

Welcome to the Webinar

-We will begin shortly-

Economic Development Division Webinar Series

Presents:

Affordable Market Housing Webinar Series



Rental Renaissance: How to Support a Flourishing Rental Housing Sector in Your Community

Thursday October 30, 2014
1:30 - 3:00pm PST

Audio information:

- Dial-In Number: 1 877 353 9184
- Conference ID: **5012833**
- Mute phone: mute button or *6
- Please do not put phone on hold**

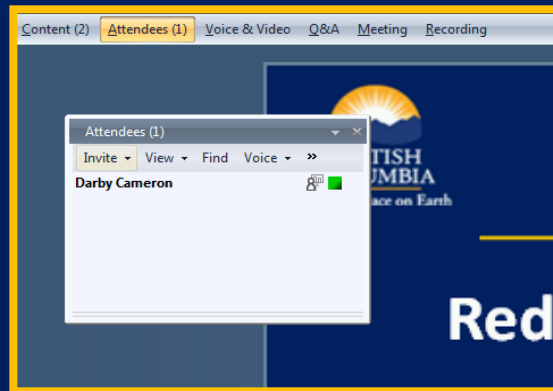
Visual Information: Troubleshooting:

Click on "Voice and Video" in the menu bar
Follow instructions in the meeting invitation. Call IT support at 250 356 9600 if issues cannot be resolved.

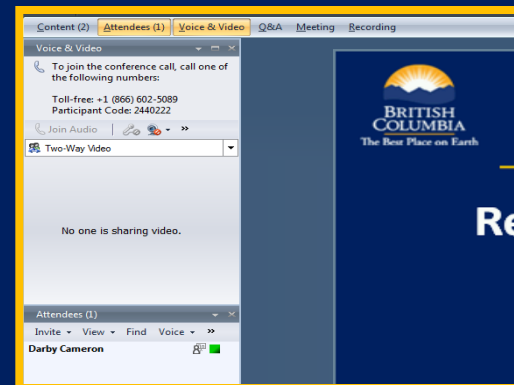
The LiveMeeting Environment

For the best experience, you'll want to dock the Attendee and Audio & Video panes.

