

PLANNING AND DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**SUBJECT: RENTAL USE ZONING POLICY AND INITIAL IMPLEMENTATION
FRAMEWORK**

RECOMMENDATION:

1. THAT Council receive this report for information.

REPORT

Burnaby City Council, at the Closed meeting held on 2019 May 13, received and adopted the attached report proposing four policies to support rental use provisions in the Burnaby Zoning Bylaw and an initial implementation framework. A report on the proposed Zoning Bylaw text amendments appears elsewhere on this Council agenda.

Respectfully submitted,

Councillor P. Calendino
Chair

Councillor S. Dhaliwal
Vice Chair

Copied to: City Manager Director Planning & Building Director Corporate Services Director Engineering Director Finance Director Public Safety & Community Services Chief Building Inspector City Solicitor

COUNCIL REPORT

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE **DATE:** 2019 April 25

FROM: DIRECTOR PLANNING AND BUILDING **FILE:** 42000 20
Reference: Rental Zoning

**SUBJECT: RENTAL USE ZONING POLICY AND INITIAL IMPLEMENTATION
FRAMEWORK**

PURPOSE: To propose four policies to support rental use provisions in the Burnaby Zoning Bylaw and an initial implementation framework.

RECOMMENDATIONS:

1. **THAT** Council endorse the proposed approach for implementing rental use zoning provisions in the Burnaby Zoning Bylaw, as outlined in Section 4.0 of this report, namely as it pertains to:
 - a) a minimum of 1:1 affordable rental replacement of all units lost through development;
 - b) inclusionary requirements for 20% of all new units as rental housing;
 - c) voluntarily provided rental units in commercial and mixed-use developments; and,
 - d) the rezoning of sites that accommodate existing purpose-built rental buildings to ensure existing units are protected until suitably replaced.
2. **THAT** the Council direct staff to bring forward a report to the Open Council meeting on 2019 May 27 to consider the proposed approaches and necessary Burnaby Zoning Bylaw amendments to support the implementation of rental use zoning.

REPORT**1.0 INTRODUCTION**

On 2018 May 31, the Provincial government enacted the *Residential Rental Tenure Zoning Amendment Act*, which enables local governments to enact zoning bylaws governing rental tenure, and establish rental tenure housing as a specific land use in zoning districts that accommodate multiple family residential as a permitted use.

On 2018 July 23, Council passed a motion requesting that staff prepare a policy for implementation of rental zoning pursuant to the legislation, including provisions for replacement rental housing.

On 2018 December 03, Council gave Final Adoption to Bylaw No. 13940, which established rental-only zoning sub-districts in the Multiple Family Residential (RM1-RM7) Districts, Commercial (C1, C2, C3, C8, C9) Districts, and Institutional (P11) District of the Burnaby Zoning Bylaw. In that report, it was noted that policy recommendations for applying the new rental zoning provisions would be the subject of subsequent Council reports.

This report proposes four specific policies, and a framework for the initial implementation of the new rental use zoning provisions in the Zoning Bylaw, to support the construction of new and replacement rental units throughout the City. This report also proposes a new mechanism (offset density) to achieve affordability for rental units. Recognizing that additional policy work on housing is anticipated through the Mayor's Task Force on Community Housing, the scope of the policies put forth in this report are intended to be focused on the recent rental zoning amendments to the Zoning Bylaw and the newly created opportunities that result from them.

With respect to the Mayor's Task Force on Community Housing, in line with the interim report adopted by Council on 2019 May 13, the policies stated further within this report reflect "Quick Start" opportunities of the Task Force, and current policies in motion being undertaken by the City, which have been identified as immediate priorities of Council.

The desired outcome of this framework is to ensure both the replacement, and increase, of rental housing in the city at a variety of rent levels and affordability, as well as the protection of rental housing into the future.

This report is organized into three main components:

1. an overview of the existing policy context for rental use zoning and related land economics considerations;
2. a summary of existing and proposed tools for achieving rental housing; and,
3. the four proposed policies and implementation framework.

This enables the policy to be transparent, implementable and applied equally, thereby giving applicants a clear path forward in the approvals process, while also giving certainty to the community as to the City's expectations related to affordable rental housing.

2.0 BACKGROUND

2.1 Policy Context

2.1.1 City-Wide Policies

The proposed rental use zoning policies and implementation framework is not intended to be an isolated program. Rather, its goal is to fit into the City's housing continuum, as illustrated

below, supporting a broader City-wide housing strategy that meets the needs of all residents in Burnaby.

