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June 19, 2018

Mayor Gregor Robertson and Council  
City of Vancouver  
453 West 12th Avenue  
Vancouver, BC V5Y 1V4

Dear Mayor and Council:

***Re: Affordable Housing Delivery and Financial Strategy***

On behalf of over 800 members that comprise all facets of the real estate development and planning industry, the Urban Development Institute (UDI) respectfully submits our comments on the City's *Affordable Housing Delivery and Financial Strategy*. UDI has been supportive of the City's *Housing Vancouver Strategy (HAS)* since its inception. Our industry recognizes the critical affordability challenges that Vancouver is facing as well as the opportunities we now have with the "... *alignment between all levels of government with the re-engagement of the Provincial and Federal governments to dedicate significant investments for social and supportive housing, as well as affordable rental housing.*"

The targets the City has are ambitious: \$5 billion of programs/policies to build 12,000 new social/supportive housing units over the next decade and 49% of which will be delivered through the proposed *Development Strategy*. Staff are correct that to be successful the City is going to need the support of its partners – the private sector, non-profit sector and senior governments. As staff note, senior government funding is critical if the City is going to achieve deeper affordability in the new units.

We appreciate staff's recognition that "*The development industry has demonstrated a willingness to work towards the Housing Vancouver targets, participating in the recent Moderate Income Rental Housing Pilot Program, which would see the development of new below-market rental units geared to moderate incomes between \$30,000 and \$80,000/year.*" Our members have and will continue to partner with the City in its efforts to deliver affordable housing.

Moving forward, there are significant increasing expectations of our members. The development industry's portion of the City's upcoming Capital Budget is increasing from one-third to over 50% due to the *Development Strategy* and other policies. Even more is expected of proponents developing large sites (those with total site size of 8,000 m<sup>2</sup> or more, or contain 45,000 m<sup>2</sup> or more of new development floor area). The 20% floor area inclusionary zoning requirement for affordable housing has

increased to 30% - "... including a minimum 20% social housing target and a 10% moderate income housing target ...".

With the new 20% social housing requirement, the City intends "...to secure the transfer of unencumbered dirt sites to the City to accommodate a minimum of 20% of the site's residential floor space as social housing." In practice, this may be very difficult or impossible for some projects – especially tall tower sites that are small in area. **Staff have recognized this and introduced an alternative path in which developers can provide turn-key social housing units to the City through Air Space Parcels. We support this option. Some developers may also be willing to transfer a site in their land portfolio to the City. This is another option that we suggest staff allow when circumstances warrant it.**

In addition, there is a wide diversity of sites and owners in the City of Vancouver, and as such, flexibility is needed in the application of this policy. For example, some developers may be interested in retaining ownership of social/supportive housing through *Housing Agreements*, which protect the City's interest in increasing the affordable housing stock in Vancouver. We urge the City to be open to alternatives to transferring dirt sites. In the past, the City has secured sites without funding solutions, which left several vacant parcels for years.

Another significant issue may be the financial viability for some projects. Large sites are not just facing these new affordable housing requirements. Changes are also being made to the sustainability requirements for large sites; and Community Benefit Agreements will have to be signed imminently. This is on top of recently increased Metro Vancouver Development Cost Charges (DCCs), a new TransLink DCC, new provincial taxes on development lands, substantial increases in the City's Community Amenity Contributions (CACs), and 60% increases in Development Cost Levies. For reasons of allowing for multiple opportunities to deliver social/supportive housing and to ensure projects remain viable, flexibility will be required as the new policy is implemented; therefore, **UDI strongly supports the following language in the staff Report:**

***"However, the diversity of sites, levels of complexity, existing uses and context, and diversity of site owners/proponents necessitates a degree of flexibility in the application of the policy. As such, the General Manager of Planning, Urban Design and Sustainability may recommend alternative approaches to Council when there is clear rationale in the context of the project and it has been determined that an alternate approach would contribute to the goals outlined in this Strategy."***

Staff may have to look at reducing requirements, off-setting the CACs or increasing the densities of certain projects. Flexibility in design considerations would also be helpful. For example, UDI is pleased with the proposal to consider in-board bedrooms in the Northeast False Creek Plan. We hope this can be applied to other projects throughout the City.

Another potential point of concern is the applicability of the new policy on approved Area Plans and Policy Statements for Large Sites. It's difficult to adjust for new unexpected costs when land is already purchased, which may lead to projects being deferred or cancelled.

In addition to the flexibility noted above, **UDI requests that approved Policy Statements for Large Sites and for projects with an accepted Letter of Enquiry by City staff be grandfathered from the new policy.** By these stages, proponents have extensively worked with staff on the details of their projects. The fee structure the City has introduced now reflects this, as fees at these stages of the development review process have substantially increased.

The cost of processing delays is an issue UDI continues to raise with local governments, so we are pleased that this is recognized by staff and others: *"Consultation with the non-profit sector, the Provincial Government, and other partners has identified long review processes as adding significantly to the challenges and cost of delivering affordable housing projects."*

Staff note steps that have been taken and will be employed to improve the processing times of affordable housing projects. **We recommend these same development review processing initiatives and improvements apply to all projects** – especially with the substantial increases in development review fees to fund additional staff that our industry has willingly accepted over the past few years. There is also a practical reason to improve the processing times for other projects. Under the City's new approach, almost all of them will be directly or indirectly delivering affordable housing to Vancouverites.

Beyond the *Development Strategy* for Social/Supportive Housing, staff are also making recommendations to increase the amount of rental housing. **UDI supports the recommendation to "Amend Commercial Zoning Districts (C-2, C-2B, C-2C, and C-2C1) to include density bonus provisions for rental housing;"** although more discussion is needed regarding the potential Passive House requirements. As noted in the staff Report, the density bonusing provisions will significantly reduce the processing times of these projects.

**UDI is also supportive of staff's recommendation to "Amend the Affordable Housing Choices Policy to continue accepting rezoning enquiries beyond the 20 projects originally anticipated in the Policy."** The success of this program is illustrated by the fact that there are already 36 projects either approved, in process or at the enquiry stage. We are also supportive of *"Allowing four storey apartments to be considered on sites within approximately 100 metres (i.e. 1 ½ blocks) off an arterial street,"* as more growth is needed in the single-family home areas which represent 65% of the residential areas of Vancouver. On a related policy initiative, we also look forward to working with staff and local neighbourhoods over the next 12 to 18 months on the *Making Room Housing Program*, which we hope will further enhance affordable housing opportunities in single-family areas.

Our members also appreciate staff's assessment that the *"Viability of rental projects could be further enhanced through implementation of GST waivers for rental housing at the national level."* **UDI would be pleased to work with Vancouver and other municipalities to encourage the Federal Government to meet its campaign commitment regarding GST waivers.**

Finally, **we are also pleased to see that staff have included an extensive monitoring and reporting framework.** The *Housing Vancouver Annual Progress Report and Data Book 2018* includes the detailed information needed for this work. Transparency is important to ensure that strategies and policies are working, and to

make adjustments if needed. This is especially important if economic circumstances change.

UDI continues to support the City's efforts to deliver on its *Housing Vancouver Strategy* commitments. We look forward to working with staff, Council, senior governments, neighbourhoods and other stakeholders as these policies are developed and implemented over the next few years.

Yours sincerely,



Anne McMullin  
President & CEO

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