



City of Richmond

Report to Committee

To: Planning Committee **Date:** August 8, 2023
From: John Hopkins **File:** 08-4045-00/Vol 01
 Director, Policy Planning
Re: Spires Road Rental Tenure Policy – One-Year Review

Staff Recommendation

That the staff report titled “Spires Road Rental Tenure Policy – One-Year Review” dated August 8, 2023, from the Director, Policy Planning be received for information.

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

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

Staff Report

Origin

On July 18, 2022, Council adopted amendments to the City Centre Area Plan for the Spires Road area. This report is in response to a July 18, 2022, staff recommendation:

That staff report back to Council regarding key findings related to the implementation of updates to the City Centre Area Plan for the Spires Road area after the policy provisions are in place for one year.

This report also responds to the following referral from the May 16, 2023, Planning Committee meeting:

That the materials titled “Spires Road Concerns” be referred to staff and report back with comments via staff memorandum.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

2.2 Develop and implement innovative and proactive solutions that encourage a range of housing options and prioritize affordability.

This report is also consistent with the City’s Affordable Housing Strategy 2017–2027, including:

Strategic Direction #1: Use regulatory tools to encourage a diverse range of housing types and tenures.

Findings of Fact

The City of Richmond has taken a leading role in securing rental housing and continues to collaborate with senior levels of government to address housing affordability and development of affordable housing options. In July 2022, City Council adopted amendments to the City Centre Area Plan (CCAP) for the Spires Road area. These amendments created new requirements for the provision of rental housing in the Spires Road area above the requirements of the City’s Affordable Housing Strategy and Market Rental Housing Policy. The Spires Road Rental Tenure Policy is illustrated in Attachment 1 and summarized as follows:

- Introduces a minimum 2.0 Floor Area Ratio (FAR) for the Spires Road area provided that:
 - the maximum residential strata is 1.2 FAR subject to the provisions of the City’s Affordable Housing Strategy and Market Rental Housing Policy; and

- the minimum rental housing secured is 0.8 FAR with the condition that at least 50 per cent is secured for Low-End Market Rental (LEMR) housing and the remainder is market rental housing, unless specified by Council to have a different mix of market rental and affordable rental geared towards specific income limits.
- Permits densities up to a maximum of 3.0 FAR provided that the density beyond 2.0 FAR is comprised of at least 50 per cent LEMR housing with the remainder as market rental housing unless specified by Council to have a different mix of market rental and affordable rental geared towards specific income limits.
- For projects that create 60 or less strata units, cash-in-lieu would be collected for the LEMR and market rental contribution. For projects that have more than 60 strata units, the standard 15 per cent LEMR floor area and 15 per cent market rental floor area would be required. This is in addition to the new minimum density required for LEMR and market rental housing.

The primary intention of the policy is to significantly increase the number of rental housing units within the Spires Road area by increasing the residential density. The policy permits a mix of building forms (low-, mid-, high-rise) in the Spires Road area, while facilitating a mix of strata units, market rental units and LEMR units. The Spires Road Rental Tenure Policy applies to the area shown on Attachment 2, which generally extends from Westminster Highway to Cook Road and from Garden City Road to Cooney Road.

The preparation of the Spires Road Rental Tenure Policy included a variety of technical and data inputs:

1. **Land Use and Density Analysis:** This was included as part of a report titled “Referral Response: Spires Road Area (City Centre Area Plan)” from the Director, Policy Planning, which was presented to the Planning Committee on October 20, 2021. The analysis examined the impacts of four density scenarios for the Spires Road area from the perspectives of neighbourhood character, the provision and capacity of utilities; as well as transportation considerations related to traffic flow, internal road capacity, access/egress to/from the area, parking and loading.
2. **Housing Needs Report:** Richmond’s Housing Needs Report, which was endorsed by Council in December 2021, monitors key trends related to housing in the community. The report identifies a strong demand for market rental, in particular affordable rental housing.
3. **Economic Feasibility Analysis:** An analysis prepared by an experienced land economist reviewed several density and tenure mixes in order to assess what is financially feasible in the Spires Road area. Along with density and tenure, the analysis considered construction methods (wood frame vs concrete) as well as land values. Under current economic conditions, the analysis found that low rise wood frame apartments had the most economic resiliency to absorb increased components of rental housing, whether that be market rental or LEMR housing.

