City of Richmond

Report to Committee

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.

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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	☑	for Erceg
Development Applications	☑	
Law	☑	
Finance	☑	
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

<u>Existing OCP Market Rental Housing Policy</u>

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 m^2 (\$1.75 per ft^2);
- for apartment development inside of the City Centre Area Plan: \$37.67 per m^2 (\$3.50 per ft^2); and
- for apartment development outside of the City Centre Area Plan: \$21.53 per m^2 (\$2.00 per ft^2).

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 (ANSD) 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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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.

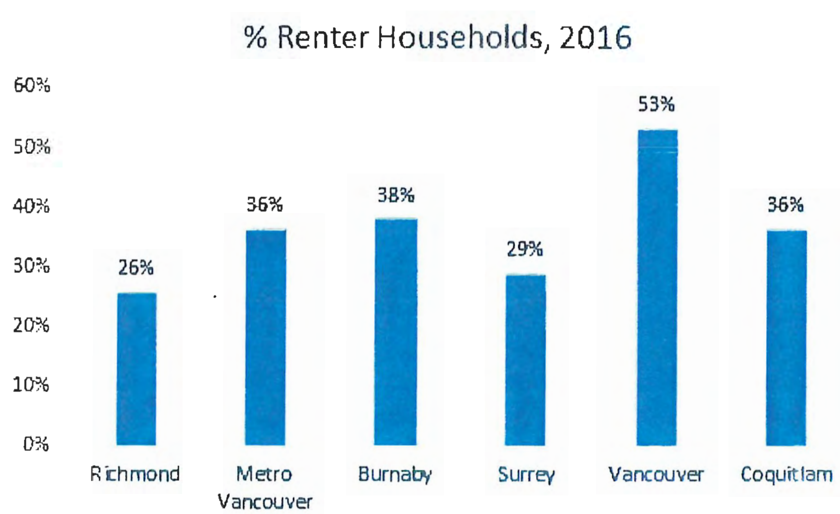
Municipal Approaches Survey Summary (Market Rental Housing)

Municipality Name	Approach to Secure NEW Market Rental Housing Voluntary or Mandatory	Bonus Density for Provision of Market Rental Housing	Incentives to Construct Rental Housing (Market Rental)
Richmond	Voluntary	Yes Bonus density for 100% market rental development: -Townhouse: 0.20 FAR -Concrete buildings in City Centre: 0.25 FAR -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. Bonus density may be increased on a site specific basis.	Parking reductions Exempt from all/portion of affordable housing requirements Exempt from public art and community planning contributions Fast Track processing
Burnaby	Voluntary	Select reassignment of density 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) No associated affordability requirement	Parking reductions
Coquitlam	Voluntary	Yes 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) Tier 1: Additional 1.0 FAR with 20% of the units within the additional density composed of Priority Unit Types. 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.	Parking reductions Amenity relaxations Design relaxations (reduced upper level building setbacks)
Delta	Voluntary	Yes Site specific	Site specific
Kelowna	Voluntary	No	Parking reduction Municipal fee, property tax reductions/waivers

Municipality Name	Approach to Secure NEW 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: • 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: • 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 NEW Market Rental Housing Voluntary or Mandatory	Bonus Density for Provision of Market Rental Housing	Incentives to Construct Rental Housing (Market Rental)
		market rental housing. • 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	Yes Site specific consideration	Parking reductions Community amenity waivers Fast Track processing

Renter Households (Municipal Comparison)



Source: Data from Statistics Canada

ROLLO LTD
+ASSOCIATES

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.

280-11780 Hammersmith Way, Richmond, B.C. V7A 5E9 • Tel. (604) 275-4848 • Fax. 1-866-366-3507
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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
▪ Financial difficulty: Very challenging ▪ Land acquisition is generally not supported by base land values ▪ Financial risks for some developers	▪ Financial difficulty: Neutral ▪ Land value is lower than base land prices ▪ Financial risks for some developers	▪ Financial difficulty: Neutral ▪ Supports land acquisition at base land prices ▪ Financial risks for some developers	▪ Financial difficulty: Feasible ▪ Land value is sufficiently higher than the base land prices ▪ Low financial risk for most developments	▪ Financial difficulty: High degree of feasibility ▪ Land value is greater than base land prices ▪ Financial 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.

City of Richmond

Bylaw 10255

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:
        - o 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 m^2 (\$1.75 per ft^2);
          - for apartment development inside of the City Centre Area Plan: \$37.67 per m^2 (\$3.50 per ft^2); and
          - for apartment development outside of the City Centre Area Plan: \$21.53 per m^2 (\$2.00 per ft^2); or
        - o 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	______________	CITY OF RICHMOND
PUBLIC HEARING	______________	APPROVED by JH
SECOND READING	______________	APPROVED by Director or Solicitor
THIRD READING	______________	JA
ADOPTED	______________	

______________ MAYOR

______________ CORPORATE OFFICER

6652079

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 m^2 of **lot area**;

b) 0.9 for the next 6,000.0 m^2 of **lot area**; and

c) for portions of the **lot area** over 9,000.0 m^2,

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 m^2 in **lot area**;

   b) for **lots** between 3,000.0 m^2 and 6,000.0 m^2 in **lot area**; and

   c) for **lots** 6,000.0 m^2 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	____________	CITY OF RICHMOND
PUBLIC HEARING	____________	APPROVED by
SECOND READING	____________	APPROVED by Director or Solicitor
THIRD READING	____________	
ADOPTED	____________	

____________ ____________

MAYOR CORPORATE OFFICER

6652172

City of Richmond

Report to Committee

To:	Planning Committee	**Date:**	April 19, 2021
From:	Kim Somerville Director, Community Social Development	**File:**	08-4057-08/2021-Vol 01
Re:	**Low End Market Rental Contribution Rate Review**		

Staff Recommendations

1. That the following changes to the Low End Market Rental program be adopted as described in the report titled "Low End Market Rental Contribution Rate Review," dated April 19, 2021, from the Director, Community Social Development:
   a. An increase in the built unit contribution rate for apartment developments with more than 60 units within the City Centre Plan Area from 10 per cent to 15 per cent of residential floor space;

2. That Zoning Bylaw 8500, Amendment Bylaw 10256, associated with Recommendation 1 above, be considered through the companion report titled "Options to Secure Market Rental Housing in New Development and Option to Increase Low End Market Rental (LEMR) Contributions," dated April 19, 2021, from the Director, Policy Planning;

3. That the following cash-in-lieu contribution rates be adopted within the City Centre Plan Area:
   a. $8 per square foot for single family rezonings;
   b. $18 per square foot for townhouse developments; and
   c. $25 per square foot for wood-frame and concrete apartment developers;

4. That the following cash-in-lieu contribution rates be adopted for all areas excluding the City Centre Plan Area:
   a. $6 per square foot for single family rezonings;
   b. $12 per square foot for townhouse developments; and
   c. $15 per square foot for wood-frame and concrete apartment developers;

5. That Richmond Zoning Bylaw 8500, Amendment Bylaw 10260, to update the affordable housing contribution rates, be introduced and given first reading;

6. That in-stream zoning applications received prior to Council's adoption of the proposed recommendations be processed under the existing Low End Market Rental program parameters, provided that the application achieves first reading within one year of the adoption of Richmond Zoning Bylaw 8500, Amendment Bylaw 10256 and Bylaw 10260. New applications received after Council's adoption of Richmond Zoning Bylaw 8500, Amendment Bylaw 10256 and Bylaw 10260, are subject to the updated requirements; and

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 the bylaw amendments described in the companion report titled "Options to Secure Market Rental Housing in New Development and Option to Increase Low End Market Rental (LEMR) Contributions".

Kim Somerville
Director, Community Social Development
(604-247-4671)

Att: 3

REPORT CONCURRENCE		
ROUTED TO:	**CONCURRENCE**	**CONCURRENCE OF GENERAL MANAGER**
Finance Department	☑	pe Erceg
Development Applications	☑	
Policy Planning	☑	
SENIOR STAFF REPORT REVIEW	**INITIALS:**	**APPROVED BY CAO**

Staff Report

Origin

At the December 17, 2019 Planning Committee meeting the following referral was approved:

- *That staff explore options to increase the affordable housing requirement to above 10%.*

At the February 8, 2021 meeting, Council requested that the above noted referral be prioritized and brought forward as soon as possible for consideration. Further, members of City Council expressed interest in the feasibility of a mandatory approach to securing market rental housing units. City Council also 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. As a result, 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, "Options to Secure Market Rental Housing in New Development and Option to Increase Low End Market Rental (LEMR) Contributions," dated April 19, 2021, from the Director, Policy Planning.

To expedite staff's response to the Council referral and to minimize the 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 consideration of the proposed amendment bylaws. The statutory bylaw amendment process will provide stakeholders with multiple opportunities to share their views with City Council.

The purpose of this report is to provide an overview of the City's existing Low End Market Rental program and summarize options for increasing the program's floor area contribution rate above 10 per cent. Recommendations are provided regarding the floor area requirement and a zoning bylaw amendment related to updated cash-in-lieu contribution rates. Other proposed bylaw amendments regarding the floor area requirement are summarized in the companion report titled "Options to Secure Market Rental Housing in New Development and Option to Increase Low End Market Rental (LEMR) Contributions."

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

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

The report also supports the following actions from the City's Affordable Housing Strategy (2017-2027):

> *Review bi-annually the overall built LEMR contribution and threshold requirement and assess with changing market conditions; and*

Review bi-annually cash-in-lieu contributions and assess with changing market conditions.

Analysis

Housing affordability continues to be a critical challenge for many households in Richmond. This issue affects a diverse mix of households, including individuals living alone, families, seniors and individuals experiencing or at risk of homelessness. Within this context, the City of Richmond is committed to playing a leadership role within the housing sector.

