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**TO:** CITY MANAGER **DATE:** 2015 November 04

**FROM:** DIRECTOR PLANNING AND BUILDING **FILE:** 415000

**SUBJECT:** GROWTH MANAGEMENT AND HOUSING POLICIES IN BURNABY

**PURPOSE:** The purpose of this report is to provide Council with information on the City's approach to managing growth and development related to housing.

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**RECOMMENDATION:**

1. **THAT** Council receive this report for information purposes.

**REPORT****1.0 INTRODUCTION**

It is anticipated that Burnaby will continue to grow over the next 20 to 25 years and into the future. It is projected that the total population for Burnaby will increase by approximately 125,000 people in that time frame, for a total population of 345,000 by 2041<sup>1</sup>. This equates to an annual average of 2,000 or more new housing units each year. The City is well prepared to accept and manage the City's anticipated growth into the future through the implementation of its established community plans and supporting policies. The land use designations within the City's adopted community plans have provided for sufficient capacity to accommodate our growth needs in the near and medium term.

The City has also set a direction for implementation of a vision of a sustainable community with a high quality of life for all of its citizens with a commitment to ensure environmental conservation and economic opportunity, for which housing is a significant component. The City has a well-founded approach to accommodate new housing to meet our growth needs, and has provided support and direction for the integration of both market and non-market rental housing in the community.

Growth and development in Burnaby is managed under the policy framework of the *Official Community Plan (OCP)* and its *Residential Policy Framework*. The broad goals of the *OCP* include the provision of a varied range and choice of housing opportunities to serve the diverse needs of Burnaby's citizens. These goals are further articulated in the *Residential Policy*

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<sup>1</sup> Population projections for Burnaby are based on the City's commitments to the region under the Metro Vancouver *Regional Growth Strategy* to accommodate a portion of that growth within Burnaby. This projection is consistent with Burnaby's historical average annual growth rate of 2% per year over the past 30 years (annual average of 3,400 people per year).

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*Framework* of the *OCP*, which calls for the development of the City's four Town Centres - Metrotown, Brentwood, Edmonds and Lougheed, to accommodate much of the new residential growth of the City through redevelopment and densification of lands in relation to transit, community service and amenities. Building on the policy framework of the *OCP* and *Residential Policy Framework*, the City has also implemented a broad range of housing policies and initiatives to protect, facilitate, and support housing within Burnaby across the housing continuum.

The purpose of this report is to place the City's approach to the management of growth within the context of housing supply and demand, tenure, and affordability. This report outlines the City's policy framework for managing growth; reviews the roles and responsibilities of local and senior levels of government in the provision of housing and housing affordability; highlights the contributions that have been made within the City's legislative role and ability to improve the range of market and non-market housing opportunities and affordability levels; and, discusses the constraints faced by local governments to directly provide or influence the supply and/or affordability of housing.

This report has been prepared in response to observations and concerns received by the City regarding new developments within the Town Centres and other adopted community plan areas, where existing rental housing sites nearing the end of their building life-cycle have been advanced for redevelopment.

## **2.0 OVERVIEW OF HOUSING IN BURNABY**

### **2.1 Land use Framework**

The City, in its land use designation function and its ability to influence development through policies and regulations, provides a facilitating and supportive role in the development of a comprehensive housing continuum within Burnaby. The broad goals of the *Official Community Plan (OCP)* include the provision of a varied range and choice of living opportunities within the City. On that basis, the City has encouraged the development of a range of housing types with varying levels of affordability throughout the City.

The *Residential Policy Framework* of the City's OCP which guides residential development and growth within Burnaby is premised on the development of the City's four Town Centres: Metrotown, Brentwood, Edmonds and Lougheed. Each Town Centre provides for a broad mix of housing opportunities. Higher density building forms (i.e. apartment towers and mixed-use developments) are supported within the Town Centres, as they are set within the appropriate urban context supported by a broad range of commercial services, civic and recreational facilities, and amenities; and a transit system with strong pedestrian and cycle linkages. Residential areas outside of the Town Centre areas also include designated Urban Villages, Community Plan Areas and established single- and two-family residential neighbourhoods.