The Housing Continuum

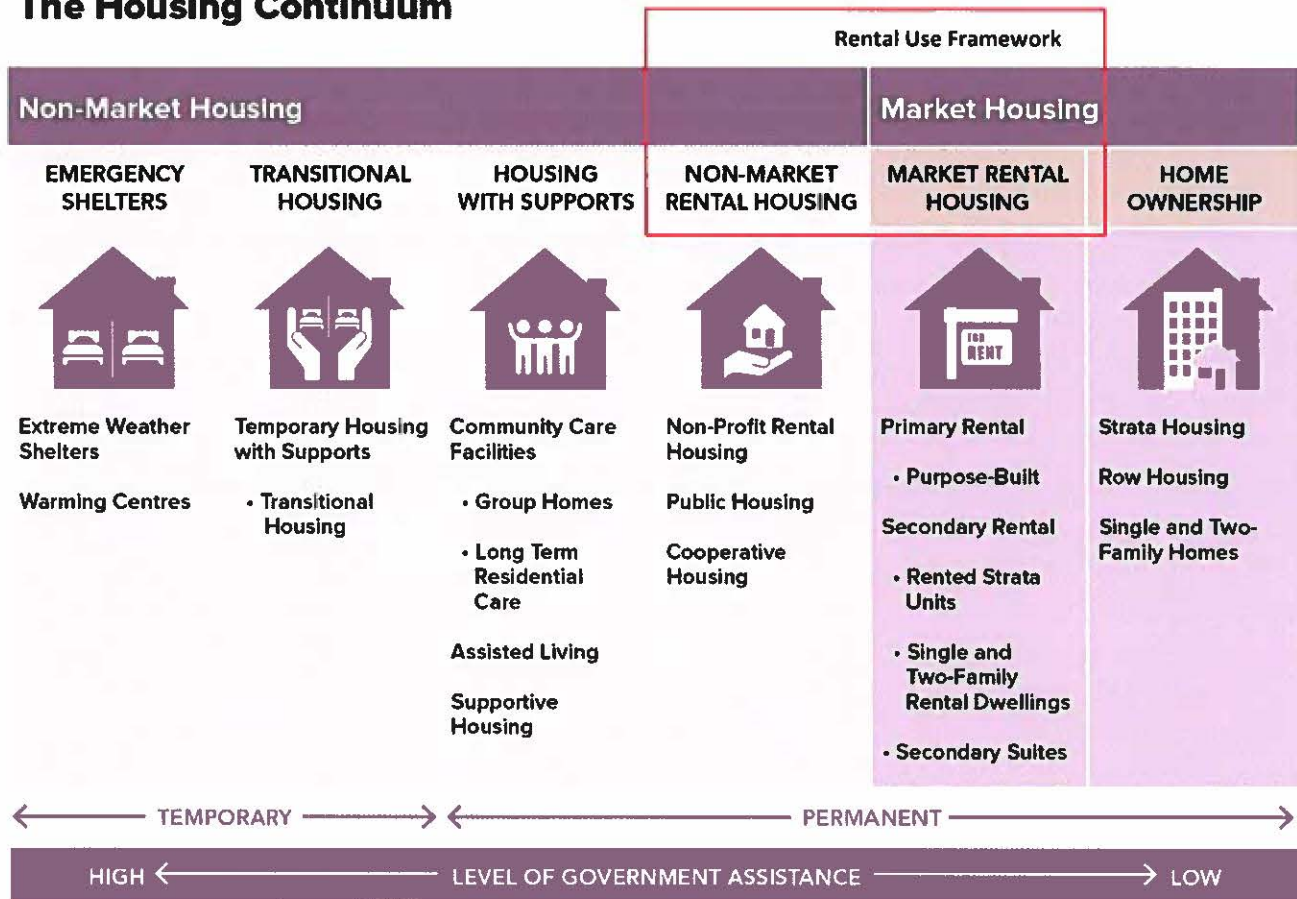


Figure 1 – Housing Continuum

For context, the proposed rental use zoning policies and implementation framework is supported by the following Council-adopted policies:

The Social Sustainability Strategy

- Strategic Priority 1: Meeting Basic Needs
- Strategic Priority 5: Enhancing Neighbourhoods

The Economic Development Strategy

- G1: Building a Strong, Livable, Healthy Community
- A diverse and affordable housing stock which is appropriate to resident's needs
- Non-market Housing: Explore possible ways to use the rezoning of land for market residential development as a means of helping achieve more non-market housing

The Official Community Plan

- Goal 4: Special and Affordable Housing Needs - To help ensure that the needs of people with special and affordable housing requirements are met
 - to continue to provide for increased housing opportunities in the City with particular encouragement for ground-oriented housing forms
 - to broaden housing options within the City and its neighbourhoods to allow more residents to stay in familiar neighbourhoods as they age and their housing needs change
- Goal: Social Planning - To facilitate the development and ongoing sustainability of a community which enhances the physical, social, psychological and cultural well-being of Burnaby residents

Corporate Strategic Plan

- A Connected Community
 - Social Connection: Enhance social connections throughout Burnaby
 - Partnership: Work collaboratively with businesses, educational institutions, association, other communities and governments
- A Dynamic Community
 - Economic Opportunity: Foster an environment that attracts new and supports existing jobs, businesses and industries
 - Community Development: Manage change by balancing economic development with environmental protection and maintaining a sense of belonging
- An Inclusive Community
 - Serve a Diverse Community: Ensure City services fully meet the needs of our dynamic community
 - Create a Sense of community: Provide opportunities that encourage and welcome all community members and create a sense of belonging

Rental Housing Policies and Programs

Burnaby also has a number of existing policies that support the development and maintenance of rental housing, which will continue to be drawn upon and complement the proposed new policies and implementation framework. These include:

- *Rental Conversion Control Policy*: This policy prohibits strata conversion of purpose-built multiple-family rental housing. Active since 1974, this policy has helped to prevent the strata conversion of the purpose-built rental housing stock that was built with federal subsidies between the 1950s and 1980s.

- *City Lands Program/City Land Leases:* The City leases land that it owns to non-profit societies and housing corporations seeking to build non-market housing. The City offers these leases at reduced or nominal rates, offsetting leasing costs through contributions from the Community Benefit Bonus Housing Fund. The City currently leases seven properties that support 302 non-market units and has recently partnered with two non-profit societies to build approximately 200 additional units on sites at 3802 Hastings Street and 7898 Eighteenth Avenue.
- *Community Benefit Bonus Housing Fund:* The Community Benefit Bonus Policy is a density bonus program that generates funding for community amenities and affordable and/or special needs housing units through on-site construction and/or cash-in-lieu funds. At least 20% of all cash-in-lieu funds are contributed to the Community Benefit Bonus Housing Fund. To date, this program has secured over \$120 million for non-market housing projects, as well as 19 units constructed in-kind for tenants with special needs and/or low incomes.
- *Affordable Units Policy:* This policy applies to newly developing communities on publicly-owned land, and seeks to obtain 20% of the new units for non-market rental housing. To date, the program has resulted in the development of 390 non-market housing units at Oaklands, George Derby, Cariboo Heights, and the former Burnaby South Secondary School site in the Edmonds Town Centre.
- *Flex Suites Policy:* The Burnaby Zoning Bylaw permits secondary suites in multiple family dwelling units in the P11 zone at UniverCity, an urban village located adjacent to Simon Fraser University (SFU). Sometimes known as "lock-off units", these suites provide affordable housing for both university students and others wishing to live near campus.
- *Fast Track Approvals Program:* This policy ensures that priority is given to processing applications for non-market housing during the development application review process.
- *Secondary Suites Program:* The Secondary Suites Program allows secondary rental housing within a single-family residence. Secondary suites offer a range of affordability, with many units priced below other types of market rental. They also offer renters the opportunity to live in single family neighbourhoods without renting an entire house.
- *Tenant Assistance Policy:* A Tenant Assistance Plan is required as a condition of rezoning approval for proposals affecting tenanted buildings with six or more units that would be demolished through the development process. Plan guidelines include: a minimum of four months' notice to vacate; a minimum of four months rental payment compensation; and assistance to tenants in seeking alternative accommodation.

On 2018 March 05, the City's Tenant Assistance Policy (TAP) was updated to include greater assistance to tenants of rental buildings affected by redevelopment. Continued experience in implementing the TAP has revealed opportunities for further refinement

and improvement. In this regard, a further report concerning updates to the Tenant Assistance Policy is forthcoming.