4. **Public Consultation:** As part of the development of the policy, staff consulted property owners and residents in the Spires Road area. A complete summary of the consultation is provided in a report entitled “Referral Response: Spires Road Area Proposed Rental Tenure & Density Increases” from the Director, Policy Planning which was presented to Planning Committee on June 21, 2022. As noted in the report, through the consultation there was an understanding that rental and affordable housing will accompany higher densities; however, a few respondents cautioned about the overconcentration of one form of housing over another.

Analysis

The Spires Road Rental Tenure Policy was initiated as a pilot project, with the intention of significantly increasing the number of rental units within close proximity to the Richmond-Brighouse Canada Line station. The policy is also in line with the Province’s “Homes for People” housing plan, which includes increasing the number of new rental units near public transit.

Since the adoption of the policy, the City has received six inquiries and one rezoning application under the new policy. The rezoning application at 8620, 8640 & 8660 Spires Road (RZ 22-023633) is currently being evaluated and consists of a mix of market rental and LEMR units (approximately 84 units) in a six-storey building at a FAR of approximately 3.0.

Over the past year, staff have been in contact with one Spires Road area property owner expressing the concern that the policy change has impacted their ability to sell their property.

Key lessons learned from the implementation of the policy over the last year include:

1. *Rental Tenure Mix*

The Spires Road Rental Tenure Policy encourages a mix of strata, market rental and LEMR units, but also permits 100 per cent rental projects. Though the policy permits strata units up to a maximum of 1.2 FAR, this form of housing has not been included as part of the first application with the applicant choosing to exclusively focus on market rental and LEMR units. As a result, from a land economics standpoint, there may be more flexibility in the mix of tenure and income than initially anticipated, potentially allowing for a broad mix of tenures across the neighbourhood.

2. *Lot and Block Configuration*

The initial application is for a 6-storey wood frame apartment at a density of 3.0 FAR, currently under review for compliance with City guidelines. The challenge is being able to accommodate all of the permitted floor area for mid-rise housing typologies. As identified in the “Land Use and Density Analysis” noted above, the neighbourhood’s existing wide and shallow lot and block configuration presents challenges for this particular building form, including provision of private outdoor space, tree preservation, and accommodating family units, when compared to lower density housing forms.

3. *Parking*

The wide and shallow lot and block configuration throughout the area also presents challenges for the provision of on-site parking. Throughout Spires Road, on-site parking pressure will be reduced through the recently implemented Parking Requirement Reductions initiative. The initiative introduced parking reductions to improve the economic feasibility of rental housing developments for market rental units and/or LEMR units in a 100 per cent rental building or a mixed tenure strata development. Further parking reductions will continue to be reviewed on a site-specific basis.

4. *Impacts to Property Owners*

As noted above, the Spires Road Rental Tenure Policy was developed based on findings of an economic feasibility analysis and through public consultation with area residents and property owners. Since the adoption of the Spires Road Rental Tenure Policy, the housing market has been impacted by a number of factors including supply chain and labour constraints, as well as multiple Bank of Canada rate hikes, which have caused mortgage rates and prime rates to rise. Even with these impacts, the City has received an application and is continuing to receive inquiries in the area in response to the new policy. In addition, instream provisions for existing applications being processed under the previous policy supports those property owners by enabling them to proceed.

In summary, it is staff's opinion that the new policy approach employed in the Spires Road area has the potential to be successful over time and encourage the development of a significant number of rental units in the area. In addition, there is also potential to utilize a similar approach in other parts of the City, which will be reviewed through the ongoing OCP targeted update. Staff will continue to review best practices and work with property owners to assess the implementation of the Spires Road Rental Tenure Policy to identify any improvements to the policy, which would be brought forward for Council's consideration.

Provisions for Instream Applications

This section of the report responds to the May 16, 2023, Planning Committee referral, where concerns were expressed regarding a proposed townhouse development in the Spires Road area subject to the previous policy. The report entitled "Referral Response: Spires Road Area Proposed Rental Tenure & Density Increases" from the Director, Policy Planning, which was presented to Planning Committee on June 21, 2022, and brought forward the new Spires Road Rental Tenure Policy, included grandfathering provisions for instream applications as follows:

- For developments that received third reading prior to the adoption of the new policy, the developments would be subject to the former land use designation and sub-area guidelines at Development Permit stage;
 - Two townhouse projects received third reading prior to the adoption of the new policy and have Development Permits currently being processed (8951, 8971 Spires Road & 8991 Spires Gate (RZ 18-818420/DP 21-932383) & 8740, 8760, 8780 & 8800 Spires Road (RZ 19-870807/DP 22-013081)).

