as amended, is further amended at Schedule 2.12 (Bridgeport Area Plan) by inserting the following footnote on the Land Use Map – Bridgeport on page 27:

“For area designated Residential Mixed-Use, a density bonus approach will apply to new development that satisfies the requirements of the OCP market rental housing density bonus provisions.”.

8. This Bylaw may be cited as **“Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255”**.

FIRST READING

PUBLIC HEARING

SECOND READING

THIRD READING

ADOPTED



MAYOR

CORPORATE OFFICER



**Richmond Zoning Bylaw 8500
Amendment Bylaw 10256 (Market Rental and Low End Market Rental
Housing Requirements)**

The Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 3.4 [Use and Term Definitions] by adding the following new definitions in the correct alphabetical order:

“Cooperative housing unit means a **dwelling unit** in a multi-family residential development owned and operated by a housing cooperative association incorporated under the *Cooperative Association Act*, as may be amended or replaced from time to time.

Non-market housing unit means a **dwelling unit** that

- a) has received upfront (capital) and/or ongoing (operating) direct government funding,
- b) has a rental rate at or below average rent in the City of Richmond as defined by the Canada Mortgage and Housing Corporation, or such other national governmental housing agency as may replace the Canada Mortgage and Housing Corporation, and
- c) is targeted for occupancy by households who earn less than median income.

Residential rental tenure means, in relation to a **dwelling unit** in a multi-family residential **building**:

- a) occupancy of a **dwelling unit**, including a **market rental unit**, **non-market housing unit**, or **affordable housing unit**, governed by a tenancy agreement that is subject to the *Residential Tenancy Act* (BC), as may be amended or replaced from time to time;
- b) occupancy of a **non-market housing unit** governed by a tenancy agreement which may or may not be subject to the *Residential*

Tenancy Act (BC), as may be amended or replaced from time to time, and where the landlord is B.C. Housing Management Commission or a non-profit society incorporated under the *Society Act* (BC), as may be amended or replaced from time to time, where the society's objectives include the provision of rental housing; and

c) occupancy of a **cooperative housing unit**."

2. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 4.2 [Calculation of Density in All Zones] by adding the following as a new Section 4.2.3:

"4.2.3 **Habitable area** of a **dwelling unit** shall be measured to the exterior face of the **dwelling unit's** exterior wall and the centre line of the partition walls that demise the unit from neighbouring **dwelling units** and the common corridor and/or space."

3. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 8.10 [Low Density Low Rise Apartments (RAL1, RAL2)] by:

- a) deleting Section 8.10.1 and replacing it with the following:

"8.10.1 Purpose

The **zone** provides for 3 to 4 **storey** apartments outside the **City Centre**, plus compatible **uses**. The **zone** is divided into 2 sub-zones, RAL1 and RAL2. The zone includes **density bonus** provisions in order to help achieve the **City's affordable housing** and **market rental** housing objectives.";

- b) inserting the following as a new Section 8.10.4 and renumbering the remaining sections accordingly:

"8.10.4 Residential Rental Tenure

1. **Residential rental tenure** may be located anywhere in this zone.
2. For **apartment housing** including more than 60 **dwelling units**:
 - a) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**,; and
 - b) notwithstanding section 8.10.4.2(a) above, the reference to "10%" is increased to "20%" if **affordable housing units** are provided on the **site** in compliance with Section 8.10.5.3 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.";

- c) deleting Sections 8.10.5.1 and 8.10.5.2 from the now renumbered Section 8.10.5 [Permitted Density] and replacing them with the following:
 - “1. For **apartment housing** and **town housing** zoned RAL1, the maximum **floor area ratio** is 0.80, together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**; and
 - b) 0.1 **floor area ratio** provided that **market rental units** are provided pursuant to Section 8.10.4.2(a).
 - 2. For **apartment housing** zoned RAL2, the maximum **floor area ratio** is 0.80, together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**; and
 - b) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 8.10.4.2(a).”; and
 - d) at now renumbered Section 8.10.3, deleting the reference to “Section 8.10.4.2” and replacing it with “Section 8.10.5.2”.
- 4. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 8.11 [Medium Density Low Rise Apartments (RAM1, RAM2, RAM3)] by:
 - a) deleting Section 8.11.1 and replacing it with the following:

“8.11.1 Purpose

The **zone** provides for 4 to 5 **storey** apartments within and outside the **City Centre**, plus compatible **uses**. The **zone** is divided into 3 sub-zones, RAM1, RAM2 and RAM3. The zone includes **density bonus** provisions in order to help achieve the **City’s affordable housing** and **market rental** housing objectives.”;