However, one improvement that is being implemented immediately is that rezoning applicants who are required to provide rental replacement, and therefore must provide tenant assistance, confirm that all tenants affected by development on the subject site have secured alternative housing prior to Final Adoption of the related rezoning amendment bylaw. This assures that all such tenants are placed in alternate housing prior to displacement. Furthermore tenant assistance plan measures will be confirmed with each tenant, by the City, prior to advancement to Third Reading of the rezoning amendment bylaw.

2.1.2 Community, Town Centre and Other Area Plans

It is important to note that, until the legislative ability to zone for rental tenure was enacted by the Province in 2018, municipalities, including Burnaby, did not have the tools to zone specifically for residential rental purposes. As such, the City's community, Town Centre, and other area plans did not have specific zoning provisions for housing tenure or affordability. Such plans were focused on land use and built form (e.g. commercial uses, residential uses, open spaces, etc.) with the intent to operate in conjunction with broader City-wide policies and programs, and senior government programs for rental housing. This approach has enabled the immediate implementation of City-wide housing policies without the need to undertake extensive community plan amendments. That said, moving forward, as rental housing is now a discrete land use, in the future, new and amended community plans will be able to give consideration to rental tenure zoning requirements and affordability as they relate to ongoing City policy updates.

As noted above, the proposed framework for rental use zoning relies upon the foregoing policies for context, and is a further enhancement and development of policies to support rental housing. The following policy proposals establish a positive direction for the City by enabling growth to be accommodated, while continuing to address the needs of Burnaby's diverse population. Finally it provides an excellent head start for the work pursued by the Mayor's Task Force on Community Housing, the recommendations from which could provide additional policy direction that would complement this proposed policy framework.

2.2 Land Economics of Rental Housing

While this report is not intended to provide a detailed account of the land economics behind purpose built rental housing and its affordability. The cost and availability of land, limitations on density, and the costs of construction and operation, bear heavily on the feasibility of providing rental housing. As such, a brief overview of land economics is warranted.

Land is primarily valued based on its potential land use and density. If a site is valued and purchased on the maximum potential for market (strata) development, the requirement to provide rental housing using available strata density may result in the rental component becoming uneconomical. In this regard, new rental housing is often developed on private property where

the developer/owner has had long standing ownership of a property, or is financially supported by an organization that has an interest in long-term holdings (such as a pension fund or government). Alternatively, the development of rental housing has been pursued on public lands with little or no associated land costs, where land has been donated for that purpose.

Therefore, to achieve new rental housing, especially that which is affordable, the land and density attributed to rental housing must be free of cost, and unable to be used or developed for alternative purposes. However, in either circumstance where land and/or density are free of cost, the resultant rents reflect market rates, albeit at moderate levels. Higher degrees of affordability require further incentives or government investment to offset construction and operating costs. Thus, the degree to which affordability is achieved is directly proportionate to the level of incentive or investment provided.

The purpose of acknowledging basic economic overview is to ensure that required affordable rental housing is ultimately deliverable, and sustainable. The goal is to propose innovative solutions to housing in Burnaby by capitalizing on opportunities in both policy, and the development/real estate market, that may not have been previously considered.

3.0 TOOLS FOR ACHIEVING RENTAL AND AFFORDABLE HOUSING

3.1 Rental-Only Zoning Sub-Districts (Existing)

As previously noted, on 2018 December 03, Council gave Final Adoption to Bylaw No. 13940, which established rental-only zoning sub-districts in the Multiple Family Residential (RM1-RM7) Districts, Commercial (C1, C2, C3, C8, C9) Districts, and Institutional (P11) District of the Burnaby Zoning Bylaw. This allows the addition of rental use density to a site above and beyond designated commercial and multiple-family (strata) density, to support the economic viability of providing required and voluntary rental housing.

3.2 Density Offset (Proposed)

To provide affordable rents comparable to those of the units affected by redevelopment, partnerships and public investment are required, which could come from the federal government, the provincial government, and/or municipalities (or a combination of the three). While senior government funding will continue to be sought, it is proposed that the City take on a more active and ongoing role in achieving affordable rent levels for required affordable rental housing achieved through redevelopment. The target rent levels for affordable housing is 20% below CMHC market average rents, which will generally be comparable to or less than rents of pre-replacement rental units. The CMHC market average represents a range of rental building ages typically from the 1960s to present day, and varying building types from low rise wood frame apartments and townhouses, to high-rise concrete apartments.

Current mechanisms exist to assist with greater levels of affordability, including the use of the Community Benefit Bonus Funds, and associated Housing Funds. In the past, Community Benefit Bonus Funds have been used toward the achievement of special needs and affordable housing, with such housing typically being transferred under City ownership. The use of

Housing Funds has been made available via Council approved grants, typically to reduce City related fees and costs in the development of alternative and affordable housing. However, the use of both Community Benefit Bonus Funds and Housing Funds as an ongoing tool to assist with affordability on all required sites may be unsustainable, and could rapidly deplete these funds, limiting Council's ability to fund community amenities such as recreation centres, or alternative forms of housing, including housing for those with disabilities. While these funds are available for use toward specific affordable housing projects at Council's discretion, an alternative approach is proposed to help fund affordability across the City over the long-term. In line with other municipal approaches, it is proposed that, to achieve a greater level of affordability at 20% below CMHC market average, additional market density (density offset) may be made available to support the provision of such affordable housing, where the required rental dwelling units meet this affordability criteria. The proposal identifies the maximum additional density to be equal to half the permitted base density under the designated zoning district, as outlined in Table 1 below.

Table 1: Proposed Density Offset

District	Base Density	Density Offset
RM3, RM3r, RM3s	1.1 FAR	0.55 FAR
RM4, RM4r, RM4s	1.7 FAR	0.85 FAR
RM5, RM5r, RM5s	2.2 FAR	1.1 FAR

The foregoing approach would enable each application to accommodate its own affordability, without being reliant on Federal and/or Provincial housing programs, or municipal housing grants, which are discretionary and therefore uncertain. Tenants occupying units that are rented at 20% below CMHC average rents would be required to meet BC Housing's Housing Income Limits (HILs) in order to ensure the units are rented to, and occupied by, those in need of such housing.

Where rental rates are established through zoning, rental and operational conditions would be protected by a Housing Agreement and/or Section 219 Covenant registered on the title of the property, or in particular circumstances, by public ownership and a ground lease. Although public ownership is not a requirement of the density offset, in the circumstance of public ownership and operation by a registered non-profit housing provider, additional sources of funding may be available, further reducing operating costs and resulting rents of affordable housing.

