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November 28, 2017

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

Dear Mayor and Council:

***Re: Housing Vancouver Strategy and 3-Year Action Plan***

On behalf of the members of the Urban Development Institute (UDI), we respectfully submit our comments regarding the *Housing Vancouver Strategy (2018 - 2027) and 3-Year Action Plan (2018 - 2020)*; and, in particular the proposed *Moderate Income Rental Housing Pilot Program*, which we strongly support.

Our members are well aware of the importance of housing affordability to Vancouverites as well as British Columbians. UDI is eager to be a part of the solution. Staff are correct; “... *there is no silver bullet that will solve Vancouver’s housing crisis.*” The City, senior governments, stakeholders, academia, local communities and the private sector are going to need to work together to solve what has been a protracted problem, with a number of complex factors, from increasing immigration (with [Federal plans to increase this by 13% by 2020](#)), restrictive zoning, to permitting delays and opposition to change.

- *Overall, the Metro Vancouver population is forecast to expand by ~65,000 each year until 2021, double the five year regional average growth rate from 2011-2016, with seniors and younger generations driving a significant proportion of population gains.* (Pg. 7, Vancouver Housing Strategy)

**PILOT PROGRAM A POSITIVE STEP FORWARD**

Staff are asking Council to endorse the *Pilot Program*; and, we concur that it should move forward as quickly as possible. The pilot result will provide key information for the City, the community and our industry regarding the different types of projects we need to improve affordability in Vancouver; the needed incentives for them; and ways to improve processing times for all project types in the future.

As with the approach to rental housing in the Oakridge Municipal Town Centre, the City is expecting much from proponents who participate in the *Pilot Program*; 100% rental housing with 20% or more units “... *with deeper levels of affordability secured in perpetuity.*” Furthermore, the City is also proposing several incentives, including: Development Cost Levy waivers, parking reductions, design relaxations, e.g. inboard bedrooms and micro-

suites, financial supports, and most importantly increases in density. As a result, there is significant interest amongst our membership to participate in the *Program*. We look forward to working with staff as it is implemented.

There are also many other positive elements in the *Strategy* and *Action Plan*. The commitment the City has made and continues to make in improving processing times is important to the development industry and key to the City for increasing the supply of units. Council has agreed to hire more staff; a step which UDI supports – even though it comes with fee increases for developers.

## **REGULATORY REVIEW-REDUCING RED TAPE A KEY CHALLENGE**

More importantly, staff are recommending a Regulatory Review. The City has a myriad of regulations – many of which conflict – others which are longer Council priorities. There have been numerous instances in which staff do not know how to prioritize policies and objectives, which results in delays, higher costs and less supply. We hope the Review will resolve many of these issues for all projects. The City has already taken several positive steps to reduce processing times by starting to utilize pre-zoning and district schedules, so lengthy rezonings can be avoided on sites where significant planning and community consultation has already occurred.

The City is also identifying growth areas to increase supply. We are pleased that staff are recommending several new Area Plans – all near rapid transit infrastructure – the places where much of the City’s growth should occur. UDI has long advocated that single-family home areas (85% of all residential land in Metro) should also accommodate some of the growth our Region is facing. This too is being addressed in the *Housing Vancouver Strategy*, which is a positive step forward. We hope the *City Core 2050*, noted in the *Strategy*, is a signal that the City is considering increasing the supply of housing in the Core area.

UDI is also strongly in favour of the steps the City and the Province are taking with regard to modular housing. Not only will the \$291 million worth of investments assist in housing those in need, we would like to leverage those investments to enhance the pre-fabrication industry in Vancouver as an approach to increase the industry’s construction capacity.

## **INCENTIVES AND PARTNERSHIPS WITH INDUSTRY TO INCREASE AFFORDABLE AND RENTAL HOMES**

Staff are proposing a substantial increase in the supply of units (to 72,000 over the next 10 years). To ensure that what is being developed is the “right supply”, staff have provided numerous sub-targets (e.g. 12,000 social/supportive housing units, half of the units serving households earning less than \$80,000/year, and 40% of the units for families, including “freehold” townhomes and row-homes in single-family areas). These are ambitious and positive goals that will help deliver the housing Vancouverites need; and, our members are prepared to partner with the City to achieve its housing affordability goals. To do so, we will need the types of incentives identified in the *Moderate Income Rental Housing Pilot Program* and the Oakridge Municipal Town Centre. We would like to discuss this further with staff as the station area plans proceed and the *Rental 100 Program* and the *Sustainable Large Sites Policy* are reviewed.