- b) inserting the following as a new Section 8.11.4 and renumbering the remaining sections accordingly:

“8.11.4 Residential Rental Tenure

- 1. **Residential rental tenure** may be located anywhere in this zone.
- 2. For **apartment housing** including more than 60 **dwelling units**:
 - a) If the **site** is located in the **City Centre**:
 - i) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and

- ii) notwithstanding section 8.11.4.2(a)(i) above, the reference to “10%” is increased to “25%” if **affordable housing units** are provided on the **site** in compliance with Section 8.11.5.3 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.
- b) If the **site** is located outside the **City Centre**:
 - i) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and
 - ii) notwithstanding section 8.11.4.2(b)(i) above, the reference to “10%” is increased to “20%” if **affordable housing units** are provided on the **site** in compliance with Section 8.11.5.3 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.”;
- c) deleting Sections 8.11.5.1 and 8.11.5.2 from the now renumbered Section 8.11.5 [Permitted Density] and replacing them with the following:
 - “1. For **apartment housing** and **town housing** zoned RAM1, the maximum **floor area ratio** is:
 - a) 0.60 for the first 3,000.0 m² of **lot area**;
 - b) 0.9 for the next 6,000.0 m² of **lot area**; and
 - c) for portions of the **lot area** over 9,000.0 m², together with an additional:
 - i) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**; and
 - ii) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 8.11.4.2(a)(i) or Section 8.11.4.2(b)(i).
 - 2. For **apartment housing** zoned RAM2 or RAM3, the maximum **floor area ratio** is 1.2, together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**; and
 - b) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 8.11.4.2(a)(i) or Section 8.11.4.2(b)(i).”;
- d) at Section 8.11.3, deleting the reference to “Section 8.11.4.2” and replacing it with “Section 8.11.5.2”; and

- e) at Section 8.11.3(b)(i), deleting the text “10%” and replacing it with “15%”, and inserting the following at the end of the first bullet, “for development in the **City Centre** and 10% elsewhere;”.
5. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 8.12 [High Density Low Rise Apartments (RAH1,RAH2)] by:
- a) deleting Section 8.12.1 and replacing it with the following:

“8.12.1 Purpose

The **zone** provides for 4 to 6 **storey** apartments within and outside the **City Centre**, plus compatible **uses**. The **zone** is divided into 2 sub-**zones**, each provides for **density bonus** that would be used in order to help achieve the **City’s affordable housing** and **market rental** housing objectives.”;

- b) inserting the following as a new Section 8.12.4 and renumbering the remaining sections accordingly:

“8.12.4 Residential Rental Tenure

1. **Residential rental tenure** may be located anywhere in this zone.
2. For **apartment housing** including more than 60 **dwelling units**:
 - a) If the **site** is located in the **City Centre**:
 - i) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and
 - ii) notwithstanding section 8.12.4.2(a)(i) above, the reference to “10%” is increased to “25%” if **affordable housing units** are provided on the **site** in compliance with Section 8.12.5.2 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.
 - b) If the **site** is located outside the **City Centre**:
 - i) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and
 - ii) notwithstanding section 8.12.4.2(b)(i) above, the reference to “10%” is increased to “20%” if **affordable housing units** are provided on the **site** in compliance with Section 8.12.5.2 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.”;

- c) deleting Section 8.12.5.1 from the now renumbered Section 8.12.5 [Permitted Density] and replacing it with the following:

“1. The maximum **floor area ratio** is 1.2, together with an additional:

- a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**.
- b) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 8.12.4.2(a)(i) or Section 8.12.4.2(b)(i).”;
- d) at Section 8.12.5.2, deleting the reference to “Section 8.12.4.1” and replacing it with “Section 8.12.5.1”;
- e) at Section 8.12.5.2(b)(i), deleting the reference to “10%” and replacing it with “15%”, and inserting the following to the end of the first bullet, “for development in the **City Centre** and 10% elsewhere;”;
- f) at Section 8.12.5.3, deleting the reference to “Section 8.12.4.2” and replacing it with “Section 8.12.5.2”; and
- g) at Section 8.12.5.3(a), deleting the reference to “Section 8.12.4.2 a)” and replacing it with “Section 8.12.5.2 a)”, and deleting the reference to “Section 8.12.4.2 b)” and replacing it with “Section 8.12.5.2 b)”.

