

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE

DATE: 2020 Feb 19

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 49500 00
Reference: Zoning Policy &
Procedures

SUBJECT: FINALIZED RENTAL USE ZONING POLICY

PURPOSE: To propose the finalized Rental Use Zoning Policy.

RECOMMENDATIONS:

1. **THAT** the Committee recommend Council endorse the finalized Rental Use Zoning Policy, as outlined in this report, and shown in *Appendix A*.
2. **THAT** the Committee recommend Council authorize the preparation of a bylaw amending the Burnaby Zoning Bylaw to align with the revised Rental Use Zoning Policy.

REPORT

1.0 INTRODUCTION

Council, at its meeting on 2019 May 27, adopted the Rental Use Zoning Policy and Initial Implementation Framework to support the construction of new and replacement rental units in the City of Burnaby. The Rental Use Zoning Policy outlines four policy streams – Rental Replacement, Inclusionary Rental, Voluntary Rental Housing in Commercial Districts, and Protection of Existing Rental Sites – to enable both the replacement, and increase, of rental housing at a variety of rent levels and affordability, as well as the protection of rental housing into the future.

The Rental Use Zoning Policy builds upon efforts to protect and increase Burnaby's rental housing stock. On 2018 December 03, Burnaby became the first municipality in British Columbia to adopt rental tenure zoning following the provincial government enactment of the *Residential Rental Tenure Zoning Amendment Act* on 2018 May 31, which enabled local governments to establish rental tenure housing as a specific land use in zoning bylaws. In addition, the City requires enhanced protections for tenants displaced through the rezoning application process under the Tenant Assistance Policy. Initially adopted in 2015 April 24, the Tenant Assistance Policy was recently amended based on direction from the Mayor's Task Force on Community Housing (MTFCH) to strengthen provisions for displaced renters, and was approved, in principle, by Council on 2019 December 02.

2.0 CITY POLICY FRAMEWORK

The proposed amendments to the Rental Use Zoning Policy support the following City-wide policies to help meet the housing needs of all residents in Burnaby:

- Burnaby's *Official Community Plan* (1997) contains goals within its residential and social policy frameworks to:
 - help ensure that the needs of people with special and affordable housing requirements are met;
 - provide for increased housing opportunities in the City with particular encouragement for ground-oriented housing forms;
 - 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; and,
 - seek new methods, regulations and partnerships to encourage the development and protection of affordable and special needs housing.
- The *Burnaby Economic Development Strategy* (2007) sets a goal of building a strong, liveable, and healthy community, which includes developing a diverse and affordable housing stock which is appropriate to residents' needs and exploring possible ways to use the rezoning of land for market residential development as a means of helping achieve more non-market housing.
- The *Burnaby Social Sustainability Strategy* (2011) contains several actions in the area of affordable and suitable housing, including looking for opportunities to facilitate the development of housing that is supportive of, suitable, and affordable to specific target groups, such as low and moderate income households, and those experiencing mental illness, addictions, family violence, homelessness and other challenges.

Further to the above, the proposed amendments also align with the following goals and sub-goals of the *Corporate Strategic Plan*:

- ***A Connected Community***
 - Partnership – Work collaboratively with businesses, educational institutions, associations, other communities and governments
 - Social Connection – Enhance social connections throughout Burnaby
- ***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
- ***A Dynamic Community***
 - Community Development – Manage change by balancing economic development with environmental protection and maintaining a sense of belonging

- Economic Opportunity – Foster an environment that attracts new and supports existing jobs, businesses and industries

3.0 BACKGROUND

3.1 Stakeholder Feedback

Since the adoption of the initial implementation of the Rental Use Zoning Policy, staff have been monitoring the uptake of the policy through the review of rezoning applications, in addition to feedback received from applicants and other stakeholders.

To date, uptake on the City's rental housing provisions has been moderate. This is due to a variety of factors, including a tempered real estate market, particularly for market strata units, brought about by senior government policies, rising construction costs, and continued imbalances between local housing prices and incomes. In addition, the City has received feedback from the development sector regarding certain challenges posed by the Rental Use Zoning Policy, in particular, the limiting of *Residential Tenancy Act (RTA)* permitted rent increases between tenants, known as "vacancy control." Vacancy control was instituted by the City as a mechanism to ensure long term affordability of market rental over the life span of the units. However, concerns have been raised regarding the hardship that vacancy control could impose on the ability to finance projects, in addition to the long term viability of rental developments subject to vacancy control.

Conversely, there has been broad acceptance and support from the development industry for the provision of below-market units, provided these units are not subject to vacancy control and where a density offset is provided to finance the affordability component. The development sector has been proactive in seeking senior government and non-profit partnerships, as per City direction, to deepen affordability of rental units created under the Rental Use Zoning Policy.

3.2 Planning and Development Committee Motion

At its 2019 September 17 meeting, the Planning and Development Committee (PDC) unanimously passed the following motion:

THAT Staff amend the conditions of the Rental Use Zoning and Implementation Policy to require that the equivalent of 20% of the proposed units under RM, or RMs District be provided as affordable rental housing, at or below CMHC Market averages, and that the additional RMr density for rental uses not be subject to vacancy control.

In response, the following sections of the report outline the final proposed amendments to the Rental Use Zoning Policy to align with the PDC motion, in addition to other changes aimed to improve the delivery of market and below-market rental housing in Burnaby.

