City of Richmond

Report to Committee

To:	Planning Committee	**Date:**	November 2, 2017
From:	Joe Erceg General Manager, Planning and Development	**File:**	08-4057-08/2017-Vol 01
Re:	**Proposed Draft Market Rental Housing Policy**		

Staff Recommendation

1. That the report entitled, "Proposed Draft Market Rental Housing Policy", dated November 2, 2017 be received for information; and

2. That staff be directed to seek comments and feedback from key stakeholders and the public regarding the proposed Draft Market Rental Housing Policy and report back to Planning Committee.

Joe Erceg
General Manager, Planning and Development

Att. 8

REPORT CONCURRENCE		
ROUTED TO:	**CONCURRENCE**	**CONCURRENCE OF GENERAL MANAGER**
Arts, Culture & Heritage	☑	
Affordable Housing	☑	
Building Approvals	☑	
Development Applications	☑	
Transportation	☑	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	**INITIALS:** CJ	**APPROVED BY CAO**

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Staff Report

Origin

This report is in response to the Planning Committee and Council referrals described below:

(1) April 8, 2015 Planning Committee referral:

It was moved and seconded:

That staff examine strategies and incentives to encourage development of below market rental housing in the city and report back.

Below market rental housing is addressed primarily through the City's Affordable Housing Strategy (AHS). The Affordable Housing Strategy is in the process of being updated and Council recently approved new maximum rents for low-end market rental (LEMR) units. Rents are set at 10% below average market rents for Richmond, or $811-1,480 per month depending on unit size.

Since 2007, when the Affordable Housing Strategy was adopted, Richmond Council has approved the following numbers and types of units[1]:

- 320 low-end market rental (LEMR) units;
- 477 non-market, social housing units;
- over 400 market rental housing units;
- approximately 229 secondary suites secured in single family dwellings at the time of rezoning through the Affordable Housing Strategy;
- approximately 1,018 secondary suites approved through the building permit process;
- 62 coach houses; and
- 7 secondary suites in townhouses (the Zoning Bylaw was amended in 2017 to allow secondary suites in townhouses).

While the Affordable Housing Strategy responds to below market rental housing, this report addresses <u>market rental</u> housing. Market rental housing is provided by the private sector and rented at prevailing market rates. Encouraging the protection of existing market rental housing and increasing the supply would support and build on the City's Official Community Plan. Current OCP policy calls for a no net loss of rental housing and a 1:1 replacement of existing rental units at affordable rents, when redevelopment is approved.

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[1] City of Richmond, CMHC

(2) January 19, 2016, Planning Committee referral:

It was moved and seconded:

That staff review the City's requirements for density and outdoor amenity space in new multi-family townhouse developments in order to accommodate additional units dedicated for rental housing, and report back.

(3) April 10, 2017 Council referral:

It was moved and seconded:

That staff develop a policy on market rental suites and secondary suites in multi-family developments and report back.

This report responds to the above three referrals and focusses on market rental housing. The report proposes a Draft Market Rental Housing Policy for stakeholder consultation. The draft Policy aims to:

(1) Protect and enhance the existing market rental housing stock and protect existing tenants; and
(2) Encourage the development of new market rental units.

This report supports the following Council's 2014-2018 Term Goals:

– Goal #3: A Well-Planned Community:

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

3.4. Diversity of housing stock.

– Goal 8: A Supportive Economic Development Environment:

Review, develop and implement plans, policies, programs and practices to increase business and visitor appeal and promote local economic growth and resiliency.

8.1. Richmond's policies, programs, and processes are business-friendly.

This report also supports Social Development Strategy Goal #1: Enhance Social Equity and Inclusion:

Strategic Direction #1: Expand Housing Choices

Background

Through the 2041 Official Community Plan and other Council adopted policies, the City encourages a diverse range of housing types, tenure and affordability. The proposed Draft Market Rental Housing Policy aims to protect and increase the supply of market rental housing.

Market rental housing is an important part of Richmond's housing stock and meets the needs of many residents. Richmond has approximately 18,910 renter households (2016 Census). It is estimated that almost 18% of renter households (or approximately 3,400 households) find housing in the primary rental market. This market is comprised of units that were purposely built to be rented at prevailing market rates ("market rental housing"). (Attachment 1 provides a glossary of housing types referred to in this report.)

Approximately 82% of renter households (or approximately 15,500 households) find accommodation in the secondary rental market. The secondary rental market includes rented condominiums, single family houses, secondary suites, coach houses and subsidized rental housing. The secondary rental market is an important part of the rental market in Richmond. As such, staff are looking at ways to better understand this segment of the market and how redevelopment proposals (particularly of older housing stock) may impact it.

The 2041 OCP seeks to protect the existing rental supply by limiting the demolition or strata conversion of existing units and encouraging the replacement of rental units when redevelopment occurs. When rental units are proposed to be converted (e.g. to strata titled condominiums), Council considers a range of matters before deciding on the conversion. These matters include the impact of the proposed conversion on the housing stock and the views of tenants. These matters are set out in Council Policy 5012, "Strata Title Conversion Applications – Residential" (Attachment 2).

This report describes a range of proposed policy directions that would form part of a Draft Market Rental Housing Policy. The draft directions seek to:

- protect the supply of existing market rental housing;
- support tenants of market rental housing who may be displaced by redevelopment; and
- incentivize the construction of new market rental housing.

It is proposed that these directions would form a new "Market Rental Housing Policy" which would be incorporated into the Official Community Plan.

On July 24, 2017, Council adopted changes to the City's Affordable Housing Strategy which address low-end market rental (LEMR) and non-market, social housing units. These changes included amendments to the low-end market rental policy and cash-in-lieu contribution rates. An implementation framework for the Affordable Housing Strategy will be included in a final Council update expected in early 2018.

A significant part of the Affordable Housing Strategy is the LEMR program. This is a 'made in Richmond' approach that identifies maximum monthly rents for different sized housing units and a maximum annual household income limit. The City also has policies outside of Richmond's LEMR program. This includes the West Cambie Alexandra Neighbourhood Mixed Use Employment – Residential area which has different maximum monthly rents than the LEMR program (these are referred to as the West Cambie Modest Rental Rates). Both of these programs, which are referenced in Attachment 3, would be defined as low-end market rental units as they involve the security of rental units through inclusionary zoning and target low to moderate income households with rents set at below market rates. This type of housing is not typically funded or managed through senior levels of government.

The Draft Market Rental Housing Policy seeks to encourage housing units that rent at market rates for tenants, with no restrictions on income levels. The draft Policy would protect existing market rental buildings and tenants. It would also seek to encourage developers and investors to build new market rental units as these are an important part of Richmond's housing continuum.

Changing Market Rental Housing Landscape

In 1966, the Provincial Government passed the Strata Titles Act, ushering in the condominium era by allowing developers to subdivide apartment blocks and sell individual units. Throughout the 1970s and 1980s, federal funding and tax incentive programs aimed to increase the supply of purpose built rental housing. Since then, changes to the federal tax system have discouraged the development of market rental properties. These changes include, but are not limited to:

- reducing the amount of depreciation that investors in rental housing could claim against taxable income from the property (reduced in 1972 from 10% per year on wood frame buildings to 5% and later 4%);
- eliminating "rollover" provisions where an owner who sold a rental building paid no taxes on the profits if they were re-invested in rental housing within the calendar year (eliminated in 1972 when a capital gains tax was also imposed); and
- no longer treating small rental businesses as "small businesses" (as of 1972), which were subject to lower taxes.

Due to changes such as these, the business case for building market rental housing became uncompetitive compared to the more profitable strata title market. As a result, new market rental housing development declined significantly in BC and across Canada.

While municipalities have the ability to set policy to encourage and incentivize market rental housing, direct action by other levels of government to actually provide housing, is critical to making significant advances in increasing the supply. A summary of current rental housing related initiatives undertaken by different levels of government and other agencies is provided in Attachment 4. While many of these initiatives pertain primarily to non-market, social housing, some potential changes related to the provision of market rental housing are also highlighted. It is expected, for example, that the proposed new National Housing Strategy, which will be released in late 2017, will include tax measures to support the development of market rental housing. While funding for rental housing has also been announced by the BC government, the amount that may be provided for market rental housing in particular is unclear at this time.

Indicators of Need for Market Rental Housing

Since 2007, Richmond has made significant strides in support of new rental housing in the city. Approximately 1,700 market rental housing units have been approved since 2007. As noted earlier, this includes:

- over 400 new market rental housing units;
- approximately 229 secondary suites secured in single family dwellings at the time of rezoning through the Affordable Housing Strategy;
- approximately 1,018 secondary suites approved through the building permit process;
- 62 coach houses; and
- 7 secondary suites in townhouses.

Despite these achievements, challenges remain for renter households. Metro Vancouver's Rental Housing Index labelled Richmond's rental housing situation "critical", as the third least affordable municipality for renters in BC.[2] Renter households may experience difficultly finding affordable accommodation in the city due to persistently low vacancy rates, high average rents and the increasing gap in income relative to housing costs.

Metro Vancouver has identified a demand for 3,200 rental units across all incomes in Richmond between 2016 and 2026 (see Attachment 4). Of this, 1,200 rental units are required for modest and higher incomes.

Feedback from consultation undertaken as part of Richmond's Affordable Housing Strategy Update highlighted the decreasing supply of rental housing in the community, the demand for purpose-built market rental units and the growing need for family-friendly rental units (2 BR+). A Draft Market Rental Housing Policy would complement the updated AHS in helping to achieve a broader mix of rental housing in the city.

Attachment 5 provides information on rental housing in Richmond, including an estimate of the total number of units in both the primary and secondary rental markets.

Attachment 6 profiles Richmond's persistently low vacancy rates, increasing average rents, and the incomes required to rent in Richmond. In 2016, the vacancy rate in Richmond was 0.9 % (source: CMHC 2016 Rental Market Report).

[2] The Rental Housing Index, is developed by the BC Non Profit Housing Assocation (BCNPHA) and Vancity and provides a detailed analysis of suitability of rental housing in over 800 municipalities across Canada. In 2015, Richmond was ranked 70 out of 72 BC municipalities in terms of affordability and suitability of rental housing. The Index measures affordability (% of household income spent on housing), overspending (households spending more than 50% on housing), income gap (additional annual household income needed to make current rent affordable), overcrowding (living in units not suitable for household size) and bedroom shortfall (additional bedrooms needed to suitably house renters).

