

THE CORPORATION OF THE
CITY OF WHITE ROCK
CORPORATE REPORT



DATE: December 12, 2016

TO: Mayor and Council

FROM: Kurt Alberts, Acting Director of Planning and Development Services

SUBJECT: Rental Housing Task Force Report

RECOMMENDATIONS:

THAT Council:

1. Receive for information the corporate report dated December 12, 2016 from the Acting Director of Planning and Development Services titled "Rental Housing Task Force Report;"
 2. Direct staff to incorporate the recommendations within the Rental Housing Task Force Report into the ongoing Official Community Plan update; and
 3. Thank the Rental Housing Task Force members for their assistance to planning staff, and that members be encouraged to review and provide comments on the forthcoming draft OCP.
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EXECUTIVE SUMMARY

The Rental Housing Task Force was appointed in May 2016 to provide assistance to Planning and Development Services in completing the Official Community Plan (OCP) Review, by:

- Reviewing background research on the supply of rental housing in the city;
- Reviewing municipal tools and incentives for rental housing;
- Conducting a SWOT analysis to determine the strengths, weaknesses, opportunities and threats that impact rental housing in White Rock;
- Developing a vision for rental housing in White Rock;
- Providing comments on Official Community Plan policies regarding rental housing;
- Consulting with community stakeholders and the public to develop strategic goals; and
- Recommending actions to protect, maintain, improve existing rental housing and create new rental housing

The Terms of Reference for the Rental Housing Task Force mandate the Chairperson (Councillor Sinclair) and staff liaison (Manager of Planning) with providing a concluding report to City Council. This corporate report includes the concluding report as Appendix A. The concluding report provides an overview of the rental housing situation in White Rock, documents the activities of the Task Force, and provides a vision for rental housing along with a series of policy recommendations and actions which can be incorporated into the Official Community Plan and other policies and regulatory bylaws.

Staff are requesting Council's consideration of the Rental Housing Task Force Report in order to provide direction to DIALOG Design, the consultants currently preparing the draft Official Community Plan, with respect to housing policies. Endorsement of the report itself does not entail immediate policy changes, but rather that the recommended policies and actions will be considered. The Task Force's report also recommends generally that once implemented, any rental housing policies be monitored for their effectiveness and modified as necessary to match changes, or lack of change, in the rental housing market.

PAST PRACTICE / POLICY

Council Policy 150, adopted in March 2016 and last amended in May 2016, established the Terms of Reference for the creation of a Rental Housing Task Force. The Task Force includes seven voting members along with two non-voting members of Council and staff liaisons.

The *Imagine White Rock 2045: Official Community Plan* (OCP) update process is currently at the end of the third of four phases ('Building the Plan'). The focus in Phase 3 of the process has been building on the vision and goals Council approved in Phases 1 and 2 through stakeholder consultation and public engagement on how to achieve the goals. The Rental Housing Task Force was one of the stakeholder groups consulted in Phase 3, and their comments and recommendations are intended to guide the drafting of housing policies for the new OCP.

ANALYSIS

The Rental Housing Task Force's Report includes a vision for rental housing as follows:

"White Rock's rental housing stock is renewed and grows with the community, providing homes to meet the needs of the workforce, young households, persons on fixed incomes, persons with disabilities and other members of the community to be able to live in one of the most expensive housing regions in the world."

The context for this vision is based upon the lack of new rental apartment buildings being constructed in the City of White Rock in the past 30 years, and the vast majority of purpose built rental apartments having been constructed prior to the 1970s. While some communities in the Lower Mainland are seeing an increase in purpose-built rental housing in the past few years, there is a pent-up demand for new rental accommodations in a housing market where homeownership is widely acknowledged as unattainable for many households.

In order to achieve the stated vision, the Task Force's Report identifies four objectives: create new purpose-built rental housing; expand unit diversity (i.e. number of bedrooms and ground-orientation) of strata-ownership housing; support existing tenants; and recognize secondary suites as a significant stock of rental housing. Within each of the objectives several recommendations are provided, both at a high-level (i.e. OCP policy) and with resulting action items that follow each policy recommendation.

The full Rental Housing Task Force Report is attached as Appendix A.

