



Planning Committee

Date: Wednesday, June 23, 2021

Place: Council Chambers
Richmond City Hall

Present: Councillor Linda McPhail, Chair
Councillor, Alexa Loo (by teleconference)
Councillor Carol Day (by teleconference)
Councillor Bill McNulty
Councillor Harold Steves (by teleconference)

Absent: Councillor Chak Au (by teleconference)
Councillor Andy Hobbs
Councillor Michael Wolfe (by teleconference)

Call to Order: The Chair called the meeting to order at 4:00 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Planning Committee held on June 8, 2021, be adopted as circulated.

CARRIED

NEXT COMMITTEE MEETING DATE

July 6, 2021, (tentative date) at 4:00 p.m. in Council Chambers

Special Planning Committee
Wednesday, June 23, 2021

PLANNING AND DEVELOPMENT DIVISION

1. **APPLICATION BY KENNETH KIM ARCHITECTURE INC. FOR REZONING AT 6500 COONEY ROAD FROM THE “LOW DENSITY TOWNHOUSES (RTL1)” ZONE TO THE “PARKING STRUCTURE TOWN HOUSING (ZT93) - BRIGHOUSE (CITY CENTRE)” ZONE**

(File Ref. No. RZ 08-429600; 12-8060-20-010265/008618) (REDMS No. 6657013 v. 2)

It was moved and seconded

- (1) *That Richmond Zoning Bylaw 8500, Amendment Bylaw 10265 to create the “Parking Structure Town Housing (ZT93) - Brighthouse (City Centre)” zone, and to rezone 6500 Cooney Road from the “Low Density Townhouses (RTL1)” zone to the “Parking Structure Town Housing (ZT93) - Brighthouse (City Centre)” zone, be introduced and given first reading; and*
- (2) *That Richmond Zoning Bylaw 8500, Amendment Bylaw 8618, for the rezoning of 6500 Cooney Road from the “Low Density Townhouses (RTL1)” zone to the “Parking Structure Townhouses (RTP4)” zone, be abandoned.*

CARRIED

2. **APPLICATION BY ZHAO XD ARCHITECT LTD. FOR REZONING AT 9200, 9220, 9240, 9260, 9280, 9300, 9320 & 9340 FRANCIS ROAD FROM “SINGLE DETACHED (RS1/E)” TO “TOWN HOUSING (ZT94) – FRANCIS ROAD (BROADMOOR)”**

(File Ref. No. RZ 20-907463; 12-8060-20-10254) (REDMS No. 6673518 v. 4A)

It was moved and seconded

That Richmond Zoning Bylaw 8500, Amendment Bylaw 10254, to create the “Town Housing (ZT94) – Francis Road (Broadmoor)” zone, and to rezone 9200, 9220, 9240, 9260, 9280, 9300, 9320, and 9340 Francis Road from “Single Detached (RS1/E)” to “Town Housing (ZT94) – Francis Road (Broadmoor),” be introduced and given first reading.

CARRIED

3. **SECURING MARKET RENTAL HOUSING IN NEW DEVELOPMENT AND INCREASING LOW END MARKET RENTAL (LEMR) CONTRIBUTIONS**

Staff reviewed the proposed Market Rental Housing and Low-End Market Rental (LEMR) regulations, noting the following:

Special Planning Committee

Wednesday, June 23, 2021

- the proposed recommendations would (i) introduce city-wide requirements securing 10% of the floor area for market rental housing in multi-family developments that include more than 60 apartment units, (ii) introduce an expansion of required LEMR floor area from 10% to 15% of the total residential floor area for sites within the City Centre, and maintain the required LEMR floor area at 10% for sites outside of the City Centre in multi-family developments that include more than 60 apartment units, (iii) update LEMR cash-in-lieu rates for single-family, townhouse and apartment development with less than 60 units, and (iv) introduce a new community amenity contribution for townhouse and apartment developments with 5 to 60 units;
- the proposals include consideration of incentives for development market rental housing, including consideration of a variable density bonus to secure market rental housing; and
- the City undertook a review of affordable housing initiatives in other municipalities and conducted consultation with key stakeholders.

The Chair noted the following pieces of correspondence were distributed:

- Raman Kooner, Richmond Home Builders Group (attached to and forming part of these minutes as Schedule 1);
- Anne McMullin, Urban Development Institute (attached to and forming part of these minutes as Schedule 2);
- Jesse Galicz, Vanprop Investments Ltd. (attached to and forming part of these minutes as Schedule 3); and
- John Roston, Richmond Rental Housing Advocacy Group (attached to and forming part of these minutes as Schedule 4).