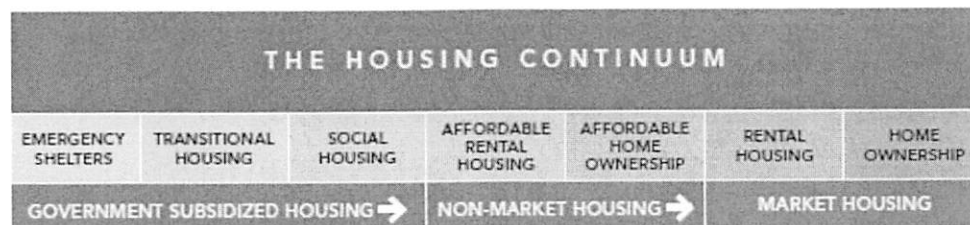
In combination, these areas provide for both higher density forms in Town Centres, and the full range of ground-oriented, medium and low density housing forms across the City. The accommodation of denser forms of development, particularly within Town Centres has also

provided for a measure of housing affordability within the City. This contribution to more accessible and affordable housing is provided for through a greater variety of unit sizes and types, and a greater overall supply of units, located within proximity to transit, commercial services and other amenities. This focus on mixed-use communities and developments with direct access to transit, services and amenities also contributes to affordability through the reduction in travel costs and improved access to employment opportunities in the region.

Building on the policy objectives of the OCP and *Residential Policy Framework*, the City has implemented a broad range of housing policies and initiatives to protect, facilitate, and support housing availability and affordability within Burnaby for both market and non-market housing stock. These specific policies and initiatives are discussed in the subsequent sections of this report, along with the roles and responsibilities of local and senior levels of government in the provision of housing, and more specifically, affordable/non-market rental housing units.

## 2.2 The Housing Continuum

In response to Burnaby's OCP policy direction to support housing choice, the City is committed to facilitating the development of a comprehensive housing continuum to serve the diverse needs of its citizens. Figure 1 below, illustrates the components of the housing continuum.



**Figure 1 - The Housing Continuum.** The housing continuum features a range of housing tenures, including market ownership, market rental, non-market rental, assisted living, and emergency housing. Diverse housing options across the continuum help to accommodate people of different ages, incomes, household structures, and physical and social needs.

There are two typical forms of tenure for market housing: home ownership and rental housing. While the majority of Burnaby's citizens are homeowners, almost one third or 36% of Burnaby's citizens live in rental housing.

Market rental housing is identified as an important component of the housing continuum. It contributes to the diversification of housing stock to accommodate a broad section of the community, particularly individuals and families that are not able to afford or access home ownership, or are not wanting to at a particular life stage. It also provides a measure of financial accessibility to housing, particularly for moderate and low-income households that are unable to enter the market as homeowners. More broadly still, the development of a comprehensive housing continuum, which includes rental housing opportunities, contributes to the health and robustness of Burnaby's economy, the vibrancy of the community, and creates a more complete and inclusive community.

### 2.3 Snap Shot of Burnaby's Market Rental Housing Stock

Of a total estimated count of about 96,000 dwelling units, it is estimated that Burnaby has a market rental housing stock of approximately 31,700 units, representing about one-third of units in Burnaby. These rental units are accommodated across a broad range of housing types, including, single-family dwellings; secondary suites; two-family dwellings; multi-family rental apartments; and multi-family strata rental. Table 1 presents an estimate of the total market rental housing stock in Burnaby. It is noted that Burnaby accommodates an estimated total of about 12,000 rental apartment units. This is the second largest supply of rental apartments in the region, second to Vancouver for which the estimated total is 55,800 units.

**Table 1. Estimated Number of Market Rental Housing Units within Burnaby<sup>2</sup>**

Housing Type	Unit Count	% of Total
Single Family Dwelling	3,200	10%
Secondary Suite	7,100	22%
Two-Family Dwelling	1,000	3%
Multi-Family (Purpose Built) Rental Apartments	12,000	38%
Multi-Family Strata Rental	8,400	26%
<b>Total</b>	<b>31,700</b>	<b>100%</b>

### 2.4 Location of Market Rental Housing

In line with the City's *Residential Policy Framework*, the majority of Burnaby's market rental housing supply is located within the four Town Centres - Metrotown, Brentwood, Edmonds and Lougheed, and secondarily in other Urban Village and Community Plan areas. About one-third of rental housing is also located in single and two-family areas in individual dwellings and secondary suites.