The City has achieved significant success by securing more than 1,500 affordable housing units and $49 million in cash-in-lieu and value transfer contributions. Examples of the City's affordable housing achievements include the following:

- More than 900 units secured through the Low End Market Rental program;
- More than 600 affordable housing units in standalone affordable housing buildings. Examples of this approach include Storeys, Kiwanis Towers, the Pathways Affordable Housing, and the Alderbridge Supportive Housing development.
- The development of the Richmond House Emergency Shelter, a partnership between the City, BC Housing and the Salvation Army, which provides 36 shelter spaces for men and women experiencing homelessness in Richmond; and
- The Brighouse United Church housing development, which will include a mix of rental housing types.

Low End Market Rental

The LEMR program was introduced in 2007 and has achieved much success. As approved by City Council on July 24, 2017, the LEMR program currently secures a floor area allocation of 10 per cent in multi-family condominium developments with more than 60 units. The LEMR program also secures cash-in-lieu contributions for rezoning applications with 60 or fewer units. These contributions are directed to the City's Affordable Housing Reserve and are used to provide financial support for standalone affordable housing developments in Richmond.

The current cash-in-lieu rates are the following:
- Detached homes: $4 per square foot;
- Townhouses: $8.50 per square foot;
- Wood-frame multi-family developments: $10 per square foot; and
- Concrete multi-family developments: $14 per square foot.

Affordable Housing Density Bonus Programs

Four other municipalities (Burnaby, New Westminster, City of North Vancouver and Victoria) have recently adopted programs similar to the LEMR program. All four programs secure affordable housing units in exchange for a density bonus.

Richmond's LEMR program remains a leader in several aspects. For example, the LEMR program is the only program that applies to all residential built forms and in all areas of the city.

In contrast, other municipal programs generally focus on medium to higher density developments and only apply in specific locations, such as areas designated for higher density development. LEMR also establishes lower base densities than the other programs, which creates a greater incentive for developers to access the density bonus in order to develop medium or high-density apartment housing.

Methods for establishing affordable housing contribution rates vary across these programs, which presents some challenges when comparing contribution rates with the City's current LEMR contribution rate of 10 per cent. In general, these programs have comparable or slightly higher contribution rates. One exception is the City of Victoria, which requires a 20 per cent floor area contribution rate. See Attachment 1 for more information regarding these programs.

Housing Demand Estimates

Housing affordability guidelines established by the Canadian Mortgage and Housing Corporation state that housing costs should not exceed 30 per cent of a household's annual before-tax income. In 2016, 4,860 renter households in Richmond living in private-market housing spent more than 30 per cent of their income on housing costs.

Of these households, 33 per cent have moderate incomes ($40,000 to $70,000) and generally qualify for a LEMR unit. Based on this information, there is an estimated demand for 1,600 LEMR housing units for current renter households in Richmond. In addition, based on data from Metro Vancouver regarding updated demand estimates for rental housing, City staff forecast a need for an additional 1,200 LEMR housing units due to expected population growth over the next ten years.

Based on all information available, there is a need to secure at least 2,000 additional LEMR units to meet current and future housing needs within the next 10 years or approximately 200 LEMR units per year.

Program Options

In February 2021, the City hired an economic consultant to assess the feasibility of increasing the LEMR floor area contribution and introducing a new market rental floor area requirement (Attachment 2). This work analyzed the financial impact of the increased rental requirements on hypothetical condominium developments. Varying floor area contribution rates were tested and evaluated on a score of one to five. A score of one indicated challenging financial feasibility due to the increased rental floor area requirements, while a score of four or five indicated positive financial feasibility.

A key variable in the analysis was land costs, which were based on base prices from recent land transactions. A score of three in the analysis indicated a "neutral" financial impact and suggested that a development could support land acquisition at base land prices. However, given that land costs are variable and could be higher than base prices, floor area options with a score of three could present financial risks for some developments. In these cases, floor area requirements with a score of three could prevent some developments from moving forward.

Taking into consideration the economic analysis, two distinct program options are presented. First, for properties located within the City Centre Area Plan, staff recommend a LEMR contribution rate of 15 per cent and a market rental rate of 10 per cent (Table 1). For properties outside of City Centre, staff recommend a LEMR contribution rate of 10 per cent and a market rental rate of 10 per cent (Table 2). These scenarios maximize the number of rental units that can be achieved without creating significant financial risks for developments.

This report seeks Council direction regarding the LEMR program. Additional information regarding proposed bylaw amendments and the proposed market rental requirement are provided in the companion report titled "Options to Secure Market Rental Housing in New Development and Option to Increase Low End Market Rental (LEMR) Contributions".

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.

Table 2 presents a set of scenarios specific to properties outside of City Centre. The proposed options include lower contribution rates due to the lower densities that are permitted outside of City Centre. In general, a higher floor area requirement presents greater financial risks for developments that achieve a 1.2 floor area ratio or lower. Accordingly, staff recommend a maximum floor area requirement of 10 per cent LEMR and 10 per cent market rental. The identified companion report provides more information regarding required bylaw amendments and the market rental requirement.

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

Based on recent housing market trends, City staff estimate that a 15 per cent LEMR contribution rate would secure approximately 150 to 200 LEMR units per year. A 20 per cent contribution rate would likely secure an average of 200 to 250 LEMR units per year assuming that there is no change to general market trends.

Updated Cash-In-Lieu Rates

In addition to the analysis summarized above, the economic consultant completed an assessment of cash-in-lieu rates for the LEMR program. The analysis provided updated cash-in-lieu rates based on current market trends. Based on the findings, staff recommend increasing cash-in-lieu rates to correspond with the overall floor area requirement as follows:

Table 3: Proposed Cash-in-Lieu Rates – City Centre Plan Area

Housing Type	15% LEMR Contribution Rate (Recommended)	20% LEMR Contribution Rate
Single-detached	$8 per square foot	$12 per square foot
Townhouses	$18 per square foot	$25 per square foot
Wood-frame apartments	$25 per square foot	$40 per square foot
Concrete apartments	$25 per square foot	$40 per square foot

Table 4: Proposed Cash-in-Lieu Rates – Properties Outside of City Centre

Housing Type	10% LEMR Contribution Rate - Updated 2021 Values (Recommended)	15% LEMR Contribution Rate
Single-detached	$6 per square foot	$8 per square foot
Townhouses	$12 per square foot	$18 per square foot
Wood-frame apartments	$15 per square foot	$25 per square foot
Concrete apartments	$15 per square foot	$25 per square foot

Cash-in-lieu contributions will continue to be directed to the City's Affordable Housing Reserve and used to support standalone affordable housing developments.

Cash-In-Lieu Bylaw Amendment

Section 5.15 in the Zoning Bylaw includes reference to original cash-in-lieu rates (2007) and updates that were adopted in 2016 and again in 2017. Amendment Bylaw 10260 would introduce additional tables to reflect the proposed updated rates for development both inside and outside City Centre. The amendment would also maintain provisions for in-stream applications. It is necessary to retain the serial tables. The bylaw amendment reflects the recommended cash-in-lieu rates defined above.

Other key elements of the LEMR program, specifically the floor area contribution rate, are also embedded in the zoning bylaw. Amending this component of the zoning bylaw would be necessary to update the LEMR program pursuant to Council direction. The companion report titled "Options to Secure Market Rental Housing in New Development and Option to Increase

Low End Market Rental (LEMR) Contributions" provides more information about proposed amendments regarding the floor area contribution rate.

Implementation

Staff recommend that in-stream rezoning applications received prior to Council's adoption of the proposed recommendations be processed under the existing LEMR parameters provided that the application achieves first reading within one year of the adoption of the bylaw amendments described in this report and the identified companion report. New applications received after Council's adoption of the proposed bylaw amendments are subject to the updated requirements.

Stakeholder Engagement

The provision of affordable and market 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 change contemplated in this report occur as part of Council's consideration of the proposed OCP bylaw. This approach will provide interested stakeholders with multiple opportunities to provide their views to City Council as part of the statutory bylaw amendment process.

Should Planning Committee endorse this 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 any interested party an opportunity to provide comments directly to City Council.

Next Steps

Pursuant to Council direction, City staff will complete the following next steps:

- Prepare an updated Information Bulletin that summarizes the updated LEMR program requirements;
- Inform UDI, other development industry stakeholders and non-profit housing providers about any changes to the LEMR program; and
- Publish updated program information on the City's website.

Financial Impact

None.

Conclusion

The City's Low End Market Rental program is an important part of the City's approach to meeting the housing needs of Richmond residents. In combination with the proposed market rental requirement, the City will continue to provide diverse housing options to meet the housing needs of Richmond residents.

Cody Spencer
Program Manager, Affordable Housing
(604-247-4916)

Att. 1: Rental Housing Density Bonus Programs
2: GP Rollo Financial Analysis Summary
3: Financial Feasibility Scoring System

ATTACHMENT 1

Summary of Rental Housing Density Bonus Programs

This attachment provides a summary of municipal density bonus programs that secure affordable housing units in private market strata developments.