Market Rental Housing Tools and Policies

Local governments may use a range of tools available to protect and expand the rental housing stock. Several tools, such as requiring the replacement of existing rental units and policies for strata conversion are already in place in Richmond and are proposed to be enhanced as part of the Draft Market Rental Housing Policy.

Richmond also has a Rental Premises Standards of Maintenance Bylaw 8159. This Bylaw, which was adopted in 2006, identifies minimum maintenance standards related to heat, water and light. It states that an owner of a rental premises must maintain the premises in accordance with the Bylaw and not permit its use unless the premises conforms at all times with the minimum maintenance standards set out in the Bylaw. Staff in the Buildings Approval Department note that reported violations of Bylaw 8159 are seldom received and that most landlords maintain their buildings in compliance with the Bylaw's requirements.

This report discusses additional tools, such as a tenant relocation policy and lower market rental parking rates, which could be implemented as part of Richmond's Draft Market Rental Housing Policy.

Richmond's Response to Market Rental Housing

A. Federal Responsibility

Over the past two to three decades, the Federal Government has decreased its role in the direct provision of affordable and rental housing.[3] It has not directly built any new market rental housing and by 1982, eliminated incentives and tax provisions that supported new rental housing construction[4]. The key mandate of the Canada Mortgage and Housing Corporation (CMHC) includes mortgage loan insurance, policy and research (e.g. the annual Rental Market Report) and administering affordable housing.

In April 2017, the Federal Government, through CMHC, committed to spending $11.2 billion over the next 11 years towards the creation of affordable housing. The first step of the financial commitment is to provide $2.5 billion over five years in loans and financing for new rental housing construction across Canada. While more details are expected when CMHC releases the National Housing Strategy in late 2017, the direct construction of market rental housing units is not anticipated.

Once the National Housing Strategy has been released, staff will consider if there are any specific funding or other opportunities related to rental housing in Richmond, as well as any that may be specifically targeted to market rental housing. Staff will review the National Housing Strategy and provide an update for Council as needed.

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[3] Federal investment in social housing, as a percentage of Gross Domestic Product (GDP), was 40% less in 2009 than in 1989. (https://cpj.ca/affordable-housing-federal-investments-decline)

[4] McClanaghan & Associates, City of Vancouver Rental Housing Strategy Research and policy Development, Synthesis Report, Final, August 2010 http://vancouver.ca/docs/policy/housing-rental-housing-strategy-synthesis.pdf

B. Provincial Responsibility

During the 2017 provincial election campaign, the New Democratic Party (NDP) promised to develop 114,000 affordable housing units (including co-operative, non-market rental, and low-end market rental housing) over the next 10 years. The recent budget announcement by the new Provincial Government included $208 million over four years for 1,700 new units of affordable rental housing for low and moderate income renters, seniors and adults with developmental disabilities or mental health challenges. While this funding announcement does not appear to address market rental housing specifically, the recent budget did include $7 million to reduce waiting times and to establish a new compliance unit for the Residential Tenancy Branch. Staff will monitor further announcements and actions by the Province and apprise Council accordingly of any relevant developments or opportunities.

Once consultation on the Draft Market Rental Policy has been completed, staff will further identify any specific actions where senior levels of government can best help Richmond meets its overall housing demand estimates. The Province is not building or assisting in building enough market rental housing in Richmond.

Some incentives that have been proposed for senior levels of government to facilitate market rental include:

- Allowing rental building owners and developers to :
  - claim a high depreciation against the taxable income generated from rents;
  - claim losses based on accelerated depreciation;
  - get a "break" from capital gains if they are reinvesting in rental housing development within the same calendar year ("rollover provision");
- Restoring soft cost deductibility as a direct incentive for rental construction;
- Allowing small landlords to qualify for the small business tax deduction;
- Creating a rental housing protection tax credit for property owners selling affordable assets to non-profit housing providers; and
- Allowing GST exemption for capital costs related to new affordable rental units and extending exemption eligibility to mixed market projects.

C. Proposed Richmond Draft Market Rental Housing Policy Directions

Staff recommend that Council consider strengthening existing policies that will protect and enhance the current market rental housing stock in Richmond and support tenants. Staff further recommend considering incentives such as density bonusing, waiving specific amenity contributions and reducing parking requirements, to encourage the development of new market rental units in certain locations. These policies would complement the updated Affordable Housing Strategy.

Staff recommend that the directions proposed in the Draft Market Rental Housing Policy, which are described below, form the basis of consultation with the development community, landlords and other key stakeholders. Staff would report back to Planning Committee in the second quarter of 2018.

For ease of use, staff recommend that the Final Market Rental Housing Policy be incorporated into the City's 2041 Official Community Plan (OCP). Proposed bylaw amendments would be prepared for Council's consideration following public consultation.

Objective #1: Protect the Existing Market Rental Housing Stock and Tenants

Policy Direction #1: Strengthen Existing Strata Conversion Policy

Council adopted Policy 5012, "Strata Title Conversion Applications – Residential" in 1987 (see Attachment 2). The policy sets out matters that Council shall consider before deciding on any strata title or cooperative conversion involving three or more units, including:

- Refusing the application if the vacancy rates are under 2% and the number of units affected are 12 or more; and
- Considering the written views of affected tenants.

Since Policy 5012 was adopted in 1987, no applications for the conversion of multi-family rental to strata have been received in Richmond. In the last ten years, the vacancy rate in Richmond has exceeded two percent only twice – in 2009 and 2013.

The Draft Market Rental Housing Policy proposes to maintain the intent of Policy 5012 but to incorporate it into the OCP and strengthen specific elements. The proposed changes are:

- Increase the rental vacancy rate threshold from 2% to 4% so that a strata conversion application would not be considered if the rates are below 4%. This rate increase is recommended by staff as it is close to the rental rate considered healthy by most housing professionals. As the current vacancy rate in Richmond is less than 1%, it is unlikely that vacancy rates will rise above 4% in the next few years. Strengthening this provision would effectively prohibit the conversion of rental units to ownership;
- Reduce the number of affected units from 12 to 4 to further strengthen efforts to retain existing rental units (Richmond has many smaller townhouse projects with fewer than 12 units). This would prevent the conversion of smaller rental projects, even if the vacancy rate is 4% or more;
- Require a Tenant Relocation Plan to ensure tenants are provided with various forms of assistance as described below:
    - A minimum of two months' notice to end the tenancy as required by the *BC Residential Tenancy Act*;

- Granting existing tenants a right-of-first-refusal to purchase one of the converted rental units at a 5% discount from market prices;
- For existing tenants residing in the building longer than one year:
  - three months' free rent or lump sum equivalent at the discretion of the tenant (the *BC Residential Tenancy Act* requires a landlord to provide the equivalent of one month's rent);
  - assistance in finding alternative accommodation, which should:
    - be located in Richmond, or in another location at the tenant's discretion and be located in a community with similar amenities;
    - meet the tenant's specific needs (e.g., pet friendly, accessible, close to transit); and
    - not exceed Canada Mortgage and Housing Corporation's (CMHC) average area rents for Richmond.

- Require the submission of a Building Condition Assessment Report, which would reference the life expectancy of the building, the state of repair, general workmanship and degree of compliance with all City bylaws, servicing standards and requirements; and
- Require submission of the views of affected tenants, along with landscaping, parking and other siting elements. These are currently required under the Policy 5012 and would continue to assist Council in making their decision on whether to allow the conversion of rental units to strata.

Policy Direction #2: Encourage Owners to Maintain Buildings in Good Repair

Richmond's Rental Premises Standards of Maintenance Bylaw 8159 requires owners to ensure that rental premises conform to minimum livability and comfort standards. The Draft Market Rental Housing Policy proposes an additional policy direction to emphasize the expectation that market rental buildings be kept in good repair and in a safe condition for the benefit of tenants. If repairs or renovations to rental units are required, the Policy would encourage owners to undertake such works while the tenant still lives in the unit or has temporary alternate accommodation. This is intended to help minimize the disruption and displacement of tenants.

When buildings are maintained properly, a long life span can be expected. Bylaw 8159 requires that owners maintain buildings so that livability and comfort are provided. The Draft Market Rental Housing Policy proposes to reinforce the importance of keeping buildings in good condition and provides no incentive for allowing buildings to deteriorate. If a market rental building becomes dilapidated due to a lack of adequate maintenance, this would not be considered a reasonable justification for demolition.

As noted earlier, most landlords in Richmond maintain their buildings in compliance with the requirements of the Rental Premises Standards of Maintenance Bylaw. It is further acknowledged that most landlords act in good faith when they invest in their rental buildings and that renovations improve the quality of housing for tenants.

Objective #2: Increase the Supply of Market Rental Housing

While protecting the existing market rental stock is a critical objective of the Draft Market Rental Housing Policy, increasing the supply of new market rental housing is also important. The draft Policy identifies directions and incentives to encourage development of new market rental buildings. Over time, this is anticipated to help meet housing demand in Richmond.

Policy Direction #3: Enhance the Current 1:1 Replacement Policy

Richmond's current OCP policy calls for a no net loss of rental units and encourages a 1:1 replacement. Under this OCP policy, market rental replacement units would be secured at low-end market rental (LEMR) rates through the registration of a Housing Agreement. The Draft Market Rental Housing Policy proposes to strengthen the existing 1:1 replacement policy to ensure that the base number and type of rental units does not decrease over time. The proposed new measures are as follows:

- Require that the replacement market rental units have the same number of bedrooms, or more, as originally provided;
- Require existing ground-oriented units to be replicated in the new development; and
- Continue to require replacement units to be available at affordable rents (e.g. LEMR rates), but do not require a minimum income level for returning tenants.

Requiring market rental replacement units to be available at LEMR rates would ensure that existing tenants who choose to move back into the redeveloped units have affordable housing in the same location. While existing tenants of market rental buildings would not have to meet the LEMR income levels, new and future tenants would.

It is important to note that this 1:1 replacement policy, with its accompanying requirements, would apply to all market rental buildings, even those that may have existing strata titled tenure but are included in the annual Rental Market Report prepared by CMHC.