1. Click and drag the appropriate Menu option on the top left to the bottom left area

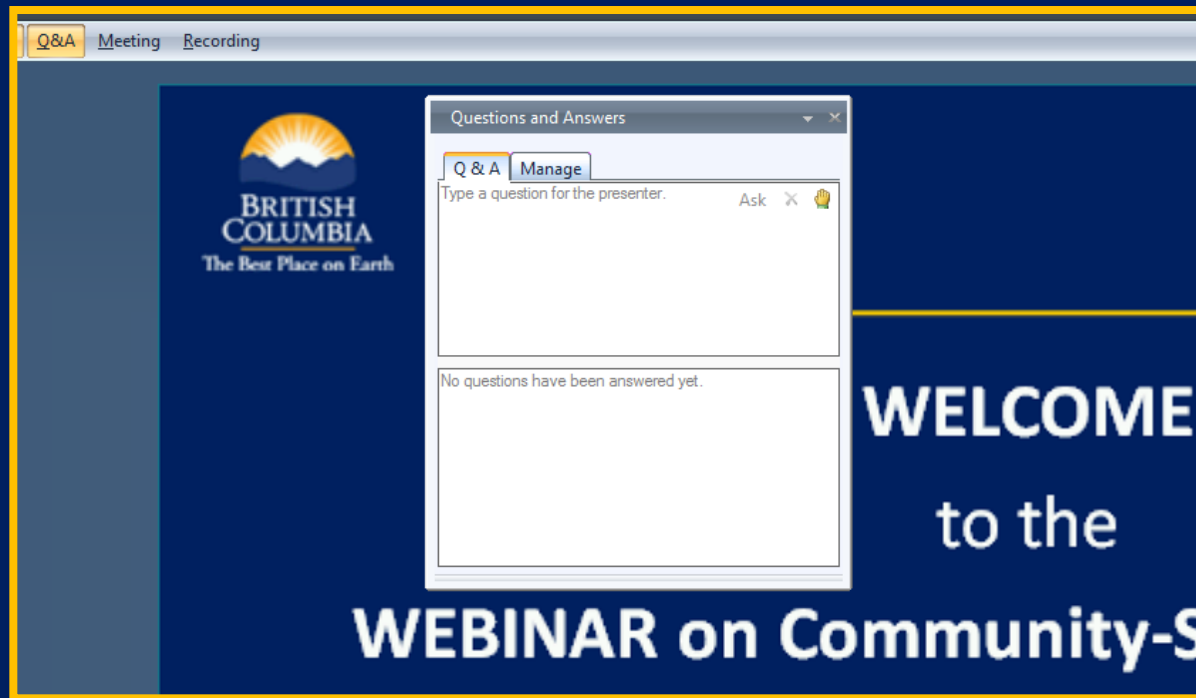


2. Release the pane in the shaded area. Repeat for the other desired menu items.



The LiveMeeting Environment: Q&A

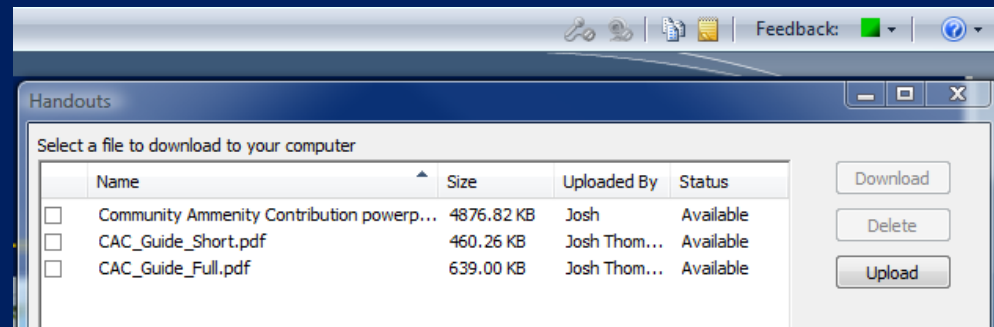
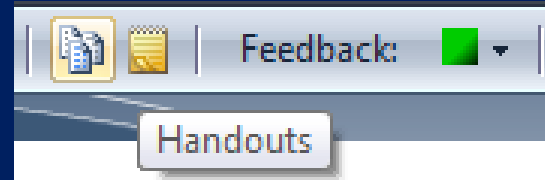
You can post a question to be answered by the presenter at any time. Just click on the **Q&A** button in the toolbar at the top left of your screen, type in your question and hit Enter. We'll respond to your question as soon as possible.



The LiveMeeting Environment: Handouts

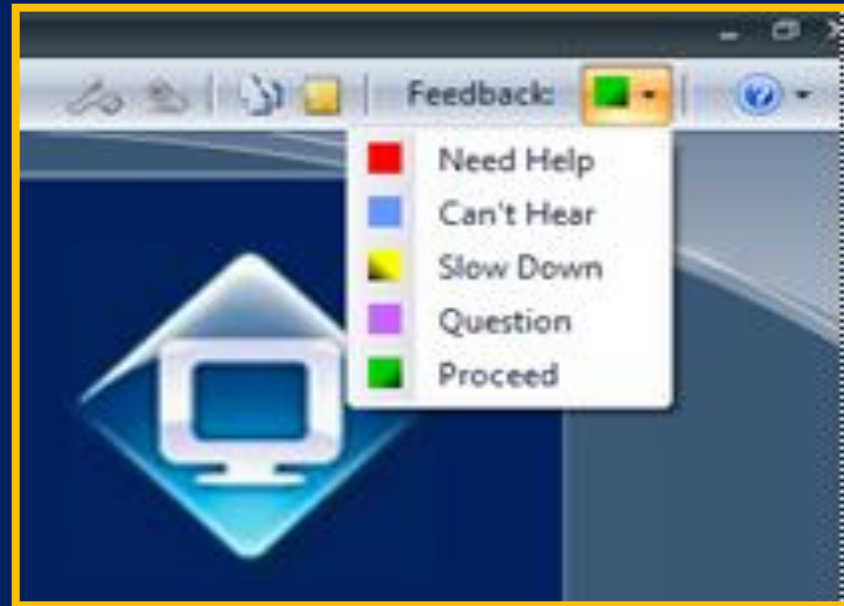
You can access a .pdf of today's PowerPoint presentation and other useful documents by:

1. Clicking on the handouts icon on the right side of your toolbar.
2. In the pop-up handouts box, indicate the document you desire and click download.



The LiveMeeting Environment: Feedback

You can provide feedback during the presentation. From the **Feedback** drop-down pane in the upper right corner of the toolbar, click the appropriate option from the “feedback to presenter” drop down list.





BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

Canadian
Home Builders'
Association

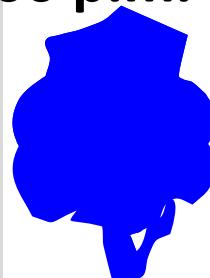


Rental Renaissance: How to Support a Flourishing Rental Housing Sector in Your Community

**Webinar #2 in the Affordable Market Housing
2014 Fall Webinar Series**

Date: Thursday October 30, 2014

Time: 1:30 – 3:00 p.m. Pacific Time



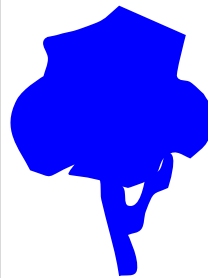
Quick Poll



Bev Grieve



Director of
Development
Services, City of
New Westminster



Secured Market Rental Housing Policy

New Westminster, BC

Beverly Grieve, Director of Development Services

October 2014



NEW WESTMINSTER

A Small City in the Geographic Centre of Metro Vancouver

Current City
Population:
65,975 (2011)

Land Area:
15 square
kilometers



Why is Rental Housing Important?

A secure and robust stock of rental housing contributes to the **social diversity** and **economic health** of the City.

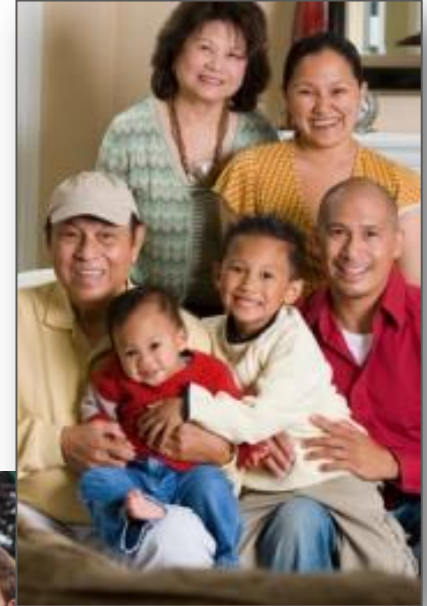
Why is Rental Housing Important?

Key Characteristics

- Renters represent 44% of households in New Westminster.
- Vacancy rate is persistently low – 1.6% in 2014.
- Renter households have a median income of about \$37,000 compared to \$72,000 for owner households.

Why is Rental Housing Important?