- 6. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 9.3 [Downtown Commercial (CDT1, CDT2, CDT3)] by:

- a) deleting Section 9.3.1 and replacing it with the following”

“9.3.1 Purpose

The **zone** provides for a broad range of commercial, service, **business**, entertainment and residential needs typical of a **City Centre**. The **zone** is divided into 3 sub-zones, CDT1, CDT2 and CDT3. Each provides for a **density bonus** that would be used in order to help achieve the **City’s affordable housing** and **market rental** housing objectives. CDT3 provides an additional **density bonus** that would be used for rezoning applications in the Village Centre Bonus Area of the **City Centre** in order to achieve the **City’s** other objectives.”;

- b) inserting the following as a new Section 9.3.4 and renumbering the remaining sections accordingly:

“9.3.4 Residential Rental Tenure

- 1. **Residential rental tenure** may be located anywhere in this zone.
- 2. For **apartment housing** including more than 60 **dwelling units**:

- a) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and
- b) notwithstanding section 9.3.4.2(a) above, the reference to “10%” is increased to “25%” if **affordable housing units** are provided on the **site** in compliance with Section 9.3.5.4, Section 9.3.5.5, and/or Section 9.3.5.8 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.”;
- c) deleting Sections 9.3.5.2 and 9.3.5.3 from the now renumbered Section 9.3.5 [Permitted Density] and replacing it with the following:
 - “2. For downtown commercial **sites** zoned CDT1, the maximum **floor area ratio** is 3.0 together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**.
 - b) 0.2 **floor area ratio** provided that it is entirely used to accommodate **community amenity space**.
 - c) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 9.3.4.2(a).
 - 3. For downtown commercial **sites** zoned CDT2 and CDT3, the maximum **floor area ratio** is 2.0 together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**.
 - b) 0.2 **floor area ratio** provided that it is entirely used to accommodate **community amenity space**.
 - c) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 9.3.4.2(a).”;
- d) at Section 9.3.5.4, deleting the reference to “Section 9.3.4.2” and replacing it with “Section 9.3.5.2”, deleting the reference to “July 24th, 2017” and replacing it with “June 21st, 2022”, and deleting the reference to “3.15” and replacing it with “3.3”;
- e) at Section 9.3.5.4(a), deleting the reference to “5%” and replacing it with “10%”;
- f) at Section 9.3.5.5, deleting the reference to “Section 9.3.4.2” and replacing it with “Section 9.3.5.2”, and deleting the reference to “3.30” and replacing it with “3.45”;
- f) at Section 9.3.5.5(a), deleting the reference to “10%” and replacing it with “15%”;
- g) at Section 9.3.5.6, deleting the reference to “Section 9.3.4.4” and replacing it with “Section 9.3.5.4”, deleting the reference to “3.15” and replacing it with “3.3”;

- h) at Section 9.3.5.7, deleting the reference to “Section 9.3.4.5” and replacing it with “Section 9.3.5.5”, removing the reference to “3.30” and replacing it with “3.45”, and replacing the reference to “3.33” and replacing it with “3.48”;
 - i) at Section 9.3.5.8, deleting the reference to “Section 9.3.4.3” and replacing it with “Section 9.3.5.3”, and adding the following new text after CDT2, “and CDT3”;
 - j) at Section 9.3.5.8(a), deleting the reference to “80 or less **apartment housing dwelling units**” and replacing it with “60 or less **dwelling units**”, and adding the following new text after CDT2, “and CDT3”;
 - k) at Section 9.3.5.8(b), deleting the reference to “60 **apartment housing dwelling units**” and replacing it with “60 **dwelling units**”;
 - l) Amending Section 9.3.5.8(b)(i), deleting the reference to “5%” and replacing it with “15%”;
 - m) at Section 9.3.5.9, deleting the reference to “Section 9.3.4.6” and replacing it with “Section 9.3.5.8”; and
 - n) at Section 9.3.5.10, deleting the reference to “Section 9.3.4.7a)” and replacing it with “Section 9.3.5.9 a)”.
7. Richmond Zoning Bylaw 8500, as amended, is further amended at Section 9.4 [Residential/Limited Commercial (RCL1, RCL2, RCL3, RCL4, RCL5)] by:
- a) deleting Section 9.4.1 and replacing it with the following:

“9.4.1 Purpose

The **zone** accommodates mid- to high-rise apartments within the **City Centre**, plus a limited amount of **commercial use** and compatible **secondary uses**. The **zone** is divided into 5 sub-zones, RCL1, RCL2, RCL3, RCL4 and RCL5. Each provides for a **density bonus** that would be used in order to help achieve the **City’s affordable housing** and **market rental** housing objectives. RCL3 provides for an additional **density bonus** that would be used for rezoning applications in the Village Centre Bonus Map area of the **City Centre** in the **City Centre** Area Plan to achieve **City** objectives for **child care**, amenity, and **commercial use**. RCL4 and RCL5 provide for a **density bonus** that would be used for rezoning applications in the Capstan Station Bonus Map area designated by the **City Centre** Area Plan to achieve, among other things, **City** objectives in respect to the Capstan Canada Line station.”;
 - b) inserting the following as a new Section 9.4.4 and renumbering the remaining sections accordingly:

“9.4.4 Residential Rental Tenure

1. **Residential rental tenure** may be located anywhere in this zone.
2. For **apartment housing sites** including more than 60 **dwelling units**:
 - a) **residential rental tenure** shall apply to **dwelling units** on the **site** with a combined **habitable space** equal to at least 10% of the total residential **floor area** of the **buildings**, being **market rental units**; and
 - b) notwithstanding section 9.4.4.2(a) above, the reference to “10%” is increased to “25%” if **affordable housing units** are provided on the **site** in compliance with Section 9.4.5.3 and/or Section 9.4.5.4 below and such additional **residential rental tenure dwelling units** shall be **affordable housing units**.”;
- c) deleting Sections 9.4.5.1 and 9.4.5.2 from the now renumbered Section 9.4.5 [Permitted Density] and replacing them with the following:
 - “1. For residential/limited commercial **sites** zoned RCL1, the maximum **floor area ratio** is:
 - a) 0.70 for **lots** less than 3,000.0 m² in **lot area**;
 - b) for **lots** between 3,000.0 m² and 6,000.0 m² in **lot area**; and
 - c) for **lots** 6,000.0 m² or larger in **lot area**,
 together with an additional:
 - i) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**.
 - ii) 0.1 **floor area ratio** provided that is entirely used to accommodate **community amenity space**.
 - iii) 0.1 **floor area ratio** if **market rental units** are provided pursuant to Section 9.4.4.2(a).
 2. For residential/limited commercial **sites** zoned RCL2, RCL3, RCL4, or RCL5, the maximum **floor area ratio** is 1.2, together with an additional:
 - a) 0.1 **floor area ratio** provided that it is entirely used to accommodate **amenity space**.
 - b) 0.1 **floor area ratio** provided that it is entirely used to accommodate **community amenity space**.
 - c) 0.1 **floor area ratio** provided that **market rental units** are provided as outlined in Section 9.4.4.2(a).”;
- d) at Section 9.4.5.3, deleting the reference to “9.4.4.2” and replacing it with “9.4.5.2”;

- e) at Section 9.4.5.3(b)(i), deleting the reference to “10%” and replacing with “15%”;
- f) at Section 9.4.5.4, deleting the reference to “Section 9.4.4.2” and replacing it with “Section 9.4.5.2”;
- g) at Section 9.4.5.4(d)(ii), deleting reference to “10%” from the first bullet and replacing it with “15%”;
- h) at Section 9.4.5.5, deleting reference to “Section 9.4.4.3” and replacing it with “Section 9.4.5.3”; and deleting reference to “Section 9.4.4.4” and replacing it with reference to “Section 9.4.5.4”;
- i) at Section 9.4.5.6, deleting reference to “Section 9.4.4.3” and replacing it with “Section 9.4.5.3”;
- j) at Section 9.4.5.7, deleting reference to “Section 9.4.4.3” and replacing it with “Section 9.4.5.3”;
- k) at Section 9.4.5.7(a), deleting reference to “Section 9.4.4.3(a) or (b)” and replacing it with “Section 9.4.5.3(a) or (b)”;
- l) at Section 9.4.5.8, deleting by deleting reference to “Section 9.4.4.4” and replacing it with “Section 9.4.5.4”.; and
- m) at Section 9.4.5.8(a), deleting reference to “Section 9.4.4.4” and replacing it with “Section 9.4.5.4”.

8. This Bylaw may be cited as **“Richmond Zoning Bylaw 8500, Amendment Bylaw 10256”**.



FIRST READING

PUBLIC HEARING

SECOND READING

THIRD READING

ADOPTED

_____	<div style="border: 1px solid black; padding: 5px;"> <p>CITY OF RICHMOND</p> <p>APPROVED by </p> <p>APPROVED by Director or Solicitor </p> </div>

MAYOR

CORPORATE OFFICER