Discussion ensued with regard to (i) enhancing incentives to develop market rental projects, (ii) adopting city-wide policies related to market rental requirements, (iii) reviewing building height restrictions, (iv) reducing development costs for market rental projects, (v) comparing the market rental policies and rates in other municipalities, and (vi) connecting new developments into the City's district energy.

In reply to queries from Committee, staff noted that proposed incentives to develop market rental projects include a density bonus, a reduction in parking rates and certainty in the development review process.

John Roston, Richmond Rental Housing Advocacy Group, referenced his submission and spoke on the proposed Market Rental Housing and LEMR Policy and the various development factors such as cost of land, land parcel size and total floor area.

Special Planning Committee
Wednesday, June 23, 2021

Robin Glover, Polygon Homes, spoke on the proposed Market Rental Housing and LEMR Policy and potential impact to the feasibility of future development projects. He encouraged the City to (i) implement the policies incrementally, (ii) grandfather instream applications to the current regulations, and (iii) enhance incentives to develop market rental projects.

Discussion ensued with regard to grandfathering instream rezoning applications with the current regulations and conducting an information workshop for Committee members.

In reply to queries from Committee, staff noted that (i) the current market rental and LEMR policies have yielded a significant number of market rental units, (ii) utilizing certain types of incentives or the scale at which they are applied will vary across all proposed developments, (iii) it would be extremely difficult to extrapolate the number of potential market rental units from the proposed requirements, and (iv) there are currently six instream rezoning applications with two of those applications located outside of the city centre area.

As a result of the discussion, the following **motion** was introduced:

It was moved and seconded

(1) That the following staff reports titled:

(a) “Options to Secure Market Rental Housing in New Development and Options to Increase Low End Market Rental (LEMUR) Contributions”, dated April 19, 2021, from the Director, Policy Planning;

(b) “Low End Market Rental Contribution Rate Review,” dated April 19, 2021, from the Director, Community Social Development; and

(c) “Supplementary Information: Options To Secure Market Rental Housing In New Development And Options To Increase Low End Market Rental (LEMUR) Contributions,” dated June 7, 2021, from the Director, Policy Planning;

be referred back to staff; and

(2) That staff be directed to conduct a workshop for Council members on the proposed changes related to market rental housing policy and low-end market rental housing regulations.

CARRIED

Opposed: Cllr. Day

Discussion then ensued with regard to options to grandfathering instream applications, and as a result, the following **referral motion** was introduced:

Special Planning Committee
Wednesday, June 23, 2021

It was moved and seconded

That instream rezoning applications are grandfathered under the current market rental housing policy and low-end market rental housing regulations and are processed concurrently during the consideration of the new proposed market rental housing policy and low-end market rental housing regulations.

CARRIED

Opposed: Cllrs. Day
Steves

4. **SUPPLEMENTARY INFORMATION - STEVESTON VILLAGE ADVISORY DESIGN COMMITTEE AND STEVESTON AREA PLAN REVIEW**

(File Ref. No. 08-4200-01) (REDMS No. 6696866)

Staff noted that the proposed Steveston Village Advisory Design Committee will be incorporated into the Richmond Heritage Committee (RHC) and as such, the RHC's terms of reference and composition will be updated. Staff added that staff will report back to Committee on the member selection process this coming Fall 2021.

It was moved and seconded

- (1) *That Richmond Heritage Commission Bylaw No. 7906, Amendment Bylaw 10280, to revise the terms of reference for and composition of the Richmond Heritage Commission to clarify and strengthen the review of relevant development applications city-wide and in the Steveston Village, be introduced and given first, second and third reading;*
- (2) *That the enhanced development review process described in the report titled "Steveston Village Advisory Design Committee and Steveston Area Plan Review" dated May 25, 2021, from the Director of Policy Planning (considered at the June 8, 2021 Planning Committee meeting), be endorsed;*
- (3) *That the revised implementation strategy, as further described in the report titled "Supplementary Information – Steveston Village Advisory Design Committee and Steveston Area Plan Review" dated June 14, 2021, from the Director of Policy Planning, be endorsed, and that all new and in-stream applications be referred to the Richmond Heritage Commission once the proposed design members are appointed by Council; and*

Special Planning Committee
Wednesday, June 23, 2021

- (4) *That staff be directed to report back to Council in two years regarding the effectiveness of the enhanced development application review process and the revised Richmond Heritage Commission.*

CARRIED

5. **MANAGER'S REPORT**

(i) *Special Planning Committees*

Joe Erceg, General Manager, Planning and Development, noted that due to the number of upcoming agenda items, staff are recommending that additional Planning Committee meetings be scheduled in September, October and November 2021.