Also attached to this corporate report, as Appendix B, is the "2016 Rental Market Report – Vancouver CMA" from Canada Mortgage and Housing Corporation (CMHC), released November 28, 2016. CMHC's report notes that the overall vacancy rate for purpose built rental housing in the Vancouver Census Metropolitan Area (CMA) has decreased from 0.8 percent to 0.7 per cent. The vacancy rate within the City of White Rock is tied for the lowest in the region at 0.1 per cent, down from 0.8 per cent in 2015. White Rock also has the lowest "turnover rate,"

which indicates the frequency that rental units become available; the turnover rate is 8.8 per cent in the City of White Rock compared to 15.8 per cent in the overall CMA.

BUDGET IMPLICATIONS

There are no immediate budget implications. Endorsement of the report and the recommendations does not entail immediate policy changes, but rather that the recommended policies and actions will be considered within the overall update of the Official Community Plan.

OPTIONS

1. Direct staff to incorporate the recommendations within the Rental Housing Task Force Report into the ongoing Official Community Plan update;
2. Consider the recommendations of the Rental Housing Task Force Report and direct staff on which recommendations Council wishes to be considered in the Official Community Plan update and which recommendations Council does not want to be considered further;
3. Direct staff to take no action on the Rental Housing Task Force Report, in which case, the consultants preparing the new Official Community Plan would be told to disregard the recommendations of the Rental Housing Task Force Report.

Staff recommend Option 1 as outlined in the recommendations at the beginning of this report.

CONCLUSION

Staff has provided this corporate report to give context to the concluding report of the Rental Housing Task Force. The Task Force has deliberated on the current situation of rental housing in the City of White Rock and formulated recommendations to encourage the expansion of the rental housing supply. Staff supported the Task Force's work process and recommend that Council direct staff to use the recommendations in the Task Force Report as a basis for drafting housing policies in the new Official Community Plan. It is appropriate that the Task Force be thanked for their efforts and encouraged to provide their comments on the draft OCP.

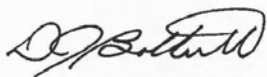
Respectfully submitted,



Kurt Alberts MCIP RPP
Acting Director of Development Services

Comments from the Chief Administrative Officer:

I concur with the above recommendations.



Dan Bottrill
Chief Administrative Officer

Appendix A: Rental Housing Task Force Report

Appendix B: "2016 Rental Market Report – Vancouver CMA" from the Canada Mortgage and Housing Corporation

APPENDIX A

Rental Housing Task Force Report

WHITE ROCK RENTAL HOUSING TASK FORCE CONCLUDING REPORT

Introduction

There is a well-documented housing crisis in the Lower Mainland of British Columbia, with housing costs now far beyond a price-to-income ratio that would justify the price of housing. While the causes of this crisis, whether historically low interest rates, a lack of new supply, increased out-of-town investment, or some combination of the above are responsible, the resulting unattainability of ownership for many local households has in turn increased demand for alternative forms of housing. Vacancy rates in purpose-built rental apartment units in the wider Vancouver Census Metropolitan Area (CMA) are less than 1%, well below the 3% vacancy rate that experts say is the minimum for a healthy market, and the City of White Rock has the lowest vacancy rate in the CMA at 0.1% (CMHC Rental Market Report, 2016). The regional housing crisis which was originally viewed as a crisis for first time homebuyers unable to step on the property ladder is now increasingly reported on as a crisis for renters facing bidding wars for the few units that are available and sharp rent increases when leases conclude.

The Metro Vancouver Regional Affordable Housing Strategy, adopted in May 2016 and endorsed by the City of White Rock in October 2016, notes that "market rental housing, consisting of purpose-built units and secondary forms of rental housing, such as secondary suites, laneway units and rented condominiums, is a critical component of the housing continuum and is usually more affordable than the least cost ownership option... and, as homeownership prices rise, a secure rental housing supply is a more valuable resource."

Most urban centres in Canada, including the City of White Rock, have not seen any increase in the supply of rental housing since the 1970s, with the result that the vast majority of the buildings which currently comprise the approximately 1,425 units of purpose-built rental apartment stock in White Rock are 50 or more years old. As land values increase, these older properties are becoming increasingly attractive as redevelopment sites. The rising popularity of short-term vacation rentals also has been noted to reduce the number of long-term rental housing options. Without policies to promote a renewed purpose-built rental housing stock, the City of White Rock risks a decrease in the supply of rental housing at the same time as the broader housing crisis is increasing demand for it.

While people from all walks of life, roughly a third of total households in the population, rely on rental housing for a place to live, a tight rental market with steep rent increases disproportionately impacts those in our society who are more vulnerable and are more likely to be renters, including single parents, persons with developmental disabilities, seniors and persons with low or fixed incomes.