Municipality and Program Name	Program Summary	Differences Relative to Richmond's LEMR Program
City of Richmond, Low End Market Rental Program	Approved in 2007, the City of Richmond's Low End Market Rental program currently secures 10% of floor area in multi-family developments as affordable housing. Rental rates for the program are currently established at 10% below average market rent. In contrast to the programs described below, LEMR is the only program that secures either cash-in-lieu contributions or units in all residential rezoning applications and in all areas of the city. LEMR also establishes lower base densities than the other regional programs, which creates a greater incentive for developers to access the density bonus in order to develop medium or high-density apartment housing. In total, the City has secured more than 1,500 affordable housing units, including 905 units through the LEMR program.	N/A
City of Burnaby, Inclusionary Rental Policy	In May 2019, the City of Burnaby approved the Rental Use Zoning Policy, which secures 20% of units in new multi-family developments as affordable housing (calculated from the total number of market units derived from base densities). Rental rates for these units are set at 20% below CMHC median market rent. Burnaby's program	In contrast to LEMR, Burnaby's program only applies in specific areas of the city, particularly areas identified as Town Centres; does not secure cash-in-lieu or units for single-detached or duplex rezonings; and establishes higher base densities. Burnaby's program also establishes lower rental rates of 20% below median

	has secured 728 inclusionary housing units to date, with 505 of these units resulting from one large scale, master planned development.	market rent compared to the LEMR rate of 10% below average market rent.
City of New Westminster, Inclusionary Housing Policy	In December 2019, New Westminster approved the Inclusionary Housing Policy, which secures 5% to 20% of floor area in new multi-family developments as affordable housing. Rents are set at either 10% below average market rent or at shelter rates ($375 per month). Projects that request an OCP amendment or exceed the standard density bonus must provide 20% of floor area as affordable housing. Other projects that access the standard density bonus provision are required to provide either 10% of floor area at moderate-income rental rates or 5% of floor area at low-income rental rates. Projects that provide 5% must transfer ownership of the units to a non-profit housing provider or BC Housing at no cost. No units have been secured to date since current development applications were received prior to the approval of the policy.	Whereas the LEMR program applies to all residential building types, New Westminster's program targets units in medium and higher density apartment developments. Applicable properties are generally located in the Downtown Plan Area rather than city-wide. The standard rental rates for this program are similar to LEMR, although the program also establishes the option of securing units at shelter rates ($375 a month).
City of North Vancouver, Density Bonus and Community Amenity Policy	Approved in 2017, the City of North Vancouver's Density Bonus and Community Benefits Policy secures affordable rental units in exchange for a maximum density bonus of 1.0 FAR in medium and high density residential and mixed-use zones. 30% of the density bonus area must be provided as non-market housing, while the remainder of the bonus	In contrast to LEMR, North Vancouver's program has fewer defined parameters related to rental rates and other operational requirements. Accordingly, some project details are determined through negotiation.

	area can be sold as strata condominium units. To date, Richmond City staff have been unable to confirm the number of units secured through this program.	
City of Victoria, Inclusionary Housing Policy	Approved in June 2019, Victoria's Inclusionary Housing Policy establishes a contribution rate of 20% with rents charged between $875 and $1,750 per month. The program applies to all multi-family developments with more than 3 units. Similar to LEMR, developments comprised of 3 to 60 units are required to provide cash-in-lieu contributions rather than units. 130 affordable rental units have been secured to date.	In contrast to LEMR, Victoria's program does not secure cash-in-lieu or secondary suites for single-family or duplex rezonings.

ATTACHMENT 2

ROLLO LTD
+ASSOCIATES

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 at 3.0 FSR and in wood frame at 2.0 FSR, and townhouse at 1.2 FSR, 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 over a period of time 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: 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%.

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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
▪ Financial difficulty: Very challenging ▪ Land acquisition is generally not supported by base land values ▪ Financial risks for some developers	▪ Financial difficulty: Neutral ▪ Land value is lower than base land prices ▪ Financial risks for some developers	▪ Financial difficulty: Neutral ▪ Supports land acquisition at base land prices ▪ Financial risks for some developers	▪ Financial difficulty: Feasible ▪ Land value is sufficiently higher than the base land prices ▪ Low financial risk for most developments	▪ Financial difficulty: High degree of feasibility ▪ Land value is greater than base land prices ▪ Financial 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.

City of
Richmond

Bylaw 10260

Richmond Zoning Bylaw 8500
Amendment Bylaw 10260 (Low End Market Rental Program 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 5.15 [Affordable Housing] by deleting Section 5.15.1 in its entirety and replacing it with new Section 5.15.1 as set out in Schedule "A" attached hereto and forming part of this Bylaw 10260.

2. This Bylaw may be cited as **"Richmond Zoning Bylaw 8500, Amendment Bylaw 10260".**

FIRST READING	______________
PUBLIC HEARING	______________
SECOND READING	______________
THIRD READING	______________
ADOPTED	______________

CITY OF RICHMOND
APPROVED by
APPROVED by Director or Solicitor

______________ MAYOR

______________ CORPORATE OFFICER

Schedule A to Bylaw 10260

"5.15.1 Where an **owner** pays into the **affordable housing reserve** in accordance with this bylaw, as amended or replaced from time to time, the sum shall be determined as listed below:

a) Where an amendment to this bylaw was considered by **Council** on or before September 24, 2016, and where an **owner** pays into the **affordable housing reserve** according to the **density bonusing** provisions of this bylaw, the following sums shall be used:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RS2/A-K	$1.00
RC2	$1.00
ZS21	$1.00
ZS22	$1.00
RI2	$2.00
RTL2	$2.00
RTL4	$2.00
RTM2	$2.00
RTM3	$2.00
RTH1	$2.00
RTH2	$2.00
RTH3	$2.00
RTH4	$2.00
RTP1	$2.00
RTP2	$2.00
RTP3	$2.00
RTP4	$2.00
RAL2	$4.00
RAM2	$4.00
RAM3	$4.00
RAH1	$4.00

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RAH2	$4.00
CDT2	$4.00
RCL2	$4.00
ZHR6	$4.00
ZR7	$2.00
ZMU19	$4.00
ZMU20	$4.00
ZMU21	$4.00
ZMU22	$4.00
ZMU24	$4.00
ZMU26	$4.00
ZMU32	$4.00
ZT70	$2.00
ZS23	$1.00
ZLR26	$2.00 for **housing, town,** $4.00 for **housing, apartment**
ZD5	$2.00 *[Bylaw 9551, Nov 13/18]*
ZT80	$2.00 *[Bylaw 9563, Jul 27/20]*

b) Where an amendment to this bylaw is considered by **Council** after September 24, 2016 and on or before July 24, 2017, and where an **owner** pays into the **affordable housing reserve** according to the **density bonusing** provisions of this bylaw, the following sums shall be used:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RS2/A-K	$2.00
RC2	$2.00
ZS21	$2.00
ZS22	$2.00
RI2	$4.00
RTL2	$4.00

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RTL4	$4.00
RTM2	$4.00
RTM3	$4.00
RTH1	$4.00
RTH2	$4.00
RTH3	$4.00
RTH4	$4.00
RTP1	$4.00
RTP2	$4.00
RTP3	$4.00
RTP4	$4.00
RAL2	$6.00
RAM2	$6.00
RAM3	$6.00
RAH1	$6.00
RAH2	$6.00
CDT2	$6.00
RCL2	$6.00
ZHR6	$6.00
ZR7	$4.00
ZMU19	$6.00
ZMU20	$6.00
ZMU21	$6.00
ZMU22	$6.00
ZMU24	$6.00
ZMU26	$6.00
ZT70	$4.00
ZS23	$4.00
ZLR26	$4.00 for **housing, town**, $6.00 for **housing, apartment**

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
ZS28	$2.00 *[Bylaw 9661, Mar 26/18]*
ZT82	$4.00 *[Bylaw 9731, Feb 8/21]*

c) Where an amendment to this bylaw is considered by **Council** after July 24, 2017 and on or before June 21, 2021, and where an **owner** pays into the **affordable housing reserve** according to the **density bonusing** provisions of this bylaw, the following sums shall be used:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RS2/A-K	$4.00
RC2	$4.00
ZS21	$4.00
ZS22	$4.00
RI2	$8.50
RTL2	$8.50
RTL4	$8.50
RTM2	$8.50
RTM3	$8.50
RTH1	$8.50
RTH2	$8.50
RTH3	$8.50
RTH4	$8.50
RTP1	$8.50
RTP2	$8.50
RTP3	$8.50
RTP4	$8.50
RDA	$8.50 *[Bylaw 9975, Feb 19/19]*
RTA	$8.50 *[Bylaw 9976, Feb 19/19]*
RAL2	$10.00 for wood frame construction $14.00 for concrete construction
RAM2	$10.00 for wood frame construction $14.00 for concrete construction

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RAM3	$10.00 for wood frame construction $14.00 for concrete construction
RAH1	$10.00 for wood frame construction $14.00 for concrete construction
RAH2	$10.00 for wood frame construction $14.00 for concrete construction
CDT2	$10.00 for wood frame construction $14.00 for concrete construction
RCL2	$14.00
ZHR6	$14.00
ZR7	$8.50
ZMU19	$8.50 for **housing, town** $10.00 for **housing, apartment**
ZMU20	$10.00 for wood frame construction $14.00 for concrete construction
ZMU21	$10.00 for wood frame construction $14.00 for concrete construction
ZMU22	$10.00 for wood frame construction $14.00 for concrete construction
ZMU24	$10.00 for wood frame construction $14.00 for concrete construction
ZMU26	$10.00 for wood frame construction $14.00 for concrete construction
ZT70	$8.50
ZS23	$4.00
ZLR26	$8.00 for **housing, town** $10.00 for **housing, apartment**
ZMU33	$10.00 for wood frame construction $14.00 for concrete construction
CDT1	$8.00 for **housing, town** $14.00 for **housing, apartment**
ZT87	$4.00 *[Bylaw 10152, Dec 14/20]*

d) Where an amendment to this bylaw is considered by **Council** after June 21, 2021, and where an **owner** pays into the **affordable housing reserve** according to the **density bonusing** provisions of this bylaw, the following sums shall be used:

i) Inside **City Centre**:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RS2/A-K	$8.00
RC2	$8.00
ZS21	$4.00
ZS22	$4.00
RI2	$18.00
RTL2	$18.00
RTL4	$18.00
RTM2	$18.00
RTM3	$18.00
RTH1	$18.00
RTH2	$18.00
RTH3	$18.00
RTH4	$18.00
RTP1	$18.00
RTP2	$18.00
RTP3	$18.00
RTP4	$18.00
RDA	$18.00
RTA	$18.00
RAL2	$25.00
RAM2	$25.00
RAM3	$25.00
RAH1	$25.00
RAH2	$25.00
CDT2	$25.00
RCL2	$25.00
ZHR6	$14.00
ZR7	$8.50

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
ZMU19	$8.50 for **housing, town** $10.00 for **housing, apartment**
ZMU20	$10.00 for wood frame construction $14.00 for concrete construction
ZMU21	$10.00 for wood frame construction $14.00 for concrete construction
ZMU22	$10.00 for wood frame construction $14.00 for concrete construction
ZMU24	$10.00 for wood frame construction $14.00 for concrete construction
ZMU26	$10.00 for wood frame construction $14.00 for concrete construction
ZT70	$8.50
ZS23	$4.00
ZLR26	$8.00 for **housing, town** $10.00 for **housing, apartment**
ZMU33	$10.00 for wood frame construction $14.00 for concrete construction
CDT1	$25.00
ZT87	$4.00

ii) Outside **City Centre**:

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RS2/A-K	$6.00
RC2	$6.00
ZS21	$4.00
ZS22	$4.00
RI2	$12.00
RTL2	$12.00
RTL4	$12.00
RTM2	$12.00
RTM3	$12.00

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
RTH1	$12.00
RTH2	$12.00
RTH3	$12.00
RTH4	$12.00
RTP1	$12.00
RTP2	$12.00
RTP3	$12.00
RTP4	$12.00
RDA	$12.00
RTA	$12.00
RAL2	$15.00
RAM2	$15.00
RAM3	$15.00
RAH1	$15.00
RAH2	$15.00
CDT2	$15.00
RCL2	$15.00
ZHR6	$14.00
ZR7	$8.50
ZMU19	$8.50 for **housing, town** $10.00 for **housing, apartment**
ZMU20	$10.00 for wood frame construction $14.00 for concrete construction
ZMU21	$10.00 for wood frame construction $14.00 for concrete construction
ZMU22	$10.00 for wood frame construction $14.00 for concrete construction
ZMU24	$10.00 for wood frame construction $14.00 for concrete construction
ZMU26	$10.00 for wood frame construction $14.00 for concrete construction

Zone	Sum Per Buildable Square Foot of Permitted **Principal Building**
ZT70	$8.50
ZS23	$4.00
ZLR26	$8.00 for **housing, town** $10.00 for **housing, apartment**
ZMU33	$10.00 for wood frame construction $14.00 for concrete construction
CDT1	$15.00
ZT87	$4.00

For the purposes of Section 5.15.1, buildable square foot means the maximum **floor area ratio** and excludes the items not included in the calculation of **density** (e.g., **enclosed parking**; unenclosed **balconies**; common stairwells and common elevator shafts; etc.).

For the purposes of Section 5.15.1(c) and (d), concrete construction includes steel construction."

City of Richmond

Report to Committee

To:	Planning Committee	**Date:**	June 7, 2021
From:	John Hopkins Director, Policy Planning	**File:**	08-4057-08/2021-Vol01

Re: **Supplementary Information: Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions**

Staff Recommendation

1. That Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255, which proposes to amend Schedule 1 of Richmond Official Community Plan Bylaw 9000 and Schedule 2 of Richmond Official Community Plan Bylaw 7100, and is attached to the staff report titled "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions", dated April 19, 2021, from the Director, Policy Planning, be replaced with the attached updated Amendment Bylaw 10255, which includes further changes to add the following amendments to Richmond Official Community Plan Bylaw 9000:

   a) In Section 3.3 "Diverse Range of Housing Types, Tenure and Affordability":

      i) Replace language in the Official Community Plan Market Rental Housing Policy to clarify the variable density bonusing approach that is applied to secure market rental housing units;

      ii) Insert language to include a future inflation provision for the community amenity contribution rates; and

      iii) Insert language to clarify and expand incentives for the provision of rental housing.

   b) In Section 3.6.1 "Arterial Road Townhouse Development Requirements, Additional Density":

      i) Insert language to clarify density bonusing and incentives that apply to arterial road townhouse development, consistent with proposed amendments to Section 3.3 of the Official Community Plan.

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2. That staff be directed to review and provide a recommendation regarding the feasibility of reducing or waiving Development Cost Charges (DCC) for affordable housing that is provided within new development, including consideration of the type of affordable housing that is eligible, program duration, and anticipated impact on alternative funding sources.

John Hopkins
Director, Policy Planning

JH:dn
Att. 5

REPORT CONCURRENCE		
ROUTED TO:	**CONCURRENCE**	**CONCURRENCE OF GENERAL MANAGER**
Finance Law Development Applications Affordable Housing	☑ ☑ ☑ ☑	
SENIOR STAFF REPORT REVIEW	**INITIALS:**	**APPROVED BY CAO**

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Staff Report

Origin

The following staff reports were considered at the May 4, 2021 Planning Committee meeting:

- "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" from the Director, Policy Planning dated April 19, 2021; and
- "Low End Market Rental Contribution Rate Review" from the Director, Community Social Development dated April 19, 2021.

The reports listed above were a response to the following referrals to staff:

- *That staff provide suggestions and options for a market rental policy and report back.*
- *That staff explore options to increase the affordable housing requirement to above 10%.*

Consideration of the staff reports on May 4, 2021, resulted in a number of questions from Planning Committee members and the staff reports were tabled to the June 23, 2021 Planning Committee meeting.

The purpose of this report is to provide Planning Committee and City Council with responses to the questions from the May 4, 2021 Planning Committee meeting and includes the following:

- Information on the number of in-stream applications that may be affected by the proposed bylaw amendments.
- A review of the existing and proposed variable density bonus approach to securing market rental housing, which steps up the density bonus based on the amount of floor area that is secured for market rental units within a development and the form of development. The density bonus approach also includes provisions for site-specific density bonusing.
- Information about the feasibility of increasing building height and density in the city.
- An examination of incentives that may be applied to market rental housing.
- A summary of consultation with key stakeholders.

While this report suggests maintaining recommendations that are suggested in the two companion reports, additional amendments to the Official Community Plan (OCP) are proposed, which will further enhance the city's rental housing policies. Changes to OCP Amendment Bylaw 10255 are proposed to clarify the existing and proposed density bonus approach to securing market rental units. The amendments also clarify and expand incentives for market rental housing and clarify the administrative mechanism to adjust community amenity contribution rates for future inflation increases. In addition, a new recommendation is suggested that would direct staff to review and provide a recommendation regarding the feasibility of reducing or waiving Development Cost Charges (DCC) for affordable housing that is provided in new development.

The proposed changes outlined in this report and the two companion reports dated April 19, 2021 will confirm the city's position as a regional leader in securing rental housing units.

Background

Building upon the city's demonstrated commitment to playing a leadership role within the housing sector, and in response to existing housing referrals, two companion staff reports ("Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" and "Low End Market Rental Contribution Rate Review" both dated April 19, 2021) were presented to Planning Committee on May 4, 2021 to consider the feasibility of introducing the following:

- a mandatory approach to securing market rental housing units in new development with more than 60 apartment units;
- a community amenity contribution in lieu of construction of market rental units that the city may accept through rezoning for new townhouse development with 5 or more units and for new apartment developments with 5 to 60 units; and
- expanding the Low End Market Rental (LEMR) program construction and cash in lieu rates.

An experienced economic development consultant was hired to assess the financial feasibility of options to expand the OCP Market Rental Housing Policy and LEMR program. The two companion reports include details related to the analysis criteria and the findings. The reports also clarify the intention to evaluate the financial feasibility of the options studied to increase the supply of rental units rather than intending to offset the costs to the developer of providing secured rental housing in a project. Attachment 1 includes a detailed summary of the proposed city-wide updates that would apply to new development.

The two companion reports and associated bylaws were tabled to the June 23, 2021 Planning Committee meeting. As a result of the discussion at the Planning Committee meeting on May 4, 2021, consultation with key stakeholders was scheduled and staff completed supplementary analysis resulting in additional amendments to the OCP Market Rental Housing Policy and an amendment to the OCP Arterial Road Land Use Policy, which are discussed in this report.

Analysis

The following section provides supplementary information in response to the discussion at the May 4, 2021 Planning Committee meeting.

In-stream Applications

At the May 4, 2021 Planning Committee meeting, staff were directed to provide supplementary data regarding the number of in-stream applications. In-stream applications may be affected by the proposed amendments to the OCP Market Rental Housing Policy and LEMR program.

There are currently 71 in-stream rezoning applications that are being reviewed by staff including the following:

- 62 in-stream applications with less then 60 units per project (these applications would be required to provide a cash in lieu contribution towards affordable housing);
- 3 purpose-built market rental developments, involving approximately 460 units; and

- 6 in-stream applications with more than 60 units per project (these applications would be required to provide built LEMR units, in accordance with the current LEMR program). In addition, staff is in the process of closing one application due to inactivity for more than a year.

The recommended amendment bylaws, including Bylaw 10255 (amendments to the OCP and related Area Plans) and Bylaws 10256 and 10260 (amendments to the Zoning Bylaw), propose to introduce a mandatory approach to securing market rental housing units in new development with more than 60 apartment units per project, introduce provisions for community amenity contributions in lieu of constructing market rental units in smaller development proposals, and expand the LEMR program construction and cash in lieu rates.

The amendment bylaws would be implemented at the time of bylaw adoption and new applications that are received after Council's adoption of the amendment bylaws would be subject to the updated requirements. Consistent with past city practice when introducing policy amendments, a one year 'grandfathering' period is recommended for in-stream applications. The applications that are listed above that are unable to achieve 1st reading within one year of the amendment bylaws being adopted would be required to proceed in accordance with the amended OCP Market Rental Housing Policy and LEMR program provisions (Attachment 1).

Variable Density Bonus

At the May 4, 2021 Planning Committee meeting, staff were directed to review the variable density bonus approach to securing market rental housing. Attachment 2 provides a summary of the current and proposed use of density bonus to secure market rental housing units.

The variable density bonusing approach steps up the supported density bonus based on the amount of floor area that is secured for market rental units within a development and the form of development that is proposed. The existing OCP Market Rental Housing Policy supports a density bonus of 0.2 and 0.25 floor area ratio (FAR) for 100% market rental housing constructed in wood and concrete respectively. These existing provisions, which were adopted by Council in 2018, are based on recommendations by independent economic development consultants, and are being applied by developers (e.g., 3 purpose-built market rental developments are in the initial stages of the application review process).