Policy Direction #4: Require Family-Sized Market Rental Units

The City of Richmond seeks to achieve unit sizes that are suitable for families ("family-friendly units") when considering redevelopment proposals. According to the 2016 Census, approximately 63% of the Richmond's renter households are occupied by families (couples with or without children, or a lone parent with at least one child)[5]. When these census families are further

[5] 'Census family' is defined as a married couple and the children, if any, of either and/or both spouses; a couple living common law and the children, if any, of either and/or both partners; or a lone parent of any marital status with at least one child living in the same dwelling and that child or those children. All members of a particular census family live in the same dwelling. A couple may be of opposite or same sex. Children may be children by birth, marriage, common-law union or adoption regardless of their age or marital status as long as they live in the dwelling and do not have their own married spouse, common-law partner or child living in the dwelling. Grandchildren living with their grandparent(s) but with no parents present also constitute a census family.

investigated, the percentage of renter families with children is reduced to approximately 30 to 40%.

The Draft Market Rental Housing Policy seeks to meet the needs of families with children by requiring a percentage of new market rental units to have two bedrooms or more. (Other families, such as couples without children, would not likely have the same space needs.) The following three options for family-friendly units in new market rental townhouses and apartments are proposed for consultation:

4.1 minimum 20% family friendly units (e.g. 15%- 2 bedroom and 5% -3bedroom);

(The above percentages are based on an environmental scan of local municipalities and are consistent with the relatively conservative family-friendly rates proposed as part of the Affordable Housing Strategy update.)

4.2 minimum 30% family-friendly units (e.g. 20% - 2 bedroom and 10%- 3bedroom); and

4.3 minimum 40% family-friendly units (e.g. 30% -2 bedroom and 10% 3bedroom)

Feedback during consultation will help identify an appropriate requirement for family-sized market rental units that will meet the needs of renter families with children.

Policy Direction #5: Require Tenant Relocation Plans

It is recommended that a Tenant Relocation Plan be required where existing market rental units are proposed to be replaced, either through rezoning and redevelopment or strata conversion. The proposed elements of a market rental Tenant Relocation Plan are similar to those required when strata conversion is proposed (at strata conversion, however, LEMR rents would not be required given that rental units would be converted to ownership). The following are proposed to comprise the Tenant Relocation Plan requirements for replacement market rental housing:

- For all existing tenants:
    - a minimum of two months' notice to end the tenancy as required by the BC Residential Tenancy Act;
    - a right-of-first-refusal to return to the new building;
    - Securing the replacement units at the City's established LEMR rates;
        - Returning tenants would not be required to meet income eligibility levels for the new development, but new and future tenants would;
        - Replacement unit tenure and LEMR rates will be secured through a Housing Agreement; and
        - The developer would be required to provide proof to City staff that all existing tenants were offered the right-of-first refusal and LEMR rates.

- For existing tenants residing in the building longer than one year:
  - three months' free rent or lump sum equivalent at the discretion of the tenant (the *BC Residential Tenancy Act* requires a landlord to provide the equivalent of one month's rent);
  - assistance in finding alternative accommodation, which should:
    - be located in Richmond, or in another location at the tenant's discretion and be located in a community with similar amenities;
    - meet the tenant's specific needs (e.g., pet friendly, accessible, close to transit); and
    - not exceed CMHC's average area rents for Richmond.

This proposed tenant relocation package is similar to what is required in New Westminster, Vancouver, Burnaby and Victoria. In some instances, a third-party coordinator is retained by the property owner to manage the tenant relocation process.

As noted earlier, this tenant relocation policy, with its accompanying requirements, would apply to all market rental buildings, even those with strata title tenure that appear on the annual Rental Market Report prepared by CMHC.

Policy Direction #6: Incentives to Increase the Supply of Market Rental Housing

Four incentives areas are proposed to increase the supply of market rental housing in Richmond:

6.1 Increase supply through a:

6.1.a Density Bonus Incentive (where the market determines take-up);

6.1.b Mandatory Requirement (where the City sets targets which must be achieved within current OCP densities); or

6.1.c Hybrid Approach (where the City sets targets but an additional density bonus is provided beyond the current OCP densities).

6.2 Reduce parking requirements;

6.3 Provide amenity and fee waivers; and

6.4 Fast track development applications.

Each of the four incentive areas is described in more detail below.

6.1 Increase Supply through a Density Bonus Incentive, Mandatory Requirement or Hybrid Approach

To increase the overall supply of market rental housing units in Richmond, three distinct approaches are possible. One approach is to offer a density bonus as an incentive (the proposed density bonus framework is shown in Figure 1). The second approach is to require that market rental units are provided in all new multi-family buildings (subject to compliance with the OCP). The third approach is a hybrid one that combines targets with an additional density bonus incentive. Each of these approaches is described further, with pros and cons of each identified in Figure 2.

6.1.a Density Bonus Incentive (where the market determines take-up)

Density bonus zoning can be an important incentive to encourage more market rental housing development in Richmond. The framework identified in Figure 1 proposes the highest density bonus for sites that provide 100% market rental housing and a smaller density bonus for sites that provide a mix market rental and strata units:

- Density bonus for 100% market rental buildings:
    - 0.20 FAR for ground oriented townhouses and wood frame apartments (inside or outside City Centre); and
    - 0.25 FAR for concrete buildings in City Centre only;
- Density bonus for mixed market rental and strata buildings:
    - 0.10 FAR to be used exclusively for market rental units (city-wide, subject to locational requirements identified in Figure 1).

To be eligible for a market rental density bonus, buildings must meet the locational, consultation and other requirements that are described in Figure 1. The modest scale of the proposed density bonuses is intended to maintain the form of development envisioned in the OCP. This will help ensure that new buildings with market rental units fit within established neighbourhoods.

Economic analysis has shown that these proposed density bonuses, together with the other incentive areas described below, are sufficient to encourage the development of new market rental buildings in Richmond.

Strata residential construction, however, with its higher revenue stream, will likely continue to be more profitable. To make the construction of a 100% market rental building as attractive as a pure residential strata building, the allowable density bonus would have to increase to a point where the form of development would be substantially altered. It could also mean that rather than townhouses, a three to four storey apartment would be required. This could also mean that, rather than a four storey building, a six storey apartment would be required in some parts of the city.

In order for 100% rental projects to generate the same profit margin as condominiums, the density bonus would need to potentially be greater and the form of development may need to be significantly changed. If improvements to the current taxation regimes are implemented by senior government– as are recommended in this report - it is possible that Richmond's proposed modest density bonus would provide developers with the same, or potentially even better profit margins as strata developments.

For buildings that mix market rental and strata units, the proposed 0.10 FAR density bonus is similar to the density bonus provided for low-end market rental units established as part of the Arterial Road Land Use Policy in the Official Community Plan. That policy allows for additional density along arterial roads to be considered if:

- The additional density is used solely for LEMR units secured by a Housing Agreement;
- The units comply with the requirements of the Affordable Housing Strategy related to unit size, tenant eligibility criteria and maximum rental rates; and
- The project complies with Development Guidelines related to form and character.

Some arterial road townhouse projects have provided approximately 15% of the overall density as low-end market rental housing.

The density bonus framework proposed in the Draft Market Rental Housing Policy respects the character of Richmond's existing neighbourhoods and supports the scale of development envisioned in the OCP. The proposed framework will also continue to allow for the accommodation on site of required outdoor amenity space for the use and enjoyment of residents. The relatively modest scale of the proposed density bonus framework, however, may have limited success, particularly in areas such as City Centre where construction costs are higher.

While Richmond's proposed density bonuses and other incentives are intended to encourage more market rental development, action by other levels of government is required if the city's housing demand estimates are to be met.

Figure 1: Maximum Proposed Density Bonus

Figure 1: Maximum Proposed Density Bonus			
Tenure	**Housing Type**	**Maximum Density Bonus** (above base density)	**Requirements and Incentives**
100% market rental	Ground-oriented townhouse and wood frame apartment	0.20FAR	• Sites are located within City Centre, within Neighbourhood Centres identified in the OCP, or within 400 m of the existing and future Frequent Transit Network (key transit corridors with higher levels of all day demand in both directions) • Proposed development demonstrates a good fit for the neighbourhood and compliance with the existing OCP land-use designations and Development Permit Guidelines applicable to the site • Family-friendly units (see Policy Direction #4) • Provision of Basic Universal Housing features (see Policy Direction #8) • Proposed development meets or exceeds the City's sustainability objectives related to building energy and emissions performance • Substantial community consultation is undertaken • A Housing Agreement is registered on title to secure the market rental tenure in perpetuity. (No restrictions on rents or tenants' incomes – except for replacement units.) • Market rental parking rates (see Policy Direction #6.2) • Amenity & fee waivers (see Policy Direction #6.3)
	Concrete high-rise	0.25 FAR	
Mixed market rental and strata	Ground-oriented townhouse, wood frame apartment and concrete high-rise	0.10 FAR to be used solely for market rental units	• Sites are located within City Centre, within Neighbourhood Centres identified in the OCP, or within 400 m of the existing and future Frequent Transit Network (key transit corridors with higher levels of all day demand in both directions) • Proposed development demonstrates a good fit for the neighbourhood and compliance with the existing OCP land-use designations and Development Permit Guidelines applicable to the site • Family-friendly units for market rental housing (see Policy Direction #4) • Provision of Basic Universal Housing features for market rental units (see Policy Direction #8) • Proposed development meets or exceeds the City's sustainability objectives related to building energy and emissions performance • Substantial community consultation is undertaken • A Housing Agreement is registered on title to secure the market rental tenure in perpetuity. (No restrictions on rents or tenants' incomes except for replacement units.) • Market rental units would be required to be retained as a block (e.g. no separate sale allowed) to facilitate management by a non-profit or management company • Market rental parking rates (see Policy Direction #6.2) • Amenity & fee waivers for market rental units only (see Policy Direction #6.3)

6.1.b Mandatory Requirement (where the City sets targets which must be achieved within current OCP densities)

A second approach to increasing the amount of market rental housing units in Richmond is to require that all new multi-family residential developments include a proportion of market rental units. Under this approach, the City would set targets and the development would be required to fit within current OCP densities and designations. Economic analysis has demonstrated that a mandatory requirement for market rental units would be feasible without a density bonus. (Incentives related to parking reductions and fee waivers described below, however, would be available). The economic analysis also has shown that the following percentage requirements for market rental units would be viable, even with the recently approved updates to the City's Affordable Housing Strategy:

- 15% market rental units in wood frame townhouses or apartments outside City Centre;
- 10% market rental units in wood frame apartments in City Centre; and
- 5% market rental units in City Centre concrete high rises.