Having a healthy rental housing market does not only benefit those who are renting. A good supply of rental housing contributes to the community by making it possible for local businesses to recruit from a workforce that can afford to live nearby rather than commuting from distant areas, therefore contributing to economic development. Rental housing can also provide flexibility for retirees who are looking to downsize on a fixed income, and serve as a first step on the housing ladder for households

who are saving up for a down payment. Without housing options that are attainable for young families, there is a possibility that the community will experience greater demographic imbalances, and lose the sense of inclusivity and vitality that comes from having a community filled with people across generations from a variety of backgrounds and income levels.

It is estimated in the Metro Vancouver *Regional Growth Strategy* that over the next 10 years, the increase in rental housing demand in the City of White Rock is approximately 280 units, out of an overall increase of 1100 units. While this may seem like a relatively small number at 28 units per year, given that there have been no new rental apartment buildings constructed in the past 30 years, that many of the existing buildings are nearing the end of their economic life, and that many rented single family homes are being demolished to be replaced with new owner-occupied single family homes, there is an obvious gap between the future increase in demand for rental housing and the ability of the market to respond to that demand.

Recognizing the current housing crisis, both the federal and provincial governments have recently announced increased funding for programs focused on increasing the supply of housing, through their crown corporations (CMHC and BC Housing respectively). In 2016 alone, BC Housing tendered \$855 million of funding for housing targeted to provide housing for low-to moderate-income renters, seniors, youth, students, persons with developmental disabilities, Aboriginal people and women and children. BC Housing has confirmed that there were no applications for projects within the City of White Rock.

In order to 'kick-start' the process of preserving and expanding the supply of purpose-built rental housing in White Rock, the report of the Rental Housing Task Force recommends the consideration of high level policies for inclusion within the new Official Community Plan, as well as a set of related follow-up actions for staff which are more specific and relate to other bylaws. The objective is to make the construction of new rental housing feasible by combining a supportive policy environment with regulatory incentives within the City of White Rock that enable potential developers of rental housing, including non-profit housing providers, to take advantage of current and future funding opportunities from senior levels of government.

Activities of the Task Force

The Task Force met six times between May and November 2016. A summary of the meeting agendas follows:

1. May 25, 2016 – the Terms of Reference were reviewed, a summary of the White Rock housing universe data was provided, comments related to housing received during the OCP engagement were discussed, the nature of an Affordable Housing Strategy/Housing Action Plan was discussed, and reading material was distributed to members. Documents included:
 - i. Draft Regional Affordable Housing Strategy from Metro Vancouver
 - ii. "What Works: Affordable Housing Initiatives in Metro Vancouver Municipalities" (2012)
 - iii. "What Works: Municipal Measures for Sustaining and Expanding the Supply of Purpose-Built Rental Housing" (2016)

- iv. Coquitlam Affordable Housing Strategy (2015)
 - v. New Westminster Affordable Housing Strategy (2010)
 - vi. District of North Vancouver Affordable Housing Strategy (draft; 2016)
 - vii. City of White Rock Affordable Housing Strategy (unadopted; 2010)
2. June 8, 2016 – a workplan was presented to the Task Force and the Regional Affordable Housing Strategy, adopted by the GVRD Board on May 27, was reviewed in detail.
 3. July 13, 2016 – an informal focus group session was held with the City's OCP consultants to discuss the Strengths, Weaknesses, Opportunities and Threats to White Rock's housing supply.
 4. September 14, 2016 – a set of "pre-draft" housing policies was discussed as an assessment of alternatives. A presentation was provided by Doug Tennant of Semiahmoo House Society to discuss their recently constructed inclusive housing project in South Surrey, and the lessons learned from working with the municipality.
 5. October 14, 2016 – a draft outline of the concluding report discussed. Lance Jakubec, Affordable Housing Consultant at CMHC and Naomi Brunemeyer, Director of Regional Development at BC Housing presented on their organizations respective initiatives to promote affordable rental housing.
 6. November 9, 2016 – the draft concluding report was distributed in advance of the meeting and, while a quorum was not met, a final opportunity for comments was provided and several members provided comments by email prior to the scheduled meeting. Task Force members were invited to stay involved in the OCP process by providing feedback on the forthcoming draft OCP.