4.0 PROPOSED AMENDMENTS TO THE RENTAL USE ZONING POLICY

The following sections propose amendments to the Rental Use Zoning Policy. For reference, a revised Rental Use Zoning Policy, with the proposed changes incorporated, is *attached* in *Appendix A*.

4.1 Use of CMHC Market Median Rents instead of CMHC Market Average Rents

The Rental Use Zoning Policy currently uses Canada Mortgage and Housing Corporation (CMHC) market average rents as the metric from which below-market rents are calculated. However, the use of market average rents may result in significant fluctuations over time, as unusually high or low rents skew the average amount. To ensure a more accurate reflection of current market rents, staff propose using CMHC market median rents as the basis for determining below-market affordability requirements.

The change to CMHC market median rents also aligns with the City's updated Tenant Assistance Policy, which uses CMHC market median rents in its calculation of benefits to tenants displaced through the rezoning application process. In addition, staff propose clarifying the policy to state that CMHC market median rent will be based on the location of the application site in relation to the CMHC Rental Market Survey zones for Burnaby, which consist of Central Park/Metrotown, Southeast Burnaby, and North Burnaby.

4.2 Amend Inclusionary Requirement to Deliver Greater Affordability

Stream 2 of the Rental Use Zoning Policy – Inclusionary Rental – currently requires all new developments in Community Plan areas to provide 20% of the total number of units as rental housing. This requirement ensures a substantial increase to the overall stock of secured rental housing in the City, in addition to more equitable access to rental housing options in a variety of neighbourhoods.

The inclusionary units are provided through density provisions under the Multiple Family Residential Rental (RMr) zoning districts. Inclusionary units are currently not subject to affordability criteria and may be rented at market rents. To incentivize affordability, additional market density, known as a density offset, is granted to projects that provide the required rental units at 20% below CMHC market average rents. In addition to the density offset, applicants are encouraged to seek senior government investment to deepen the affordability of all rental units. As per the policy, tenants occupying the below-market rental units are required to meet BC Housing's Housing Income Limits (HILs) to ensure the units are rented to, and occupied by, those in need of such housing.

To increase the delivery of below-market rental housing, and as per the PDC motion, staff propose amending the policy to require the 20% inclusionary requirement to be offered at 20% below CMHC market median rents. As noted, to support the economic viability of these projects, a density offset is available to achieve this new affordability requirement. In addition, staff further recommend that the 20% inclusionary requirement be calculated from the total number of market

(strata or rental) units derived from RM and RMs density provisions, as opposed to the total number of all units. This is to ensure that projects that seek to provide additional rental housing, particularly at below-market or non-market rents, are not dis-incentivized to do so due to the methodology for calculating inclusionary units. Overall, both RMr zoning district density and offset densities are not subject to the inclusionary requirement.

For reference, the table below illustrates the current starting rents for the proposed below-market inclusionary units at 20% below CMHC market median rents, based on the most recent 2019 CMHC Market Rental Report. CMHC market average rents, as well as 20% below that metric, is also provided in the table below for comparison.

Table 1: Example Rents for Proposed Inclusionary Affordability Requirement at 20% below CMHC Market Median Rents, as compared to CMHC Market Average Rents

	Proposed Inclusionary Rents using CMHC Median Rents		Comparison Example at CMHC Average Rents	
	2019 CMHC Median Rent	20% below 2019 CMHC Median Rent	2019 CMHC Average Rent	20% below 2019 CMHC Average Rent
Central Park/Metrotown	\$1,263	\$1,010.40	\$1,343	\$1,074.40
Southeast Burnaby	\$1,125	\$900	\$1,161	\$928.80
North Burnaby	\$1,328	\$1,062.40	\$1,392	\$1,113.60

Source: CMHC Market Rental Report 2019

Given the requirement for affordability, staff further recommend clarifying that the inclusionary requirement is not required in the RM1, RM2, and RM6 zoning sub-districts due to the absence of density offset provisions available for these particular zones.

4.3 Amend RMr Density Provisions, Including Removal of Vacancy Control

Burnaby was the first municipality in British Columbia to establish rental tenure provisions in its Zoning Bylaw. New rental zoning sub-districts were created within the Multiple Family Residential (RM1, RM2, RM3, RM4, RM5, RM6, and RM7), Commercial (C8 and C9), and Institutional (P11) zoning schedules, all signified with an “r” suffix. These new “r” sub-districts allow additional rental density to be applied to a site, above and beyond the designated base density, to support the feasibility of providing rental housing.

The current Rental Use Zoning Policy requires units created by RMr density, including the required inclusionary units, be subject to vacancy control. The only units not subject to vacancy control are below-market rental units that receive a density offset and rental units permitted in Commercial zones. The requirement for vacancy control has resulted in concerns that few applicants would take advantage of the voluntary RMr density, impacting the delivery of new market rental units in the City. The development industry has noted the hardship that vacancy control could impose on the long term viability of rental developments as the amount of rent that

could be charged on vacant units between tenants would be limited. In particular, the change to the calculation of the *RTA* maximum allowable rent increase in September 2018 from rate of inflation plus 2%, to rate of inflation only, has increased concerns from landlords regarding the ability to maintain rental properties over time. Finally, and perhaps most importantly, the impact of vacancy control on the ability of the development community, including pension funds, to secure development financing, thus leading to a low uptake of the available density, remains a concern.