Although shown to be economically viable, requiring market rentals units in new townhouses or apartments may present a number of challenges, such as:

- The potential to generate significant push back from the development community. Note that the change in the Affordable Housing Strategy to increase the proportion of built affordable housing from 5 to 10% was only recently introduced and has already generated some concerns from the development community;
- The relatively low yield of market rental units in some buildings could be harder to manage. (The difficulty of managing small numbers of low-end market rental units was raised repeatedly during the update to the Affordable Housing Strategy). This issue may be lessened, however, by requiring market rental units only in buildings above a certain size (e.g. in apartment buildings that have more than 60 units); and
- New market rental units could be secured through rezoning only. Where properties are developed for multi-family use under existing zoning and with a Development Permit only, market rental units could not be required.

6.1.c Hybrid Approach (where the City sets targets but an additional density bonus is provided beyond the current OCP densities)

The City could adopt a hybrid approach to increasing the supply of market rental units in new multi-family developments. In addition to requiring a certain amount of market rental units (as laid out above), an additional density bonus beyond current OCP densities could be provided. A hybrid approach such as this would address some of the challenges anticipated with a mandatory requirement approach.

Figure 2, below, identifies some of the pros and cons of each of three suggested approaches to increasing the supply of market rental housing in Richmond. Feedback on the approaches will be requested during the stakeholder consultation process.

Figure 2: Comparison of Three Different Approaches to Increase the Supply of Market Rental Housing in Richmond

Figure 2: Comparison of Three Different Approaches to Increase the Supply of Market Rental Housing in Richmond		
Approach/Option	**Pros**	**Cons**
A. Density Bonus	• Likely to be well received by the development community as it does not affect development rights • Consistent with existing approach to secure affordable housing units • Sufficient bonus could result in buildings that offer 100% of units as market rental • Proposed density bonus would maintain form of development envisioned in the City's Official Community Plan	• Could get zero take up (especially in City Centre where construction costs are higher) • Strata development may continue to be more attractive
B. Mandatory Requirement	• Will ensure market rental units are provided in multi-family developments (amount of units to be generated would depend on the specified proportion required) • Maintains form of development envisioned in the City's Official Community Plan	• Could generate significant push back from the development community • New market rental units could only be secured through rezoning (not through Development Permit) • Amount of units generated may be small and difficult to manage
C. Hybrid	• Likely to be better received by the development community (e.g. if an additional density bonus is provided) • Will ensure market rental units are provided in multi-family developments (amount of units to be generated would depend on the specified proportion required) • Depending on the scale of the density bonus provided, could maintain form of development envisioned in the City's Official Community Plan	• New market rental units could only be secured through rezoning (not through Development Permit) • Amount of units generated may be small and difficult to manage

6.2 Reduce Parking Requirements for Market Rental Units

Lower parking requirements are considered one of the primary incentives municipalities may offer to encourage the development of more market rental housing. Structured parking spaces in particular, are expensive to construct and add significantly to development costs. Currently, Section 7 (Parking and Loading) of Richmond Zoning Bylaw 8500 identifies the requirements for off-street parking (motor vehicles and bicycles) and loading spaces for residential, commercial and other land uses. The Bylaw contains a lower parking requirement for affordable housing compared to market housing (e.g. strata apartments or strata townhouses). There is an opportunity for Richmond to provide a separate parking rate for market rental housing.

The 2012 Apartment Parking Study by Metro Vancouver found that the supply of parking in apartment buildings generally exceeds the demand. The study also found that parking demand is lower for renters than owners. That study, however, did not take into consideration available on-street parking, which can affect on-site parking usage.

As Metro Vancouver is in the early stages of commencing an update of their Apartment Parking Study, a comprehensive parking assessment of rental sites was undertaken in Richmond. The purpose of the Richmond study was to determine if a specific market rental parking rate(s) was warranted, and if so, what the rate(s) would be. The parking study surveyed numerous market rental housing sites in different parts of the city to determine the parking demand. The Richmond study also included a review of the adjacent on-street parking conditions for each rental site as this can affect the utilization of on-site parking. (As part of the report back in 2018 on the Draft Market Rental Housing Policy stakeholder consultation, staff will also report on the findings of the Metro Vancouver updated Apartment Parking Study, should they be available.)

Overall, the Richmond market rental parking study found that the demand for parking was less than the amount of parking provided. Separate and lower parking rates therefore warrant consideration. Figure 3 shows proposed parking rates for market rental housing, as supported by the parking assessment.

Figure 3: Proposed Market Rental Housing Parking Rates

Figure 3: Proposed Market Rental Housing Parking Rates			
Market Rental Housing Type	**Location of Market Rental Housing**	**Recommended Parking Rate (spaces per unit)**	**Current Multi-Family Parking Rate (as of June 2017)**
Apartment	City Centre Zone 1	**0.8**	1.0
	City Centre Zone 2	**1.0**	1.2
	City Centre Zone 3	**1.2**	1.4
	Outside City Centre	**1.2**	1.5
Townhouse	City Centre Zone 1	**0.9**	1.0
	City Centre Zone 2	**1.1**	1.2
	City Centre Zone 3	**1.3**	1.4
	Outside City Centre	**1.8**	2.0

The City Centre is divided into three zones (see Attachment 7) for the purpose of determining parking requirements, with Zone 1 being the closest area to the Canada Line and Zone 3 the farthest.

As shown in Figure 3, the parking study proposes separate parking requirements for rental apartments and townhouses with rates dependent on location. The results of the study support lower parking rates for market rental housing in City Centre, close to the Canada Line. This recognizes the higher transit use in this area. A higher parking rate is proposed for market rental housing in other parts of the city.

It should be noted that no change in visitors' parking requirements are proposed. This should help avoid issues related to spillover of visitor parking onto nearby residential roads. If endorsed by Council, staff will seek feedback on the proposed parking rates through the stakeholder consultation process.

6.3 Provide Amenity and Fee Waivers to Incentivize New Market Rental Housing

In addition to the parking reductions recommended above, waiving specific amenity and fee contributions are proposed to incentivize the creation of new market rental housing in Richmond. These proposed waivers include:

- Waiving the affordable housing requirements for replacement and new market rental housing. Both the requirement to build affordable housing units and to provide cash-in-lieu (where applicable) would be waived for the market rental units only. This financial incentive acknowledges the significant community benefit provided by replacement and new market rental housing.

- Waiving the public art contribution rate ($0.83 per square foot) and the community planning contribution rate ($0.25 per square foot in City Centre and Broadmoor and $0.07 per square foot in West Cambie) for replacement and new market rental housing. This is consistent with the City's current practice to waive these fees for affordable housing developments.

The above exemptions would not apply to areas of the city that have specific affordable and rental housing requirements.

Regarding the January 19, 2016 referral from Planning Committee, Richmond's OCP establishes a minimum amount of outdoor amenity space for multiple family developments of more than three units. No change to this requirement is proposed as part of the Draft Market Rental Housing Policy. Outdoor amenity space provides important benefits to residents, including a place for children to play, and should continue to be required in new developments, regardless of tenure.

6.4 Fast Track Development Applications for Market Rental Housing

Applications related to the redevelopment of sites with 100% market rental units are proposed to be expedited. Applications for rezoning, development permit (DP) and building permit will be fast tracked at no extra fast tracking cost and assigned to a staff member who will prioritize the project ahead of in-stream market housing applications.

Staff estimate that fast tracking will reduce processing times to get a rezoning application to Public Hearing by a minimum of two to four months. An expedited development permit process for 100% market rental projects is expected to reduce the processing time required to present a development permit to the Development Permit Panel for review also by approximately two to four months. Staff further estimate that an expedited building permit process will save approximately one to one a half months. Together, processing times may be reduced from approximately five to nine and half months for expedited 100% market rental projects if the applications are submitted sequentially. If the applications are run concurrently process times would be further reduced.

Treating 100% market rental projects as a priority will help reduce carrying costs for developers while also facilitating the construction of new housing units.

Policy Direction #7: Increase the Supply of Secondary Suites in Townhouses and Apartments through an Incentives-Based Approach or a Mandatory Requirement Approach

Council's referral of April 10, 2017 directed staff to develop a policy on secondary suites in multi-family developments. A first action was to amend the city's townhouse zones to permit secondary suites. Richmond's Zoning Bylaw does not currently permit secondary suites within apartment units. Several municipalities around Metro Vancouver, however, have allowed smaller suites, sometimes referred to as "lock-off" suites, in apartment buildings. These units are typically accessed through a separate entrance from the hallway, as well as through an internal entry from the main unit. While amending the townhouse zones has removed a barrier to increasing the stock of rental housing in Richmond, allowing suites in apartments could also help advance this objective.

Two different approaches may be pursued to increase the supply of suites in townhouses or apartments. One approach is to provide incentives and the other is to make the provision of suites mandatory.

7.1 Incentives-Based Approach

This approach to increasing the supply of market rental suites in townhouses and apartments would entail offering specific incentives. The proposed parking reductions and fee waivers are described below:

- Parking for secondary suites:
  - Townhouses:
    - Non-Arterial Road: Not required;
    - Arterial Road: An additional parking space would be required unless the dwelling unit has two dedicated side-by-side (non-tandem) arranged parking spaces
  - Apartments:
    - City Centre: Not required;
    - Outside City Centre, Non-Arterial Road: Not required;
    - Outside City Centre, Arterial Road: An additional parking space would be required unless the dwelling unit has two dedicated (non-tandem) arranged parking spaces

- Waive the affordable housing cash-in-lieu (based on square footage) and built requirements for the secondary suite area only. (The remainder of the unit would be required to make the applicable affordable housing contributions);

- Waive the public art and community planning contribution rates for the secondary suite area only. (The remainder of the unit would be required to make the applicable public art and community planning contributions).

7.2 Mandatory Approach

Under a mandatory approach, all new townhouse and apartment developments would be required to provide secondary suites. This would set a clear expectation and as such, may lead to a higher number of secondary suites in multi-family developments, when compared to a voluntary, incentives- based approach. It may be reasonable, however, to prescribe minimum and maximum percentages of townhouse or apartment units that are permitted to contain secondary suites. This would help to minimize any negative impacts on multi-family neighbourhoods. The following parameters are proposed:

- Require a minimum of 10% of townhouse or apartment units to contain secondary suites; and

- Allow a maximum of 50% of townhouse or apartment units to contain suites.