### 2.5 Age and Condition of Market Rental Housing

The age and condition of Burnaby's existing market rental housing stock varies by Town Centre, location and housing type. Most of the City's multi-family rental apartments are located in Metrotown, Edmonds and other apartment areas, and are generally characterized as low-rise apartments of post-war construction age (1950-1976). In the Lougheed area, the market rental housing stock is a mix of rental apartments and multi-family strata rental constructed between the mid-1970s and 1980s. In Brentwood, the majority of rental housing is accommodated in secondary suites and single- and two-family dwellings. More recent developments in each of the four Town Centres are primarily multi-family strata, with strata rental housing units also being

<sup>2</sup> Estimated units counts based on from Burnaby Housing Profile – 2015, with updated estimates for Multi-Family Purpose-Built Rental Housing based on improved City of Burnaby data sources.

made available to the market. It is noted that new rental apartment developments are also currently planned or proposed in both the Brentwood and Metrotown areas.

## **2.6 Market Rental Housing Supply and Demand**

Notwithstanding the City's significant supply of rental housing in the community, new supply has generally not kept pace with demand for rental housing stock. This trend has been evident in the prevailing vacancy rates, for Burnaby and the broader region, for rental apartments that have prevailed for decades. For example, CMHC (Fall 2014) estimates that the vacancy rate for Burnaby's rental apartments range from 0.7% to 1.3% (studios, one- and two- bedroom units), whereas a vacancy rate of 3% is identified as a balanced, healthy market. It is also noted that the rental rates/cost for these units is amongst the highest in the Metro Vancouver region, with some measure of affordability being related to their Town Centre location and proximity to transit and other commercial services, and the older age and poorer condition of buildings that were mostly built during the post-war period (1950 - 1976).

While there is a continuing high demand for rental housing, there has been little to no new development of rental apartments. Multi-family strata rental units and secondary suites are the dominant form of new rental housing being brought to market. This is largely attributable to market data observations that show that current 'market rental rates' are not sufficient to support the development of new, financially viable purpose-built rental housing. In other words, the apartment rents set in the market are generally not sufficient to cover the cost of land, development, and maintenance and operations of new rental apartments. This may also be attributed to constrained incomes and individual ability to pay for the costs of housing at higher rental rates. There is some indication that this apparent lack of market conditions to support economically viable rental development throughout the region is changing. In cases where land costs are supported through other development, the investment community may consider this housing form/tenure as being potentially more viable from a longer term investment perspective.

All apartment buildings have a finite life-span. For three- or four-storey wood-frame buildings, in the Canadian climate, the planned average life-span of such buildings is between 50 and 60 years. In Burnaby, and elsewhere, many of these older rental apartment buildings are approaching the end of their natural building and economic life-cycle and individual property owners must make decisions on whether to continue to forestall eventual redevelopment or to pursue available opportunities for property redevelopment under prevailing zoning or through a rezoning process.

While the redevelopment older rental apartment building can be viewed as an immediate loss of rental housing, under the broader context of continued population growth, redevelopment is necessary to establish a housing supply that keeps pace with the demand of an increasing population. This, in turn, is a driving factor of housing affordability. Policy directions that would restrict the possibility for the provision of new housing uses in a Community or Town Centre Plan area could have unintended or irreparable consequences on the local supply and affordability of housing. Aspects that would arise or be exacerbated by a more restricted supply of housing development opportunities would include a basic lack of housing for people, loss of

economic viability and employment, job loss in the construction sector, and increased risk of homelessness for a greater share of the local population.

More broadly still, redevelopment is expected to support City's objectives to focus new growth in Town Centres and other developed urban areas to create sustainable, healthy communities supported by a comprehensive transportation system, enhanced public realm, and a range of civic, community and recreational amenities to meet the vision and needs of the community now and in the future. This process of redevelopment also ensures a safe building stock for the community for the longer term, achieves intensification and more efficient use of a limited land base, and supports objectives for the preservation of agricultural, park and habitat lands in Burnaby and the region, as well as the form and character of other designated lower density neighbourhoods and communities.

The focus on new development within core areas of the City also supports the City's ability to facilitate the implementation of policies and initiatives directed towards the specific provision of affordable/non-market rental housing, through the *City Housing Fund* derived from the *Density Bonus Program*, as outlined further in this report.