To incentivize the use of RMr density provisions, staff support the PDC motion to remove vacancy control. Instead, the affordability of rental units would come from the proposed amendment to require inclusionary units to be offered at 20% below CMHC market median rents. In addition, staff further propose that the use of RMr density above the required inclusionary component be set at a 1:1 ratio of market and CMHC market median rental units. In this case, for every one market rental unit proposed by the applicant, an equivalent one unit at CMHC market median rents would be required. This would assist in meeting the City's long term affordability objectives in the absence of vacancy control, and create additional below-market rental opportunities for moderate income households. As the discount from market rents would be minimal at CMHC market median rents, a further density offset is not recommended for this new 1:1 market and CMHC market median rental unit requirement for additional RMr density.

4.4 Clarify Use of Density Provisions in Commercial Districts

Stream 3 of the Rental Use Zoning Policy – Voluntary Rental Housing in Commercial Districts – allows 49% of the designated commercial floor area within applicable commercial zoning districts to be residential rental housing, provided the remaining 51% of the floor area are typical commercial uses. The objective of this policy is to enable new rental housing in mixed-use areas, in close proximity to employment and amenities. Affordability criteria, beyond the inclusionary requirement, are not required for voluntary rental units in commercial districts.

The current policy language on the use of density to achieve voluntary rental housing in commercial districts is unclear and warrants clarification. As such, staff propose amending the Rental Use Zoning Policy to specify that rental uses and density from commercial zoning districts may only be achieved after the inclusionary requirement and all multiple family residential densities, including bonus, are fully utilized.

4.5 Clarify Rental Replacement Requirements

The Rental Use Zoning Policy requires rental units lost through redevelopment to be replaced in all Community Plan areas, as per Stream 1- Rental Replacement. This helps to renew the City's rental housing stock, in addition to providing displaced tenants the opportunity to move back into the new development at or near established rents, adjusted as per permitted *RTA* rent increases. The current policy sets the replacement ratio at 1:1 or 20% of the total number of strata units, whichever is greater.

A number of minor clarifications are proposed for this particular policy area. First, staff propose clarifying that replacement units must be offered at the tenant's rent level at the time of move out, plus any adjustments based on permitted *RTA* rent increases during the time between move out and occupancy, to remove vagueness in the current language. In addition, the replacement ratio would be amended to be 1:1 or 20% of the total number of market (strata or rental) units derived from RM and RMs density provisions, whichever is greater. Staff further propose amending the rental replacement requirement to apply to redevelopments involving the loss of purpose-built rental buildings with five or more units, as opposed to six or more units, to align with the City's approved-in-principle Tenant Assistance Policy.

A more critical amendment to Stream 1 – Rental Replacement is clarifying a potential inconsistency noted by the development industry and BC Housing regarding the City's desire to prioritize both returning tenants and secure deeper affordability through senior government funding. Under the current policy, 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 policy also encourages applicants to pursue senior government funding to achieve greater affordability, including for the replacement units. As senior government funding often requires income testing of tenants to ensure the affordable units are provided to those who need it most, some returning tenants may not qualify, depending on their income.

To balance the City's objectives of prioritizing displaced tenants and housing affordability, staff propose amending the Rental Use Zoning Policy to state that if senior government funding is secured, the non-profit housing operator would prioritize returning tenants for these units, provided they meet funding and eligibility criteria. If any returning tenants do not qualify for the senior government funded units, the applicant would be responsible for accommodating these tenants in other units in the development at their established "move-out" rent (plus *RTA* increases). Units may include inclusionary units, if available, or any below-market or market rental or strata units in the development, with the units reverting back to its original tenure and affordability requirement, if any, once the returning tenant vacates the unit.

Staff also recommends adding a statement in the policy that a tenant's right of first refusal is contingent on the tenant remaining in good standing as per the *RTA*. Should a tenant be evicted for cause during the interim period between move out and occupancy, the applicant would not have to offer a replacement unit to this tenant.

5.0 NEXT STEPS

5.1 Amendments to the Zoning Bylaw

In light of a revised Rental Use Zoning Policy, amendments to the Zoning Bylaw would be required to ensure alignment, enhance clarity, and eliminate unclear or inconsistent language. Should the amendments to the Rental Use Zoning Policy be supported by Council, staff seek direction to prepare an amendment bylaw to the Zoning Bylaw, which would be advanced as part of a future report to Council.

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Re: Amendments to the Rental Use Zoning Policy
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5.2 Communication with Development Industry and Other Stakeholders

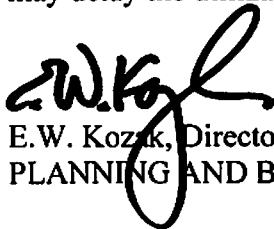
Should Council support the revised Rental Use Zoning Policy, staff are prepared to communicate the changes with the development industry, in addition to other stakeholders, including senior government funding agencies and non-profit housing operators. To help visually communicate the Rental Use Zoning Policy, a brochure has been created to explain the four streams of the policy, in addition to the objectives, mechanisms, and requirements of each stream. A copy of the draft brochure is *attached* in *Appendix B*. The brochure would be updated subsequent to Council adoption to incorporate additional comments, if applicable, and further refinements to help best communicate the policy. The brochure is intended to reach a wide audience, including the development community, Burnaby tenants, land owners and not-for-profit organizations.