The proposed density offset approach to fund greater levels of affordability requires that the Burnaby Zoning Bylaw be amended to allow for the additional density. The zones proposed for density offsets are the RM3, RM4 and RM5 Districts. Appearing elsewhere on Council's agenda is a report recommending the necessary Zoning Bylaw amendments to enable the proposed density offset. If adopted by Council, the proposed amendments would be advanced to a Public Hearing on 2019 June 25.

It is noted that on some RM3, RM4 and RM5 designated sites requiring rental replacement, the density offset identified in Table 1 may not achieve the desired level of affordability. As such,

Council, at their discretion may provide additional funding by way of amenity bonus funds, on a site by site basis, to ensure target affordability levels are attained. Likewise, on some sites, additional market density may not be viable, though it is believed such circumstances would be uncommon and be limited to smaller sites. For such instances, use of housing funds may be requested from Council as the offset to affordability.

4.0 RENTAL USE ZONING POLICY AND IMPLEMENTATION FRAMEWORK

4.1 Guiding Principles

With the tools of rental-only zoning and density offsets having been identified, policies guiding their use and an implementation framework are necessary in order to achieve new, affordable rental housing. The proposed rental zoning policy and implementation framework is ambitious in order to address the urgent need for housing alternatives in Burnaby. However, it is also clear, practical, and implementable to ensure the ability to develop affordable rental housing over the long-term. The proposed policy and implementation framework is guided by a set of principles:

- **Improve Affordability:** Provide housing that is close to transit, amenities, employment, and services, regardless of income.
- **Assist Tenants:** Assure tenants affected by development that they will be provided with guidance in finding alternative housing, help with relocation expenses, compensation for leaving their homes, and opportunities to relocate back into their neighbourhoods.
- **Take A Multifaceted Approach:** Address rental housing provision from several different perspectives and approaches; solutions need not be monolithic or provided in any one specific way.
- **Rethink Opportunities:** While rental uses have typically been considered residential in nature, consider the commercial aspects to this use; this opens up possibilities to thinking about them in a different way from a community planning perspective.
- **Maximize Efficiencies:** Combine zoning districts to allow for the creation of a variety of new housing types and tenures on a single site, while maintaining development guidelines in adopted community plans.
- **Get Involved:** Take on a much more involved role in the provision of housing, especially as it relates to municipal subsidies, investments, and regulations.
- **Be Flexible:** Develop rental housing policies that are resilient, regardless of current government programs.

These principles have helped to establish a new perspective toward achieving affordable rental housing in Burnaby. Four new policy proposals, or ‘streams’, have been identified, as shown in Figure 2, which recognize different contexts and opportunities for rental housing in the City. Each policy, including its general objectives, desired outcomes, and application, is outlined below in Sections 4.2 to 4.5.

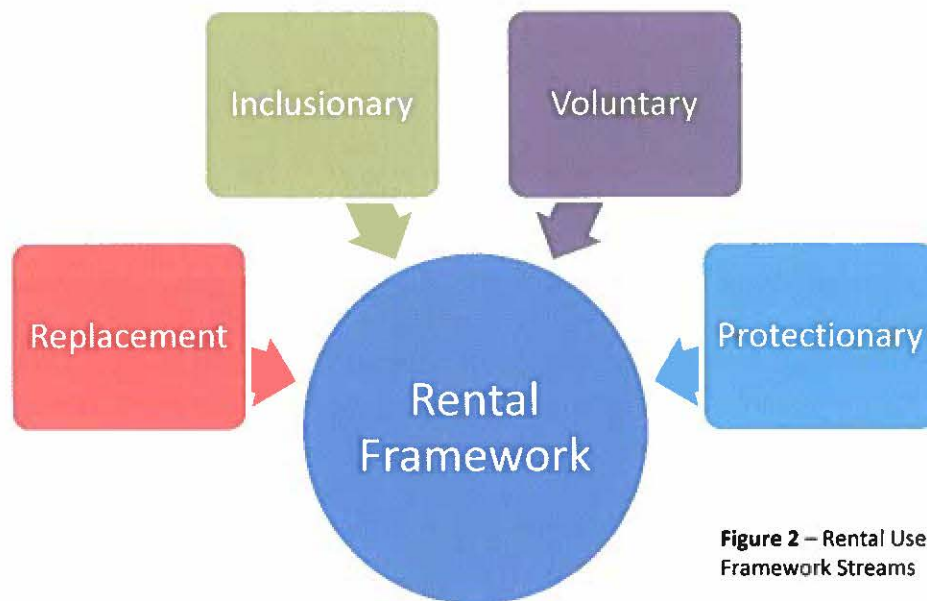


Figure 2 – Rental Use Zoning Implementation Framework Streams

The various streams also facilitate the review process by breaking the task at hand into smaller components that can be communicated and implemented independently. Finally, this framework recognizes that opportunities for rental housing are directly linked to factors that relate to a site's development potential.

4.2 Stream 1 - Rental Replacement

Prior to 2018, the redevelopment of Town Centre sites has not required the replacement of rental units lost to redevelopment. The motion passed by Council on 2018 July 23 established requirements for rental replacement on sites in the Metrotown Town Centre, with the intent that: they be replaced at a ratio of one to one; senior government funding be sought; rents of the new units be similar to those lost to redevelopment; and, displaced tenants be given right of first refusal to occupy the new replacement units.

Objective and General Policy Requirements

The objective of this policy is to replace the units lost to redevelopment and secure housing options for tenants that have been affected. This policy is detailed in the *attached* Appendix 1, but can be generally summarized as follows:

- Rental replacement is required in *all* Community Plan areas (e.g. Town Centres, Urban Villages, Mixed-use areas, etc.).
- Units lost to redevelopment must be replaced at a ratio of 1:1 or 20% of the total number of proposed units, whichever is greater. Affected tenants must be given the first right of refusal to occupy the new units, and rent levels of replacement units must be similar to those lost to redevelopment.
- The total number of units, whether occupied or vacant, must be replaced and generally reflect the same unit mix as those lost to redevelopment.

- Sufficient density for the replacement units would be derived from the addition of the applicable rental use zoning district (RMr), which would also provide zoning protection for the replacement units. Additional RMr Density for market rental purposes would be subject to Council approval, and limited to Residential Tenancy Act (RTA) maximum rent increases regardless of tenancy.
- Affordability is to be achieved by providing a strata density offset and/or government investment, as outlined in Section 3.2 of this report.
- Tenants are to be suitably housed and accommodated prior to redevelopment.
- Affordability measures are to be protected and regulated by a Council-approved Housing Agreement, Section 219 Covenant, or ground lease, in the case of City ownership.