Regardless of which approach is pursued, a more robust set of provisions regulating suites in townhouses and apartments may be warranted. The following provisions are proposed to apply to both the incentives-based and mandatory approach:

- Establish a minimum secondary suite size of 25 m^2 in townhouses and 20m^2 in apartments to ensure the livability of the suites;

- Prescribing a maximum cap of 50% of units that may contain suites;

- Require a separate parking space for the secondary suite only in townhouse and apartment developments on arterial roads where the parent unit does not have a minimum of two (non-tandem) parking spaces;

- Where secondary suites are provided in an apartment building, allow flexibility in meeting family friendly requirements (e.g. require fewer units with two or more bedrooms); and

- Require a legal agreement to prohibit stratification of the secondary suite. The owner of the parent strata unit would own the suite as well.

During the consultation process for the Draft Market Rental Housing Policy, other elements related to secondary suites in multi-family developments may also be considered. These may include establishing:

- a maximum secondary suite size;
- a requirement for a connecting door from the suite to the parent unit;
- the tenure of the parent unit (e.g. should secondary suites be required in market rental, strata and affordable housing units?); and
- the size of the parent unit (e.g. should secondary suites be required in all unit sizes, or only larger ones?)

Figure 4 identifies some of the pros and cons of each approach to increasing the supply of secondary suites in townhouses and apartments. Feedback on both approaches will be requested during the stakeholder consultation process. Subject to further consultation, and Council direction, amendments to the Zoning Bylaw and the OCP would be required to implement either an incentives-based or mandatory requirement approach to allowing secondary suites in townhouses and apartments.

Figure 4: Comparison of Two Approaches to Increase the Supply of Secondary Suites in Townhouses or Apartments

Figure 4: Comparison of Two Approaches to Increase the Supply of Secondary Suites in Townhouses or Apartments		
Approach	**Pros**	**Cons**
1. Incentives-Based	• Allows marketplace to test and adapt to new housing type (e.g. given that the demand for, and the implications of suites in multi-family units, have not been fully tested) • May result in some secondary suites being provided in multi-family developments	• Amount of secondary suites provided may be small • May need additional incentives to differentiate voluntary provision of suites from mandatory provision • No guarantee that suites will be rented
2. Mandatory Requirement	• Will result in secondary suites being provided in all new multi-family developments	• Could generate push back from the development community • Uncertain demand & limited experience in the region with suites in multi-family developments • No guarantee that suites will be rented

Policy Direction #8: Encourage Accessible Market Rental Units

Richmond Zoning Bylaw 8500 currently allows a floor area exemption of 1.86 m^2 (20 ft^2) for townhouse or apartment units that incorporate all of the Basic Universal Housing (BUH) features described in the Zoning Bylaw. BUH features identified in the Zoning Bylaw include wider doorways, easy to grasp handles and sufficient space in bedrooms to accommodate wheelchairs. These features facilitate universal access and use of the dwelling, particularly for people with physical disabilities.

Through the Draft Market Rental Housing Policy, developers of new market rental units would be encouraged to incorporate BUH features in all units. To be eligible for a density bonus, the provision of BUH features would be mandatory. These features help accommodate the needs of Richmond's aging population and support broader accessibility to and within rental housing units.

Incentives Not Endorsed at this Time

A number of potential incentives for new market rental housing were considered but are not endorsed for consultation at this time.

Development Cost Charges (DCC) Waivers or Reductions

A guiding principle of DCCs is that infrastructure costs should be paid by those who will use and benefit from the installation of such systems. Waiving or reducing DCCs for market rental housing would mean the cost of such housing would not be equitably born by all users.

In May 2017, Richmond Council adopted new DCC rates. The new rates seek to ensure that the infrastructure required to support anticipated growth is available. Economic analysis conducted during development of the Draft Market Rental Housing Policy indicated that the new DCC rates would not impact the viability of market rental housing. Waiving or reducing DCCs for market rental housing are not recommended at this time.

Property Tax Reductions or Exemptions

Rental buildings generally have lower assessed values than buildings with other forms of tenure. This generally means that total taxes paid will be lower. Notwithstanding the above, if market rental buildings were taxed at a lower rate, or exempted from paying property taxes, the costs needed to provide services to a growing population would need to be transferred to other taxpayers.

Development and Building Permit Fee Reductions

Richmond's development and building permit fees are determined on a cost recovery basis and are competitive with other municipalities in the region. While reducing these fees for market rental housing projects is not recommended, expedited processing is proposed.

Attachment 8 identifies various market rental housing scenarios and applicable requirements and incentives that are proposed in the Draft Market Rental Housing Policy.

Proposed Consultation

Feedback on the proposed market rental housing directions set out in this report is critical to ensuring that they are appropriate to Richmond and implementable. Staff have heard from several parties interested in building market rental units in the city. To date, discussions have been general in nature. It is recommended that staff be directed to consult with relevant stakeholders and interested residents in order to more fully explore the preliminary directions outlined in this report. Such consultation would be done prior to Council considering a revised Market Rental Housing Policy and any associated OCP and Bylaw amendments.

Building on the format used for Affordable Housing Strategy Update consultation, staff propose to convene facilitated workshops on the Draft Market Rental Housing Policy outlined in this report. The workshops would take place in early 2018. The stakeholders proposed to be consulted include:

- members of the development community (e.g., Urban Development Institute, Small Builders' Group);
- housing and not-for-profit sectors (e.g., Community Land Trust, Metro Vancouver, Greater Vancouver Housing Corporation, Richmond Centre for Disability, Richmond School District);
- market rental building owners and managers in Richmond;
- Landlord BC, an industry resource and advocacy group for the rental housing industry across the province; and
- interested members of the public.

Let's Talk Richmond.ca and other social media will also be used to encourage discussion from the public on the Draft Market Rental Housing Policy. At completion of the public engagement period, a report will be forwarded to Council which summarizes the consultation findings and any proposed revisions to the policy. This is expected to be done in the second quarter of 2018.

Staff propose that, after stakeholder consultation, a revised Market Rental Housing Policy be included in the OCP and that Council Policy 5012, "Strata Title Conversion Applications – Residential" (Attachment 2) be rescinded and also incorporated into the proposed OCP market rental housing policies.

If authorized by Council, staff will continue to refine the consultation approach and update Council of any changes.

Financial Impact

Staff are forecasting that implementation of a new Draft Market Rental Housing Policy will require additional staffing resources. As the policy moves forward, further detail on the anticipated level of additional resources will be brought forward for Council's consideration.

Conclusion

Richmond's existing market rental supply is an important component of the city's housing continuum. However, demand for market rental housing outpaces the supply. New measures are required to incentivize the creation of additional market rental housing. This will help meet the needs of Richmond residents and families and contribute to a healthy and livable community. The Draft Market Rental Housing Policy identifies recommendations that will both protect the city's existing stock of market rental housing and encourage new market rental housing.

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Att. 1: Glossary of Housing Types
Att. 2: Existing Council Policy 5012, "Strata Title Conversion Applications – Residential" (1987)
Att. 3: Low-End Market Rental (LEMR) Rates
Att. 4: Summary of Rental Housing Initiatives by Government and Related Agencies
Att. 5: Rental Housing in Richmond
Att. 6: Indicators of Need for Market Rental Housing
Att. 7: City Centre Parking Zones
Att. 8: Market Rental Scenarios and Proposed Policy Requirements and Incentives

ATTACHMENT 1:
Glossary of Housing Types

Housing Type	Description/Policy Mechanism
Market rental housing *– focus of Draft Market Rental Housing Policy*	• Market-based rental housing provided by the private sector and rented at prevailing market rates. • May also be referred to as "purpose-built market rental" which indicates that the units were built with the intention of being rented at prevailing market rents. • May also be referred to as "secured market rental housing", which indicates that the rental tenure has been secured through a legal agreement for a specified period of time or in perpetuity. • Richmond's market rental housing consists of 3,372 units (this does not include co-ops that are currently rented at market rates).
Primary rental market	• Approximately 18% of renter households in Richmond find rental accommodation in the "primary rental market". • "Primary rental market" includes units that were purposely built to be rented at prevailing market rates. These may include townhouses and apartments. • Units in this market do not include subsidized rental housing or rented condominiums. • Units or buildings in this market may have one or more owners and managed by a management company.
Secondary rental market	• Approximately 80% of renter households in Richmond find rental accommodation in the "secondary rental market". • "Secondary rental market" includes rented condominiums, single family houses, secondary suites, coach houses and subsidized rental housing. • Units in this market are not secured by legal agreement and are available for rent at the discretion of the owner. • Such units may also be provided by a non-profit organization or housing agency. In these cases, the rental tenure and rates may be secured by a legal agreement.
Low-end market rental (LEMR)	• Rental units secured through inclusionary housing approaches. Targets low to moderate income households with rents set at below market rates. • This may include units secured through Richmond's LEMR program in the City's Affordable Housing Strategy, or through separate programs such as the West Cambie Alexandra Neighbourhood's policy for modest rent controlled rental units.
Low-end market rental housing (LEMR) program in Richmond's Affordable Housing Strategy	• Affordable housing units targeted at low to moderate income households earning $34,650-58,050 and secured through the City's inclusionary housing policy. • Maximum rents based on 10% below Canada Mortgage and Housing Corporation's (CMHC) average annual market rents. • Richmond has secured 423 LEMR units through rezoning as of April 2017.
Non-market, social housing	• Housing funded by senior government and managed by non-profit groups. • Provides affordable rental units for households requiring deep subsidies. (Maximum rents typically 25% below CMHC's average annual market rents.) • May also be referred to as "subsidized rental housing" or "below-market rental housing".

Housing Type	Description/Policy Mechanism
Co-operative housing	• Non-profit housing with a form of shared ownership which provides homes to its members who purchase a share and pay a monthly housing charge. • Established under the Co-op Act. Most non-profit housing co-ops receive money from the government (federal or provincial) to help house some low-income members. The housing charge for these units is adjusted to the household's income. This is often referred to as "rent-geared-to-income" or "RGI" or a subsidized housing charge. The subsidy makes up the difference between what the member pays and the co-op's normal housing charge.
Entry level homeownership	• Modest housing units that are affordable for first-time homebuyers. • One of three priority areas in the 2007 Richmond Affordable Housing Strategy. • Also referred to as "affordable homeownership".
Congregate Housing	• Housing where each individuals or family has a private bedroom but shares facilities, including a kitchen/dining room and living quarters with other residents. Congregate care is usually used when referring to seniors housing with a component of care. This type of housing is typically not included in a municipal housing continuum and is licenced through a health authority
Seniors' Housing	
Supportive Housing	• Generally includes at least one meal a day, emergency response system, housekeeping and social and recreational opportunities. This housing option is usually private (not subsidized), though there are a few subsidized supportive housing units available through BC Housing's Seniors Supported Housing (SSH) program
Assisted Living	• Housing for older adults; includes meal services, emergency response system, housekeeping, social and recreational opportunities with additional assistance with personal activities such as bathing or taking medications. Assisted Living is available with or without subsidies. Public assisted living facilities are operated by the local health authority (for example Vancouver Coastal Health), require a health assessment for admittance, and generally cost 70% of income.
Residential Care	• Residential Care provides care and supervision for individuals who can no longer manage in their own homes. Residential Care is available with or without subsidies.