6.0 CONCLUSION

This report proposes finalized amendments to Rental Use Zoning Policy based on stakeholder feedback and PDC's motion. The primary amendments are as follows:

- a) change use of CMHC market average rents to CMHC market median rents;
- b) amend inclusionary requirement to be 20% of new market units set at 20% below CMHC Market Median rents with density offset permitted;
- c) clarify that inclusionary requirement is to be calculated from total market units from RM and RMs densities only;
- d) remove vacancy control requirement for RMr density in favour of a partial rent control approach;
- e) require any use of RMr density above the required inclusionary requirement to be provided at 1:1 ratio of market and CMHC market median units;
- f) clarify language regarding the use of density provisions in commercial districts; and,
- g) clarify rental replacement provisions to enhance clarity and eliminate unclear or inconsistent language.

The proposed amendments aim to improve the delivery of market and below-market rental housing in Burnaby, in addition to enhancing clarity and eliminating unclear or inconsistent language that may delay the utilization of the Rental Use Zoning Policy.



E.W. Kozak, Director
PLANNING AND BUILDING

WT:sa

Attachments

cc: City Manager
Director Finance
Director Public Safety and Community Services
City Solicitor

Director Engineering
Director Corporate Services
Chief Building Inspector
City Clerk



Rental Use Zoning Policy

Adopted on 2019 May 27

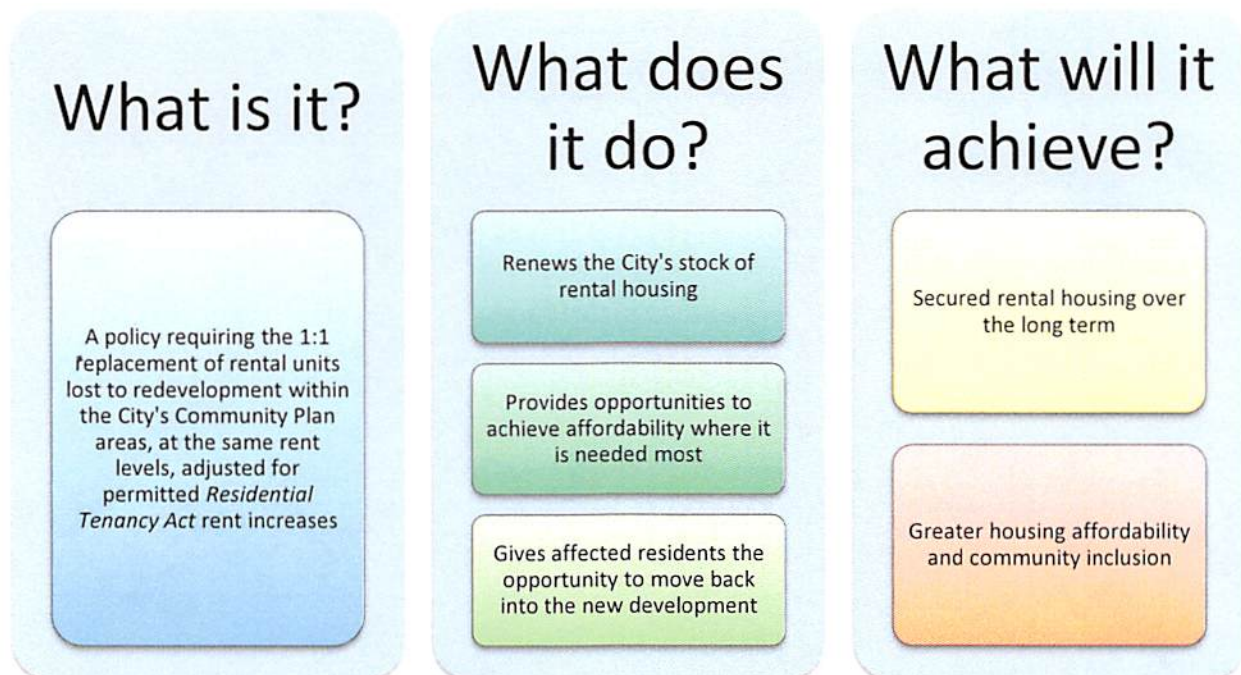
Overall Goal

To increase the provision of market and below-market rental housing in Burnaby and 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) Provision – Each site experiencing redevelopment involving the loss of purpose-built (non-stratified) multiple-family residential rental 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) multiple-family rental buildings of five or more units within a Community Plan area in the Official Community Plan.
- c) Number – The obligation to replace rental units is based on the number of units shown on the most recently issued business license for the subject property, or 20% of the total number of market (strata and rental) units derived from RM and RMs densities, 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 zoning district.
- e) Unit Mix – The unit mix of the replacement units should generally reflect those lost to redevelopment (e.g., one, two, and three or larger bedroom units), except where a not-for-profit operator and/or government partners have particular unit mix needs that target specific user groups.
- f) Tenants' Right of First Refusal – Rezoning applicants are required to provide all existing tenants 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 notification six months and three months prior to the expected occupancy of the new replacement units. First right of refusal is contingent on the tenant remaining in good standing as per the RTA. Should a tenant be evicted for cause during the interim period between move out and occupancy of the replacement unit, the applicant is not required to offer a replacement unit to this tenant.
- g) Established Rents – The replacement units must be offered at the tenant's rent at the time of move out, plus any annual rent increases permitted under the *Residential Tenancy Act (RTA)* for the duration of time between move out at the application site and occupancy of the replacement unit.
- h) Affordability – If a tenant chooses not to exercise their right of first refusal, or moves out subsequent to occupying a replacement unit, the replacement unit must be rented at 20% below Canada Mortgage and Housing Corporation (CMHC) Market Median Rents for the applicable CMHC Market Rental Survey Zone. Affordability measures are to be protected and regulated by a Council-approved Housing Agreement and/or Section 219 Covenant, or ground lease, in the case of City ownership.
- i) Funding – In order to achieve greater affordability for tenants, pursuit of funding under BC Housing and CMHC housing programs is required.