Desired Outcomes

Rental replacement in the City's Community Plan areas are intended to achieve full replacement of rental units affected by a site's redevelopment. The affordability of the replacement units is determined by the *lesser* of established rents or 20% below CMHC market average. At the same time, the policy considers the feasibility of these requirements from a development standpoint, allowing additive density and flexibility in ownership and maintenance structure to ensure that replacement units will be viable over the long term.

Policy Application

It is noted that, while a standardized approach to replacement as presented above is desirable for clarity, transparency and certainty purposes, Council has the opportunity to review each replacement proposal on its own merits in the context of the necessary rezoning process for development affecting existing rental housing (e.g., a proposal may involve housing for a specific client group of a non-profit operator that would limit the ability for existing tenants to move into the replacement units). As a mixture of market and non-market housing can assist in the long term viability of operating affordable rental housing, applicants may request additional use of RMr density to increase the provision of rental housing, subject to Council's approval.

To implement these policy components, it is recommended that all new applications, and those at any stage of the rezoning process that involve the loss of rental units, be required to provide rental replacement.

4.3 Stream 2 - Inclusionary Rental

Objective and General Policy Requirements

The objective of this policy is to supplement the City's stock of rental and affordable housing by requiring that new developments, especially those on larger master planned sites, provide 20% of the total number of units as rental housing. A Community Plan or Master Plan can designate specific sites for rental use, or propose the integration of rental uses with strata uses (mixed tenure) on the same site. All sites in Community Plan areas are required to provide 20% of their

units as rental. To introduce affordability, the offsets discussed in section 3.2 may be used to achieve rents at 20% below CMHC Market Average. It is acknowledged, however, that some sites may not be capable of achieving this requirement. In such circumstances, a variant of the requirement may be pursued through CD Comprehensive Development rezoning, requiring approval by Council.

This policy is detailed in the *attached* Appendix 1, but can be generally summarized as follows:

- Inclusionary rental is required for all sites in Community Plan areas.
- Sufficient density for the inclusionary units would be derived from the addition of the applicable rental use zoning district (RMr), which would also provide zoning protection for the inclusionary units. Additional RMr Density for market rental purposes would be subject to Council approval, and limited to Residential Tenancy Act (RTA) maximum rent increases regardless of tenancy.
- Greater levels of affordability could be achieved by providing a strata density offset and/or government investment, as outlined in Section 3.2 of this report.
- Affordability measures are to be protected and regulated by a Council-approved Housing Agreement, Section 219 Covenant, or ground lease, in the case of City ownership.

Many of the above components are similar to those in the proposed Replacement Rental policy stream, the primary differences being the absence of any needed replacement and the scale of development under consideration. These differences allow for a policy that more broadly considers the role of rental housing in new communities.

Desired Outcomes

The requirement for rental housing in Community Plan areas ensures equal access to new communities throughout the City. Moreover, it would result in a substantial increase to the overall stock of protected rental and affordable housing. This is important because, as comprehensively planned communities, the resulting rental units would have good access to transit, amenities (e.g. parks and open spaces), and day-to-day services (e.g. medical/dental, social and recreational opportunities, shopping, banking etc.). The affordability of the inclusionary units would be determined based on current market rents, or where an affordability offset is provided, 20% below CMHC market average. At the same time, the policy considers the feasibility of these requirements from a development standpoint, allowing additive density, and flexibility in ownership and maintenance structure to ensure that the growth of inclusionary units will be viable over the long term.

Policy Application

The policy is intended to apply to all sites within Community Plan areas, including sites that are currently under rezoning for new development but have not yet achieved Second Reading of the rezoning bylaw. The inclusionary requirement will also apply to new Community Plans, and significant amendments to Community Plans, that are prepared by the City and approved by Council. A significant amendment is determined based on the addition of residential uses and/or

an increase in residential density to a sub-area within a community plan. As previously noted, inclusionary rental will be requested to be pursued by all applications within existing Community Plan areas, with a target of 20% being sought through the Comprehensive Development rezoning process. As a mixture of market and non-market housing can assist in the long term viability of operating of affordable rental housing, applicants may request additional use of RMr density to increase the provision of rental housing, subject to Council's approval.

4.4 Stream 3 – Voluntary Rental Housing in Commercial Districts

Objectives and General Policy Requirements

The objective of this policy is to supplement the City's stock of rental housing, especially in mixed-use areas, which have a greater access to goods and services. Voluntarily provided rental housing under this policy would be generally achieved in connection with the provision of employment generating commercial uses on site. In this regard, it is proposed that residential rental be permitted within the applicable Commercial Districts (C1, C2, C3, C8 and C9) of up to 49% of the designated commercial floor area, with the remaining 51% of the designated provided as typical commercial uses (e.g. office, retail or hotel).

Although voluntary, the use of commercial densities for residential rental development requires some policy guidance. The policy is detailed in the *attached* Appendix 1, but can be generally summarized as follows:

- The proposed site must have a commercial or mixed-use designation in the applicable community plan and/or OCP, and the density for the residential rental use must be derived in accordance with the relevant section of the Zoning Bylaw, and the use must be included as part of a Comprehensive Development (CD) Plan.
- Although the units may be privately owned as a block, stratification is not permitted.
- On sites with commercial designations where residential rental uses are proposed, access to such density can only occur if all applicable RMs (including density bonus) and RMr densities are first fully consumed.
- Specific levels of affordability are not required for voluntary commercial rental above and beyond inclusionary requirements. However, any affordability measures are to be protected and regulated by a Council-approved Housing Agreement, Section 219 Covenant, or ground lease, in the case of City ownership.

Desired Outcomes

As there is a considerable amount of commercial density that typically goes unutilized, especially in the Town Centres, it is anticipated that substantial contributions to rental housing within Burnaby will result from this policy. Furthermore, new rental units located within a mixed-use development will provide residents with good access to shopping, services, transit, and other amenities.

Policy Application

If this policy is approved by Council, staff would begin processing rezoning applications proposing voluntary rental in the applicable commercial districts, as well as explore the possibilities these provisions may have in relation to new Master Plans and Community Plans with commercial and mixed use potential.

4.5 Stream 4 – Protection of Existing Rental Sites

Objectives and General Policy Requirements

This policy relates to a recommended action for a City-initiated rezoning of all sites containing purpose-built multiple family rental housing (see Figure 3). The overall objective of this policy is to protect existing rental stock on sites that have additional development potential under a prevailing community plan, and to prevent redevelopment under prevailing zoning to non-rental use development.