Recommendations

The following recommendations provide Council with a vision for rental housing in the community and an accompanying set of four objectives and seven policy directions for consideration as policies in the Official Community Plan. Each policy direction also includes specific action items proposed to implement the policy direction, once adopted in the new Official Community Plan.

Vision:

White Rock's rental housing stock is renewed and grows with the community, providing homes to meet the needs of the workforce, young households, persons on fixed incomes, persons with disabilities and other members of the community to be able to live in one of the most expensive housing regions in the world.

Objective 1: Create new purpose-built rental housing

As a 'built-out' community without land available for greenfield expansion, there is significant demand and competition for developable land in White Rock, with developers of market strata residential buildings typically able to outbid other uses of land. In order to 'provide' land for rental housing development, the City should consider policies and incentives that enable rental housing providers to acquire sites for redevelopment or make better use of their existing rental properties.

| Create New Rental Housing OCP Policy Direction #1 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|---|--|---|
| The City will support the development of new rental housing by considering reduced fees and supporting increased density and reduced parking requirements in locations served by transit. | 2f, 2h, 2i, 3q | West Vancouver, Surrey, Port Moody |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider reducing community amenity contributions for secured market rental (to a maximum of 50%) | Density Bonus / Community Amenity Contribution Policy 511 | |
| ii. Consider waiving community amenity contributions for non-profit housing providers | Density Bonus / Community Amenity Contribution Policy 511 | |
| iii. Consider waiving or reducing Development Cost Charges (DCCs) for dwelling units operated by non-profit housing providers in line with Metro Vancouver's waiver of GVS&DD charges for affordable rental housing developments, by recalculating the DCC rates to account for anticipated exemptions, applying for grant funding from CMHC Seed Funding, or by utilizing funds from the proposed Affordable Housing Reserve Fund. | Development Cost Charges Bylaw, 2015, No. 2112 | |
| iv. Consider establishing a set percentage of community amenity contributions (e.g. 10% of cash-in-lieu contributions) to be placed into an Affordable Housing Reserve Fund for use in providing DCC credits to non-profit housing | Development Cost Charges Bylaw, 2015, No. 2112 & Density Bonus / Community Amenity Contribution Policy 511 | |
| v. Consider identifying areas in the City near amenities and transit where additional density (e.g. 2.0 gross FAR and up to six storeys) would be supported for non-profit housing proposals. | Official Community Plan Review (Map Overlay) | |
| vi. Consider reducing parking requirements for secured market rental proposals that are within 400 metres of three or more bus routes with all-day service (e.g. 1 space for residential use plus 0.1 spaces for visitor parking). | Zoning Bylaw, 2012, No. 2000 | |
| vii. Consider waiving parking requirements for dwelling units that are secured by housing agreement as for occupancy by persons with developmental disabilities. | Zoning Bylaw, 2012, No. 2000 | |

| Create New Rental Housing OCP Policy Direction #2 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|---|--|---|
| The City will support the renewal of existing rental housing stock by considering proposals for existing rental sites to allow redevelopment at higher densities | 2g | New Westminster, Richmond |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider requiring a one-to-one rental unit replacement ratio when existing rental buildings are proposed for redevelopment, with support for increased total density of 0.3 FAR and 20 units per acre beyond current maximum density. | Official Community Plan Review & Zoning Bylaw 2012, No. 2000 | |
| ii. Consider reducing parking requirements where additional secured market rental units are proposed within 400 metres of three or more bus routes with all-day service (e.g. 1 space for unit plus 0.1 spaces for visitor parking). | Zoning Bylaw 2012, No. 2000 | |

| Create New Rental Housing OCP Policy Direction #3 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|---|--|---|
| The City will support the expansion of the rental housing stock by considering proposals for residential development on institutional sites | 3n | New Westminster, North Vancouver (District) |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider supporting the addition of ancillary rental housing on institutional sites (e.g. places of worship) where additional development can be accommodated. | Official Community Plan Review & Zoning Bylaw 2012, No. 2000 | |

| Create New Rental Housing OCP Policy Direction #4 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|--|---|---|
| The City will support the expansion of the rental housing stock by considering proposals for surplus City land for non-profit residential development | 1i | New Westminster, North Vancouver (City) |
| Action Items | Applicable Bylaw or Policy | |
| i. In order to take advantage of current opportunities for federal and provincial housing funding, consider making surplus City sites in suitable locations available for development as non-profit/mixed-income housing through an RFP process. | Official Community Plan Review & Parks Master Plan Review & Zoning Bylaw 2012, No. 2000 | |