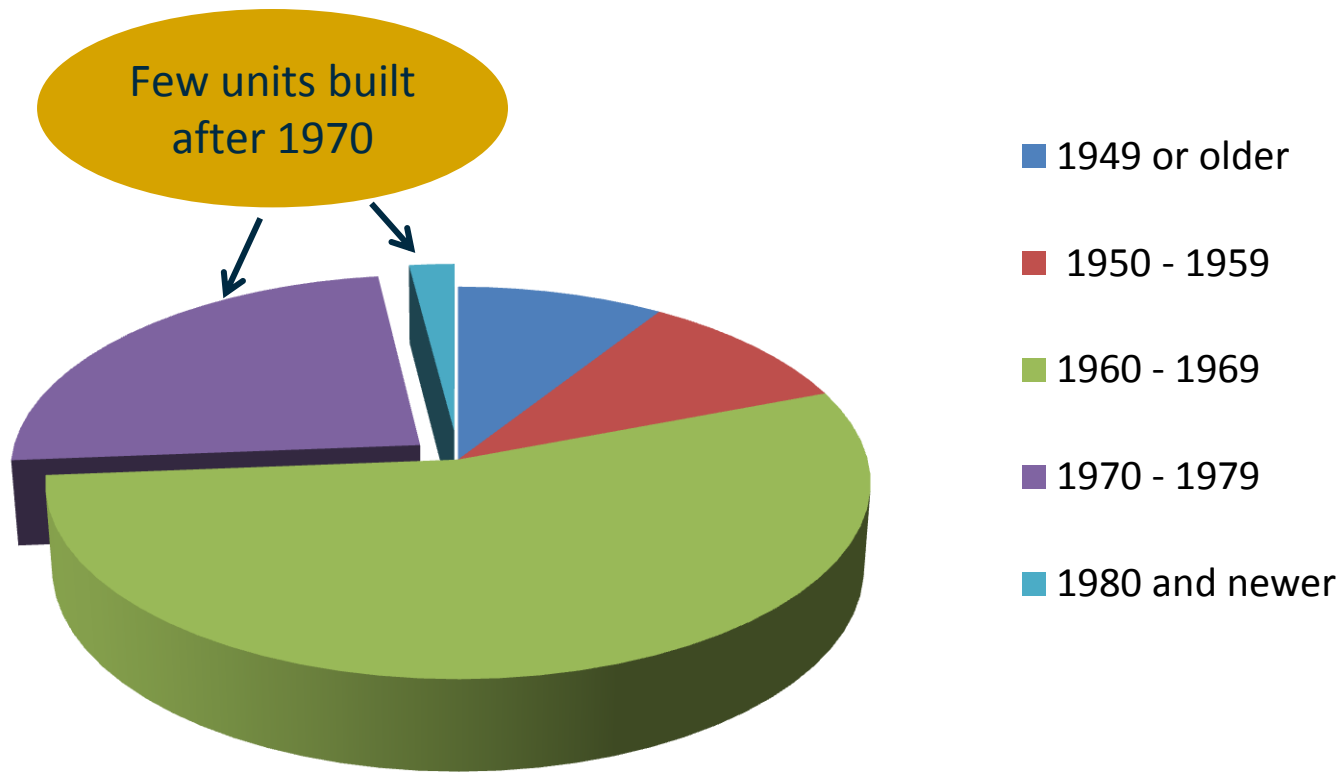
Who is it Serving?



Why is Rental Housing Important?

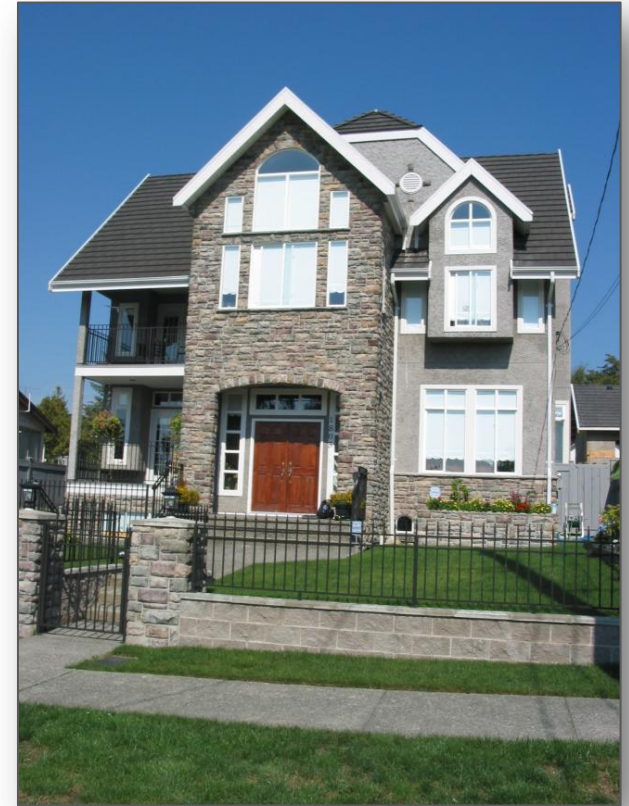
The Stock is Aging and Little New Housing Built