If the rezoning applicant is successful in their application for senior government funding and income testing of tenants is required under funding and eligibility criteria, a non-profit housing operator must first prioritize returning tenants for these units, provided they meet funding and eligibility criteria. Should any returning tenants not qualify for a senior government funded unit, the applicant is responsible for accommodating returning tenants in other units in the development at the rent established at move-out (plus RTA increases). Units may include inclusionary units, if available, or any below-market or market rental or strata units in the development, with the units reverting back to its original tenure and affordability requirement, if any, once the returning tenant vacates the unit.

- j) Zoning – The zoning applied to the replacement units shall be derived from the applicable corresponding Multiple-Family Rental (RMr) zoning district.
- k) Development Density – The Gross Floor Area (GFA) for the replacement units will be derived from GFA associated with the RMr zoning district, which is additional and may be used in combination with density provisions 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/Indigenous/Regional/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; and,
 - iii) submitting for audit, statutory declarations and supporting documentation relating to conditions of this policy, when requested by the City.

Stream 2 – Inclusionary Rental



CONDITIONS

- a) Provision – Each site in a Community Plan area is required to provide 20% of the total number of market (strata and rental) units derived from RM or RMs densities as below-market rental housing, rented at 20% below CMHC Market Median Rents for the applicable CMHC Market Rental Survey Zone.
- b) Applicability – This policy applies to all residential or commercial sites in Community Plan areas, except for sites zoned RM1, RM2, and RM6.
- 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 or larger bedroom units), except where a not-for-profit operator and/or government partners have particular unit mix needs that target specific user groups.
- e) Zoning – The zoning applied to the inclusionary units shall be the relevant RMr zoning district.

- f) Development Density – The Gross Floor Area (GFA) for the inclusionary units will be derived from GFA associated with the RMr zoning district, which is additional and may be used in combination with density provisions in the applicable Community Plan.
- g) Ownership – Inclusionary rental units cannot be stratified and/or individually owned, but can be owned either publicly or privately.
- h) Affordability – Rents of inclusionary units must be rented at 20% below CMHC Market Median Rents for the applicable CMHC Market Rental Survey Zone, with annual increases not to exceed that allowable under the RTA. A density offset is available to help deliver upon this required affordability level. In addition, any use of RMr density above the required inclusionary requirement is to be set at a 1:1 ratio of market and CMHC Market Median Rents (e.g. for every one market rental unit proposed, an equivalent one unit at CMHC market median rents is required). The provision of this 1:1 ratio of market and CMHC Market Median Rents may not seek a density offset. Affordability measures are to be protected and regulated by a Council-approved Housing Agreement and/or 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 addition, a density offset is available for the required below-market inclusionary unit.
- 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; and,
 - iii) submitting for audit, statutory declarations and supporting documentation relating to conditions of this policy, when requested by the City.