### **3.0 ROLES AND RESPONSIBILITIES OF GOVERNMENT**

The development of new non-market and market rental housing opportunities that directly influence housing affordability, however, cannot be achieved by the City on its own. It requires senior levels of government to take a direct role in its provision and support. This section of this report discusses the roles and responsibility of senior government in this area.

#### ***3.1 Role of Senior Levels of Government in the Provision of Rental Housing***

The provision of rental housing to address income inequality and support, affordability levels, and social service objectives within market and non-market rental housing is principally the responsibility of senior levels of government (*Provincial* and *Federal*). These levels of government have the resources, legislative ability, jurisdiction and constitutional mandate to appropriately respond to the housing needs related to income and social supports. Senior levels of government have the ability and resources to advance initiatives, strategies and programs that can significantly contribute to the provision of rental housing, as well as an ability to influence and/or respond to the external factors that influence the supply and demand of housing, including but not limited to economic and market conditions (i.e. grants, taxation), finance (i.e. interest rates, banking policies, CMHC mortgage insurance), population growth (i.e. immigration policies), and construction standards and costs (i.e. building code). Addressing these issues at a senior government level also provides for a uniform, fair and equitable distribution of the cost of social and housing programs based on corporate and personal income taxation at the Federal and Provincial level, rather than reliance on the property tax base of individual local municipalities.

In British Columbia, the Federal and Provincial government bodies responsible for the provision of affordable housing (including rental housing) is the Canada Mortgage and Housing Corporation (CMHC) and British Columbia Housing Management Commission (BC Housing). Historically, administration and funding responsibilities for affordable housing has been under

the CMHC. Since the 1990s, however, this responsibility has been devolved to the provinces and territories, such that BC Housing is the primary administrator, funding source and manager of existing and new affordable housing developments in Burnaby and the broader region<sup>3</sup>. As a generalization, the focus of CMHC and BC Housing policies and initiatives has been related to the provision of non-market and other forms of subsidized housing for core needs. With funding for non-market housing projects is in chronic short supply across the country, these policies and initiatives provide a limited contribution to this one aspect of the housing continuum. It currently provides, no or very limited support for the provision of market rental housing opportunities, with the Province's current focus on providing rent supplements rather than investing in the development of more housing units directly.

Specific statutes and regulations that the Provincial government has implemented to manage market rental housing include the *Residential Tenancy Act* (administered through the Residential Tenancy Branch) and *Public Health Act* (administered through the Fraser Health Authority). As noted above, other policy tools and levers are available to the Province to facilitate the development of new market rental apartments include grants, tax policy and other incentives and programs which could support this sector. However, currently, few (if any) programs and initiatives in this area are available.

### **3.2 Role of Regional Government in the Provision of Rental Housing**

Metro Vancouver, through collaboration with local governments, supports to varying degrees the development of housing, including rental housing, at the regional level through its roles in housing policy and delivery. It sets policy direction through its *Regional Growth Strategy* and *Regional Affordable Housing Strategy*. The regional growth strategy, *Metro Vancouver 2040: Shaping our Future* identifies the provision of housing as a key component of complete communities and accommodating future growth. The *Regional Affordable Housing Strategy* provides a framework for encouraging diverse housing options across the housing continuum. Other roles that Metro Vancouver employs through their local government partnership include:

- providing mixed income housing through Metro Vancouver Housing Corporation,
- researching, collecting and analyzing data to support regional and municipal housing policy goals and promote best practices,
- convening municipal politicians and staff on housing issues of regional and local concern,
- advocating to senior governments for tools, policies and resources to support regional housing needs, and,
- using fiscal measures, such as the waiver of GVS&DD Development Cost Charges for affordable rental housing.

### **3.3 Role of Local Government in the Provision of Rental Housing**

The City of Burnaby has a long established role in facilitating and supporting the provision of market and non-market rental housing.

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<sup>3</sup> The Housing Services Corporation (HSC) notes in a 2014 report that 61% of BC Housing's revenue source is from the Province, and 27% is from the Federal Government.

As articulated in the ***Burnaby Housing Profile*** report, received by Council 2015 July, the City has a history of facilitating, supporting, and providing for housing to serve the broader community. The City's wide range of housing policies and initiatives aim to protect and seek new methods, regulations and partnerships to encourage the development and protection of affordable, special needs, market and non-market housing. Specific policies that the City has adopted to support market rental housing are summarized below:

***Rental Conversion Control Policy (1972)***

This policy establishes a moratorium on the strata conversion of purpose-built multi-family rental apartment buildings.

