



URBAN DEVELOPMENT INSTITUTE – PACIFIC REGION

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June 10, 2019

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

Dear Mayor and Council:

***Re: Actions to Increase Renter Protection and Amendments to the
Tenant Relocation and Protection Policy***

On behalf of the Urban Development Institute's (UDI's) more than 850 members, we respectfully provide our comments on the staff Report regarding *Actions to Increase Renter Protection and Amendments to the Tenant Relocation and Protection Policy*. We appreciate staff's efforts to involve UDI, tenants, property owners and other stakeholders throughout the process, and are generally supportive of the proposals. However, we have some substantive concerns regarding the lack of grandfathering for instream applications and the timing of when the requirements in the proposed policy are initiated. We also ask Council to consider this aggressive proposal in the context of a dramatically shifting provincial policy and regulatory environment that is already harming the viability of new purpose-built rental housing.

We understand that displacement as a result of new housing projects can be extremely difficult for tenants, especially long-term tenants, and we commend Council and staff for their work on this important policy.

As noted in staff's Report, much of the City's rental stock "... is aging - with over 80 per cent of Vancouver's rental stock constructed prior to 1980, prior to modern seismic, energy, and safety code requirements." Many of these units may no longer be meeting the expectations of tenants and will eventually need to be replaced. This is a growing challenge we face together.

In addition, the City has ambitious housing targets. The *Housing Vancouver Strategy* calls for the construction of 72,000 new housing units in a variety of forms and tenures for households of all incomes over the next decade. Vancouver is already built out, so all of these units will be in infill projects in a City with limited land resources and many land use restrictions on housing. No housing is allowed on industrial lands as well as several commercial areas, and there are few sites in single-family home neighbourhoods (over 50% of the landmass of the City) where new purpose built rental apartment buildings can be built. As staff recognize in the Report, some of the new rental housing will need to be built on sites with smaller and older rental buildings causing the inadvertent displacement of current tenants.

We recognize the difficulties households face when they have to move from their homes, and are faced with a very challenging rental market. With the proposed changes, it will make the protections and compensation offered to renters the most

generous and broadly applied by a municipality in Canada. This is why UDI supports aspects of the Tenant Relocation and Protection Policy, specifically:

- The proposals to improve communication and engagement between proponents, tenants and the City with information being provided earlier in the process and staff participating in the mandatory meetings between applicants and renters;
- The focus on protections for low-income and vulnerable tenants;
- The proposed substantial increase in compensation for tenants;
- The proposal to compensate tenants for their moving expenses; and
- The proposed stipend for special circumstances.

We also agree with staff about the need to maintain the current provision regarding the right of first refusal. Our members are already having difficulty obtaining financing for projects because of the uncertainties associated with the current requirements and discount levels. If the right of first refusal was changed, there would be even less clarity on the ultimate discount to market rents a project would receive. This is especially concerning as proponents would not be able to estimate these revenues until as late as building occupancy. To manage this increased risk, financial institutions lending to proponents will assume much lower revenues for new rental projects, which will make projects unviable.

Staff note in the Report that the City of Burnaby is currently working on a similar policy for tenant displacement. They are mandating that displaced tenants be able to return at rents similar to what they paid prior to redevelopment. However, at the same time, Burnaby is proposing to offer increases in floor area (including strata density) to offset the costs to builders. Under the City of Burnaby's new policy, the ability of tenants to return to developed or substantially renovated buildings at below market rents is subject to income testing. As not all tenants face the same need for continued access to below market rent, this policy allows assistance to be better allocated based on need. Despite these added measures, it is not yet clear if many projects will be able to proceed once the policy is implemented.

In the Report, staff propose that the *TRP* be extended to include "... *projects involving consolidation of two or more lots that contain existing secondary rental where the new development is proposing five or more dwelling units.*" However, if this is implemented, it is critical that the proposed exclusion to the policy also be approved. The City has a desire to keep these units rented during the approval process, but without the exclusion, the policy has the potential of creating a catch-22. If the units are rented to new tenants, our members may be required to provide further compensation under the *TRP* because of the lengthy period of time to assemble sites and receive approvals. If they do not rent the units in the interim period, the Empty Homes Tax and Speculation and Vacancy Tax would apply.

When renting units during a redevelopment application process our members ensure that new tenants understand that they are renting on a development site. As a best practice, many ask that tenants sign declarations that they understand the temporary nature of the units they are renting.

Our members are dedicated to providing more housing options in the City of Vancouver, including purpose-built rental homes. The applications that they submit to the City are substantive and require a great deal of time and resources to assemble. The Letter of Enquiry process alone may cost up to hundreds of thousands

of dollars in fees to the City and consultants. Despite the long and costly process, these applications are submitted with the goal of providing new and modern rental homes for decades to come.

There are elements of the proposed *TRP* that are very concerning to our members. The most significant is the lack of grandfathering for instream applications. Staff argue in the Report that the increased costs of the new policy over time will not affect the viability of projects because land prices for older rental buildings will be lowered to reflect the added costs. Our members would disagree with this assessment and it would not be the case for proponents who have already purchased properties and advanced proposals based on the City's current *TRP*. We respectfully request that the City consider either grandfathering provisions when proponents have already begun the development application process, or consider offsets (e.g. reduced Community Amenity Contributions or increases in floor area) to mitigate the unanticipated cost increases for these projects.

Our members are also concerned that the financial requirements in the *TRP* come into effect at the time of application – years before projects may be approved. By now requiring projects to pay tenants to leave in advance of Council consideration of the project, they are signalling to tenants and the community that approval of the project is an eventuality- which is not necessarily the case. This adds tremendous risks to projects because substantial compensation will be paid to tenants before Council has had the opportunity to review a project. We instead request that the financial requirements under the policy instead apply at Rezoning Enactment to avoid the presumption of Council's decision on a project and potential unintended consequences.

Our members have also raised concerns regarding the proposed amendments to the License By-law. With such broad and sweeping provisions, additional clarification will be required on the specific types of Residential Tenancy Branch documents that would need to be provided. Our members have cited concerns regarding privacy for license holders as well as individuals, named within the documents.

Finally, in the Report several requests to the Province to increase the City's powers under the Vancouver Charter are recommended. For example, requesting the authority from the Province to ask for information regarding the scope of work for renovations. We ask that there be consultation with UDI and its members regarding how these powers would be used before they are implemented. For example, it is not clear what documentation would be required by the City regarding the scope of work of renovations.

We thank staff again for consulting with our members as well as tenants and stakeholders. UDI is generally supportive of the recommendations in the Report, but we ask that City develop a fair approach for instream applications and delaying the timing of some requirements in the *TRP* until Rezoning Enactment. We look forward to further discussions with the City on this and future housing initiatives.

Yours sincerely,



Anne McMullin
President & CEO