(ii) *Steveston Streetscape Design*

Mr. Erceg noted that staff are planning to meet with TransLink to discuss the matter and will be presenting a report to Committee in the Fall 2021.

ADJOURNMENT

It was moved and seconded
That the meeting adjourn (5:43 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Planning Committee of the Council of the City of Richmond held on Tuesday, June 23, 2021.

Councillor Linda McPhail
Chair

Evangel Biason
Legislative Services Associate



Richmond Home Builders Group

#2240 – 4871 Shell Rd
Richmond BC V6X 3Z6
604-825-4433
www.myrichmond.ca
info@myrichmond.ca

Schedule 1 to the Minutes of the
Special Planning Committee
meeting of Richmond City
Council held on Wednesday,
June 23, 2021.

Hello Spencer,

To start I wanted to thank you and the rest of the staff who participated in the discussion with us about the proposed changes to the City's rental housing policies. We now have a clear understanding of the changes that are being proposed.

We feel that changes are needed, and we are in support of these changes. We did express some concerns. However, we do feel that if these concerns were addressed that it would not only make it easier for developers to build more rental homes in Richmond, but encourage it.

The goal should be to have developers build as much as possible, but they will only do so if it is feasible, if it is not they simply just will not build.

The concerns that were expressed during the meeting was as follows:

- Proposed increase in Affordable Housing contribution rate or additional community amenity contribution requirements to create rental housing/LEMR will negatively affect the housing affordability in Richmond for entry level homes especially condos and townhouses by way of increased cost associated with the development and lack of return on these units. A relaxation in Development costs will ease this burden.
- In a smaller townhouse development, as developer we found that density bonusing for LEMR is not enough to make it worthwhile for small developers to include such rental housing in these projects. It is too difficult to fit the bonus density on these sites because of size constraints. These smaller developers will end up holding those units as they are difficult to sell because of the economics of rental of returns and the market value for those rental units with LEMR decreased substantially and with ongoing inflation and increased cost of construction, the return of the unit is not justifiable against the cost of building those units.
- Additional density bonus that is flexible and that fits to allow for more Market Rental and LEMR Units
- Reduced parking requirements should be considered to encourage developers to consider building rental housing.
- Reduction of DCC rates for Market Rentals and DCC waivers for LEMR units would help to bring the cost down to encourage for more of these units to be built.



Builders Choice – Builders Voice

Richmond Home Builders Group

#2240 – 4871 Shell Rd
Richmond BC V6X 3Z6
604-825-4433
www.myrichmond.ca
info@myrichmond.ca

-
- Those projects where developer opts for building Market rental or LEMR should be considered as priority and should be rezoned on fast-track basis.
 - Potential variance approvals to adjust for bonus density to allow for Market Rentals and LEMR units.
 - All in-stream application should be considered for being grandfathered under old rules.

Thank You

Raman Kooner

Schedule 2 to the Minutes of the Special Planning Committee meeting of Richmond City Council held on Wednesday, June 23, 2021.

From: MayorandCouncillors
Sent: June 23, 2021 9:25 AM
To: MayorandCouncillors
Subject: UDI Letter - Proposed New Market Rental Policy and Increased LEMR Requirements - Planning Committee - June 23, 2021
Attachments: UDI Letter - Additional Comments on Proposed Market Rental and LEMR Requirements - Richmond Planning Committee, June 23, 2021.pdf

**TO: MAYOR & EACH COUNCILLOR
FROM: CITY CLERK'S OFFICE**

From: Cassandra McColman <cmccolman@udi.org>
Sent: June 22, 2021 2:20 PM
To: McPhail,Linda <LMcPhail@richmond.ca>; Loo,Alexa <ALoo@richmond.ca>; Day,Carol <CDay@richmond.ca>; McNulty,Bill <BMcNulty@richmond.ca>; Steves,Harold <hsteves@richmond.ca>
Cc: Anne McMullin <AMcMullin@udi.org>; Hopkins,John <JHopkins@richmond.ca>; Spencer,Cody <CSpencer@richmond.ca>; Craig,Wayne <WCraig@richmond.ca>; CityClerk <CityClerk@richmond.ca>; Nikolic,Diana <DNikolic@richmond.ca>
Subject: UDI Letter - Proposed New Market Rental Policy and Increased LEMR Requirements - Planning Committee - June 23, 2021

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.