New Westminster Rental Housing Inventory by Age of Construction



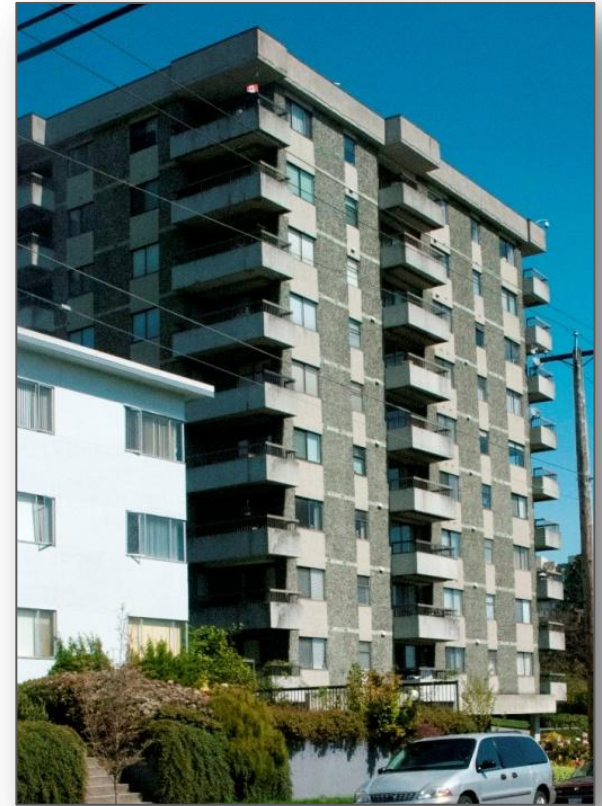
Secondary Rental Housing Market

- **Rented condominiums and secondary suites** in single detached units are an **important part** of the rental housing stock



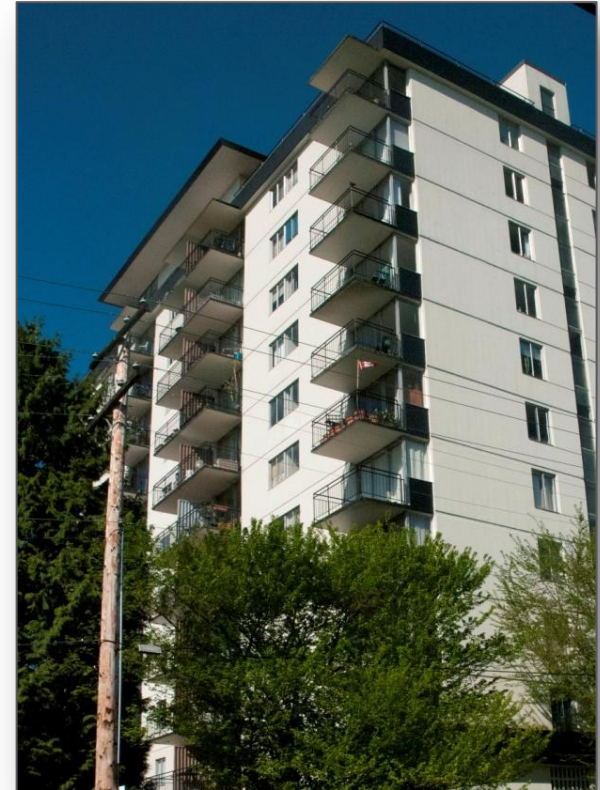
Intent of Secured Market Rental Policy

- Increase the **supply** of market rental housing and ensure **security of tenure** over time
- **Incentives** to encourage the development of secured market rental housing by the **private sector, without senior government subsidy**
- **Reduce the gap** between what rental projects can pay for land and what strata projects pay for land
- **Units to part of the rental inventory in the long term**
- **ADOPTED MAY 13, 2013**



Regulatory and Financial Incentives (All Implemented!)

- Use of Density
Bonusing for Rental
Housing (Zoning Bylaw)
- Reduce parking
requirements (Zoning Bylaw)
- Reduced Building
Permit Fees (Fees Bylaw)



Regulatory and Financial Incentives

- Process improvements for Development Approvals
- City cover costs of Legal Document Preparation
- Relaxation to City Servicing Requirements

Three Strategic Directions

1. Retention of the existing rental housing stock
2. Renewal of the rental housing stock
3. Enhancement to the secured rental housing stock



Results to Date

- Simple objective: increase the supply of new market rental supply through new construction and renovation and increase the life of the existing stock
- Strong Interest in the Secured Market Rental Housing Policy
- Applications for over 1,000 new units are under consideration

Retention of Existing Rental Housing Stock

Objective	Actions
<p>Reduce the likelihood that the existing purpose-built rental stock will be redeveloped</p> <p>If demolition occurs, reduce the impact of the loss of the rental housing stock on tenants</p>	<ul style="list-style-type: none">• Continue the moratorium on the conversion of rental buildings to strata title (except for heritage revitalization)
	<ul style="list-style-type: none">• Not support rezoning of properties containing purpose-built rental housing for higher density development
	<ul style="list-style-type: none">• If demolition of purpose-built rental housing occurs, require developer to present a plan addressing tenant relocation and replacement housing options
	<ul style="list-style-type: none">• Explore the use of the density transfer to preserve the existing purpose-built stock

Retention of Existing Rental Housing Stock

The most affordable housing stock is the stock that is already there...

David Hulchanksi

Renewal of Rental Housing Stock

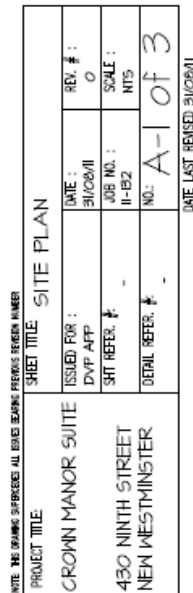
Objective	Actions
Increase investment into the existing purpose-built rental housing stock	<ul style="list-style-type: none">• Use the density bonus program to permit the construction of additional secured market rental units on site (up to 10% of the number of existing units), including the conversion of unused storage or recreation areas for additional units (subject to livability/Building Code issues)
Increase the life span of the existing stock	<ul style="list-style-type: none">• Eliminate the parking requirement for additional secured rental units created in existing buildings.
Improve the operating costs of the purpose-built rental housing stock	<ul style="list-style-type: none">• Reduce Building Permit fees for additional units up to 50%
	<ul style="list-style-type: none">• Consider including existing rental buildings in a future phase of the Building Energy Efficiency Program that is part of the CEEP• Consider relaxations to Engineering servicing requirements when adding new units