Desired Outcome

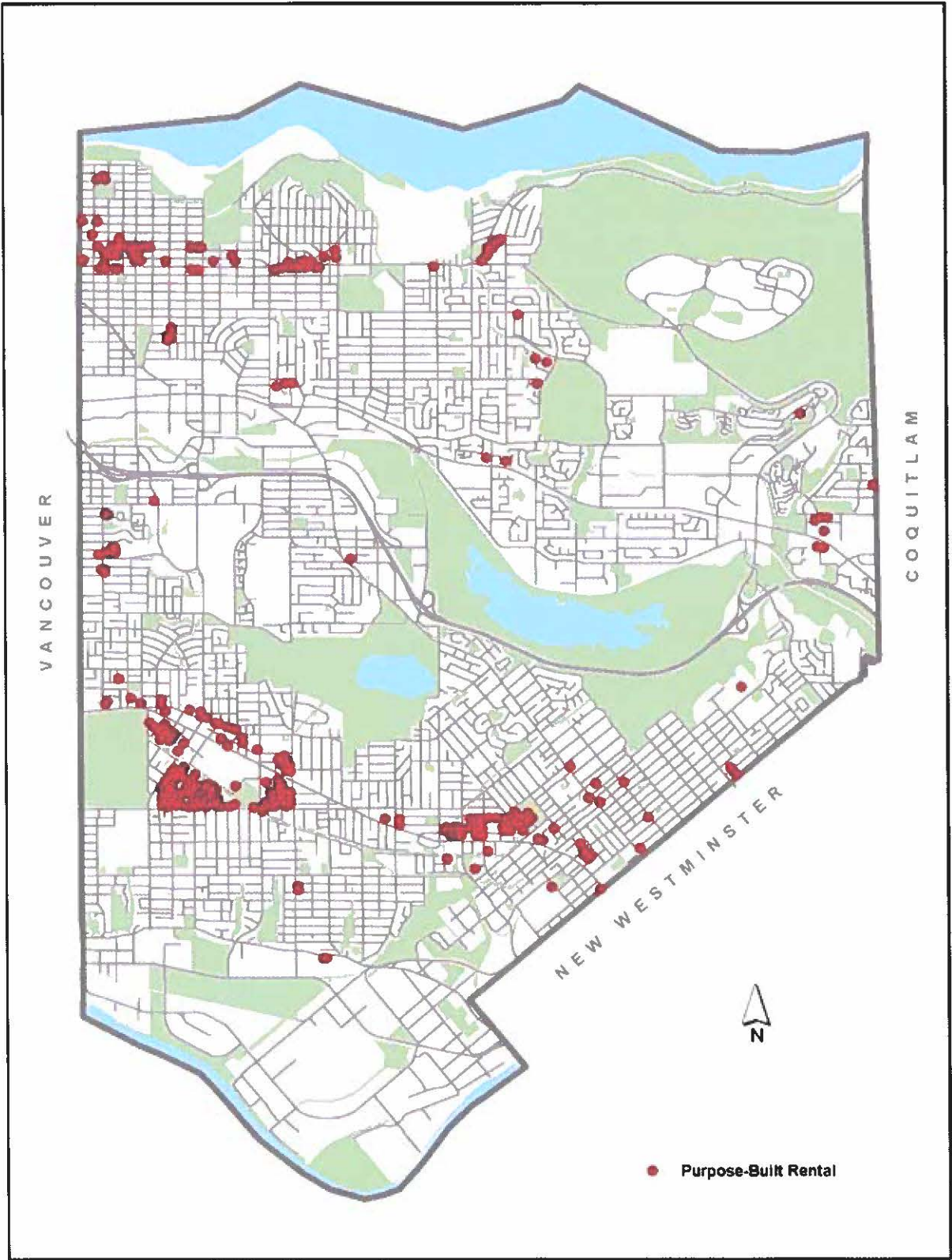
There are a considerable number of purpose built rental developments throughout the City that could be demolished and redeveloped under prevailing zoning for non-rental purposes. The intent is to protect these sites from development under prevailing zoning to ensure that rental replacement and tenant assistance policies apply.

Policy Application

If adopted, this policy would be followed by a City-initiated rezoning process to apply the suitable RMr District under the Burnaby Zoning Bylaw to all sites in the City that currently accommodate purpose built rental buildings having 6 or more units.

Once rezoned, owners of these properties wishing to redevelop could construct rental housing outright, or apply to rezone the property to a Comprehensive Development (CD) District in order to include stratified housing or other uses. Such sites undergoing CD rezoning would be subject to rental replacement and affordability requirements identified in Stream 1. Further specific reports and recommendations would be brought forward to Council for consideration regarding the proposed rezoning process. As part of this process the City would engage with land owners of purpose built rental buildings, as well as the broader community, on the implications of this policy and the resultant rezoning. The results of this community engagement would be forwarded to Council in a subsequent report. It should be noted that this proposal does not involve removing development potential under prevailing community plan designations.

Figure 3 – Rezoning Existing Rental



5.0 NEXT STEPS AND AVENUES FOR FURTHER POLICY DEVELOPMENT

The overall policy framework for implementing rental use zoning in Burnaby is the first step toward a much more comprehensive housing policy for the City. Further, housing program amendments may be forthcoming, arising from the findings of the Mayor's Task Force on Community Housing.

Should Council adopt the recommendations of this report, staff would advance rezoning applications on the basis of the policy streams identified above, subject to consideration at a future Open Council meeting of the necessary Zoning Bylaw amendments to implement the proposed density offset approach. In parallel with this policy, and the work of the Mayor's Task Force on Community Housing, further amendments to the Tenant Assistance Plan policy will be pursued. To update Council on the progress of the policy proposals, and provide recommendations on necessary policy adjustments, further reports will be advanced to the Planning and Development Committee, every two years, or as requested.

6.0 CONCLUSION

This report proposes offset density to support housing affordability goals and a framework for implementing rental use zoning provisions in the Burnaby Zoning Bylaw. The framework is comprised of four distinct policy streams:

- Rental Replacement;
- Inclusionary Rental;
- Voluntary Rental Housing in Commercial Districts; and,
- Protection of Existing Rental Sites.