ATTACHMENT 2:
Existing Council Policy 5012, "Strata Title Conversion Applications – Residential" (1987)

	City of Richmond	Policy Manual
Page 1 of 1	Adopted by Council: May 25/87	POLICY 5012
File Ref: 4105-00	STRATA TITLE CONVERSION APPLICATIONS - RESIDENTIAL	

POLICY 5012:

It is Council policy that:

The following matters shall be considered before deciding on any residential strata title or cooperative conversion applications involving three or more dwelling units:

1. The impact a proposed conversion will have on the stock of rental housing in Richmond. If rental vacancy rates are low (under 2%) and the number of affected units is significant (a dozen or more), then Council should consider refusing the application until vacancy rates have risen again.

2. The written proposals by the owner/developer for the accommodation or relocation of tenants. The application should be refused if undue hardship would result.

3. The written views of the affected tenants, both in favour and not in favour. This should be taken into account in evaluating the previous two criteria.

   A standard form prepared by Urban Development Division staff can be used to solicit tenant views.

4. A written report in an acceptable form from a registered architect, engineer, or any other qualified person, that the building is of a reasonable quality for its age, including reference to the state of repair, general workmanship and measure of compliance with relevant City Bylaws.

5. Any proposals for open space, landscaping, common facilities, off-street parking and loading spaces.

6. Any other conditions that might be appropriate to the specific circumstances. Where additional conditions are imposed by Council, approval shall not be granted until they are met.

All applications for strata title and cooperative conversion will be expected to comply with all City Bylaws and servicing standards/requirements.

(Urban Development Division)

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ATTACHMENT 3:
Low-End Market Rental (LEMR) Rates

Low-end market rental (LEMR) units are rental units secured through inclusionary zoning and targets low to moderate income households with rents set at below market rates. Council recently increased the LEMR rates and income thresholds, as well as the two bedroom unit size, as part of the City's Affordable Housing Strategy (AHS) Update. Figure 1 below indicates the new LEMR rates per unit type, unit size and eligible tenant annual income.

Figure 1: Richmond Low End Market Rental (LEMR) Rates per Unit Type, Unit Size & Eligible Tenant Annual Income

Richmond Low End Market Rental (LEMR) Rates per Unit Type, Unit Size & Eligible Tenant Annual Income			
Unit Type	Minimum Unit Sizes	Maximum Monthly Rent*	Total Household Annual Income[1*]
Bachelor	37 m^2 (400 ft^2)	$811	$34,650 or less
One bedroom	50 m^2 (535 ft^2)	$975	$38,250 or less
Two bedroom	69 m^2 (741 ft^2)	$1,218	$46,800 or less
Three bedroom	91 m^2 (980 ft^2)	$1,480	$58,050 or less

Notes:
*Denotes 2017 amounts adopted by Council on July 24, 2017.
1 Subject to Council approval, household income may be increased annually by the Consumer Price Index.

Council has also adopted LEMR rates for the West Cambie Alexandra Neighbourhood Mixed Use Employment- Residential area which are outside of the City's Affordable Housing Strategy. These are referred to as Modest Rental Rates. The rates, shown in Figure 2 below, indicate the maximum monthly rental rates which are less than the AHS rental rates.

Figure 2: Modest Rental Rates for West Cambie Alexandra Neighbourhood Mixed Use Employment – Residential Area

Modest Rental Rates for West Cambie Alexandra Neighbourhood Mixed Use Employment – Residential Area		
Unit Type	Maximum Monthly Rent (May be reviewed periodically)	Total Household Annual Income (May be reviewed periodically)
Bachelor	$700	$34,000 or less
One bedroom	$750	$38,000 or less
Two bedroom	$1,100	$46,500 or less
Three bedroom	$1,400	$57,500 or less

ATTACHMENT 4:
Summary of Rental Housing Initiatives by Government and Related Agencies

Federal Government

- Canada Mortgage and Housing Corporation (CMHC):
  When CMHC was created in 1946, it focussed on housing returning war veterans and administering the (then) National Housing Act. Later, CMHC facilitated federal-provincial public housing projects and commenced providing mortgage loan insurance. CMHC's key mandates continue to include mortgage loan insurance (e.g. for buyers who have less than 20% down payment), policy and research (e.g. annual Rental Market Report) and affordable housing (e.g. administers approximately 20% of existing social housing in Canada).

- National Housing Strategy (NHS):
  In 2012, the Federal Government adopted a priority resolution calling for the development of a comprehensive National Housing Strategy (NHS). The purpose of the strategy was to create a national housing action plan that would produce affordable, safe housing for Canadians at all income levels. The plan would also include tax measures to support the development of market rental housing.

  Managed by CMHC, the consultation process for the new National Housing Strategy took place in 2016. Richmond staff participated in the NHS' "Let's Talk Housing" survey and commented on the need for more market rental housing, more family friendly housing and more operating funding for non-market and subsidized housing.

  In November 2016, CMHC released its summary report on the NHS consultation. The key themes heard from across the country were: 1) helping those in greatest need; 2) better housing outcomes for indigenous peoples; 3) eliminating homelessness; and 4) making housing more affordable.

  The National Housing Strategy is expected to be released later in 2017.

Provincial Government

- BC Housing:
  - BC Housing is a provincial Crown Corporation that provides assistance to renters and emergency and subsidized housing for low income families and the disabled. It develops, manages and administers a wide range of subsidized housing options across BC. It provides favourable financing options for non-profit and affordable housing groups to develop or re-develop properties for affordable, rental housing (e.g. Kiwanis). Through the Provincial Investment in Affordable Housing (PIAH) program, BC Housing has committed $255 million to create 2,000 affordable rental housing units over 5 years. BC Housing also licenses residential builders and conducts research.

- Residential Tenancy Act:
  Landlord tenant relations are a provincial responsibility. The *Residential Tenancy Act* (RTA) sets out the rights and responsibilities for landlords and tenants in a tenancy situation. These include minimum notification periods to end tenancies and maximum allowable rent increases for tenants. Landlords, for example, may only increase rent once in a 12 month period. In 2017, the maximum allowable rent increase in BC was set at 3.7%.

- The new BC Provincial Government committed to several rental housing related initiatives during the 2017 election campaign. These included:
  - building 114,000 rental, social, co-op and owner-purchase homes over 10 years;
  - a $400 annual rebate to renters; and
  - amendments to the Residential Tenancy Act to prohibit fixed-term leases and to provide fair treatment for tenants during renovations and demolitions.

  Recent budget announcements in September 2017 focussed on the following specifc areas:
  - $208 million over four years for 1,700 new units of affordable rental housing for low and moderate income renters, seniors and adults with developmental disabilities or mental health challenges; and
  - $7 million to reduce waiting times and to establish a new compliance unit for the Residential Tenancy Branch.

<u>Metro Vancouver</u>

- The Metro Vancouver Housing Corporation (MVHC) owns and operates close to 50 sites that provide market rental and subsidized rental housing for more than 10,000 people in the Lower Mainland. For subsidized units, rent is directly based on the tenant's income and is usually set at 30% of the gross monthly household income. The MVHC operates nine projects in Richmond. These projects include townhouses and apartments and were all were built between 1984 and 2005. The Metro Vancouver Housing Corporation is currently proposing to redevelop one site in Vancouver. The 83-unit Heather Place project, built in 1983, will be redeveloped with 230 units. Construction is expected to commence in early 2018 with occupancy in late 2019.

- The Metro Vancouver Regional District formulates housing policy that affects its member municipalities. This includes:

  - Metro Vancouver 2040 Shaping Our Future (2011). The Regional Growth Strategy contains a specific strategy to provide diverse and affordable housing choices. Metro Vancouver also assists municipalities in developing Housing Action Plans.
  - Regional Affordable Housing Strategy (RAHS, 2016). The RAHS includes 10 year housing demand estimates by municipality (2016-2026) for both ownership and rental units. The ten year demand estimate for <u>all</u> rental units in Richmond is 3,200 units (Figure 1). The demand for <u>market rental</u> units is 1,200 units

(moderate, above moderate and high income categories). On an annual basis, 120 market rental units per year would be required in Richmond to meet these demand estimates.

Figure 1: Ten Year Rental Housing Demand, Richmond, 2016-2026

Ten Year Rental Housing Demand, Richmond (2016-2026)	
Income Level	**Number of Units**
Very Low	1,300
Low Income	700
Moderate Income	600
Above Moderate	300
High Income	300
Total	**3,200**
Source: Metro Vancouver, 2016. Regional Affordable Housing Strategy	

Metro Vancouver also advocates to senior government for incentives to stimulate private rental supply, conducts research and collects and analyzes data to support rental and municipal housing policy. Relevant recent research includes:

- *What Works: Municipal Measures for Sustaining and Expanding the Supply of Purpose-Built Rental Housing* (2016);
- *Metro Vancouver's Rental Inventory and Risk Analysis* (2012), and
- *Apartment Parking Study* (2012 with update in progress).

Other Actors

- A Community Land Trust is a community-based organization that acquires land, removes it from the private market and leases it to non-profit housing providers for affordable housing purposes. The Richmond Affordable Housing Strategy Update (Policy #8) recommends a feasibility study on establishing a locally based community land trust in Richmond.

- Vancity Credit Union provides favourable financing for affordable and rental housing projects. It also coaches socially minded organizations to develop or redevelop land through the "Impact Real Estate" program.

ATTACHMENT 5:
Rental Housing in Richmond

In 2016, there were 18,910 renter households in Richmond (2016 Census).

Primary Rental Market
Only about 20% of renter households in Richmond found rental accommodation in the primary rental market (Metro Vancouver Housing Data Booklet, 2010). The primary rental market is comprised of townhouses and apartments that were built with the intention to be rented out at prevailing market rents.