One area that the City should explore is offering property tax exemptions/reductions for new purpose-built rental housing projects – or for the more affordable units in those projects. This was cited by panelists at a recent UDI Breakfast on rental housing as an approach likely to attract investors to these projects. We understand from staff that this may require a *Vancouver Charter* amendment. However, such a discussion with the Province may lead them to consider exemptions/reductions for the school portion of the property tax.

To achieve its goals, the City will also need the support of Federal and Provincial governments (especially for housing that requires deeper and ongoing subsidies). We are pleased that the City is aligning its *Strategy* with the *National Housing Strategy* and Provincial policies as well as advocating for more investments, better programs and more funding from senior governments. In fact, the City has been going one step further and leveraging its own land for affordable housing projects to attract government funding.

The City may wish to consider opportunities in which our members could joint venture with non-profits, First Nations and Co-ops to fully leverage underutilized sites to increase the supply of affordable housing units.

We also support the City providing more clarity with regard to their expectations for community plans. It was the lack of clarity in the original Cambie Corridor Plan, which led to delays in development. UDI has always advocated for a transparent regulatory framework for our members to conduct their business. We have already shared with our membership a recent City letter in which Mayor Gregor Robertson cautions against paying inflated land values along transit corridors. Having stated this, many sites along the Broadway Corridor (including by public sector entities) have been purchased, so the City needs to proceed in a way that does not freeze development. Further consultation with the industry will be critical.

UDI is also supportive of the City's proposals regarding the "*Rate of Change*" Policy to "*Explore strategic opportunities to redevelop purpose-built rental housing in order to increase rental supply, while protecting affordability.*" The City would benefit with an increase in the number of rental and affordable units through redevelopment of underutilized sites (as long as tenants are treated fairly). In many cases this would be preferable to investing substantial dollars in seismic, energy efficiency, accessibility, maintenance upgrades for older low density buildings in transit areas – especially since these types of upgrades would make sustaining affordability challenging.

## **FURTHER CONSULTATION WITH INDUSTRY BEFORE REGULATORY/TAXATION CHANGE**

The City is also potentially seeking several amendments to the *Vancouver Charter* for enhanced powers in a number of areas, including for Rental-Only Zoning, the Affordable Homeownership Program and Community Benefit Agreements. UDI is not opposed to these initiatives, but they could have substantial implications for our members and unintended consequences. We need to be part of consultations as these initiatives to move forward – especially since some of these approaches may be of interest to other local governments throughout the Province.

Numerous regulatory proposals are made in the *Strategy*; including potential changes to the *Residential Tenancy Act (RTA)*, taxation policy at all levels of government, and pre-sales requirements. Again, these issues can be explored, but we would like to be involved in any future discussions regarding regulatory and taxation changes to our industry.

The City and its government partners need to be cautious in how they regulate the industry for several reasons. We want to ensure that unintended consequences are avoided, such as what happened with the recent restrictions on fixed-term tenancies, an Action under the *3-Year Action Plan*, which was recently adopted by the Province. It is now more difficult for developers to rent out vacated houses/units on a temporary basis while they wait for permits for their redevelopment projects. Keeping these houses/units occupied is something both the City and the industry desire in areas such as the Cambie Corridor. In fact, if the units are not rented during the permitting process, the Empty Homes Tax must be paid.

Drastically increasing new requirements would also undermine the City's goals to improve processing times. It is, in part, why a Regulatory Review is occurring; reducing red tape. New requirements result in the need for additional steps and oversight, along with time for staff to be oriented. They can also result in policy conflicts such as those noted above for fixed-term tenancies.

The City is also seeking substantial increases in the number of purpose-built rental projects being built in Vancouver. A stable regulatory environment will be key to attracting investment to rental projects. We are at a unique time for purpose built rental development. Interest and vacancy rates are low; many institutional investors are seeking opportunities; and, municipalities, such as Vancouver, are introducing rental incentive programs. However, unlike strata projects, rental investors have much longer time horizons – decades instead of just a few years. They have to be comfortable that the regulatory/government framework is steady and policies will not be introduced at a later date that will substantially undermine their investments.

Finally, we are very pleased that the City is incorporating a monitoring program with Annual Progress Reports. With 100 proposed Actions, it is likely that many will have to be modified and improved over the next decade. This self-assessment process will be critical to the success of the *Strategy*.

In conclusion, UDI is supportive of the direction the City is taking with the *Housing Vancouver Strategy and 3-Year Action Plan*. We are especially pleased with the proposed *Pilot Program* and recommend that Council approve it. UDI also asks to be consulted as key

Actions from *Strategy* that impact our membership are developed and then implemented. We look forward to working with the City and others to improve the affordability of Vancouver's housing supply.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a large, stylized initial 'A'.

Anne McMullin  
President & CEO

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