Good afternoon Councillor McPhail,

Ahead of tomorrow's Planning Committee meeting, please find attached UDI's additional comments regarding the proposed new market rental policy and increased LEMR requirements and the supplementary information provided for consideration.

If you have any questions regarding our comments, please let us know.

Warm regards,

Cassandra McColman | Manager, Policy and Research
Urban Development Institute
cmccolman@udi.org Direct: 604.661.3032
udi.bc.ca





URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION
#1100 – 1050 West Pender Street
Vancouver, British Columbia V6E 3S7 Canada
T. 604.669.9585 F. 604.689.8691
www.udl.bc.ca

June 22, 2021

Councillor Linda McPhail
Chair, Planning Committee
City of Richmond
6911 No. 3 Road
Richmond BC V6Y2C1

Dear Cllr. McPhail:

RE: Draft Low End Market Rental and Secured Market Rental Policies

We would like to thank the Council for its continued leadership on rental housing policies for both market rental and Low End Market Rental (LEMR) homes in new projects to address the housing crisis. Following discussions at our UDI Liaison Committee meeting in May, and after reviewing the supplementary information provided by staff, UDI does have additional comments on the implementation of the policy that would assist our members in delivering the affordable housing Richmond needs.

Clarification of Proposed Density Bonus and the Need for Certainty

UDI appreciates the clarification of the density bonus approach currently in place to secure additional rental units. This is helpful to our members in providing an enhanced sense of certainty and predictability for calculating the viability of projects with market rental and LEMR requirements.

The existing 0.1 FAR density bonus for the provision of market rental units, and .2/.25 FAR density bonus for additional rental provision or 100% purpose-built rental projects are helpful offsets – especially since Richmond faces unique challenges for increasing density as the result of soil conditions and the YVR flight path. We encourage Council to consider additional options to incentivize rental housing given these constraints, such as:

- Allowing builders to retain Low Carbon District Energy Systems (LCES) instead of providing them to the City at no cost; and
- Allowing an aggregation of the required market rental and LEMR units to be provided in stand-alone PBR buildings.

UDI further recommends that Council consider a menu of options with additional incentives to increase the provision of additional rental homes. This would provide greater certainty for builders than a negotiated approach does. By creating a moving target for the provision of rental units, it is difficult for builders to purchase sites because they do not know what their costs will be – ultimately this undermines their ability to move forward with projects. In addition, unanticipated costs or expectations jeopardize the viability of new projects, contradicting the goal to provide more rental and affordable housing.

New DCC Waivers for LEMR Offsets

UDI supports the new recommendation brought forward by staff to Council to request a review and assessment of the feasibility of reducing or waiving DCCs for affordable housing provided in new developments. A DCC waiver would help support the delivery of affordable housing in the City. If Council supports this recommendation, we would be pleased to work collaboratively with staff to support this review.

Review of Additional Parking Rates

While further assessment of parking rates is currently conducted on a case-by-case basis, UDI encourages additional review of parking rates. We would like to see further parking reductions to enable our members to deliver more affordable housing. In the Metro Vancouver *2018 Regional Parking Study*, it was found there was a substantial surplus of parking spaces in projects, with parking supply exceeding utilization by over 35%. With parking spaces costing \$50,000 per stall, our members have found that enabling reduction of parking can create substantial savings if parkades no longer require additional below-grade floors. This is particularly relevant given Richmond's soil conditions. These savings increase viability of market rental and LEMR units in projects, in addition to promoting transit use.

We ask that Planning Committee consider the recommendations provided in this letter while evaluating the proposals brought forward by staff. UDI looks forward to working collaboratively with Richmond in delivering more affordable homes for City residents, as well as other key issues.

Yours sincerely,



Anne McMullin
President and CEO

Schedule 3 to the Minutes of the Special Planning Committee meeting of Richmond City Council held on Wednesday, June 23, 2021.

From: MayorandCouncillors
Sent: June 23, 2021 9:24 AM
To: MayorandCouncillors
Subject: June 23rd Planning Committee Agenda Item #3 Securing Market Rental Housing in New Development & Increasing LEMR Contributions
Attachments: 210623 Vanprop letter to Planning Ctte.pdf

**TO: MAYOR & EACH COUNCILLOR
FROM: CITY CLERK'S OFFICE**

From: Pansy <pansy@vanpropinvestments.com>
Sent: June 21, 2021 4:01 PM
To: CityClerk <CityClerk@richmond.ca>
Cc: Kim McInnes <kim@vanpropinvestments.com>; Jesse Galicz <jesse@vanpropinvestments.com>; Alexander Changfoot <alexander@vanpropinvestments.com>; Pansy <pansy@vanpropinvestments.com>
Subject: June 23rd Planning Committee Agenda Item #3 Securing Market Rental Housing in New Development & Increasing LEMR Contributions

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.