Each stream represents a different context for the development of rental housing, and has a distinct set of requirements. The policy proposals in this report both serve an immediate need to provide guidance on the application of the new rental use zoning provisions of the Zoning Bylaw, as well as provide a starting point for a more far reaching and foundational housing strategy for the City. On its own, the proposed rental use implementation framework is highly aspirational, clear and balanced, and provides a needed level of robustness to the City's existing housing policies. Although the proposed policies mark a new direction for the City in regard to securing rental and affordable rental housing, they remain consistent with the City's broader policy objectives, including the City's Official Community Plan, Corporate Strategic Plan, and Social Sustainability Strategy, which encourage a diverse and affordable housing stock that addresses needs across the housing continuum. Overall, the above noted policies:

- assist tenants in securing affordable rental housing;
- creates opportunities for new affordable rental housing; and,
- secure a long-term rental stock for the City to meet current and future demand.

To: Chair and Members, Planning and Development Committee
From: Director Planning and Building
Re: RENTAL USE ZONING POLICY AND INITIAL IMPLEMENTATION FRAMEWORK
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As such, it is proposed that Council approve the recommendations in this report for the implementation of Rental Use Zoning in Burnaby.



E. W. Kozak, Director
PLANNING AND BUILDING

JBS/KH
Attachment

cc: City Manager
Director Engineering
Director Finance
Director Community Services
Director Public Safety and Community Services
Chief Building Inspector
City Clerk
City Solicitor

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Rental Use Zoning Policy and Implementation

Overall Goal

To provide a balanced approach for the implementation of rental use zoning.

Policy Streams

1. Rental Replacement
2. Inclusionary Rental
3. Voluntary Rental Housing in Commercial Districts
4. Protection of Existing Rental Sites

Stream 1 - Rental Replacement



CONDITIONS

- a) Replacement – Each site experiencing redevelopment involving the loss of purpose-built (non-stratified) multi-family residential rental units (within a building of six or more units) must replace those units at a ratio of one new rental unit for every existing rental unit lost to redevelopment.
- b) Applicability – This policy applies to all sites experiencing redevelopment of purpose-built (non-stratified) multi-family rental units with a Community Plan area in the Official Community Plan.
- c) Number – The obligation to replace rental units is based on number of units shown on the most recently issued business license for the subject property, or 20% of the total number of strata units, whichever is greater.
- d) Form – The replacement units must be of the same type (number of bedrooms), and meet the minimum unit size for that type under the RMr district.
- e) Unit Mix – The unit mix of the replacement units should generally reflect that of those lost to redevelopment (e.g., one, two and three bedroom units), except where a not-for-profit operator and/or government partners have particular needs that target specific user groups.
- f) Tenants' Right of First Refusal – Rezoning applicants are required to provide tenants who are eligible for assistance the opportunity to move into the new replacement units upon completion, by way of a tenant's right of first refusal. The applicant is required to provide such tenants the right, upon completion of the applicable tenant assistance package, as well as provide notification six months and three months prior to expected occupancy of the new replacement units.
- g) Established Rents – The replacement units must be rented at or near established rents, adjusted as per permitted Residential Tenancy Act (RTA) increases. e.g. a unit's rent of \$800 at the time of demolition, must be replaced with a new unit renting for \$800 + the annual increases in rent permitted under the RTA for the duration of time between demolition and occupancy.
- h) Affordability – If a tenant chooses not to exercise their right of first refusal, or moves out subsequent to occupying a replacement unit, the rent shall be adjusted to 20% below CMHC Average Market Rents for the area. Additional permitted market rental shall be limited to RTA increases regardless of tenancy. Affordability measures are to be protected and regulated by a Council-approved Housing Agreement, Section 219 Covenant, or ground lease, in the case of City ownership.

Appendix 1

- i) Funding – In order to achieve greater affordability and rents for returning tenants that are similar to their pre-relocation rents, pursuit of funding under BC Housing and CMHC housing programs is required. In conjunction with senior level government funding, or where other funding is not available, an affordability offset will be available equivalent to half the base density of the RM district applied to the site.
- j) Zoning – The zoning applied to the replacement units shall be derived from the applicable corresponding RMr District.
- k) Development Density – The Gross Floor Area (GFA) for the replacement units will be derived from the addition of GFA associated with the RMr District being used in combination with the base district so designated in the applicable community plan.
- l) Ownership – Replacement rental units cannot be stratified and/or individually owned, but can be owned by a private entity with appropriate legal instruments in place that protect public investment and rents (such as Covenants and Housing Agreements).
- m) Role of Non-Profit Organizations – Non-profit organizations may partner with developers and government (Federal/Provincial/City) to own and/or maintain replacement rental units. While the involvement of non-profit organizations is preferable, it is not required. However, where a non-profit is not involved in the management of replacement rental units, the owner of the units will be responsible for:
 - i) Having an independent third party manage tenancies in accordance with an adopted Housing Agreement or ground lease agreement.
 - ii) Having an independent third party provide maintenance services for the units/building in accordance with an approved maintenance schedule.
 - iii) Submit for audit statutory declarations and supporting documentation relating to both A and B above, when requested by the City.

Stream 2 - Inclusionary Rental



CONDITIONS

- a) Provision – Each site in a Community Plan area is required provide 20% of its units as rental housing.
- b) Applicability – This policy applies to all sites in Community Plan areas.
- c) Form – Inclusionary units can be located within a mixed tenure building (airspace parcel), a podium (airspace parcel), or a stand-alone building (fee simple or airspace parcel). For stand-alone structures, wood frame structures may be considered insofar that they meet Community Plan objectives, Zoning Bylaw requirements and BC Building Code conditions.
- d) Unit Mix – The unit mix of the inclusionary units should generally reflect that of the balance of the proposed development (e.g., one, two and three bedroom units), except where a not-for-profit operator and/or government partners have particular needs that target specific user groups.
- e) Zoning – The zoning applied to the inclusionary units shall be the relevant RM'r' District.
- f) Development Density – The Gross Floor Area (GFA) for the inclusionary units would be accommodated from the addition of GFA associated with the companion RM'r' District.