Stream 3 – Rental Housing in Commercial Districts

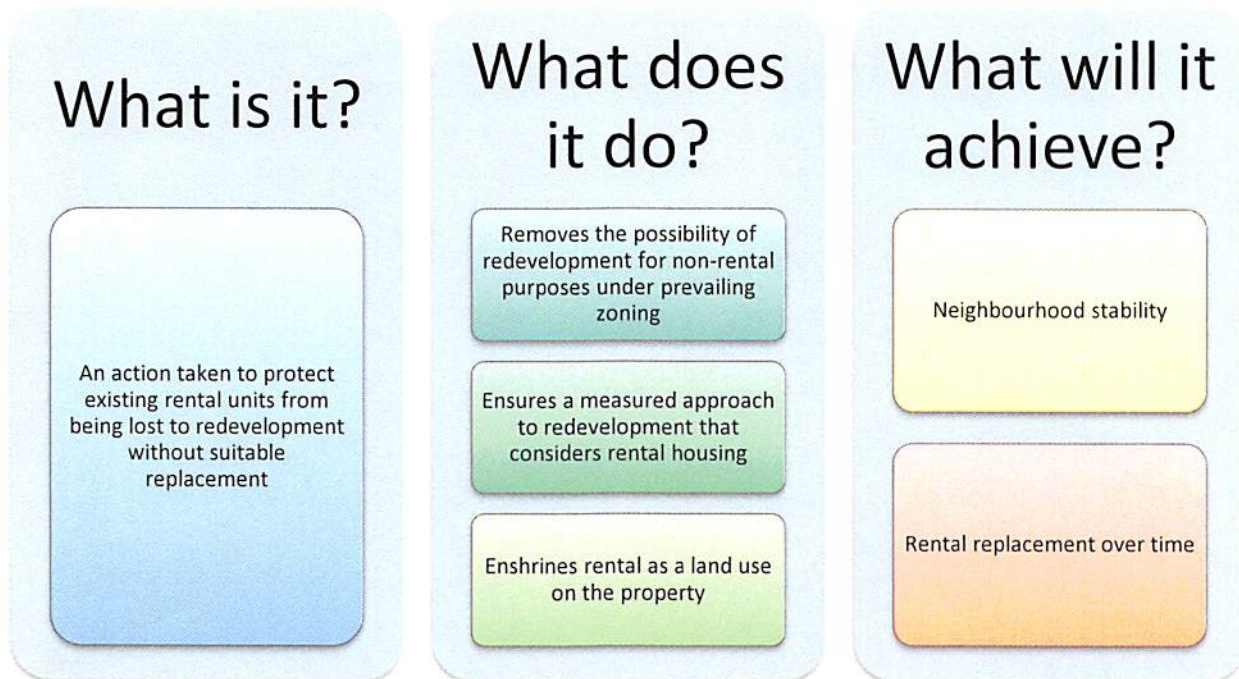


DETAILS

- 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 (CD) plan subject to the CD 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, Urban Village or Mixed-Use designations in the Official Community Plan.

- c) **Zoning** – The zoning applied to the rental units shall be C1, C2, C3, C8, C9, P11e, or the respective use of RMr Districts for sites developing under multiple-family zoning 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 the inclusionary requirement and all multiple family residential densities, including density bonus, are first fully utilized.
- 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

- a) Applicability – All properties currently zoned with an RM, C, or P District that accommodate multiple-family residential, commercial, or mixed-use buildings containing five or more purpose-built rental units are to be rezoned to the corresponding RMr District by the City.
- b) Scope – All properties that currently have purpose-built multiple-family residential units throughout the City.
- c) 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 Comprehensive Development (CD) zoned purpose-built rental buildings.
- d) 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 rezoning. Sites undergoing CD rezoning will be subject to rental replacement provisions outlined in Stream 1.

RENTAL USE ZONING POLICY



NOTE: This draft brochure will be updated following Council approval of the finalized Rental Use Zoning Bylaw



NEXT STEPS

The City has already started implementing the Rental Use Zoning Policy. The first development applications which included rental zoning were received in July 2019.

The number of rental units developed under this policy will be tracked and reported to the public every two years.

Further information on the Rental Use Zoning Policy, including examples and frequently asked questions, will be posted on the City of Burnaby Housing website:

www.burnaby.ca/housing



This brochure provides an overview of the City's Rental Use Zoning Policy which was adopted in May 2019 and finalized in March 2020.

The Rental Use Zoning Policy marks a new direction for the City in regard to securing market and below-market rental housing. The implementation framework has been designed to secure a long-term rental stock for the residents of Burnaby.



WHAT DOES THIS POLICY DO?

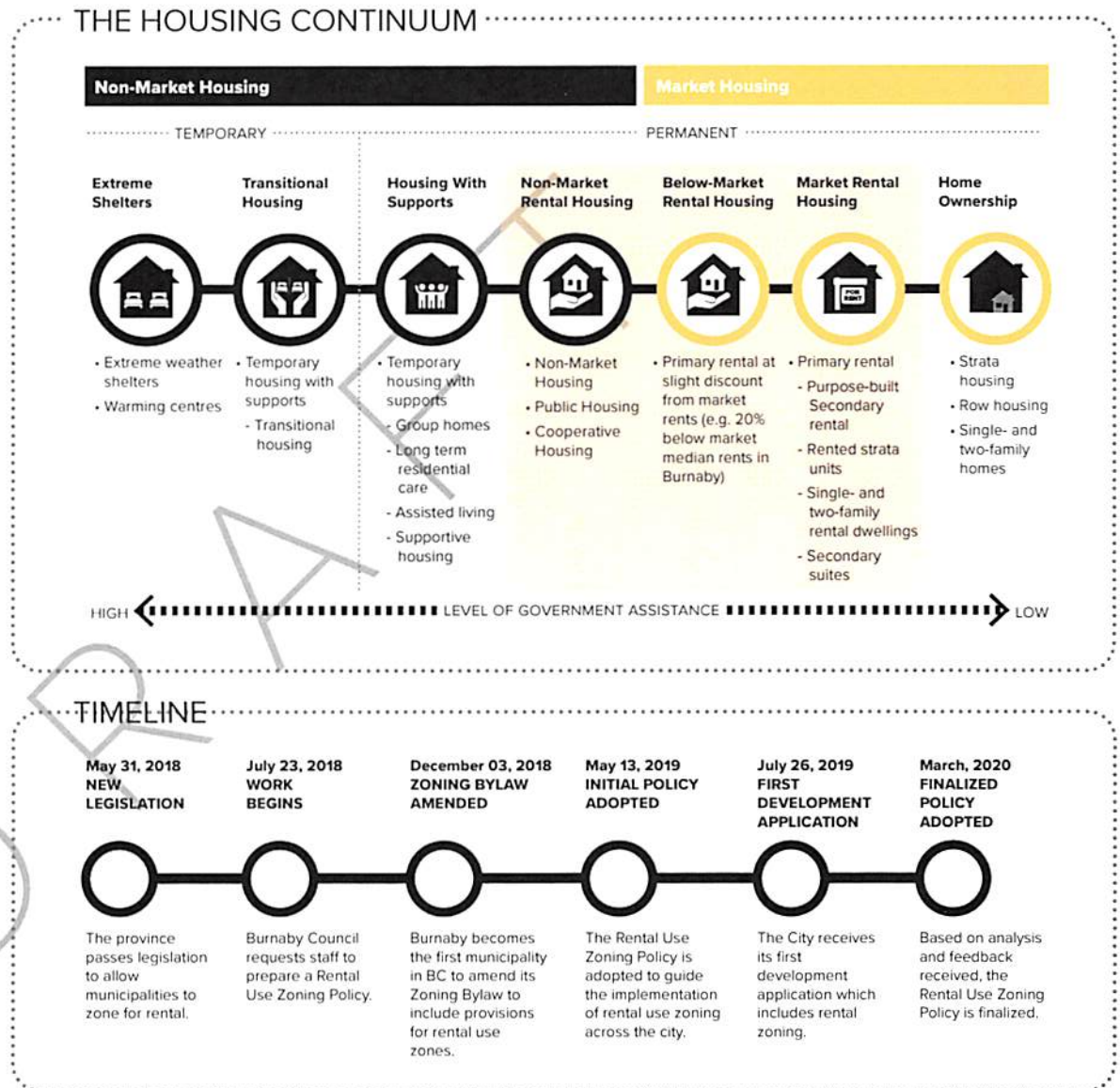
It creates opportunities for new rental housing in Burnaby, and protects existing rental housing, by implementing rental use zones with specific rental requirements and incentives across the City.