Secondary Rental Market
Approximately 80% of Richmond's renter households find rental accommodation in the secondary rental market, which is comprised of rented condominiums or suites, as well as non-market social housing. Units in the secondary rental market may be privately-owned and rented out or provided by a housing agency or non-profit organization.

- Currently, Richmond's total stock of market rental housing is approximately 3,372 apartment and townhouse units in 76 buildings.[6] The majority of the city's market rental housing was constructed before 1990. Newer rental buildings have been constructed in City Centre (110 replacement market rental units) and Broadmoor (68 units).

- The most recent market rental units developed in Richmond (e.g. 144 units at The Gardens) were secured through development on a voluntary basis or negotiated during the rezoning process. Housing Agreements were registered on title to secure these rental units in perpetuity.

- Figure 2 provides an estimate of the number of rental housing units in both the primary and secondary rental markets in Richmond. Protecting and augmenting the rental stock in both markets are important to meeting the needs of renter households in Richmond.

[6] Each year, CMHC conducts a survey of market rental units in urban areas. According to the CMHC's 2016 Rental Market Report, there were 3,477 units of purpose built market rental townhouses and apartments in Richmond. This survey, however, includes co-ops that are rented at market rates. If co-op units are removed (271 units), and other newly constructed market rental units added (e.g. 166 units), Richmond's total purpose built market rental stock is 3,372 units in 76 buildings.

Figure 2: Estimate of All Rental Housing Units in Richmond

Estimate of All Rental Housing Units in Richmond		
Market	**Housing Type**	**Number of Units[1]**
Primary Rental Market	Market Rental Housing Units	3,372
	Subtotal Primary Rental Market	**3,372**
Secondary Rental Market	Rented Private Condominiums (Apartments and Townhouses)	4,223[2]
	Secondary Suites and Coach Houses	2,600[3]
	Non-Market, Social Housing	2,165[4]
	Co-operative Housing Units	979
	Subtotal Secondary Rental Market	**9,967**
	Total Estimate of All Rental Housing Units	**13,339[5]**

Notes/Sources:

1. All numbers are estimates based on best data available.
2. Metro Vancouver Housing Data Book, updated to 2017.
3. Metro Vancouver Housing Data Book, updated to 2017 (note there is the potential for additional unrecorded units such as unauthorized suites).
4. Includes housing units owned/managed by BC Housing, Metro Vancouver Housing Corporation and other non-profit housing providers).
5. Due to different data sources and dates and the potential for unrecorded units, the total number of units does not fully correlate to the estimated number of renter households (18,910 in Richmond according to the 2016 Census).

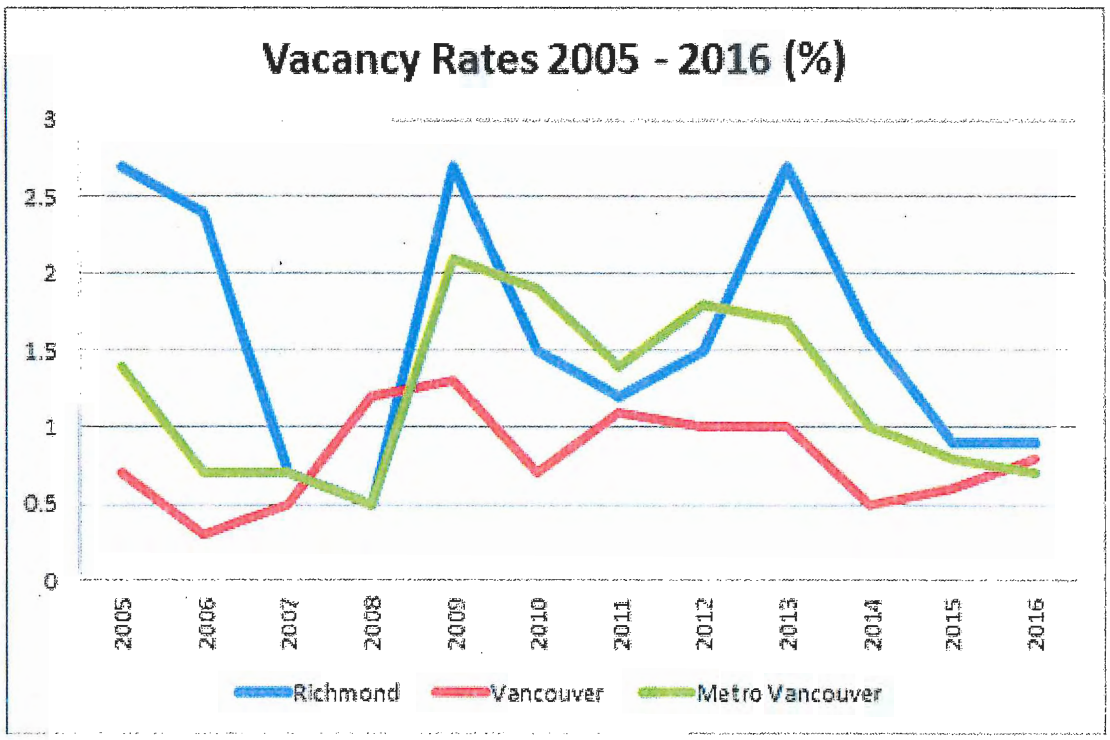
ATTACHMENT 6:
Indicators of Need for Market Rental Housing

Persistently Low Vacancy Rates

In 2016, the overall rental vacancy rate in Richmond was 0.9%. This is an average decrease of 25% in vacancy since 2011. (The vacancy rates for one bedroom apartments in 2016 was slightly higher at 1.4%.) According to the most recent CMHC Rental Market Report (Fall 2016), the average vacancy rate for purpose-built apartments in Canada was 3.7%, a rate that many housing professionals believe to be a healthy rental market.

Figure 1 provides a summary of how vacancy rates have changed in Richmond from 2007 to 2016 with comparisons to Vancouver and Metro Vancouver.

Figure 1: Vacancy Rates in Richmond, Vancouver and Metro Vancouver, 2007-2016



Increasing Average Rents

Between 2011 and 2016, the average rents for all sizes of purpose built rental units in Richmond have increased by 12.4%; the largest increase (24%) was for three bedroom units. Figure 2 displays the increase in rent for all unit types in Richmond from 2011 – 2016. The average rents, for all rented units in Richmond, are slightly lower than the Metro Vancouver average. However, rents throughout the region have been increasing at approximately the same rate since 2013. As rents may change any time, it is important to retain the existing rental housing stock and to increase the supply.

Figure 2: Richmond Monthly Average Market Rents, by Unit Type, 2011-2016

Richmond Monthly Average Market Rents, by Unit Type, 2011-2016				
Year	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +
2011	736	905	1,278	1,325
2012	749	947	1,365	1,417
2013	796	953	1,177	1,508
2014	808	994	1,198	1,327
2015	843	1,025	1,296	1,596
2016	901	1,083	1,353	1,644
% Change	**22.4**	**19.7**	**5.9**	**24**
Source: CMHC, 2011 – 2016 Rental Market Surveys				

The Growing Income Gap

In 2011[7], the median annual income in Richmond was as follows:

- $42,483 for renter households;
- $66,661 for owner households (57% higher than the median annual renter household income); and
- $60,479 for all Richmond households.[8]

While all household incomes increased between 2006 and 2011, renter household median incomes increased at a lower rate than other Richmond households:

- 9% increase in the median annual income of renter households between 2006 and 2011:
- 12% increase in the median annual income of owner households between 2006 and 2011; and
- 13% increase in the median annual income of all households between 2006 and 2011.

Despite having similar living costs, renters' incomes, on average in Richmond, are much lower than owners'.

Figure 3 identifies the minimum annual income needed by a Richmond household in order for the household to spend 30% or less of its annual income on an average priced rental unit.

[7] Metro Vancouver, based on 2011 Census.
[8] Median annual income for all Richmond households from the 2016 Census was $65,241. Income by tenure at the municipal level will not be available until approximately late2017.

Figure 3: Annual Income Necessary to Rent in Richmond, by Unit Type

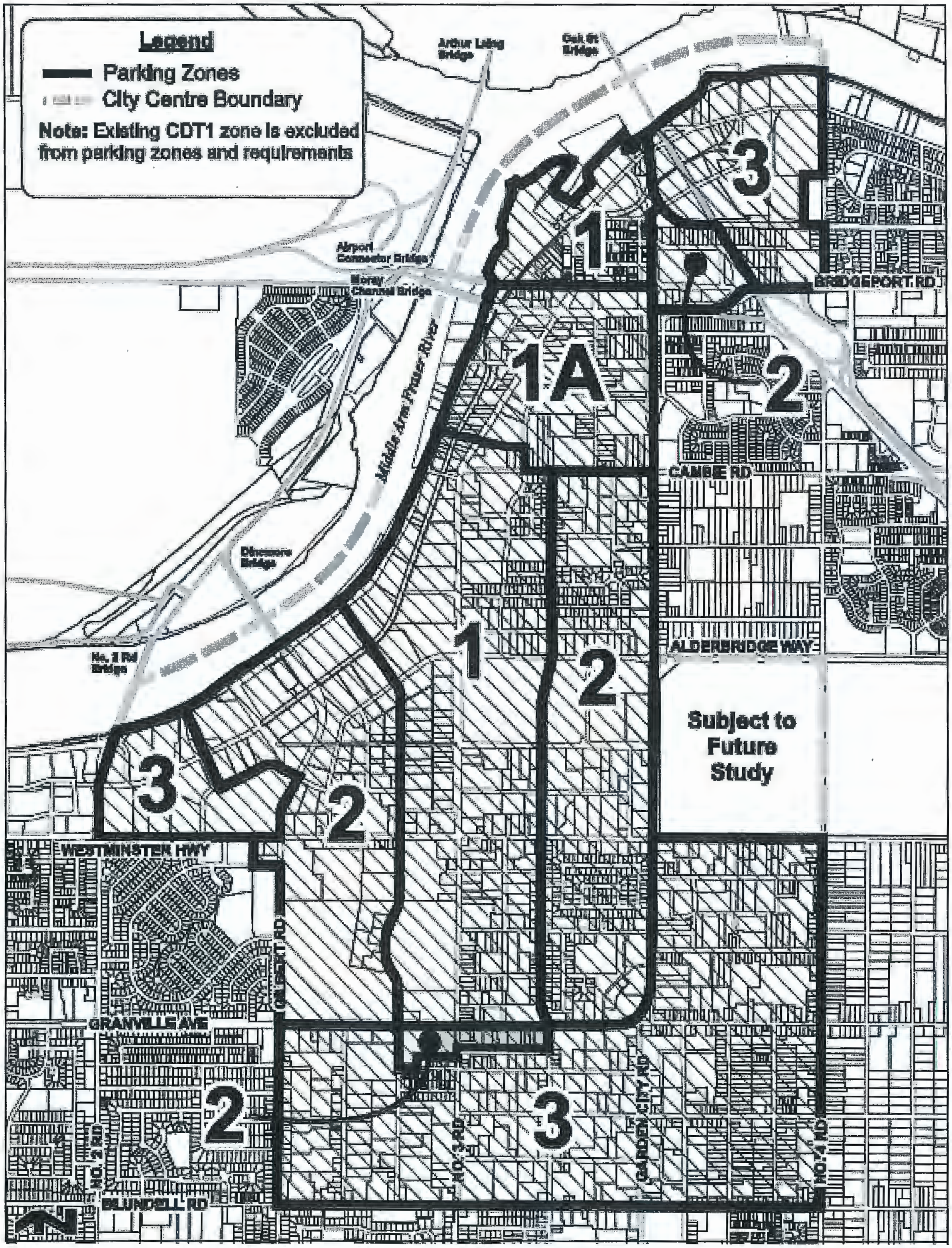
Annual Income Necessary to Rent in Richmond, by Unit Type				
Housing Type	3+ Bedroom	2 Bedroom	1 Bedroom	Bachelor
Average Monthly Rent	$1,644	$1,353	$1,083	$901
Annual Income Necessary to Rent with 30% Gross Debt Service Ratio (GDS) (GDS = annual housing costs/gross household income)	$65,760	$54,120	$43,320	$36,040
Source: Metro Vancouver, 2016. Housing Data Booklet & Community Social Development 2017				