***Density Bonus (1997)***

This policy establishes a density bonus program for securing community amenities, including provision of affordable/non-market housing units in exchange for additional development density within Burnaby's Town Centres. For density bonuses accepted as cash in-lieu, 20% of the cash contributed is set aside for non-market and affordable/non-market housing.

***Flex-Suite Policy (2002)***

This policy permits secondary suites or "lock-off units" in multi-family dwelling units in the P11 zone at UniverCity, Simon Fraser University (SFU). By providing opportunities for rental units within new strata buildings, it creates affordable housing for both university students and those wishing to live near SFU's Burnaby Mountain campus.

***Secondary Suite Program (2014)***

This policy establishes provisions for the development of secondary suites within single detached dwellings.

***Tenant Assistance Policy (2015)***

This policy requires developers to provide a Tenant Assistance Plan when redeveloping existing multi-family rental buildings. The plan must include a commitment to exceed the minimum requirements of the Provincial *Residential Tenancy Act*.

In addition to the above noted policies, the City has pursued a range of initiatives to directly facilitate and support the development of affordable/non-market housing in Burnaby, including but not limited to the following:

- ***Inclusionary zoning*** – Council adopted policy which encourages 20 percent of units in newly developing communities on publicly-owned land to be non-market rental. This policy has resulted in the development of 390 non-market housing units at Oaklands, George Derby, Cariboo Heights, and the former Burnaby South School Site;



- **CD Comprehensive Development District Zoning** - Through the City's CD District rezoning process, market rental and non-market housing developments can be facilitated by amendments to standard established requirements under the bylaw that would otherwise apply to market housing developments, including building setback provision, building bulk and parking requirements;
- **Deferral of City development cost charges and permit fees** – The policy allows for the deferral of applicable City development cost charges and permit fees for non-market housing projects up to a period of 24 months commencing from the time of final development approval, with the deferred payments required to be paid prior to issuance of occupancy permit;
- **City-supported projects** – The City has initiated and/or facilitated several projects which support and protect affordable housing within Burnaby, including:
  - 5706 Irmin Street – City took over management of affordable housing project previously managed by Action Line Housing Society;
  - 3802 Hastings Street - City commenced work on a preliminary development concept and feasibility study for affordable housing; and,
  - City granted Housing Funds totalling \$2,007,338 to support five affordable housing projects with 257 units – Dixon Transition Society, Legion 83, Swedish Canadian Rest Home Association, Vancouver Resources Society and the George Derby Care Society.
- **City land leases** – The City currently leases lands to seven non-profit and co-operative housing providers for 293 non-market rental units at Lions Mulberry Place, Ridgelawn Gardens, Cariboo Co-operative, Hastings Village, Garden Square Co-operative, Marguerite Dixon Transition Society, and Action Line Housing Society;
- **City Initiated Housing Projects** – The City has provided funding of \$3,900,000 under the Density Bonus Program to achieve 19 non-market rental housing units in the Madison Centre (4 units), the Renaissance (9 units) and Brentwood Gate (6 units).
- **City grants** – The City's Housing Fund achieved under the Density Bonus Program provides funds, as recommended and approved by the Planning and Development Committee and Council to off-set the costs of City fees and charges, site servicing and other development costs, as supported. The City has provided these grants and other supports to non-profit housing providers, as noted above, to assist with project development and off-set City fees and servicing requirements.

To date, a total of **7,900 non-market housing units and beds** within 154 developments are located in Burnaby. The vast majority of these units are managed and operated by non-profit societies and co-operatives, with the remainder managed and operated by the Province of BC, the Fraser Health Authority, Metro Vancouver and private entities. This housing stock serves as the most affordable housing stock in Burnaby.

While the City actively encourages, supports and assists in the provision of special needs, market and non-market rental housing within Burnaby, initiatives to significantly contribute to provision of market and non-market rental housing principally relies on senior levels of government

(Provincial and Federal), who have the resources and constitutional mandate, to appropriately respond to the housing needs related to income of residents of the City and Metro Vancouver region.

