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DISCUSSION:

Ministry staff have consulted with six local governments¹ and members of the development community since the rental zoning amendments were passed by the legislature (see Appendix A for a complete list of local governments and developers who have been consulted).

Key learnings from the discussions include the following (see Appendix B for additional points):

- s.13,s.16
Housing agreements are generally used to ensure purpose-built rental units remain in the rental pool – City of Vancouver also uses housing agreements to set out that purpose-built rental buildings must not be stratified in some areas.
s.13,s.16
- The importance of guidance materials was stressed so local government staff can better understand first steps required to implement the authority (e.g. how to define “residential rental tenure”) and how to use this authority with other tools, such as density bonuses, to achieve housing objectives. Staff from various communities are currently collaborating to determine how best to implement the new authority.
- Members of the development community indicated that the density of a building is important to ensure the financial viability of rental housing.

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instead recommend focusing at this time on providing support to local governments and monitoring the implementation of the rental zoning authority. The reasons for this change in direction further include the following:

- As the tool is very new to local governments, there is no shared perspective yet of what any significant issues are with respect to its use –

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¹ As of September 13, Ministry staff have had discussions with staff from Vancouver, Surrey, Victoria, Tofino, and Nelson.



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- There may be value in monitoring the interest of new councils/boards formed after the 2018 general local elections in using rental zoning authority, as priorities of new elected officials will be determined including how and when the new authority is used.

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FINANCIAL IMPLICATIONS:

- None

OPTIONS:

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1.

Pros:

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Cons:

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² The Ministry is working in collaboration with Metro Vancouver on a research study that will result in guidance related to implementing the rental zoning authority early in 2019



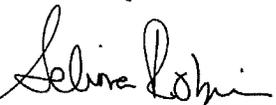
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RECOMMENDATION:

- s.13

APPROVED (recommended option) / NOT APPROVED


 Honourable Selina Robinson

September 18, 2018
 Date

Attachments: (2)

- A. Consultations with Local Governments and the Development Community
- B. Additional Take-Aways from Consultation

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 Local Government Division

Jacqueline Dawes, Deputy Minister

DATE APPROVED:

September 14, 2018

September 17, 2018



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APPENDIX A – Consultation with Local Governments and the Development Community

- Ministry staff have consulted with the following local governments (the date provided is the date of consultation):
 - District of Tofino (August 8, 2018)
 - City of Vancouver (August 9, 2018)
 - City of Surrey (August 9, 2018)
 - City of Victoria (August 29, 2018)
 - City of Nelson (September 7, 2018)

- Ministry staff have currently scheduled, or are in the process of arranging, consultation with the following local governments:
 - City of Kelowna
 - City of Prince George
 - Fraser Valley Regional District

- On August 9th, Ministry staff consulted with the Urban Development Institute (UDI). At the meeting, input was provided by representatives from a number of development companies and UDI staff as set out below.

Development Companies

- Reliance Properties
- Wesgroup
- Cressey Development
- Rize Alliance
- BrookPooni Associates
- Concert Properties
- Amacon

UDI Board/Staff

- Jon Stovell, Reliance Properties; UDI Board Chair
- Anne McMullin, UDI President and CEO
- Jeff Fisher, UDI Vice President and Senior Policy Advisor
- Marissa Chan-Kent, UDI Policy and Research Manager



APPENDIX B: Additional Take-Aways from Consultation

- Additional take-aways from consultation with local government staff:
 - Housing agreements and covenants are currently used to secure rental housing in buildings that are stratified. Some local governments and developers appear to be accustomed to using these tools to secure market rental housing (and affordable housing). While no concerns were identified with using the tool to secure market rental and affordable housing, some local governments did express some questions about how these agreements could be more effectively monitored and enforced.
 - Local government staff generally indicated that non-stratified units were preferable to secure rental housing, as one entity typically owns all the units and it is easier to ensure these units remain in the rental pool. For example, City of Vancouver staff indicated that developers need to enter into a housing agreement that requires the building not be stratified to receive incentives such as Development Cost Levy waivers and density bonuses. City of Vancouver staff also indicated the preference for buildings that are 100% purpose-built rental rather than 'mixed-tenure' buildings that include both stratified units and purpose-built rental units due to complexities associated with the latter approach.
- Additional take-aways from discussion with members of the development community include:
 - Members expressed some apprehension about how the new rental zoning authority housing will be implemented by local governments and potential effects on land values (e.g. down-zoning).
 - There were no specific concerns among the developers present about the requirement to enter into housing agreements or covenants (it was noted as "part of doing business").
 - Members noted that there are a variety of factors that affect the financial viability of building rental housing, including construction costs, interest rates, securing financing, and property tax assessments (e.g. if areas zoned for rental housing have the same tax assessment as areas not zoned for rental housing).
 - One developer noted his preference for building purpose-built rental housing because of comparatively favourable tax rates for rental properties versus stratified properties.