Good afternoon,

Please find attached Vanprop's letter to the Mayor and Councillors in response to the proposed draft policies to secure Market Rental Housing in New Development and Increasing LEMR contributions to be presented at the June 23rd Planning Committee as part of Agenda item #3.

Sincerely,

PANSY HUI
Communications & Office Manager

VANPROP

355 – 601 W Cordova Street
Vancouver, BC V6B 1G1
Office: 604 398 6033
Cell: 604 809 4946
lansdownedistrict.com



VANPROP

June 21st, 2021

City of Richmond Mayor and Councillors
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Planning Committee and Richmond City Council,

RE: Draft Policies – Securing Market Rental Housing in New Development and Increasing Low End Market Rental (LEMR) Contributions (Agenda Item #3)

Vanprop Investments (“Vanprop”), as long-time owner, operator, and now the master planner of the redevelopment of Lansdowne Centre recognizes the value and need for more access to diverse forms of housing in Richmond, of which affordable housing plays an important role. However, upon reviewing the updated Staff report, our concerns related to the need for more supportive measures for the development community to implement the increased affordable housing requirements as set out in the proposed policy do not seem to have been considered.

At Vanprop we believe that a collaborative approach is required to achieve the development of more affordable housing. To accomplish this, as stated in our previous letter dated May 3rd, 2021 to Council, Vanprop believes that more supportive measures are needed in the form of increased density bonus provisions to facilitate the creation of more affordable and rental housing within Richmond. While we acknowledge that Richmond is challenged with both ground water conditions and YVR flight paths, exploring reduced setbacks and allowing for design flexibility will enable innovative solutions to these constraints.

In addition to density bonus provisions, other ways to support the development of Market Rental and LEMR housing would be to reduce parking requirements, relax height and unit restrictions where possible, and reduce fees for Affordable and Market Rental housing components.

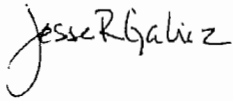
Therefore, Vanprop again respectfully suggests that the City considers revising its policy to include more supportive measures to help facilitate the delivery of more affordable housing. Most importantly, a more meaningful density bonus provision to offset the financial impacts of the increased LEMR and Market Rental proposed policy is required. Without significant incentives, the development community’s ability to deliver other much needed affordable housing will be negatively impacted.

VANPROP

We ask that Planning Committee consider the concerns and recommendations provided in this letter while evaluating the proposed market rental housing and LEMR policy requirements.

Thank you for your consideration and we at Vanprop look forward to continuing our work together with staff and Councillor in building a stronger, more vibrant Richmond City Centre.

Sincerely,

A handwritten signature in black ink that reads "Jesse Galicz". The signature is written in a cursive style with a large initial 'J'.

Jesse Galicz
Vice President, Development
Vanprop Investments Ltd.

Schedule 4 to the Minutes of the Special Planning Committee meeting of Richmond City Council held on Wednesday, June 23, 2021.

From: MayorandCouncillors
Sent: June 23, 2021 12:00 PM
To: MayorandCouncillors
Subject: Market Rental Housing Policy - Planning Committee - June 23, 2021.
Attachments: Planning Committee June 23 2021 Market Rental Policy.pdf

**TO: MAYOR & EACH COUNCILLOR
FROM: CITY CLERK'S OFFICE**

From: John Roston, Mr <john.roston@mcgill.ca>
Sent: June 22, 2021 8:26 PM
To: McPhail,Linda <LMcPhail@richmond.ca>; Loo,Alexa <ALoo@richmond.ca>; Day,Carol <CDay@richmond.ca>; McNulty,Bill <BMcNulty@richmond.ca>; Steves,Harold <hsteves@richmond.ca>
Cc: Brodie, Malcolm <MBrodie@richmond.ca>; Wolfe,Michael <MWolfe@richmond.ca>; Au,Chak <CAu@richmond.ca>; Hobbs,Andy <AHobbs@richmond.ca>; Michelle Li (michelleli@shaw.ca) <michelleli@shaw.ca>; Laura Gillanders (lauragillanders@gmail.com) <lauragillanders@gmail.com>; CityClerk <CityClerk@richmond.ca>; Hopkins,John <JHopkins@richmond.ca>; Maria Rantanen <mrantanen@richmond-news.com>
Subject: Market Rental Housing Policy - Planning Committee - June 23, 2021.