In this regard, it is noted that local government does not have the full mandate or capacity to directly respond to the provision of affordable rental housing, while recognizing the evident lack of current market conditions to support development of new purpose-built market rental units. In recognition of this, through the Union of BC Municipalities and other means, the City has also advocated to senior levels of government to renew their commitment to address the need for an appropriate response to the housing affordability and related homelessness issues of the City and region. Through the work of the City's Planning and Development Committee, the City also continues to seek additional ways and means to further increase and support the provision of affordable housing in the City.

#### **4.0 LOCAL GOVERNMENT CONSTRAINTS TO ADDRESS AFFORDABLE RENTAL HOUSING NEEDS**

The City, through Planning and Development Committee initiatives and Planning Department research, over the decades, has investigated ideas to protect and encourage the development of rental housing stock. The result of that work has identified a number of policies, initiatives and programs that are within the scope, role, capability and financial resources of the City to deliver, and have been successfully implemented, as noted in this report.

The result of this work has also identified the constraints for the City in this area in relation to legislative ability, taxation base, and appropriate roles and responsibilities. While the City, through the Planning and Development Committee and Council, continue to research and consider City roles and policies to provide further support and response to housing issues related to affordability, supply, form and type, significant new progress to achieve, particularly more affordable rental housing, will continue to depend upon the scope of contributions that are provided through senior governments, and the conditions of the private rental market. Specific policy areas that the City has considered in response housing issues, for which a feasible role for Burnaby is constrained, include the following:

##### **4.1. *Moratorium on the demolition of existing buildings***

The Planning Department has reviewed the advisability and feasibility of a moratorium restricting the demolition of existing rental apartment buildings, as a policy option.

Through this review, staff have received legal advice that the City does not have the authority to impose a moratorium on the demolition of buildings. This lack of authority extends to all building types, rental apartments and other housing types. Specifically, the Provincial enabling legislation for local government, pertaining to the regulation of building construction and demolition, does not grant authority to local government to withhold building and/or demolition permits where the requirements for their issuance have been met. The City's authority to regulate the construction and demolition of buildings, including existing rental housing and other structures, is granted under the provisions of the *Community Charter*.

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The City has enacted the *Burnaby Building Bylaw, 2004*. The Bylaw regulates the construction and demolition of buildings/structures to ensure compliance with the *BC Building Code*. It mandates the Chief Building Inspector as the administrator of the Bylaw. Where a proposed construction or demolition meets the provisions of the *BC Building Code*, as well as all other pertinent bylaws and statutes, and meets the requirements of Section 16 of the Building Bylaw, the Chief Building Inspector must issue the required permit. The issuance of a building permit and/or demolition permit cannot be withheld by the Chief Building Inspector when the provisions of the *Building Bylaw* have been satisfied, except where permitted to do so by specific statutory authority, such as:

- Section 929 of the *Local Government Act* which permits Council to direct the withholding of a building permit for a period of up to 90 days where the development for which the permit has been applied conflicts with a zoning bylaw amendment under preparation; or,
- Division 3 Part 27 of the *Local Government Act* which permits Council to direct withholding of a demolition permit on a building subject to temporary heritage protection pending completion of a fully heritage designation process for the building.

The City Solicitor concurs with the interpretation of the statutes, bylaws and regulations presented above, and further cites the legal cases of The Murray Co. Ltd. v. District of Burnaby (B.C.S.C. 1945) and Morin v. District of Surrey (B.C.S.C 1988) as precedent cases in the formation of this opinion.

In summary, the City does not have the legislated authority to withhold a building permit for construction of new buildings and/or for the demolition of existing buildings, where the applicant satisfies the provisions of the Building Code. As such, the City does not have the authority to establish a moratorium which would restrict the demolition of rental housing or other types of buildings.

More broadly still, from a general policy perspective, the imposition of such a moratorium or other measure, which would hinder the redevelopment of buildings that are approaching the end of their economic life, would raise a number of life-safety concerns, building suitability issues, and concerns with the investment climate and overall supply of building space, in particular the provision of new housing to meet demand, if applied to existing residential dwellings and units. These, in turn, would generate further impacts to Burnaby in terms of the implementation of adopted plans to increase the supply of housing, housing affordability, provision of suitable and adequate housing, economic development and investment, job creation, and community amenity and conditions.

#### **4.2 Standards of Maintenance Bylaw**

The Planning Department has reviewed the feasibility of adopting a “Standards of Maintenance Bylaw” as a tool for extending the life-span of existing rental apartment buildings.