- For in-stream rezoning applications that did not receive third reading prior to adoption of the new policy, the associated developments were subject to the former land use designation and sub-area guidelines if the rezoning bylaw was granted first reading by Council within one year of Council adoption of policy, and final adoption and issuance of a Development Permit within one year of the associated Public Hearing.
 - One townhouse project received first reading within one year of the new policy adoption (8635, 8655, 8675 & 8695 Cook Crescent (RZ 22-012904)) and has one year from the associated Public Hearing (June 19, 2023) to receive final adoption/Development Permit issuance. The Development Permit is currently being processed (DP 23-024119).

The grandfathering period is now over and all new development applications would be subject to the new policy.


Financial Impact

None.

Conclusion

In response to Council’s referral, staff have undertaken a one-year review of the Spires Road Rental Tenure Policy. Since the adoption of the policy in July 2022, six inquiries and one rezoning application have been received by the City in response to the new policy. Staff will continue to work with property owners and residents to identify opportunities to ensure the successful implementation of the policy, including any lessons learned through the OCP update, as well as through other initiatives, such as the Parking Requirement Reduction initiative.

Staff recommend that Committee receives this report for information.

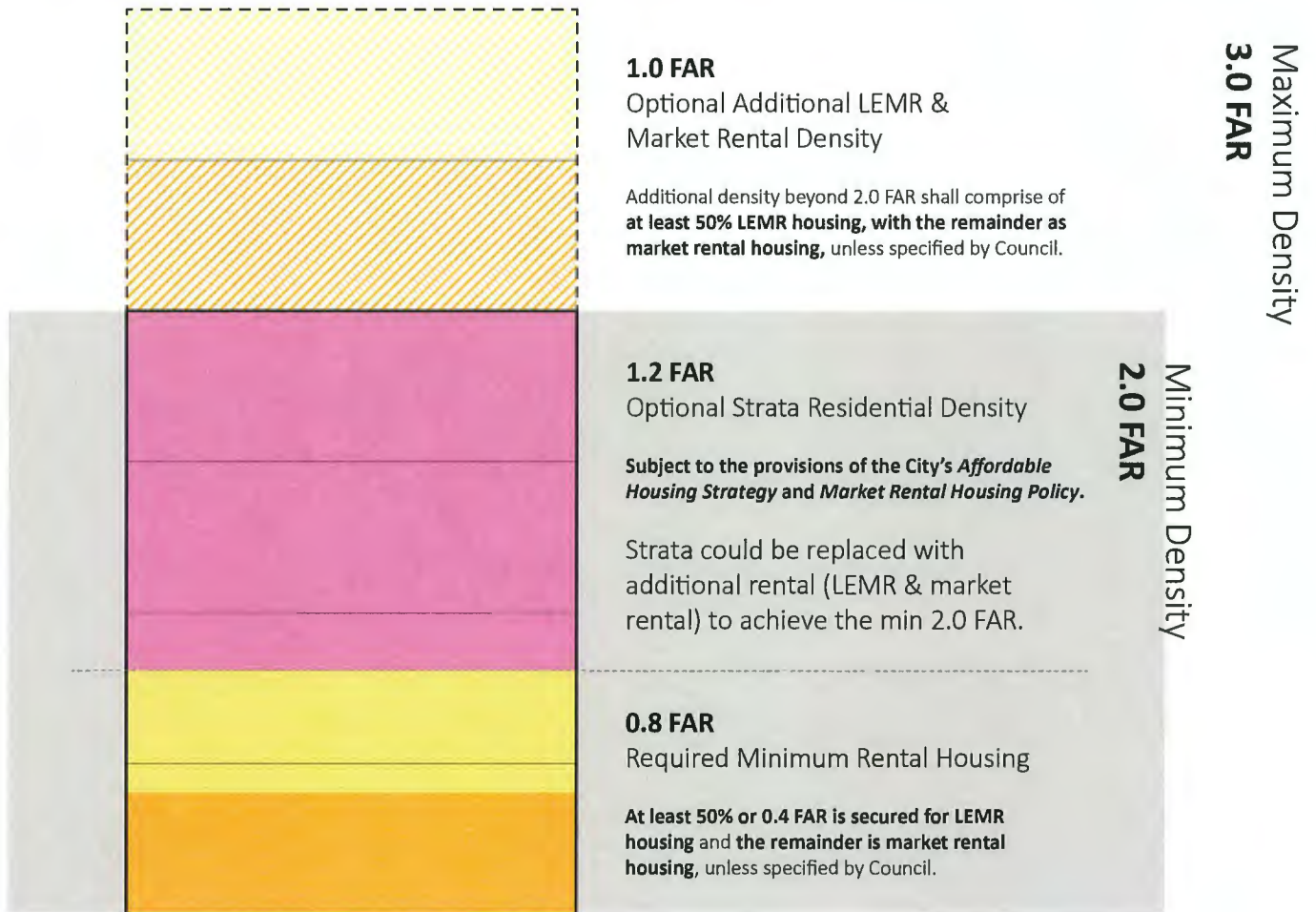


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- Att. 1: Spires Road Rental Tenure Policy Diagram
- 2: Spires Road Rental Tenure Policy Area Map

