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NEW RENTAL ZONING TOOL COULD HELP MAKE NEW RENTAL HOMES A REALITY

VANCOUVER, BC — If British Columbia wants to increase the number of rental homes, governments will have to use all of the tools in their policy toolbox, says a [new technical report](#) on rental zoning.

The report, entitled *Making Rental a Reality*, was released by a group of rental stakeholders known as the Partners for Rental Housing and calls on the provincial government to bring forward guidelines and protocols in reference to a new and untested rental zoning tool, the Residential Rental Tenure Zoning policy (RRTZ), that has been interpreted in controversial ways. At its worst interpretation, this tool can significantly tie the hands of owners to maintain, re-invest and build new rental homes.

“By providing guidance and monitoring the use of this zoning tool, BC could significantly increase rental home choices for all budgets and improve affordability. While well-intentioned, its flawed implementation in some municipalities so far, can actually inflict more harm on the very people this was supposed to help,” says Anne McMullin, UDI President & CEO, and group spokesperson. “But these rollout challenges can be addressed through some careful direction and appropriate stakeholder consultation. The Partners for Rental Housing share the same goal as all levels of government in wanting to provide secure rental homes to meet the needs of all BC’s residents.”

The Province created RRTZ in 2018 through legislation intended to address chronically low vacancy rates by providing tools to build new rental housing while also protect existing rental stock. Totally untested in North America, the tool allows municipalities to designate buildings and areas as exclusively rental tenure.

Several municipalities have since explored the tool, including New Westminster, Victoria, Richmond, Vancouver and Burnaby. In some cases, this policy was considered without consultation to landowners and used as a tool to significantly devalue properties. This devaluation compromises owners’ ability to leverage those properties to obtain financing for future rental projects. Owners, whether private, non-profit or public, call this devaluation a “downzoning,” if not combined with increases in the number of rental homes allowed to be built. “Renters will ultimately be harmed as the incentive for owners to continue to invest in older buildings beyond basic maintenance will evaporate,” stated Partners for Rental Housing member, David Hutniak, CEO of LandlordBC. “Coupled with provincial rent controls that cap rent increases to inflation rates well below rising taxes, maintenance and operations costs, it will become unsustainable to operate a purpose-built rental building.”

The improper use of RRTZ destabilizes the regulatory framework, reducing confidence of investors who often require decades to realize a return on their investment through rental income. This climate of uncertainty and increased financial risk has already led builders to pursue office or strata, over rental home construction.

Meanwhile, many of the existing rental properties are rapidly aging, lack basic accessibility needs such as elevators, and are not meeting increasingly complex seismic and energy requirements. These buildings are in dire need of redevelopment. The average age of a rental building in Vancouver is 61 years.

McMullin states governments, non-profit organizations and building partners must work together to encourage new rental homes near transit or around commercial centres, to address the growing

demand for rental housing. “If we don’t start creating more home choices today, we will only increase the affordability challenges of tomorrow.”

KEY RECOMMENDATIONS FOR PROVINCIAL AND LOCAL GOVERNMENTS:

For the Provincial Government:

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

- 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.
- 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 destabilize the rental market.
- When applying zoning, provide flexibility for builders, for example allowing either a smaller strata building or a larger rental building.
- Provide early and appropriate consultation with builders, ensuring that the engagement reflects the rezoning process undertaken by proponents.

For interviews with Anne McMullin, please contact Cheryl Ziola C: (604) 719-2909 or E: cziola@udi.org

Partners for Rental Housing is comprised of a group of eight organizations that have come together to support the growth of rental options across British Columbia. Spanning the business and housing sectors, we work together to advocate for more rental homes and for positive partnerships with builders to address the current housing crisis.