- g) Ownership – Inclusionary rental units cannot be stratified and individually owned, but can be owned either publicly or privately.
- h) Affordability – Rents of new units may be established at current market rates, with annual increases not to exceed that allowable under the Residential Tenancy Act (RTA). Where a density offset is pursued, the rent shall be established at 20% below CMHC Average Market Rents for the area, with annual increases not to exceed that allowable under the Residential Tenancy Act. Additional permitted market rental shall be limited to RTA increases regardless of tenancy. Affordability measures are to be protected and regulated by a Council-approved Housing Agreement, Section 219 Covenant, or ground lease, in the case of City ownership.
- i) Funding – In order to achieve greater affordability, pursuit of funding under BC Housing and CMHC housing programs is required. In conjunction with senior level government funding, or where other funding is not available, an affordability offset will be available equivalent to half the base density of the RM district applied to the site.
- j) Role of Non-Profit Organizations – Non-profit organizations may partner with developers and government (Federal/Provincial/City) to own and/or maintain inclusionary rental units. While the involvement of non-profit organizations is preferable, it is not necessary. However, where a non-profit is not involved in the management of inclusionary rental units, the owner of the units will be responsible for:
 - i) Having an independent third party manage tenancies in accordance with an adopted Housing Agreement or ground lease agreement.
 - ii) Having an independent third party provide maintenance services for the units/building in accordance with an approved maintenance schedule.
 - iii) Submit for audit statutory declarations and supporting documentation relating to both A and B above, when requested by the City.

Stream 3 - Rental Housing in Commercial Districts



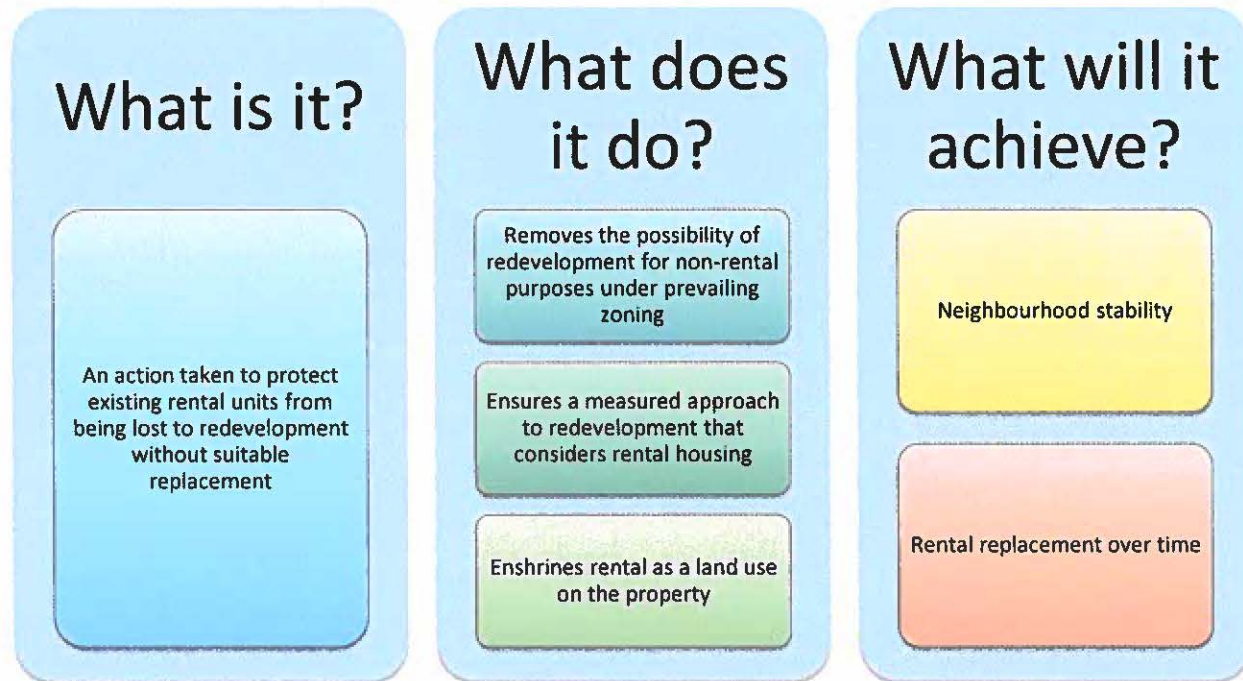
DETAILS

- a) **Provision** – Rental dwelling units are permitted in the C1, C2, C3, C8 and C9 Commercial Districts and the P11e District, and may be voluntarily provided, subject to the following:
- i) that the use is included as part of a comprehensive development plan subject to the CD (Comprehensive Development) District;
 - ii) that all rental dwelling units are located above the first storey;
 - iii) that a completely separate public entrance to the residential accommodation be provided from the first storey front elevation, except:
 - on a corner lot, access may be from the first storey side street elevation; or,
 - where a public pedestrian walkway exists, access may be from the first storey walkway's elevation; and,
 - iv) that the gross floor area (GFA) attributable to the rental dwelling units, including access, is less than the GFA attributable to all other permitted commercial uses.
- b) **Applicability** – This policy applies to all sites with either commercial or mixed-use designations in community plans, and which have either Town Centre or Urban Village designations in Burnaby's Official Community Plan.

Appendix 1

- c) Zoning – The zoning applied to the rental units shall be C1, C2, C3, C8, C9 or the respective use of RM'r' Districts for sites developing under multiple family plan designations.
- d) Development Density – The GFA for the rental units is derived from the underlying commercial district. The residential rental floor area must not exceed the provided commercial floor area (i.e. the maximum permitted residential floor area is 49%, with the remaining 51% to be commercial floor area). On sites with commercial designations where residential rental uses are proposed, access to such density can only occur if all applicable RMs (including density bonus) and RMr densities are first fully consumed.
- e) Ownership – Rental units cannot be stratified and individually owned, but can be owned privately.
- f) Affordability – As a voluntary provision, established rental rates are not required. In order to achieve greater affordability, pursuit of funding under BC Housing and CMHC housing programs is encouraged.
- g) Form – Building forms and limitations thereto (siting and height) indicated in Community Plans must be adhered to, in consideration of CD plan proposals involving rental use zoning in commercial and mixed use developments.

Stream 4 - Protection of Existing Rental Sites



CONDITIONS

- Applicability** – All properties currently zoned with an RM, C, or P District that accommodate multiple-family residential, commercial or mixed-use buildings, containing six or more purpose built rental units, are to be rezoned to the corresponding RM’r’ district by the City.
- Scope** – All properties that currently have purpose built multiple-family residential units throughout the City.
- Exceptions** – All single and two-family properties with secondary suites; all secondary multiple-family strata rental; all institutional seniors, group home, and supportive/assisted living rental; and all current CD zoned purpose built rental buildings.
- Varying Conditions** – Council, at its discretion, may permit the redevelopment of purpose built rental sites with new strata or mixed-tenure (strata and rental) developments on a site by site basis under CD Comprehensive Development rezoning. Sites undergoing CD rezoning will be subject to rental replacement provisions outlined in Stream 1.