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Staff advise that the *Province of BC Residential Tenancy Branch* is the governing body responsible for the management of tenancy issues in the province (and Burnaby), as granted by the *Residential Tenancy Act*. This includes requirements for the maintenance and repair of rental units as contained in Section 32 of the Act. The Act states that a landlord must provide and maintain residential property in a state of decoration and repair that complies with the health, safety and housing standards required by law. The Act is further supported by the *Public Health Act* (administered by the *Fraser Health Authority*) which requires landlords to maintain their rental accommodation in a 'safe sanitary condition'.

In a supportive capacity, the structural and fire safety of buildings is regulated through the *BC Building Code* and *Fire Services Act*. The City administers and enforces these requirements through the *Burnaby Building Bylaw* and *Fire Services Bylaw*, respectively. These regulations are supplementary to the issues of general maintenance and repair of buildings managed at the Provincial level, unless these matters directly relate to structural and fire safety issues.

The enactment of a City "Standard of Maintenance Bylaw" is not generally advised, given that tenancy issues, including the maintenance and repair of rental units, is appropriately managed through the current responsibility of the *Provincial* government, through the BC Residential Tenancy Branch. An assumption or shift of such roles and responsibilities to the City would raise concerns regarding City resource capacity, and the overall ability of the City to achieve successful outcomes in this area.

From a general policy perspective, staff would conclude that the adoption of a "Standard of Maintenance Bylaw" would not respond to the broader issue of increasing the supply of new rental accommodation. Further, if used as a surrogate measure to prevent the expected redevelopment of buildings that are approaching the end of their natural building life-span (60+ years), staff consider that this available bylaw tool would not be sufficient to achieve the desired result, particularly where an aging structure was no longer economical to maintain, and thus this would in turn pose further life and safety concerns, and housing suitability issues.

#### **4.3 City development of affordable (subsidized) rental housing**

As part of the formation of its *Official Community Plan* and consideration of taxation and finance policies, staff and the City generally, have given consideration to the feasibility of establishing the City as a direct housing provider through the development and operations of City-owned affordable (subsidized) housing projects.

As noted in this report, the provision of affordable rental housing is principally the responsibility of senior levels of government (*CMHC* and *BC Housing*). Local government, generally, does not have the full mandate, capacity and/or tax base and income redistribution authority to directly respond to the provision of affordable rental housing. The issue of housing affordability is pervasive at a local, regional, provincial and national perspective, and as such, it is not feasible to develop fulsome solutions drawing on single or select municipalities and their associated property tax base. At the same time, the City has been able, through an evaluation of its mandate, role, capacity and resources, to determine areas where it can best contribute to the provision of rental housing. While recognizing the diverse contributions made, as outlined in

Section 3.2 and 3.3 of this report, this appropriate City role remains principally as a facilitator as opposed to a direct housing provider. In this regard, the City has indicated a further willingness to enter into partnerships with senior levels of government or other housing providers to support the development of affordable/non-market rental housing in Burnaby. The City's community plans specifically accommodate housing in all tenure forms in all areas, including market and non-market housing, and owned and rented housing.

Council, through the Planning and Development Committee continues to consider and evaluate further initiatives and policies that can contribute to the City's housing affordability and other issues. Specifically, further consideration is being given to further initiatives that can be supported through the City's *Housing Grant* and *Density Bonus Program*.

#### **4.4 Establishment of a rental replacement policy or required provisions for rental units**

The Planning Department has reviewed the feasibility of establishing a rental replacement policy or required provision of rental units in all multi-family developments as a means of securing housing affordability.

Generally, however, the City does not have the mandate to require the private sector to provide rental tenure. The provision of market rental housing and other forms of secured rental housing from the private sector can be achieved on a voluntary basis, and where the developer-applicant has indicated an interest to provide subsidized or protected rental housing units. The City, through the rezoning process, with a willing applicant, protects such housing by covenant and/or housing agreement. Through the plan development process, the Planning Department and the City will also assist and facilitate this voluntary provision through siting, form and parking bylaw adjustments under a rezoning. In addition, secure, non-market units qualify for consideration under the City's initiatives for deferral of City development cost charges and/or granting program to off-set permit fees, servicing and other supported costs.