Crown Manor

- Conversion of storage room to a suite
- Density Bonus allowed increase in density without rezoning
- Variances approved for parking

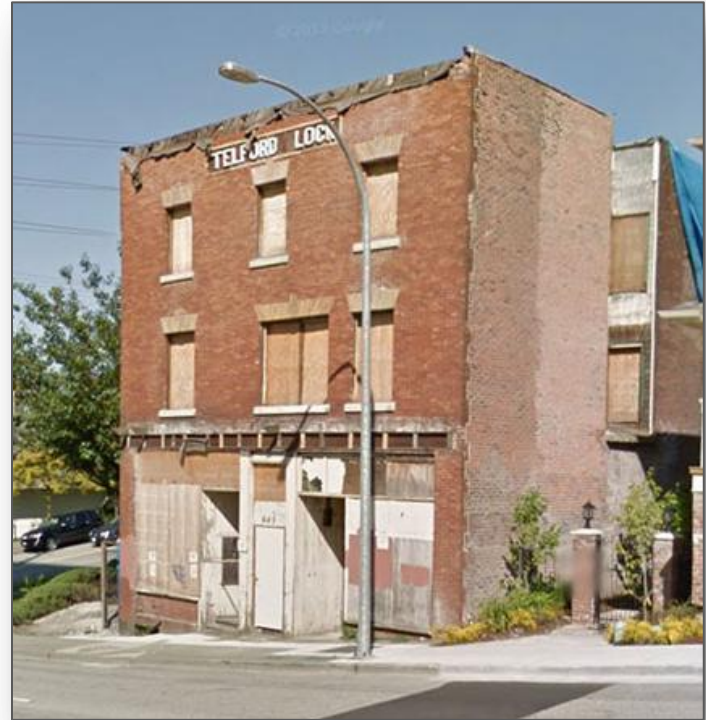


Metro Vancouver Housing Corporation

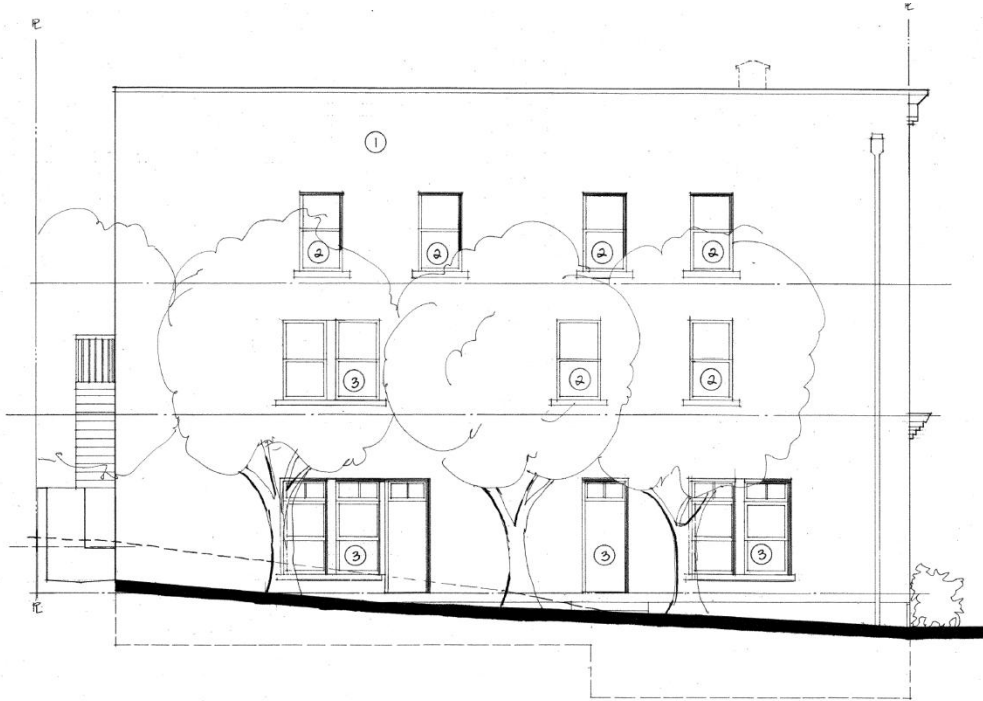
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Telford Block

- Heritage Revitalization Agreement to allow 11 market rental units:
 - 10 bachelor units and one three-bedroom unit for a building manager
 - Variances to parking



Telford Block



WEST ELEVATION



SOUTH ELEVATION

Consultant

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THE TELFORD BLOCK
845 Royal Avenue, New Westminster, B.C.
V3M 1K2

REVISIONS:

JOB #: 21304
DRAWN BY: HK
DATE: SEPT. 3, 2013
SCALE: 1/4" = 1'-0"

FILE:

SHEET #

SK-4

Tel: 604-980-6459 Fax: 604-980-6451

Consultant

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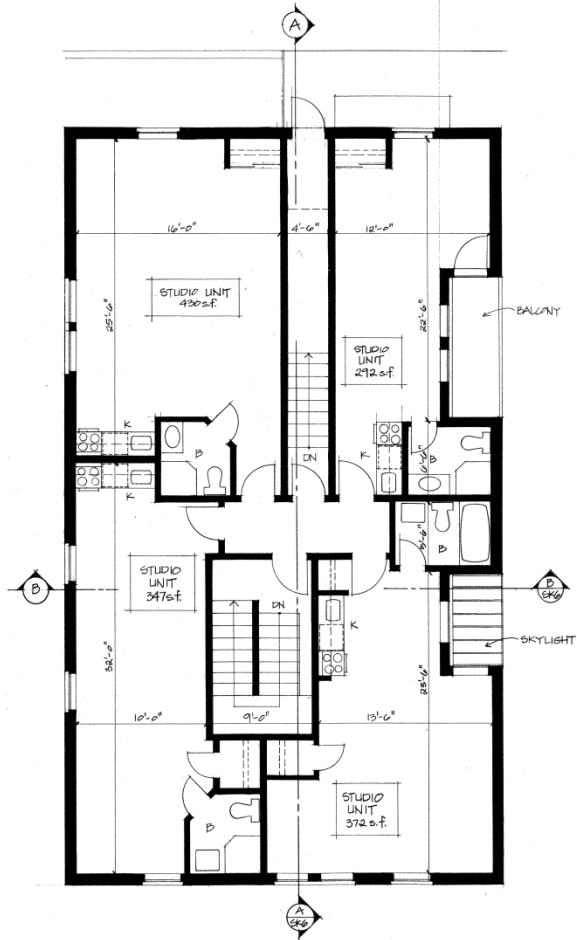
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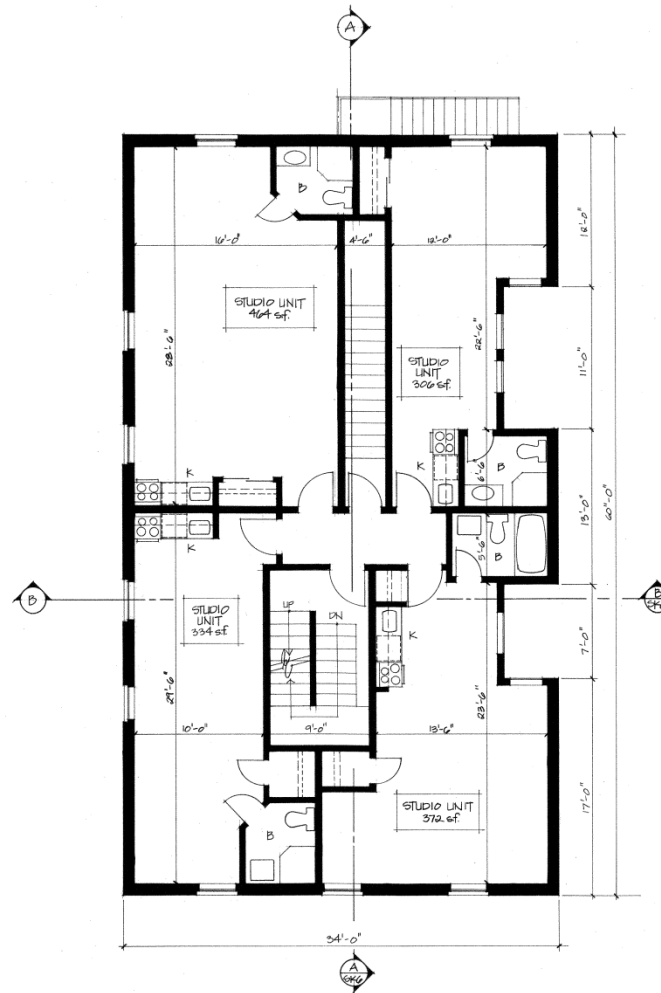
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SHEET #



SECOND FLOOR PLAN



THIRD FLOOR PLAN

Enhancement to Secured Rental Housing Stock

Greater Security = Greater Incentives

Objective: Create new secured market rental housing stock to offset the loss in the existing stock

Type of Secured Market Rental Housing	Actions/Incentives
Short Term <ul style="list-style-type: none">• Rental for a minimum of 10 years• Units can be stratified• Units are held and managed by one entity	<ul style="list-style-type: none">• Concurrent processing of Rezoning and Building Permit Applications• City payment of legal fees to prepare Housing Agreement

Enhancement to Secured Rental Housing Stock

Objective: Create new secured market rental housing stock to offset the loss in the existing stock

Type of Secured Market Rental Housing	Actions/Incentives
Medium Term <ul style="list-style-type: none">• Rental for 30-59 years• Some flexibility on stratification• Units are managed by one entity	<ul style="list-style-type: none">• Reduction to Building Permit fees (50%)• Concurrent processing of Rezoning and Development Permit Applications• Consider reduction in required parking and payment in lieu policy not applied for buildings located within 400 metres of a Frequent Transit Network or SkyTrain Station.• City payment of legal fees to prepare Housing Agreement• Parking in lieu payment not applicable to Parking Variances

300 Salter Street



Enhancement to Secured Rental Housing Stock

Objective: Create new secured market rental housing stock to offset the loss in the existing stock

Type of Secured Market Rental Housing	Actions/Incentives
Long Term <ul style="list-style-type: none">• Rental for 60 years or life of the building• Restrictions on stratification• Owned and managed by one entity	<ul style="list-style-type: none">• Increase in density, offered through a density bonus process, or rezoning if appropriate• Reduction to Building Permit fees (50%)• Concurrent processing of Rezoning and Development Permit Applications• Reduction in required parking and payment in lieu policy not applied for buildings located within 400 metres of really good transit and Downtown• City payment of legal fees to prepare Housing Agreement• Consider relaxations to servicing requirements

508 Agnes St (Masons Hall)

Incentives to be used:

- Heritage Retention through Heritage Revitalization Agreement
- Reduced Parking
- Reduced Building Permit Fees
- Cost of Housing Agreement and Covenants paid by City

**Long Term
Secured
Market
Rental
Housing:
151 Units**

508 Agnes St



900 Carnarvon Street

Project details:

- A minimum of 25% of the units are two and three bedroom units
- A maximum of 50% of the units are studios
- Parking to be provided on site in accordance with the minimums in the Downtown Parking Study taking into account the use of appropriate incentives

**Long Term
Secured
Market
Rental
Housing:
396 Units**

900 Carnarvon Street



57 Sixth Street

Incentives to be used:

- Reduced Parking Requirement
- Extra Density
- Reduction in Permit Costs
- City to provide legal agreements
- Concurrent processing of Rezoning and Development Permit
- Not stratified, minimum 60 years

**Long Term
Secured
Market
Rental
Housing:
282 Units**

57 Sixth Street



Financial Benefit from Incentives (275 unit project)

Additional Density

- $\$20 / \text{sq. ft.} \times 100,000 \text{ sq. ft.} = \$2,000,000$

Building Permit Fee Reduction

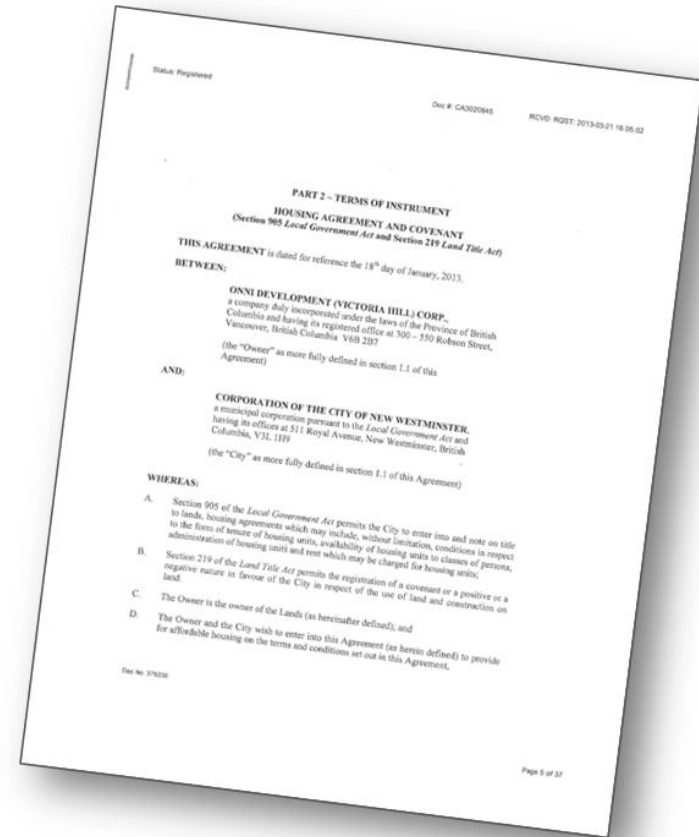
- Assuming a Building Permit cost of \$200,000, the applicant would save half of that at \$120,500

Savings in Parking Costs:

- About \$25,000 per stall or \$2,500,000 for 100 stalls

Process and Legal Documents!

- 1) Zoning Bylaw Introduced
- 2) Principles for Housing Agreement Adopted
- 3) Public Hearing
- 4) Housing Agreement Bylaw and Housing Agreement Considered
- 5) Housing Agreement and Covenants Registered
- 6) Zoning Approved



Lessons Learned

- Strong pressure to create small units; need for family friendly units
- Building and urban design is still very important
- Can be seen a way of getting support for marginal projects
- Increased density and parking relaxation most important incentives
- Recognize that Senior Government involvement will be needed to enhance affordability

Advice

Focus on new rental housing that is not strata titled!

- Incentives are generous.
- Units in mix of strata title and rental units (numerous units held in a strata lot) creates awkward voting arrangements.
- There are risks with using a no-separate sales covenant for strata-titled projects:
 - Reliance on Land Titles staff to ensure that separate titles are not registered; if one title is separately registered covenant is of no longer valid

Recognition

Award of Excellence

Excellence in Policy Planning

SILVER AWARD



2014

This Award is conferred on

The City of New Westminster

In recognition of the

Secured Market Rental Housing Policy

A handwritten signature in black ink, appearing to read "Ian H.", is written over a horizontal line.

2014 Awards Jury Chair

Apr 23, 2014
date

Thank you!

Beverly Grieve, Director of Development
Services

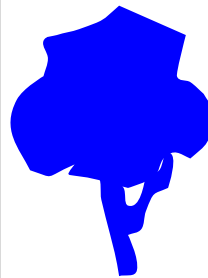
City of New Westminster

www.newwestcity.ca

bgrieve@newwestcity.ca

Jon Stovell

President, Reliance
Properties Ltd.



Reliance Properties

Metrics and Accomplishments

- Well over 50 Properties
- Over 500 Rental Units in Vancouver. Over 505 of those purpose built in last 10 years.
- Manage and Maintain all our own properties.
- Second or Third Largest Property Owner in Revitalized Gastown
- Landmark Portfolio of Heritage Buildings (Gastown / Downtown).
- Design Passion
- Construction Innovation
- Numerous Heritage and UDI Awards.
- BC Business – Most Innovative Co. 2013 – Micro-Lofts
- Vancouver Development Pipeline (Residential / Office / Retail) approx. 1

Reliance in the News

- Emily Carr University launches fundraising campaign with \$7-million donation from Vancouver developer – Straight May 2, 2014
- Downtown Eastside SRO units become pricey micro-lofts – Straight May 7, 2014
- Micro lofts could be the answer to Vancouver's housing crisis – Vancouver Sun - April 11, 2014
- Council approves \$500-million Burrard Gateway project – News 1130 – December 18, 2013
- One-million-square-foot Burrard Gateway project approved – BIV December 18, 2013
- 564 Beatty project takes old warehouse into new territory with concrete – Journal of Commerce – February 2013.
- Micro-loft condos sold like hotcakes in downtown Victoria Saturday, with more than 80 per cent of the revamped Janion building's 113 units on Store Street being snapped up. – Victoria Times Colonist – November 2013.
- Congratulations to Reliance Properties Ltd., 2013's most innovative company in B.C. – BC Business 2013

Reliance – Why Rental Housing

- ◆ Approximately 50% of the Population of Vancouver are renters. This is a very large market and most of the rental stock is old and not meeting the current expectations of the Tenants.
- ◆ Tenants are looking for more central locations and modern in suite conveniences, even if that comes at somewhat higher rents and smaller suites.