The OCP Market Rental Housing Policy also includes provisions for site-specific consideration of additional density bonus that may apply to 100% purpose-built rental and/or mixed tenure developments that exceed provisions for affordable and/or rental housing. Additional density bonus was supported in the following recent notable projects:

- A development by Headwater Living Inc. at 5500 No. 3 Road includes a 0.57 FAR residential density bonus resulting in 149 purpose-built market rental housing units.
- A development by Mosaic Homes at the intersection of No. 3 Road and Williams Road included an OCP amendment to permit a four-storey apartment building with commercial at grade (overall density of 1.08 FAR).
- A mixed-use, mid-rise development by Colliers International Consulting on Bennett Road combines three-storey and six-storey building elements to accommodate a church and approximately 142 purpose-built rental units, including market rental, moderate

income and LEMR units. A site-specific density of 2.25 FAR, which is greater than the density characterized by the existing low-rise developments in the area, was achieved in recognition of the benefits of rental housing.

It is recommended that the density bonus for apartment development that is required to construct and secure market rental units (0.1 FAR applied to the site), as proposed in OCP Amendment Bylaw 10255, remain unchanged. However, further amendments made to Bylaw 10255 allow for consideration of additional density on a site-specific basis if an application exceeds the provisions in the proposed Market Rental Housing Policy for both mixed tenure proposals and 100% purpose-built rental housing proposals.

In response to questions at the May 4, 2021 Planning Committee, Attachment 3 reviews the approach that is applied by staff to secure an equitable and consistent amount of rental unit area between developments.

Building Height and Density

At the May 4, 2021 Planning Committee meeting, staff were directed to examine the feasibility of increasing building height and density in the city.

The city faces unique constraints that limit the maximum building height and/or density, including building height constraints imposed on development in the City Centre by the YVR flight path and the city's high water table. While staff apply some flexibility related to design, incorporating extensive increases in building height and/or density would conflict with existing city-wide and area specific design guidelines for urban design and built form, and affect the resulting neighbourhood character. These guidelines intentionally encourage a range of building types and compatible co-location of land uses to match the built form with anticipated growth, to support transit oriented development (i.e., concentrate the greatest building density and building heights within proximity of transit services), to enhance visual interest and streetscapes (i.e., architectural variety, contrasts between building heights and massing forms, varied skyline). Other benefits include limiting impacts on adjacencies, drawing attention to public spaces and view corridors, and encouraging distinction between neighbourhoods.
The companion reports ("Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" and "Low End Market Rental Contribution Rate Review" both dated April 19, 2021) and the previous section of this report suggest a modest density bonus for the provision of market rental units, which can generally be accommodated within building forms that are supported by the OCP.

For 100% purpose-built rental and/or mixed tenure developments that exceed provisions for affordable housing and/or rental housing, the OCP includes accommodations for site-specific consideration of additional building height and/or density. While the City Centre Area Plan includes a provision to support additional building height on a site-specific basis, opportunity to accommodate additional height within designated Village Centres is limited by the flight path. However, areas outside the designated Village Centres may accommodate additional building height and/or density when designed with consideration of adjacencies. Outside of the City Centre Area Plan, opportunities to accommodate additional building height and/or density include properties that are within existing neighbourhood service centres and sites that are located along the Frequent Transit Network. In some cases, site-specific consideration of additional building height and/or density will require an OCP amendment application.

The OCP includes accommodations to support additional building height and/or density when a development exceeds provisions for affordable housing and/or rental housing. Therefore, extensive revision of building height and/or density designations in the OCP is not required to support the city's rental housing objectives. However, this would be subject to limited application of this approach and would be monitored by staff. Extensive density bonusing for residential use that is not considered by OCP growth projections would result in increased demands on city infrastructure and would impact existing roads and services, as well as availability and access to park spaces.

Incentives

Potential incentives associated with the provision of market rental housing are analyzed below.

Waive or Reduce Development Cost Charges (DCC)

Local governments collect Development Cost Charges (DCC) from new developments to fund growth related capital infrastructure costs (i.e., roads, water, drainage, park acquisition and park development). DCCs are the most common financial tool that is used by communities in the province to ensure that "growth pays for growth". DCCs are applied to all dwelling units, including market rental and LEMR units.

Section 563 of the *Local Government Act* (LGA) includes provisions that permit a local government to waive or reduce DCCs for specific types of rental housing. To apply the provision, Council must adopt a bylaw that establishes the conditions to waive or reduce DCCs. The provisions in the LGA to waive or reduce DCCs may be applied to affordable housing; however, market rental housing is eligible only if the market rental housing is not for profit. As the OCP Market Rental Housing Policy does not apply profit restrictions, the DCCs for market rental housing are not eligible to be waived or reduced.

A Council decision to waive or reduce DCC charges for affordable housing would not remove the unit charge included in the DCC program because the costs associated with growth remain unchanged. Instead, direction to waive or reduce DCCs that apply to affordable housing means that an alternative funding source would pay the DCCs (e.g., city taxes, Affordable Housing Reserve). In special circumstances, Council has authorized the use of funds from the Affordable Housing Reserve to make a contribution toward the payment of DCC charges for subsidized housing projects (e.g., Storeys and Kiwanis). The financial feasibility analysis estimates that DCCs account for 2.4% to 3.5% of the total project costs.

Staff recommend undertaking a review of the feasibility of reducing or waiving DCCs for affordable housing provided within new development, including consideration of the type of affordable housing that is eligible, program duration, and anticipated impact on alternative funding sources. The DCC update process is currently underway and will include updated financial analysis and up-to-date DCC values that would inform the analysis, which staff would report back at a later date.

Revitalization Tax Exemption for Affordable Housing

Section 226 of the *Community Charter* provides local governments with the authority to exempt eligible properties from the municipal portion of property taxes (land and/or improvements) to encourage various types of economic, social or environmental revitalization within a community for a maximum of 10 years. The exemption is a tool that a Council may use at its discretion to encourage the construction and/or preservation of affordable rental housing. The rental units secured through the LEMR program are eligible; however, market rental units are not eligible for the exemption.

A Council's decision to apply a revitalization tax exemption would result in a shortfall in the municipality's tax revenue. As a result, the remaining property owners in the assessment class would pay more tax to make up for the shortfall. A Council decision to apply a revitalization tax exemption affects only the municipal portion of property taxes; provincial tax revenue is unaffected if a local government applies a revitalization tax exemption. Furthermore, GP Rollo and Associates' analysis indicates that property tax exemptions provide minimal impact to developers as their property taxes during development are a negligible portion (less than 0.2%) of total project costs.

Applying the revitalization tax exemption tool to encourage construction of affordable rental housing would shift municipal tax obligations to other properties. Based on these considerations, application of a revitalization tax exemption is not recommended.

Staff would require direction from Council to further explore application of a revitalization tax exemption to affordable housing units.

Reduced Parking Requirements for Rental Housing

Compared to other forms of housing, Richmond Zoning Bylaw 8500 applies the lowest parking rates to rental housing. In addition to the existing reduced parking rates for rental housing, the bylaw includes additional approaches to reduce the parking requirement. For mixed-use developments, provisions are in place for shared parking between uses, which reduces a development's overall parking requirement. Provisions in the Richmond Zoning Bylaw permit a 10% parking rate reduction on a site-specific basis subject to a Transportation Demand Management (TDM) strategy and a traffic assessment that is supported by staff.

The parking reduction rate that is referenced in Richmond Zoning Bylaw 8500 may be decreased further on a site-specific basis for affordable and/or market rental housing. Development that includes an enhanced TDM strategy has been approved to increase the TDM parking reduction rate from 10% to 25%; thereby reducing the parking required for LEMR and market rental units to approximately half a parking space per unit.

Based on existing lower parking rates and provisions to consider site-specific reduction of parking rates for rental housing, additional Zoning Bylaw amendments are not recommended.

Consultation

At the Planning Committee meeting on May 4, 2021, staff were directed to consult with key stakeholders. Comments from key stakeholder groups are summarized below:

- Richmond Community Services Advisory Committee (RCSAC)
  - Support for the existing LEMR program and the proposed amendments to the LEMR program and the OCP Market Rental Housing Policy.
- Richmond Small Home Builders Group
  - Encourage the city to reduce parking requirements and support other incentives for construction of rental housing.
  - Support provisions for in-stream applications.
- Urban Development Institute (UDI) Representatives
  - Encourage the city to be aggressive with parking reductions. Establish a menu/checklist to guide parking relaxations rather than site-specific consideration of lower parking rates.
  - Increase density bonus rates.
  - Certainty is critical for the development community. Concern that, in practice, expectations related to amenities and rental housing is greater than outlined in policy.
  - Consider extending in-stream provisions from one year to at least two years.

Attachment 4 includes minutes from consultation with stakeholders and a submission received after the meeting.

Changes to Proposed OCP Amendment Bylaw 10255

The two companion reports titled "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" and "Low End Market Rental (LEMR) Contribution Rate Review" both dated April 19, 2021, include analysis and proposed amendment bylaws. The amendment bylaws propose to introduce a mandatory approach to securing market rental housing units in new development with more than 60 apartment units per project, introduce provisions for community amenity contributions in lieu of constructing market rental units in smaller development proposals, and expand the LEMR program construction and cash in lieu rates.

OCP Amendment Bylaw 10255 is attached to this report, Zoning Bylaw Amendment 10256 is attached to the report "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions", and Zoning Bylaw Amendment 10260 is attached to the report "Low End Market Rental (LEMR) Contribution Rate Review".

While no change is proposed to the fundamental objectives of the amendment bylaws, in response to the discussion at the Planning Committee meeting on May 4, 2021, consultation with stakeholders, and additional analysis, the following are proposed changes to OCP Amendment Bylaw 10255:

- Insert clarification language in the OCP Arterial Road Land Use Policy to explain the voluntary approach to securing market rental housing in townhouse development located along designated arterial roads. While the proposed amendments to the OCP Market Rental Housing Policy intend to associate the provision of constructed and secured market rental units to a built form (i.e., apartment developments with more than 60 units), the proposed approach includes provisions that extend the option to apply 0.1 FAR density bonus to smaller developments that include 5 or more townhouse units (or 5 to 60 apartment units) when 10% of the residential floor area is constructed and secured as market rental units.

