British Columbia is one of the finest places in the world to live, but beneath the beauty, this province has a problem – a severe shortage of affordable homes. The affordable housing crisis is a widespread problem that is felt in many communities across BC but is most acute in fast-growing Metro Vancouver.

The search for solutions has resulted in new taxes, financial reforms and policy measures that have had various levels of effectiveness. Residential Rental Tenure Zoning (RRTZ), was introduced in 2018 by the Provincial Government, however its origins began quietly over a decade earlier with a brief municipal resolution, requesting that municipalities be granted the ability to zone for residential tenure. This prospect was not formally raised again until the Union of BC Municipalities (UBCM) published its housing strategy and recommendations in January 2018 some of which were adopted by the Province the same year.

The new zoning tool is unprecedented in North America and allows municipalities to zone buildings, sites and areas of communities as exclusively rental tenure. The goal is laudable: To protect rental units, increase housing choice and improve affordability for British Columbians. While well intentioned, its flawed implementation may inflict more harm on the very people it is intended to help.
Unfortunately, with little guidance or impact research from provincial policymakers, the new zoning legislation has been interpreted by some municipalities in ways that have devalued properties by millions of dollars, reduced incentives to create new homes and infringed on property rights without consultation to landowners. Contrary to much of the perception by elected officials, RRTZ alone will neither provide affordable rental homes for future tenants nor prevent displacement and renovictions.

To date, Residential Rental Tenure Zoning has had a largely negative impact on rental housing providers and has not sparked an increased supply of rental homes. The report, Making Rental a Reality, discusses the concerns that RRTZ could be used to restrict housing options by:

- **Ignoring the growing rental deficit in BC.** This new zoning designation will not create new homes unless it is combined with a substantial increase in density. If a property is more valuable to an owner in its present state than it would be if redeveloped, the rental suites will continue in their present state and not be renewed or increased. In effect, this zoning designation may freeze the properties and trigger future deterioration until the land market adjusts, years or decades later. Metro Vancouver needs thousands of additional rental units to meet current demand and this zoning tool neither addresses that demand nor the region’s future growth.

- **Devaluing properties.** Owners, whether private, non-profit or public, call this designation “downzoning,” if it is not combined with density increases. If used improperly, RRTZ discourages investment in residential buildings and destabilizes the regulatory framework, shaking the confidence of investors who often require decades to realize a return on their investment. It may no longer be viable to own and operate rental buildings in RRTZ areas, which will reduce the number of safe and secure rental homes available. Property devaluation, a lack of consultation, and a climate of uncertainty will lead to builders choosing other types of projects over rental home construction.

Residential Rental Tenure Zoning alone cannot address the critical housing challenges facing British Columbia today. However, if guidance were provided to allow municipalities to use this tool for its intended purpose, it could be a catalyst for positive change, supporting regional growth and an expansion of rental housing.
The report, *Making Rental a Reality*, provides additional financial analysis to illustrate the impacts that RRTZ could have on communities to direct new rental growth. In each of the scenarios, substantial increases in density were required to support the redevelopment of sites under RRTZ. This result underscores the need to increase densities in rental priority areas to begin to address the shortage of rental homes available.

Properly defined and implemented, Residential Rental Tenure Zoning could:

- **Encourage rental development in transit priority areas.** If used near transit stations, or near other transit options such as RapidBus, this zoning tool can help encourage the creation of higher-density rental buildings.

- **Encourage more rental development in single-family home areas.** With 80 per cent of the residential land in Metro Vancouver zoned for single family homes, RRTZ could help encourage the creation of more multi-family rentals and revitalize neighbourhoods with declining populations.

- **Encourage more rental development in commercial and mixed-use spaces.** In a community where land is constrained, more rental units could be created above commercial, industrial or office spaces, allowing people to live, work and play in a walkable community.

- **Unlock the potential for new rental homes on existing rental properties.** In an effort to provide more rental homes on existing rental properties, municipalities could use this zoning designation to encourage infill developments, redevelopments and site intensifications. Because many older multi-family rental buildings are low density, new purpose built rentals could be constructed on the same properties.

In the next 25 years, it is estimated one million new residents will move to Metro Vancouver. For a region already stretched to the breaking point, the time is now to adopt policies and incentives which will create the new homes required and encourage upgrades to existing rental homes. Thoughtful guidelines, proper definitions and policy reforms to Residential Rental Tenure Zoning can ensure this is a tool which will foster more housing options that support growth and lead to the supply of new, affordable rental homes in time to meet the growing need.
RECOMMENDATIONS

For the Provincial Government

1. Develop a guidance document, through consultation with stakeholders, for municipalities that provides clear direction on the intended use of this unprecedented and untested measure.

2. Annually monitor the results of RRTZ implementation and provide further direction, where needed, to support the objective of increasing the amount of rental homes for British Columbians.

For Municipalities

1. Only apply this zoning designation coupled with density increases in order to incentivize new construction. Other incentives may still be required to make projects viable, such as reduced parking minimums and fee reductions.

2. Do not downzone properties. This will restrict landowners’ options for renewal and reduce their ability to secure financing for major repairs and upgrades, or invest in new rental buildings and destabilizes the rental market.

3. When applying zoning, provide flexibility for builders, for example allowing either a smaller strata building or a larger rental building.

4. Provide early and appropriate consultation with builders, ensuring that the engagement reflects the rezoning process undertaken by proponents.

For the full report and analysis, please visit bit.ly/MakingRentalAReality-TechnicalReport