WHY WAS IT INTRODUCED?

Burnaby's Housing Continuum illustrates the range of housing types that are needed to have a healthy housing supply. There is currently a critical shortage of both market and non-market rental housing in Burnaby.

In 2018, the Province introduced legislation to support rental housing by enabling municipalities to zone for residential rental tenure. The Rental Use Zoning Policy was introduced to guide the implementation of rental use zoning districts across the City.

The Rental Use Zoning Policy also provides for below-market rental units, which are in between market and non-market rental housing to provide rental options for low and moderate income households.



HOW DOES THE POLICY WORK?

New multi-family residential rezoning in Burnaby now requires the inclusion of rental units. These may be **replacement rental units** or **inclusionary rental units**, depending on the existing land uses and tenures. Applicants are also encouraged to add **voluntary rental units** on sites with unused commercial density.

All replacement and inclusionary rental units will be **zoned for rental use**, to ensure that rental housing will remain on these sites even if they are redeveloped in the future.

A **protectionary** measure is also being introduced, which involves rezoning existing purpose-built rental to rental zoning. This will protect existing rental units from being redeveloped to strata housing under prevailing zoning.

Policy Framework

The Rental Use Zoning Policy is organized into the following four streams:

1. Replacement
Any rental units lost to redevelopment must be replaced on a 1:1 basis

3. Voluntary
Unused density in commercial zones may be used to construct rental housing.

2. Inclusionary
New multi-family developments must include 20% rental, rented at below-market rates.

4. Protectionary
Existing rental buildings will be zoned for rental use to ensure rental housing remains on these sites.



Stream 1: Replacement Rental

Rental units must be replaced on a 1:1 basis

Where does this apply? Sites being rezoned to Comprehensive Development (CD), with 5 or more existing rental units, which will include RM1-RM7, P11e, C8 or C9 zoning districts.

Current and future development applications at any stage of the rezoning process.

How does it work? Sites must provide 1:1 replacement of all existing rental units. If this is less than 20% of the *total market unit count*¹, inclusionary rental units must be added to make up the difference.

What type of units will it create? Replacement rental units must have a similar unit type to the existing units. Minimum size requirements for new rental units are set out in the Burnaby Zoning Bylaw. At least 20% of units must be adaptable.

What will the rents be? Rents for replacement rental units must be set to existing rents for returning tenants², or to 20% below CMHC market median for vacant units. Rents will increase annually according to RTA maximums³, but will be readjusted to 20% below CMHC market median when tenants change.

Stream 2: Inclusionary Rental

New multi-family developments must include 20% rental at below-market rents

Where does this apply? Sites being rezoned to Comprehensive Development (CD), for multiple family residential⁵

Current development applications that have yet to receive first reading, and new applications at any stage of the rezoning process, all new Community Plans, and significant amendments to Community Plans.

How does it work? Sites must calculate 20% of the *total market unit count*¹ and provide an equivalent number of rental units. The 20% rental requirement may include replacement rental units, where applicable.⁴

What type of units will it create? Inclusionary rental units can have a mix of bedroom types, as determined through CD rezoning. Minimum size requirements for new rental units are set out in the Burnaby Zoning bylaw. At least 20% of units must be adaptable. Rental units may be in separate buildings within a podium or mixed tenure in the same building.

What will the rents be? Rents for inclusionary units must be 20% below CMHC market median rents. These rents will increase annually according to RTA maximums.

Sites with inclusionary rental will qualify for **density offsets** in RM3, RM4 and RM5 districts.

Stream 3: Voluntary

Unused commercial density may be used for rental

Where does this apply? Sites being rezoned to Comprehensive Development (CD) with a commercial or mixed-use designation, including C1, C2, C3 zoning, across the City.

How does it work? Sites may add any number of voluntary rental units within surplus commercial floorspace in zones C1, C2 and C3, provided that at least 51% of Commercial FAR is used for typical commercial / office / retail / hospitality.