- Insert language in the OCP Market Rental Housing Policy to clarify the variable density bonus approach to securing market rental housing units. Attachment 2 provides a summary of the density bonusing approach that steps up the density bonus based on the amount of floor area secured for market rental units within a development and the form of development.
- Insert language to include a future inflation provision for the community amenity rates that may be accepted through a rezoning application for townhouse development with 5 or more units and apartment developments with 5 to 60 units. Inclusion of a mechanism to adjust rates for future inflation, based on Statistics Canada inflation data, will ensure that amenity contributions rates are kept up to date with inflation in the future. The proposed method is consistent with the city-wide approach to updating amenity and planning contribution rates.
- Insert language to clarify which incentives apply to a development scenario and to introduce new incentives that apply to the market rental component of a mixed tenure development (i.e., public art and community planning contributions are waived).

The proposed changes to OCP Amendment Bylaw 10255 are highlighted in Attachment 5 and an updated bylaw is attached to this report. Provisions in the amendment bylaw to update sub-area plans to align density references with the proposal to permit an additional 0.1 FAR (applied to the site) for development that secures market rental housing units in accordance with the policy, would remain unchanged.

Financial Impact

None.

Conclusion

On May 4, 2021, Planning Committee considered the following companion reports and associated amendment bylaws:

- "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" from the Director, Policy Planning dated April 19, 2021; and
- "Low End Market Rental Contribution Rate Review" from the Director, Community Social Development dated April 19, 2021.

The reports and associated bylaws were tabled to the June 23, 2021 Planning Committee meeting.

In response to discussion at Planning Committee on May 4, 2021, staff completed additional analysis and consulted with stakeholders. Changes to the proposed OCP amendment bylaw are proposed and include additional amendments to the OCP Market Rental Housing Policy and an amendment to the OCP Arterial Road Land Use Policy. The changes clarify the existing and proposed variable density bonus approach to securing market rental housing units, and clarify and expand incentives for market rental housing. The updated bylaw also clarifies an administrative mechanism to adjust community amenity contribution rates for future inflation increases.

In addition, a new recommendation is suggested that would direct staff to review the feasibility of reducing or waiving Development Cost Charges (DCC) for affordable housing that is provided in new development and report back to Council.

It is recommended that the changes to Official Community Plan Bylaw 9000, Amendment Bylaw 10255 are supported and the bylaw as revised, along with Richmond Zoning Bylaw 8500, Amendment Bylaws 10256, as attached to the report titled "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" from the Director, Policy Planning dated April 19, 2021, and Richmond Zoning Bylaw 8500, Amendment Bylaw 10260, as attached to the report titled "Low End Market Rental Contribution Rate Review" from the Director, Community Social Development, dated April 19, 2021, be introduced and given first reading.

Diana Nikolic, MCIP
Senior Planner/Urban Design

DN:cas

Attachment 1: Summary of Proposed City-wide Updates
Attachment 2: Summary of Market Rental Variable Density Bonusing Approach
Attachment 3: Applying Residential Floor Area to Secure Market Rental and LEMR Units
Attachment 4: Consultation Meeting Minutes and Submission Received After May 4, 2021
Attachment 5: Highlighted Changes to OCP Amendment Bylaw 10255 Attached to "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions"

Summary of Proposed City-wide Updates

Based on the findings of a financial feasibility analysis, which was completed by an economic development consultant that was retained by the city, and consideration of demonstrated housing need in the city, a series of proposed amendments are discussed in detail in the following companion reports, "Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMR) Contributions" from the Director, Policy Planning, and "Low End Market Rental Contribution Rate Review" from the Director, Community Social Development both dated April 19, 2021.

The companion reports recommend bylaw amendments to secure the following in development with more than 60 apartment units by way of legal 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.

While the proposed amendments to the OCP intend to tie the provision of constructed and secured market rental units to a built form (i.e., apartment developments with more than 60 units), the 0.1 FAR density bonus may be applied to townhouse development with 5 or more units, or apartment development with 5 to 60 apartment units that voluntarily secures 10% of the residential floor area as market rental units.

The amendments to the LEMR program include provisions to balance rental housing contributions between developments of various size and type. Only apartment developments with more than 60 units are required to construct affordable housing on-site, smaller developments are subject to the LEMR program's cash in lieu rates, which are proposed to be updated and are listed below:

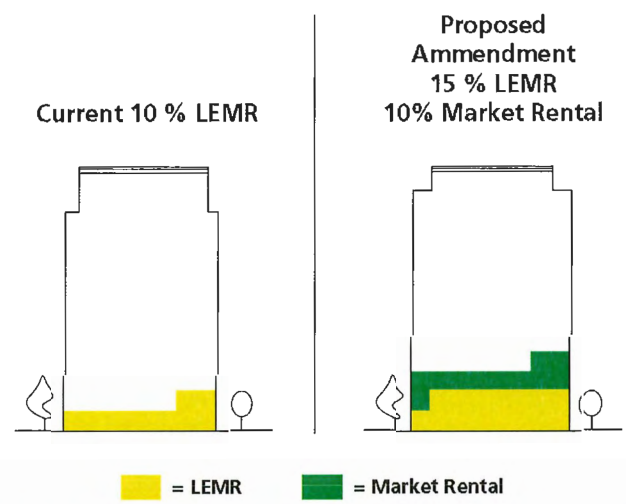
- For development inside of the City Centre Area Plan Area:
  - $8/ft^2 for single family development that includes rezoning;
  - $18/ft^2 for townhouse developments; and
  - $25/ft^2 for wood frame and concrete apartment developments.

- For development outside of the City Centre Area Plan Area:
  - $6 /ft^2 for single family development that includes rezoning;
  - $12/ft^2 for townhouse developments; and
  - $15/ft^2 for wood frame and concrete apartment developments.

The proposed amendments to the OCP Market Rental Policy suggest a similar approach to balance contributions between developments of varying size and type by recommending community amenity contributions that may be accepted through a rezoning application, for townhouse developments with 5 or more units ($1.75 /ft^2) and apartment developments with 5 to 60 units ($3.50/ft^2 for developments inside of the City Centre Area Plan, and $2.00/ft^2 for developments outside of the City Centre Area Plan).

The recommended community amenity contribution rates are comparable with requiring 10% of the residential floor area to be secured and constructed as market rental housing. The contributions would be collected in the Affordable Housing Reserve Fund (Reserve Fund Bylaw 7812) and would be directed to support affordable housing projects that target low and moderate income households.

Figure 1: Proposed Market Rental and LEMR Construction Requirements in Apartment Developments with More than 60 Units



	Current	Proposed Inside of the City Centre Area Plan	Proposed Outside of the City Centre Area Plan
LEMR Unit Area	10%	15%	10%
Market Rental Unit Area	Voluntary Incentive Based	10%	10%
Saleable Residential Condominium Area*	90% minus the common circulation areas within the building = approximately 76%	75% minus the common circulation areas within the building = approximately 61%	80% minus the common circulation areas within the building = approximately 66%

*Residential development achieves approximately 86% efficiency (i.e., corridors and circulation accounts for approximately 14% of the building floor area).

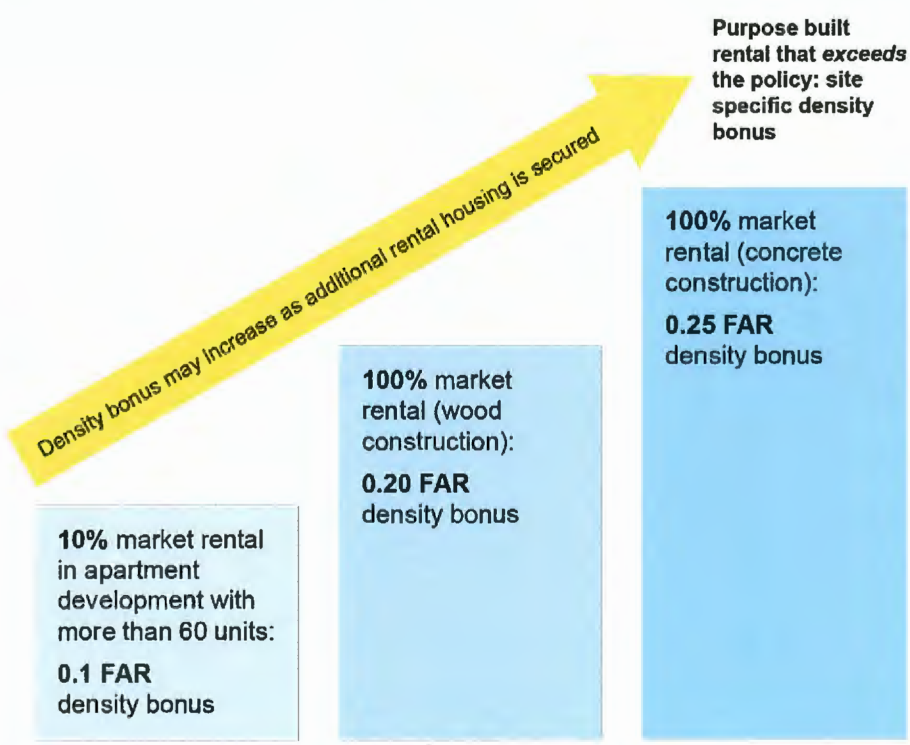
It is recommended that in-stream applications are permitted to proceed under existing OCP Market Rental Housing Policy and LEMR program provisions provided that the application achieves 1st reading within one year of the bylaws being adopted. Any in-stream application that is unable to achieve 1st reading within one year of the amendment bylaws being adopted would be required to proceed in accordance with the amended OCP Market Rental Housing Policy and LEMR program provisions. It is also recommended that staff report back to Council regarding key findings related to the implementation of the proposed OCP Market Rental Policy amendments after the program provisions are in place for two years.

