



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

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

April 3, 2019

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

Dear Mayor and Council:

Re: Motion on B.6 – Re-conceptualizing the City’s Rental 100 Program

The Urban Development Institute (UDI) respectfully provides its comments on the *Motion B.6 – Re-conceptualizing the City’s Rental 100 Program* being discussed today.

We are very supportive of the City’s efforts to increase the amount of rental housing units throughout the City. The Rental 100 Program (and the previous STIR Program) have been successful in delivering those much-needed units. As noted in the City’s Annual Progress Report and Data Book released yesterday as a part of the Housing Vancouver Strategy, *“In the last 10 years, the City of Vancouver has completed 4,206 rental units with an additional 5,036 units approved and or under construction.”* This is more than the previous three decades combined.

However, we recognize from the Housing Vancouver Strategy presentation that certain demographics and housing types have been challenging to meet targets – specifically purpose-built rentals for households earning between \$30,000 - \$80,000 per year. It is our understanding that a comprehensive staff review of the Rental 100 Program is to begin shortly, with a key objective to explore how deeper levels of affordability can be achieved, especially for lower income households. We support the City’s efforts in this, as well as the Moderate Income Rental Housing Pilot Program currently underway.

As reflected in the presentation, the construction of purpose-built market rental has increased significantly in response to the City’s recent efforts. Without question, this is largely due to the incentives provided by the City. Therefore, in order to achieve more affordability in purpose-built rental projects, bolstering the suite of incentives will be critical to future success. As noted by staff, providing additional density is often the best approach to deepening affordability.

We have significant concerns with the proposed motion, specifically Section C.: *“THAT Council instruct the Director of Legal Services to bring forward for enactment an amendment to the Vancouver Development Cost Levy By-law and the Area Specific Development Cost Levy By-law that would suspend, as soon as possible, the development cost levy waiver for for-profit rental housing until a thorough review of the Rental 100 Program can be undertaken.”*

As noted above, the Rental 100 Program review will begin soon, and we understand the work will be completed by Q4 2019. By pre-empting staff's policy report, Council is taking on an immense risk by halting many much-needed rental housing projects for the rest of year; a rash move in a time when the City's vacancy rate continues to be less than 1%. Despite the success of the Rental 100 Program, the City has only achieved 52% towards the annual purpose-built rental targets and 9% of the 10-year targets.

Hastily suspending the Rental 100 Program would also send the signal that the City does not have a stable regulatory framework for new rental housing which could have longer-term negative effects. Rental housing builders require stability because of the long-time horizons of their investments.

It is important to note that the Development Cost Levy (DCL) waiver is being characterized as "subsidy" to builders. This is incorrect. In fact, the DCL waiver is a reduction in fees in exchange for a valuable rental covenant on title that limits initial rents to 10% below CMHC levels. Without the DCL waiver for purpose-built rental housing, these types of projects would be financially unviable. This important affordability measure can be enhanced and extended through additional incentives. This should be part of the staff's review of the Rental 100 Program.

We find ourselves in an increasingly difficult environment to build purpose-built rental housing. There have been material changes made to the Residential Tenancy Act as well, land costs are still high and construction costs continue to increase. A recent [Report](#) issued by Metro Vancouver demonstrates that even in cases where the land is free, builders cannot deliver rental units for households earning less than \$75,000. It will take collaboration and partnership to overcome this hurdle.

We support the City's efforts to review and further enhance the Rental 100 Program to achieve deeper levels of affordability for purpose-built rental units. However, UDI respectfully cautions against Council suspending the program that has worked so well. We instead recommend that the underlying elements of this motion be incorporated in staff review of the Rental 100 Program.

Yours sincerely,



Anne McMullin
President & CEO