From a policy view, commentary has been received that the City, by policy, should withhold development approval and/or rezoning approval, unless new or replacement rental housing is provided. As noted earlier, new market rental housing is not generally economically viable in the current market given prevailing 'market rents' – the ability of current incomes to support higher rents sufficient to pay for the costs of land, development and maintenance and operation of rental housing. Initiatives that would seek to impose provision of rental housing, as a 'cost of development' would result in projects that are either uneconomical to build, and thus would not be pursued by a market development. Alternatively, developments faced with such a policy would typically seek City funding, support and increased density allocations to achieve economic viability. If accommodated, subject to specific circumstances, this can result in local community impacts and/or tax payer contributions to private market investments and/or private individuals. From a policy view, this could result in the community off-setting the housing costs of private market rental development. Again, this level of income support and re-distribution, and the related issues of a lack of a viable rental market, can only be appropriately provided for through senior government initiatives, regulations, taxation and social policy.

In summary, the City does not have the full mandate or capability to compensate or correct the private sector market for rental housing. Further there are not sufficient resources, or a sound policy basis, at the local level which would sufficiently and appropriately address the market, private investment and development issues that currently do not support the construction of new, affordable rental apartments. Where such units are provided and occupied as rental, the City has the ability to secure the rental tenure through the Council adopted moratorium which restricts multi-family rental apartments from being converted to strata units in future without City approval.

#### **4.5 Broader issue of supply, demand and affordability**

As part of ongoing review and research, staff have considered the contribution that new multiple-family strata developments contribute to the overall supply and availability of affordable rental units.

It is acknowledged that new multiple-family strata rental units command a higher rental rate than older rental apartment units. This is in part due to the newer condition, and availability of amenities within newer developments. These strata rental units, do, however directly contribute to the overall supply of rental housing, thereby, helping to meet overall demand, and generally increasing the availability of rental housing in the community. It is conservatively estimated that about 25% of all residential units developed in Burnaby are purchased as rental investments. This translates to approximately 8,400 strata rental units (*2015 July Burnaby Housing Profile*), which is a significant supply of housing that addresses one component of Burnaby's housing continuum.

### **5.0 CONCLUSION**

Burnaby's population is projected to see a steady and continued increase over the next 20 to 25 years. Under the guidance and policy framework of *OCP* and *Residential Policy Framework*, the four Town Centres of Metrotown, Brentwood, Lougheed and Edmonds, and other adopted plan areas for residential uses, are poised to accommodate the majority of that growth in a manner that is sustainable, and supportive of the City's commitment to environmental conservation and economic development/opportunity.

The City seeks to increase the overall housing supply within the four Town Centres, Urban Villages, and community plan areas, and through other policy initiatives, so as to meet/reduce demand and increase housing affordability. Policy directions that would purposely limit redevelopment under adopted plans is not generally supported, as this, compounded by an increase in population, will inevitably result in increased demand for housing, and would reduce housing availability and affordability through rising rents, and would fail to meet our local and regional responsibilities for management of new growth.

As such, the City's approach to land use management is to continue to support the adopted Town Centre and other community plans and policies which seek to accommodate and managing growth and development. It is acknowledged that development activity in the Town Centres and other adopted plan areas may advance rental housing sites nearing the end of their life-cycle for

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redevelopment, but such redevelopment is necessary to secure a stable housing supply in relation to demand, in locations adopted under approved plans for new growth, which in turn influences and contributes to housing affordability. Benefits also achieved through development under Town Centre and other adopted plans include a broadening of the tax base contributions to community services and amenities, job creation and investment, renewed housing stock, and transportation and infrastructure improvements.

It is also recognized that the City, within its legislative role and ability and through its pursuit of partnerships with senior levels of government and other housing providers, continues to support the provision of market and non-market housing opportunities with varying levels of affordability to serve the needs of Burnaby's citizens. Affordable and accessible housing is important to the development of a complete, balanced and sustainable community, and efforts to address this issue within the means and abilities of the City continue to be supported. However, any significant contributions to the provision of more affordable rental housing, and new multi-family rental apartments, requires the direct involvement of senior levels of government. In this regard, the City continues to advocate senior levels of government to renew their commitment provide for an appropriate response to housing affordability needs of communities.

It is recommended that Council receive this report for information purposes.

  
Lou Pelletier, Director  
PLANNING AND BUILDING

cc: Deputy City Managers  
Director Engineering  
Director Finance  
Director Parks, Recreation and Cultural Services  
City Solicitor  
City Clerk

ZT/LP:tn

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