Summary of Market Rental Variable Density Bonusing Approach

Market rental housing units are secured using a variable density bonus approach. The density bonus steps up as additional rental housing is secured as summarized below:

- Required provision of market rental units *(proposed new policy)*:
    - For new development that includes more than 60 apartment units, the owner shall secure and construct 10% of the residential floor area as market rental units. The associated density bonus is 0.1 FAR, which is applied to the site. The density bonus may also apply to new townhouse development with 5 or more townhouse units and new apartment developments with 5 to 60 units that voluntarily construct and secure 10% of the residential floor area as market rental units.
- Voluntary *(existing policy)*
    - For new ground oriented townhouses and wood frame apartments, inside or outside of the City Centre Area Plan, that construct and secure 100% of the residential floor area as market rental units, a density bonus of 0.20 floor area ratio (FAR) above the base density in the OCP or Area Plan may apply.
    - For new concrete buildings, inside or outside of the City Centre Area Plan, that construct and secure 100% of the residential floor area as market rental units, a density bonus of 0.25 FAR above the base density in the OCP or Area Plan may apply.
- For new developments that construct and secure rental housing that exceeds the policy, a site-specific density bonus may be applied *(existing policy)*.

Figure 1: Variable density bonus approach to securing market rental housing units



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Applying Residential Floor Area to Secure Market Rental and LEMR Units

The city secures a consistent amount of rental floor area between developments by acquiring a set percent of the residential floor area for rental units. City staff then work with the developer to confirm the allocation of rental housing unit types (i.e., bachelor, one bedroom, multi-bedroom). The approach secures a proportionally equal amount of rental housing floor area between developments. In comparison, acquiring a set percent of the number of residential units within a development as rental housing units results in an uneven amount of rental housing secured between developments. The following development scenarios demonstrate that using floor area to secure rental housing within developments is an equitable approach to securing rental housing units compared to securing rental housing based on a percent of the number of units in a development.

For example, the amount of rental housing secured within 100,000 ft^2 residential developments, which achieve 86% efficiency (i.e., corridors and circulation space accounts for 14% of the building floor area), will vary between developments of equal size if a percent of the number of residential units is secured rather than a percent of residential floor area.

In Scenario 1, the 100,000 ft^2 residential development proposes 100 equivalent sized 860 ft^2 units. If 10% of the total number of residential units is secured as rental housing, 10 units are secured as rental housing units (total 8,600 ft^2).

In Scenario 2, the 100,000 ft^2 residential development proposes 150 equivalent sized 573 ft^2 units. If 10% of the total number of residential units is secured as rental housing, 15 units are secured as rental housing units (total 8,595 ft^2).

In comparison, acquiring 10% of the total residential floor area as rental housing in either scenario will achieve the same result of securing 10,000 ft^2 of rental housing floor area, which would be allocated to a range of unit types, to the satisfaction of the city.

Table 1: Comparison: Use of Floor Area or Number of Units to Secure Rental Housing

Scenario*	Residential floor area	Number of units	Secured rental housing
Scenario 1	100,000 ft^2	100	10 units (8,600 ft^2 of rental floor area)
Scenario 2	100,000 ft^2	150	15 units (8,595 ft^2 of rental floor area)
Scenario 3 (current approach)	100,000 ft^2	no affect on the amount of secured rental housing	10,000 ft^2 of rental housing, unit types determined by the city

* 100,000 ft^2 residential development achieves approximately 86% efficiency (i.e., corridors and circulation accounts for 14% of the building floor area).

Consultation Meeting Minutes and Submission Received After May 4, 2021

City of Richmond

Consultation Summary

Richmond Community Services Advisory Committee (RCSAC)
Thursday, May 20, 2021
1:00 to 2:0 pm
Via Webex

Attendees:

- Stakeholders: Darrell Burnham (Coast Mental Health), Tabitha Geraghty (Chimo Community Services), Melissa Irving (Supported Living and Staff Training), Zach Segal (Seniors Advisory Committee)
- City Staff: John Hopkins, Diana Nikolic, Lesley Sherlock, Cody Spencer

Key Message:

- Support for the existing LEMR program and the proposed amendments to the LEMR program and the Official Community Plan Market Rental Housing Policy.
- Ensure information about the city's rental housing initiatives are easily accessible.

Discussion Summary

Background Information

Staff shared:

- Existing policy and program, and successes and challenges.
- Proposed policy and program amendments. Proposed amendments are based on the findings of a financial feasibility analysis.
- Next steps.

Stakeholder Questions

Stakeholders asked staff to provide information related to the following:

- The unit types and associated rental rates for LEMR and market rental units.
- Priority groups that are identified in the Affordable Housing Strategy (and confirmation that seniors are represented).
- Use of cash in lieu funds.
- How the city's rental housing initiatives compare to those of other municipalities.

Discussion Comments

- While the LEMR program complements other city housing initiatives, the city is encouraged to also prioritize housing for households with an annual income that is less than $40,000.
- Two income households may exceed the threshold to be eligible for a LEMR unit.
- Most LEMR units are located within the city centre and access to transit, medical offices and other amenities are appreciated by residents.
- For individuals with mental health issues, being included and living in a mixed private-ownership/rental development assists with their recovery.
- The city's model of including LEMR units within developments is preferable to a congregate model.
- Developers sell LEMR units as a package; buying 1 or 2 units is not an option. Purchasing more than a couple units is difficult for a non-profit.
- City-wide application of the LEMR program removes the potential for a NIMBY response.

City of Richmond

Consultation Summary

Richmond Small Home Builders Group
Tuesday, May 25, 2021
11:00 to 12:00 pm
Via Webex

Attendees:

- Stakeholders: Rav Bains (Westmark Development Group), Ajit Dhaliwal (Reliance Real Estate), Khalid Hsar (Remax), Raman Kunar (Infinity Living)
- City Staff: Wayne Craig, John Hopkins, Diana Nikolic, Cody Spencer

Key Message:

- Urge the city to reduce parking requirements and support other incentives
- Support for provisions for in-stream applications

Discussion Summary

Background Information
Staff shared: • Existing policy and program, and successes and challenges. • Proposed policy and program amendments. Implementation clarification. Proposed amendments are based on the findings of a financial feasibility analysis. • Next steps.
Stakeholder Questions
Stakeholders asked staff to provide information related to the following: • Implementation details. • Process to determine density bonusing rates and options. • Provisions for in-stream applications. • Explanation of existing parking incentives.
Discussion Comments
• Proposed amendments to the OCP Market Rental Housing Policy should include incentives and ability to vary parking and height. • Apply grandfathering provisions, similar to past practice. • Will submit a letter representing the group's perspective of the proposed policy and program amendments.

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City of Richmond

Consultation Summary

Richmond –UDI Liaison Meeting
Wednesday, May 26, 2021
12:00 to 1:30 pm
Via Webex

Attendees:

- Stakeholders: Jay Chadha (HAVAN), Jayme Colville (ASPAC), Diana Dilworth (HAVAN), Jeff Fisher (UDI), Jesse Galicz (Vanprop), Max Gordichuk (Westgroup), Chris Ho (Polygon), Alec Katchu-Marsh (Shape), Cassandra McColman (UDI), Kim McInnes (Vanprop), Jenn Millerd (Shape Properties), Matthew Nugent (McDonald Commercial), Heather Park (UDI), Stefan Slot (Townline), McGregor Wark (Headwater), Dana Westermark (Oris Developments)
- City Staff: Lloyd Bie, Milton Chan, Wayne Craig, John Hopkins, Diana Nikolic, Venus Ngan, Alen Postolka, Joshua Reis, Peter Russell, Cody Spencer, Kirk Taylor, Ivy Wong,

Key Message:

- Urge the city to be aggressive with parking reductions. Establish a menu/checklist to guide parking relaxations.
- Certainty is critical for the development community. Concern that, in practice, expectations related to amenities and rental housing is greater than outlined in policy.
- Consider extending in-stream provisions from one year to two years.

Discussion Summary

Background Information
Staff shared: • Existing policy and program, and successes and challenges. • Proposed policy and program amendments. Implementation clarification. Proposed amendments are based on the findings of a financial feasibility analysis. • Next steps.
Stakeholder Questions
Stakeholders asked staff to provide information related to the following: • Implementation details. • Existing incentives and site-specific parking reductions.
Discussion Comments
• The city is urged to aggressively reduce parking requirements for rental housing units. Suggest the city creates a menu/checklist to guide parking relaxations rather than rely on site-specific studies to increase certainty for developers and facilitate early evaluation of project feasibility. • Certainty is critical for the development community. Concern that expectations related to amenities, rental housing, etc., is greater than outlined in policy. • Suggest that the city revisits the requirement for ownership of on-site energy plants to be transferred to LIEC, which will improve financial feasibility for the developer. • Suggest in-stream provisions are extended from 1 to at least 2 years. • Request clear articulation of LEMR and market rental housing goals in order to evaluate program/policy success. • Cash in lieu contributions and construction obligations are increasing the cost of market housing. • Will submit a letter representing the group's perspective of the proposed policy and program amendments.

Submission received after May 4, 2021

Thu 2021-05-13 9:40 AM

Atwal, Bal (Avison Young - CA) <bal.atwal@avisonyoung.com>

Richmond Policy Change

To Craig,Wayne

City of Richmond Security Warning: This email was sent from an external source outside the City. Please do not click or open attachments unless you recognize the source of this email and the content is safe.

Hi Wayne,

Long time no talk, I hope this email finds you safe and well. I heard a few weeks ago that the City was putting forth recommendations to Council to increase the LEMR component to 15% and add a 10% market rental component. I had started to draft an email to you a couple of weeks ago, but unfortunately got sidetracked before completing/sending.

I have never been one to lobby City policy, but as you may know, I have done a lot of business in Richmond over the last decade, and felt I should offer my opinion on this proposed policy change.

The City is already constrained by height due to YVR and inability to go deep for underground parking. In addition to that, there are City policies that further constrain height in an attempt to create a skyline and avoid the cube-look from the sky (a policy which I don't necessarily agree with). Increasing the LEMR and adding market rental into the mix is simply not feasible or attractive for developers, unless the City can increase the density proportionately, which it cannot due to YVR and self-imposed height constraints. The 0.1 FAR increase for 10% market rental is simply not enough to offset the headache of building three different residential types in a max 15-16 storey project (even less feasible or attractive on 2.0 FAR sites where height limits are 6-8 storeys).