What type of units will it create? Voluntary rental units can be any mix of unit types. Minimum size requirements for new rental units are set out in the Burnaby Zoning bylaw. At least 20% of units must be adaptable.

What will the rents be? Rents for voluntary rental units may be set to market levels. These rents will increase annually according to RTA maximums.

Density offsets do not apply to voluntary rental units.

Voluntary rental units will be included as a 'permitted use' in the C1, C2 and C3 zoning districts rather than zoned for rental.

Notes Project must meet 20% inclusionary rental, before adding voluntary rental

Project must first utilize all RM/ RMs residential density attributed to the site, including bonus density.

¹ Total market unit count includes any strata or rental unit that is derived from density provisions within the RM and RMs districts.

² Replacement rents can include annual RTA increases for the duration of time between demolition and occupancy

³ RTA Maximums - Residential Tenancy Act maximum permitted annual increases

⁴ If 20% is not possible due to site constraints, a variant may be determined through CD rezoning, subject to Council approval.

⁵ RM3, RM4, RM5, RM7, C8, C9, P11e

WHAT ARE DENSITY OFFSETS?

Density Offsets are available as part of the Rental Use Zoning Policy as additional density to offset the cost of providing rental affordability.

- This density can be used for market housing (strata and rental)
- Density Offsets are available in RM3, RM4, and RM5 Districts

Maximum Density Offsets:

RM3	RM4	RM5
0.55 FAR	0.85 FAR	1.10 FAR

The required below market inclusionary units are eligible for density offsets

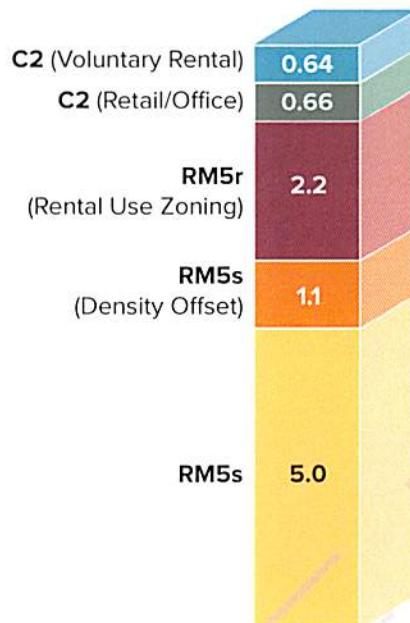
Example #1 – Replacement Units:

Site X is proposing 100 market strata units which will be zoned RM4. There are 18 existing rental units currently on-site. This project is required to provide 20 below market inclusionary rental units which will be zoned for rental use (RM4r), of which 18 are replacement units for existing tenants. In return for these 20 units, the full RM4 Density Offset (0.85 FAR), can be used to build additional market strata units.

Parking

Parking is expensive and studies have shown that rental units have lower demands for parking spaces.

To reduce development costs, minimum parking requirements have been reduced for rental units, to 0.6 spaces per rental unit, including 0.1 for visitor parking.



Example #2 – RM5s / C2 site with Inclusionary Requirement:

30,000 sq. ft. site. Rezoning to Comprehensive Development (CD) – RM5s / RM5r / C2

ZONE	FAR	SQ. FT.	UNITS	NOTES
C2	0.64	19,110	22	Voluntary Market Rental, 49% of C2 FAR all RM5s/RM5r has first been used.
C2	0.66	19,890	0	Retail/Office Space, 51% of C2 FAR
RM5r	2.2	66,000	88	Required Rental: 48 below-market Inclusionary Units Optional Rental: 1:1 ratio of market rental and CMHC market median rental • 20 rental - market • 20 rental - CMHC market median
RM5s (density offset)	1.1	33,000	44	Market Strata / Rental Units, 75% of max density offset
RM5s	5.0	150,000	200	Market Strata/ Rental Units
TOTAL	9.6	288,000	354	

Stream 4: Protectionary

Purpose-built rental will be zoned for rental use

Where does this apply? All sites with 5 or more purpose-built rental units, across the City.

How does it work? All non-stratified rental buildings will be rezoned to the corresponding rental zone (e.g. RM3 will be rezoned to RM3r)

What type of units will it create? Existing units will not be affected by this rezoning.

What will the rents be? Rents and rental agreements for existing units will not be affected by this rezoning.

Notes Sites will be able to apply for Comprehensive Development (CD) zoning when redeveloping, and add other uses. When redeveloping, sites may qualify for **density offsets**.



WHAT ARE AFFORDABLE RENTS?

Affordable rents, for the purposes of this policy, are set to 20% below the CMHC median market rent. These rates are updated annually. CMHC market median rates for 2019 (less 20%) are shown below.

ZONE	APARTMENT					TOWNHOUSE		
	Studio	1BR	2BR	3+BR	All Units	2BR	3+BR	All Units
Central Park/ Metro-town	\$880	\$960	\$1,240	\$1,720	\$1,010	*	*	*
South-east Burnaby	\$680	\$840	\$1,037	\$1,120	\$900	*	*	*
North Burnaby	\$700	\$980	\$1,286	\$1,560	\$1,062	*	\$1,560	\$1,520
Burnaby (all zones)	\$760	\$940	\$1,240	\$1,326	\$992	\$1,300	\$1,560	\$1,520

* CMHC Data is not available for all townhouse types in Burnaby. In these cases, the rate for "all zones" will be used.