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.

Dear Councillor McPhail,
Submission attached from the Richmond Rental Housing Advocacy Group for tomorrow's Planning Committee on Agenda Item 3 with reference to the proposed Market Rental Housing Policy.

We urge the Committee to refer the proposed policy back to staff to address the issues outlined in the submission.

Note that the updated staff report to be presented at the meeting includes feedback from a developer pointing out that market rental housing is most profitable when an entire building is market rental. Major investors in rental housing such as pension plans are only interested in buying or financing entire buildings. While everyone is tired of the continuing saga to arrive at an effective rental housing policy, it's extremely important to get it right and the proposed policy has not yet got it right.

Thank you for your consideration.

Richmond Rental Housing Advocacy Group
John Roston, Coordinator

john.roston@mcgill.ca
12262 Ewen Avenue
Richmond, BC V7E 6S8
Phone: 604-274-2726



Planning Committee Meeting – June 23, 2021 – Agenda Item 3.

Richmond Rental Housing Advocacy Group Presentation on the Proposed Market Rental Housing Policy

We support the proposed below market LEMR housing policy. This presentation deals with the proposed market rental housing policy.

Policy Objective

The objective is to dramatically increase the amount of market rental housing in the city centre, close to mass transit, and alleviate the rental housing crisis by bringing supply and demand more into balance.

Reasons to Refer These Reports Back to Staff

1. The consultant's report assumed that in all cases the developer is purchasing the land required for the project and this has a major impact on reducing the profitability of market rental housing. No consideration is given to the situation where new housing is being added to an existing commercial and/or housing development and there is **little or no new cost of land**.
2. Although below market LEMR housing managed by a non-profit group can be incorporated into a building containing strata condo units, market rental housing is most profitable in buildings that are entirely market rental. No consideration is given to whether the **land parcel is large enough to construct a separate building which is entirely market rental**.
3. Although total floor area is given as a better measure of the size of a development, the staff reports stick to specifying one threshold of 60 housing units for requiring that market rental be built. This ignores increasing economies of scale whereby **the larger the development, the more profitable market rental becomes**.
4. The original staff report on a new market rental policy was requested in order to apply it to the very large Polygon Talisman Park development. The staff reports recommends not applying it to that development nor to five other projects of more than 60 housing units without saying how large they are. This reverses course and **abandons the opportunity to secure significant amounts of market rental housing**.

Recommendations for a Market Rental Policy

1. **Staff should establish a land parcel size threshold that enables two separate housing buildings to be built.** Below that threshold, the developer has the option of making cash contributions in lieu of building the market rental housing. Above that threshold, the required market rental housing must be built. Although a separate rental housing building is highly recommended, the developer can choose whether to do so.
2. **The amount of required market rental housing should be expressed as a percentage of the total floor area of all of the housing being constructed.** Under the existing policy which refers to housing units, staff do not calculate the required percentage on all of the housing units being constructed.

3. **There should be larger market rental requirements for projects where housing is being added to an existing commercial or housing development** and at least 80% of the land required has been owned by the developer or its associates for more than five years.
4. **The amount of required market rental housing:**
 - a) Below land size threshold: **10% built or cash in lieu**
 - b) Above land size threshold and more than 20% of land purchased in last 5 years: **25% built**
 - c) Land size is at least twice the threshold and less than 20% of land purchased in last 5 years: **50% built**

Relevant Factors When Developing a Market Rental Policy

1. Given the high purchase and operating cost of an individual condo, an investor cannot make a significant profit renting it out and therefore looks to evict the tenant and sell it a profit as soon as the market rises.
2. Major investors in rental housing gain the advantage of economies of scale and do make a profit on rental and look to hold the housing for the long term. However, they buy entire rental buildings and not individual condos.
3. If the limited amount of land in the city centre is used to build condos primarily for sale to individual investors, it becomes impossible thereafter to convert them to entirely rental buildings.
4. The profitability of building rental buildings depends largely on the cost of the land.
5. If the developer has owned the land for some time, then it will be profitable to build an entirely rental building, but not as profitable as building condos for sale to investors.
6. Developers will build rental buildings if they cannot build condos for sale to investors, but only City bylaws can make that happen.