55 Water Gastown Heritage Conversion to Live/Work 54 Units Plus Office and Retail



RELIANCE™
PROPERTIES

33 Water Gastown New Rental 58 Units Plus Office and Retail



What Challenges to we Face when Building Rental Housing

◆ **Market Challenges**

- ◆ - High Land Costs based on ownership values
- ◆ - High Construction costs.
- ◆ - High municipal costs to finance growth. DCL CAC etc.
- ◆ - Long approval times.

What Challenges to we Face when Building Rental Housing

◆ **Municipal Regulatory Barriers**

- ◆ - Minimum unit sizes – Vancouver 398 sf.
- ◆ - Prescriptive requirements regarding unit mix – i.e number of 2 and 3 bedroom units
- ◆ - Inflexible guidelines related to borrowed light bedrooms. Makes conversions and smaller units difficult.
- ◆ - Parking requirements
- ◆ Scarcity of zoned land suitable for efficient and transit proximate rental projects.
- ◆ Rate of Change by law prevents practical replacement of new rental stock on an existing site.
- ◆ Residential Tenancy Act – Rent Controls further constrain market



What Challenges to we Face when Building Rental Housing

◆ Taxation Barriers

- ◆ **FEDERAL** - Capital Gains not being able to be reinvested and deferred when rolled in to a new rental investment – Used to be allowed under Income Tax Act. Suppresses land available for rental development.
- ◆ **PROVINCIAL** – Property Purchase Tax is a transaction tax with no service provided by Government. Adds 2% to all land costs and pushed developers to higher yield models (such as condo) to recover the costs.
- ◆ **FEDERAL** – Rentals are not GST exempt so all rents are burdened with GST costs for costs related to operation and maintenance o the Rental Building.

18 Hastings – Burns Block

30 Micro-lofts (265 s.f.)



Burns Block Micro-Lofts



Burns Block Micro-Lofts



RELIANCE™
PROPERTIES

Burns Block Micro-Lofts



RELIANCE™
PROPERTIES

18 Hastings Burns Block Micro-lofts



Burns Block – Micro-Lofts



18 Hastings – Burns Block Micro-lofts



Burns Block – Micro-Lofts



RELIANCE™
PROPERTIES

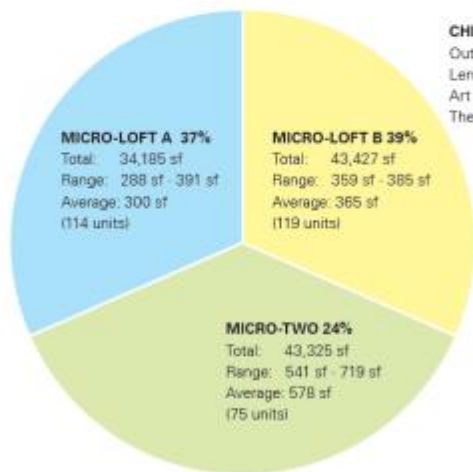
What might make it easier for you to build more purpose-built rental housing

- ◆ Removal or reduction of municipal regulatory barriers.
- ◆ More pre-zoned land suitable for higher density rental projects.
- ◆ Removal or reduction of rent controls through the Residential Tenancy Act.
- ◆ Restoration of Federal and Provincial Tax Incentives for Rental Housing as used to exist.

Concept Micro-Lofts & Retail (East Side)



MICRO-LOFT AFFORDABILITY & LIVABILITY



SOCIALIZE - AMENITY
 Outdoor BBQ
 Fire Pit with Chairs
 Two Lounges with Show Kitchen

PRODUCTIVITY - AMENITY
 Two Indoor Study / Meeting Rooms
 Power Outlets / Wireless Internet
 Coffee / Water
 Outdoor Meeting Area

Potential future connection to
 Burrard Gateway amenity level

CHILDREN'S - AMENITY
 Outdoor Play Space
 Lending Library
 Art Tables
 Theater - TV / Video Games

EXTERIOR DECK

EXTERIOR DECK

EXTERIOR DECK

CHILDREN'S - AMENITY
 Outdoor Play Space
 Lending Library
 Art Tables
 Theater - TV / Video Games

FITNESS - AMENITY
 Yoga Studio
 Massage Room
 Exercise Equipment
 Outdoor Fitness Zone

STORAGE - AMENITY
 Every unit has a storage unit
 sized to fit two bikes and built
 in shelving for other items

EXTERIOR DECK

Proposed Micro-Loft Loft Tower - Vancouver



Micro-Loft Tower



There are some good municipal programs that have helped in Vancouver

- ◆ STIR (Short Term Incentives for Rental) now Rental 100 provides additional density to make purpose built rentals viable. Landlord grants rental only covenant for the longer of 60 years of the life of the building.
- ◆ Heritage Incentives for building restoration and rehabilitation have allowed us to build purpose built rental in Heritage Conversions. See 55 Water and Burns Block. Restoration of Federal and Provincial Tax Incentives for Rental Housing as used to exist.

Questions and Discussion

Suggestions or Feedback?

Please email Dale.Anderson@gov.bc.ca