I get that the City (and Council) want more affordable housing options in the City Centre. But adding market rental to the mix in a height and density constrained environment will not help create more affordable housing. Market rental should really be a market driven initiative, and realistically, market rental is really not that much more attractive for end users than renting privately owned condos – unless it's a pure market rental building. The real objective should be to create and incentivize more affordable housing options, or pure market rental buildings. The policy changes the City is proposing will not accomplish these objectives – it will stifle development. Increasing LEMR from 10% to 15% and adding 0.1 FAR to the allowable density – yes, that will work. Adding a 3rd residential type in market rental to the mix will not.

I don't claim to have all the right answers today, but I do believe there are better solutions then what the City is proposing to accomplish their objectives. First and foremost I would consider increasing lower density sites in City Centre to maximum allowable limits under YVR restrictions (ie embrace the cube). Then you can better examine and implement the right affordable/rental housing strategies in the right areas. If that is not possible, I would recommend increasing the affordable from 10% to 15% and adding 0.1 FAR to the allowable density. I would eliminate the proposed market rental requirement and let market demand dictate its development. The City's current 100% market rental policy is sufficient enough to entice 100% market rental, but could be further enhanced.

In summary, under the current height limits and allowable densities, asking developers to build 15% affordable and 10% market rental is not attractive, and I don't believe it will generate more affordable/market rental inventory.

I am happy to meet with you and City staff to discuss this in more detail and come up with ideas that would better serve the initiative. My main objective here is to maintain/increase the interest of developers to build in Richmond. I am less concerned about what happens to pricing – if it goes up or down, it will still cause people to transact. What I am trying to avoid is stagnation, which is not good for anyone.

Look forward to your reply.

Bal Atwal*, BCom
Principal | Capital Markets Group
Investment and Development Properties

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Highlighted Changes to Richmond Official Community Plan Bylaw 7170 and 9000, Amendment Bylaw 10255 (Market Rental and Low End Market Rental Housing Amendments)

City of Richmond

Bylaw 10255

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) Deleting subsection a) and replacing it with the following:

      "a) support the provision of new market rental housing units and replacement market rental housing units, where relevant, and secure all rental units in perpetuity by utilizing residential rental tenure zoning, where applicable, one or more legal agreements, and/or an alternative approach to the satisfaction of the City;";

   b) Deleting subsections c), d), e) and f) and replacing them with the following:

      "c) a minimum of 40% of market rental housing units in a development should include two or more bedrooms that are suitable for families with children and market rental housing units should incorporate basic universal housing features;

      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 and will be secured 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 development 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 m^2 (\$1.75 per ft^2);
        - for apartment development inside of the City Centre Area Plan: \$37.67 per m^2 (\$3.50 per ft^2); and
        - for apartment development outside of the City Centre Area Plan: \$21.53 per m^2 (\$2.00 per ft^2); 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 and will be secured 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;
    - by February 28, 2023, and then every two years thereafter, the community amenity contribution rates are to be revised by adding the annual inflation for the preceding two calendar years by using the Statistics Canada *Vancouver Consumer Price Index – All Items* inflation rate; with revised rates published in a City Bulletin;
- for new mixed tenure development that provides additional rental housing to address community need, the density bonus may be increased on a site-specific basis;
- the secured market rental housing component in the development is eligible for the following incentives:
    - reduced parking requirements; and
    - exemption from public art and community planning contributions;

e) for new development that provides 100% of the residential use at the site as secured market rental housing, the following considerations apply:

- the following density bonusing provisions may apply:
    - for ground oriented townhouses and wood frame apartment (inside or outside of the City Centre Area Plan): 0.20 FAR above the base density set out in the OCP or Area Plan;
    - for concrete buildings (inside or outside) of the City Centre Area Plan: 0.25 above the base density set out in the OCP or Area Plan;

    - for new development that provides additional rental housing to address community need, the density bonus may be increased on a site-specific basis.
- new developments are subject to the following:
    - priority locations include sites that are located inside of the City Centre Area Plan or within the neighbourhood centres identified in the OCP. Other locations that are within 400 m of a Frequent Transit Network (key transit corridors with higher levels of all day demand in both directions) may also be considered;
    - developments meet or exceed the city's sustainability objectives related to building energy and emissions performance;
    - proposed developments demonstrate that they would integrate well with the neighbourhood and comply with OCP Development Permit Guidelines;
    - community consultation is undertaken.
- new developments are eligible for the following incentives:
    - reduced parking requirements;
    - exemption from affordable housing requirements in recognition of the significant community benefit provided by the market rental housing units;
    - exemption from public art and community planning contributions;
    - expedited rezoning and development permit application review ahead of in-stream applications."

2. Richmond Official Community Plan Bylaw 9000, as amended, is further amended at Schedule 1 (Official Community Plan), Section 3.6.1 [Arterial Road Land Use Policy], Arterial Road Townhouse Development Requirements, by inserting the following as a new Section 12 and Section 13 under the heading "Additional Density" and renumbering the subsequent section accordingly:

"12. Additional density along arterial roads may also be considered for the provision of secured market rental housing units provided that:
a) the additional density is used for the provision of built market rental housing units secured by utilizing residential rental tenure zoning, where applicable. The built market rental housing units comprise at least 10% of the total residential floor area ratio in the development. The associated density bonus is 0.1 floor area ratio above the base density, which is applied to the site;
b) the proposed development demonstrates it integrates well with the neighbourhood and complies with OCP policies for the provision of market rental housing units;

13. The secured market rental housing component in a townhouse development is eligible for the following incentives:

- reduced parking requirements; and
- exemption from public art contributions.".

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 m^2 ($1.75 per ft^2);~~
      - ~~for apartment development inside of the City Centre Area Plan: $37.67 per m^2 ($3.50 per ft^2); and~~
      - ~~for apartment development outside of the City Centre Area Plan: $21.53 per m^2 ($2.00 per ft^2); 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;".~~

3. 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.".

4. 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.".

5. 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.".

6. 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.".

7. 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.".

8. 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.".

9. This Bylaw may be cited as **"Richmond Official Community Plan Bylaw 7100 and Bylaw 9000, Amendment Bylaw 10255".**

City of Richmond

Bylaw 10255

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) Deleting subsection a) and replacing it with the following:

      "a) support the provision of new market rental housing units and replacement market rental housing units, where relevant, and secure all rental units in perpetuity by utilizing residential rental tenure zoning, where applicable, one or more legal agreements, and/or an alternative approach to the satisfaction of the City;";

   b) Deleting subsections c), d), e) and f) and replacing them with the following:

      "c) a minimum of 40% of market rental housing units in a development should include two or more bedrooms that are suitable for families with children and market rental housing units should incorporate basic universal housing features;

      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 and will be secured 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 development with 5 to 60 units:
           - a community amenity contribution may be accepted through a rezoning application. Community amenity contributions will

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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 m^2 ($1.75 per ft^2);
- for apartment development inside of the City Centre Area Plan: $37.67 per m^2 ($3.50 per ft^2); and
- for apartment development outside of the City Centre Area Plan: $21.53 per m^2 ($2.00 per ft^2); 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 and will be secured 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;
- by February 28, 2023, and then every two years thereafter, the community amenity contribution rates are to be revised by adding the annual inflation for the preceding two calendar years by using the Statistics Canada *Vancouver Consumer Price Index – All Items* inflation rate; with revised rates published in a City Bulletin;

- for new mixed tenure development that provides additional rental housing to address community need, the density bonus may be increased on a site-specific basis;
- the secured market rental housing component in the development is eligible for the following incentives:
  - reduced parking requirements; and
  - exemption from public art and community planning contributions;

e) for new development that provides 100% of the residential use at the site as secured market rental housing, the following considerations apply:

- the following density bonusing provisions may apply:
  - for ground oriented townhouses and wood frame apartment (inside or outside of the City Centre Area Plan): 0.20 FAR above the base density set out in the OCP or Area Plan;
  - for concrete buildings (inside or outside) of the City Centre Area Plan: 0.25 above the base density set out in the OCP or Area Plan;
  - for new development that provides additional rental housing to address community need, the density bonus may be increased on a site-specific basis.
- new developments are subject to the following:

- priority locations include sites that are located inside of the City Centre Area Plan or within the neighbourhood centres identified in the OCP. Other locations that are within 400 m of a Frequent Transit Network (key transit corridors with higher levels of all day demand in both directions) may also be considered;
- developments meet or exceed the city's sustainability objectives related to building energy and emissions performance;
- proposed developments demonstrate that they would integrate well with the neighbourhood and comply with OCP Development Permit Guidelines;
- community consultation is undertaken.

- new developments are eligible for the following incentives:
  - reduced parking requirements;
  - exemption from affordable housing requirements in recognition of the significant community benefit provided by the market rental housing units;
  - exemption from public art and community planning contributions;
  - expedited rezoning and development permit application review ahead of in-stream applications."

2. Richmond Official Community Plan Bylaw 9000, as amended, is further amended at Schedule 1 (Official Community Plan), Section 3.6.1 [Arterial Road Land Use Policy], Arterial Road Townhouse Development Requirements, by inserting the following as a new Section 12 and Section 13 under the heading "Additional Density" and renumbering the subsequent section accordingly:

"12. Additional density along arterial roads may also be considered for the provision of secured market rental housing units provided that:

a) the additional density is used for the provision of built market rental housing units secured by utilizing residential rental tenure zoning, where applicable. The built market rental housing units comprise at least 10% of the total residential floor area ratio in the development. The associated density bonus is 0.1 floor area ratio above the base density, which is applied to the site;

b) the proposed development demonstrates it integrates well with the neighbourhood and complies with OCP policies for the provision of market rental housing units;

13. The secured market rental housing component in a townhouse development is eligible for the following incentives:
- reduced parking requirements; and
- exemption from public art contributions.".

3. 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.".

4. 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.".

5. 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:

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6. 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.".

7. 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:

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8. 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.".

9. 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 ____________________

CITY OF RICHMOND
APPROVED by
APPROVED by Director or Solicitor

____________________ ____________________
MAYOR CORPORATE OFFICER

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