Objective 2: Expand unit diversity of strata-ownership housing

The secondary rental (condo) market accounts for 25% of the rental housing stock in White Rock. Efforts to improve housing diversity to provide housing for residents at various stages of life should include policies to direct the condo market to providing a diversity of housing options, some of which will be rented out.

| Expand diversity of strata/condo housing OCP Policy Direction #5 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|--|--|---|
| The City will support housing choices for residents by requiring a mix of housing forms and number of bedrooms in multi-unit residential development. | 2j, 1l, 1n, 1r | Port Moody, Surrey |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider requiring ground-oriented units (i.e. with street access at ground level) in residential-only projects higher than three storeys | Official Community Plan Review | |
| ii. Consider establishing minimum bedroom mix requirements (e.g. minimum 10% three bedroom units and minimum 35% two or three bedroom units) in developments with more than 20 units. Examine whether three bedroom units should be required on lower floors to promote affordability. | Official Community Plan Review | |

Objective 3: Support existing tenants.

| Support existing tenants OCP Policy Direction #6 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|---|--|---|
| The City will support existing tenants affected by redevelopment of existing rental housing. | 2l, 2g | New Westminster, Vancouver, Burnaby, North Vancouver (City) |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider requiring tenant relocation plans as a condition of approving the redevelopment of existing rental housing. | Official Community Plan Review | |

Objective 4: Recognize secondary suites as a significant stock of rental housing.

| Recognize secondary suites as a significant stock of rental housing. OCP Policy Direction #7 | Related Regional Affordable Housing Strategy Actions | Jurisdictions with similar policy as reviewed by the Task Force |
|---|--|---|
| The City will recognize secondary suites as a significant stock of rental housing. | 11 | Surrey |
| Action Items | Applicable Bylaw or Policy | |
| i. Consider tools to encourage homeowners to legalize their existing suites in ways that sensitively integrate into neighbourhoods. | Zoning Bylaw Review & Building Bylaw | |
| ii. Consider allowing secondary suites in duplexes if the property can accommodate the minimum parking requirements. | Zoning Bylaw Review | |
| iii. Consider allowing two accessory dwelling units on single family zoned properties if the property can accommodate the minimum parking requirements. | Zoning Bylaw Review | |
| iv. Consider studying the impact of 'Airbnb' type vacation rentals on the supply of secondary suites, and consider reviewing the existing provisions for 'accessory vacation rentals' in the Zoning Bylaw to determine if 'Airbnb'-type accommodations are appropriately regulated. | Zoning Bylaw Review | |
| v. Monitor the implementation and impact of Vancouver's "vacant homes" tax and consider whether such measures may be appropriate for White Rock. | | |

Monitoring and Policy Adjustments:

Given that some of the policies involve financial incentives which may vary in their effectiveness due to market conditions, the Task Force recommends that, following adoption of the OCP, staff report to Council every two years on the change in the rental housing supply (number of purpose-built rental units demolished and constructed over the time period) and to identify if policies may be enhanced or reduced. Identifying that these policies are proposed on a trial basis may alleviate concern that financial incentives may be unnecessary if the private market will develop rental housing without incentive.

Next Steps

A draft of the Official Community Plan is currently being prepared and the Task Force recommends that this report be provided to staff and consultants to inform the policies of new OCP. As OCP policies are often high level and require implementation through the amendment of other bylaws and policies, the Task Force has also identified a set of related follow up actions for staff that is more specific and can follow upon the adoption of policies in the OCP.

Members of the Task Force have expressed their willingness to continue to be involved informally in the policy development process by being contacted by staff to provide feedback on the draft OCP when it is available, and potentially through individual 'key informant' interviews on specific topics as needed.

Conclusion

A healthy rental housing supply that grows with the population is an asset for the entire community, with economic and social benefits that extend beyond the tenants themselves. For over thirty years, there have been no new purpose-built rental housing units constructed in the City of White Rock, and many existing rental buildings are becoming increasingly attractive as redevelopment sites due to their age and increasing land values.

The Rental Housing Task Force, having considered the urgency of the housing crisis in the community and reviewed policies employed in other Metro Vancouver municipalities to increase the supply and diversity of rental housing, has provided in this report a series of recommended policies and action items to kick-start the process. The Task Force requests that Council consider the vision, objectives and recommendations of the report, and direct staff to move forward with the proposed directions.