To affordably rent an average one-bedroom in Richmond, households would need to earn $43,320 annually. Figure 4 highlights the top five occupations in Richmond (by number of employees) for individuals who live and rent in the city. Of these, only employees in professional, scientific & technical services appear to earn enough compensation to affordably rent a one bedroom apartment in Richmond (assuming 30% of annual income spent on shelter).

Figure 4: Top Occupations for Richmond Renter Households and Average Salaries

Top Occupations for Richmond Renter Households and Average Salaries		
Occupation	Number of Renter Households Employed	Average Individual Income
Restaurant and Hospitality	2,980	$21,655
Retail	1,985	$28,332
Professional, Scientific & Technical Services	1,575	$45,601
Healthcare & Social Services	1,515	$37,140
Transportation & Warehousing	1,445	$37,354
Source: BC Non-Profit Housing Authority (BCNPHA) Rental Housing Index, 2014		

ATTACHMENT 7:
City Centre Parking Zones



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ATTACHMENT 8:
Market Rental Scenarios and Proposed Policy Requirements and Incentives

Scenario	Proposed Policy Requirements and Incentives

1. Demolition and Replacement of Existing Market Rental Units and Rezoning to Allow Additional Market Rental Units	• Require site to be maintained for rental only
	• Require a Building Condition Assessment Report (to demonstrate need for demolition)
	• Require a Tenant Relocation Plan which would include:
	    o Consultation with tenants
	    o Right of First Refusal for existing tenants to move back in to new units
	    o Financial and relocation assistance for tenants residing longer than one year which would include 3 months' free rent or lump sum equivalent at the discretion of the tenant
	• Require 1:1 Replacement of existing units with:
	    o Same number of bedrooms and ground orientation (units may be different sizes)
	    o Low-End Market Rental (LEMR) rates (existing tenants do not have to meet income thresholds)
	    o Housing Agreement to secure Low-End Market Rental (LEMR) rates for replacement units
	• New (non-replacement) units:
	    o Require market rental tenure
	    o Require a minimum % of units to be family friendly (e.g., 2+BR)
	• Allow a maximum density bonus:
	    o 0.20 FAR for ground oriented townhouses and wood-frame apartments
	    o 0.25 FAR for concrete high-rise apartments
	    o Subject to locational requirements, DP compliance, consultation, etc. (see Figure 1 in report)
	• Utilize proposed new market rental parking rates (see Figure 3 in report)
	• Waive built affordable housing or cash-in-lieu requirements for new market rental units only
	• Waive public art and community planning contribution costs for market rental units only

2. Rezone to Build 100% New Market Rental (no existing market rental on site)	• **A: Density Bonus Incentive Approach**
	    o Allow a maximum density bonus:
	        ▪ 0.20 FAR for ground oriented townhouses and wood-frame apartments
	        ▪ 0.25 FAR for concrete high-rise apartments
	        ▪ Subject to locational requirements, demonstrated fit with neighbourhood, compliance with OCP land-use designations and DP guidelines applicable to the site, consultation, etc. (see Figure 1 in report)
	    o Require a Housing Agreement to secure rental tenure in perpetuity
	    o Require family friendly units (e.g. a minimum % of units to be 2+BR)
	    o Waive built affordable housing or cash-in-lieu requirements – No Low-End Market Rental (LEMR) requirement
	    o Waive public art and community planning contribution costs
	    o Utilize proposed new market rental parking rates (see Figure 3 in report)

Scenario	Proposed Policy Requirements and Incentives
3. Rezone to Build a Mix of Market Rental and Strata Units	• **A: Density Bonus Incentive Approach** o Allow a maximum 0.10 FAR density bonus - to be used solely for market rental units - for ground oriented townhouses, wood-frame apartments, concrete high-rise apartments o Subject to locational requirements, demonstrated fit with neighbourhood, compliance with OCP land-use designations and DP guidelines applicable to the site, consultation, etc. (see Figure 1 in report) o Maintain market rental units as a block (no separate sale) o Require a Housing Agreement to secure rental tenure in perpetuity o Require family friendly units (e.g. a minimum % of units to be 2+BR) for market rental units o Waive public art and community planning contribution costs for market rental units only o Waive built affordable housing or cash-in-lieu requirements for market rental units only – No Low-End Market Rental (LEMR) requirement for new market rental units o Utilize proposed new market rental parking rates for market rental only (See Figure 3 in report) • **B: Mandatory Requirement Approach** o Require a percentage of market rental units in all new residential developments (no additional density beyond current OCP provided): ▪ 15% market rental units in wood frame townhouses or apartments outside City Centre ▪ 10% market rental units in wood frame apartments in City Centre ▪ 5% market rental units in City Centre concrete high rises o Maintain market rental units as a block (no separate sale) o Require a Housing Agreement to secure rental tenure in perpetuity o Require family friendly units (e.g. a minimum % of units to be 2+BR) for market rental units o Waive public art and community planning contribution costs for market rental units only o Waive built affordable housing or cash-in-lieu requirements for market rental units only – No Low-End Market Rental (LEMR) requirement for new market rental units o Utilize proposed new market rental parking rates for market rental only (See Figure 3 in report) • **C: Hybrid Approach** o Require a percentage of market rental units in all new residential developments with an additional density bonus beyond current OCP (amount of bonus to be determined): ▪ 15% market rental units in wood frame townhouses or apartments outside City Centre ▪ 10% market rental units in wood frame apartments in City Centre ▪ 5% market rental units in City Centre concrete high rises o Maintain market rental units as a block (no separate sale) o Require a Housing Agreement to secure rental tenure in perpetuity o Require family friendly units (e.g. a minimum % of units to be 2+BR) for market rental units o Waive public art and community planning contribution costs for market rental units only

<table>
<tr><th>Scenario</th><th>Proposed Policy Requirements and Incentives</th></tr>
<tr><td></td><td>
o Waive built affordable housing or cash-in-lieu requirements for market rental units only – No Low-End Market Rental (LEMR) requirement for new market rental units
o Utilize proposed new market rental parking rates for market rental only (See Figure 3 in report)
</td></tr>
<tr><td>4. Secondary Suites in Townhouses or Apartments</td><td>
<u>Secondary Suites</u>
• A: Incentives Based Approach
o Establish a minimum secondary suite size of 25 m^2 in townhouses and 20m^2 in apartments
o Allow a maximum of 50% of townhouse or apartment units to contain secondary suites
o Where secondary suites are provided in an apartment building, consider lowering the family friendly requirements (e.g. allow a lower % of 2 BR and 3 BR units)- to be determined in consultation with the developer
o Parking:
▪ Townhouses: an additional parking space only required on Arterial Roads, <u>unless</u> the dwelling unit has two dedicated side-by-side (non-tandem) arranged parking spaces
o Parking:
▪ Apartments: an additional parking space only required outside City Centre on Arterial Roads, <u>unless</u> the dwelling unit has two dedicated (non-tandem) arranged parking spaces
o Waive affordable housing cash-in-lieu and built requirements for the secondary suite area only (Strata units would continue to be required to make affordable housing contributions)
o Waive public art and community planning contribution rates for the market rental suite area only
o Secondary suite may not be strata-titled

• B: Mandatory Approach
o Prescribe a minimum percentage of secondary suites required in all townhouses and apartments
o Require a minimum of 10% and a maximum of 50% of townhouse and apartment units to contain secondary suites
o Establish a minimum secondary suite size of 25 m^2 in townhouses and 20m^2 in apartments
o Where secondary suites are required in an apartment building, consider lowering the family friendly requirements (e.g. allow a lower % of 2 BR and 3 BR units)- to be determined in consultation with the developer
o Parking:
▪ Townhouses: an additional parking space only required on Arterial Roads, <u>unless</u> the dwelling unit has two dedicated side-by-side (non-tandem) arranged parking spaces
o Parking:
▪ Apartments: an additional parking space only required outside City Centre on Arterial Roads, <u>unless</u> the dwelling unit has two dedicated (non-tandem) arranged parking spaces
o Waive affordable housing cash-in-lieu and built requirements for the secondary suite area only (Strata units would continue to be required to make affordable housing contributions)
</td></tr>
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Scenario	Proposed Policy Requirements and Incentives
	○ Waive public art and community planning contribution rates for the market rental suite area only ○ Secondary suite may not be strata-titled
5. Strata Conversion of Market Rental Units	• Vacancy rates must be more than 4% and the number of affected units 4 or more • Written views of tenants required • Building Condition Assessment Report (building life expectancy, compliance with City bylaws, etc.) • Right of First Refusal for existing tenants to purchase strata units at a 5% discount to market prices • Financial and relocation assistance for tenants residing longer than one year • Provision of open space, landscaping, common facilities, off-street parking and loading spaces