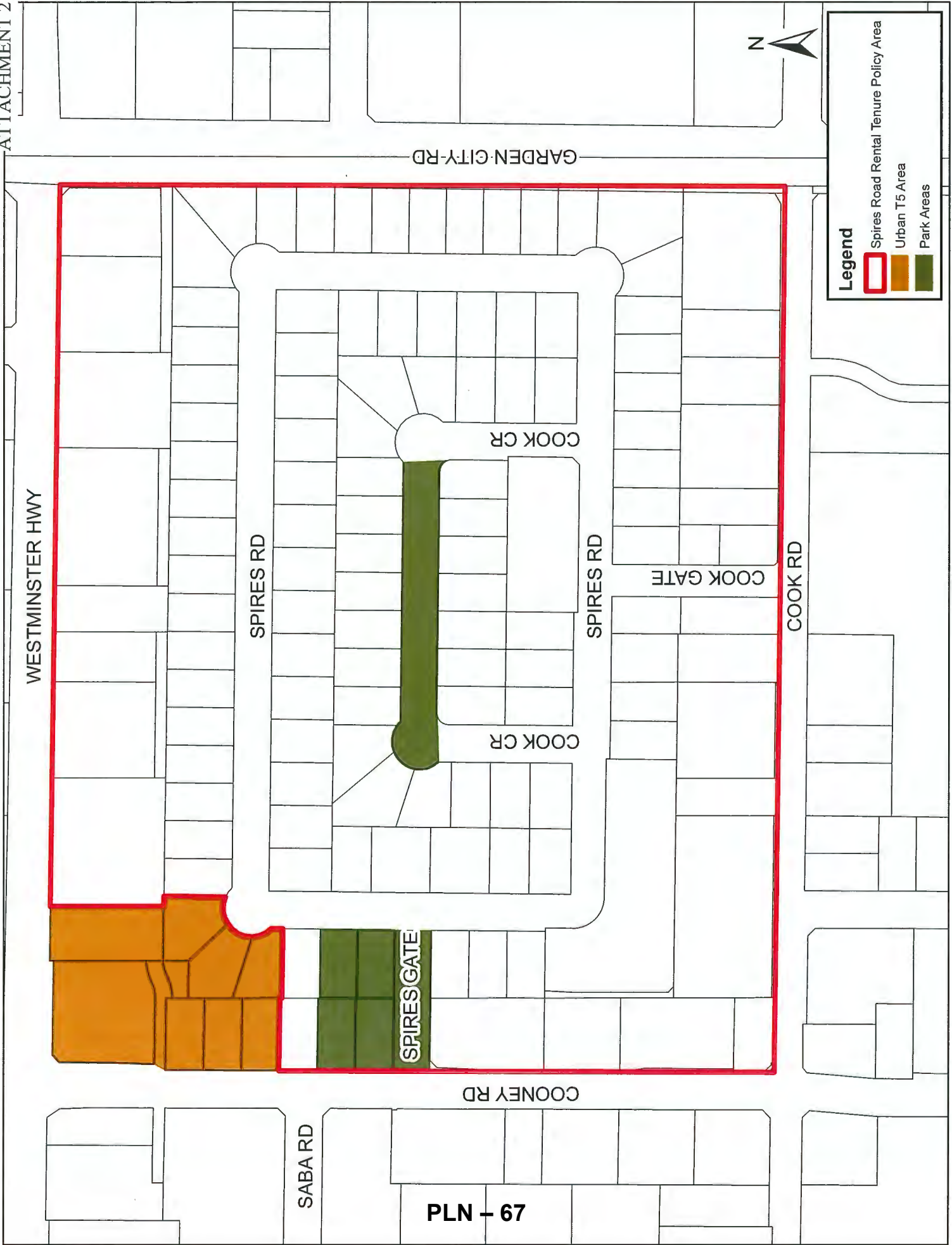
Spires Road Rental Tenure Policy Diagram





Legend

-  Spires Road Rental Tenure Policy Area
-  Urban T5 Area
-  Park Areas



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