

**TO:** MAYOR & COUNCILLORS  
**FROM:** GENERAL MANAGER PLANNING AND DEVELOPMENT  
**SUBJECT:** **REZ #20-27 - 6887 PALM AVENUE – PROPOSED AMENDMENTS TO HOUSING AGREEMENT RENTAL RATES**  
**PURPOSE:** To seek Council approval to amend the rental rates for the Housing Agreement for 6887 Palm Avenue (REZ #20-27).

## RECOMMENDATION

**THAT** the proposed amendments to the rental rates for the Housing Agreement for 6887 Palm Avenue, as set out in Section 3.1 of the report titled “REZ #20-27 – 6887 Palm Avenue – Proposed Amendments to Housing Agreement Rental Rates,” dated May 13, 2025, be approved; and

**THAT** a Housing Agreement be authorized according to the amended rental rates set out in Section 3.1 of the report titled “REZ #20-27 – 6887 Palm Avenue – Proposed Amendments to Housing Agreement Rental Rates,” dated May 13, 2025, and the City Solicitor be authorized to bring forward a Housing Agreement Bylaw for 6887 Palm Avenue.

## 1.0 POLICY SECTION

The proposed amendments are consistent with the following policies and plans adopted by Council:

- Corporate Strategic Plan (2022),
- Regional Context Statement (2013),
- Official Community Plan (1998),
- Royal Oak Community Plan (2025),
- Economic Development Strategy (2007)
- Social Sustainability Strategy (2011),
- “HOME: Housing and Homelessness Strategy” (2021),
- Burnaby Housing Needs Report (2021), and
- Rental Use Zoning Policy (2020).

## 2.0 BACKGROUND

- 2.1 On February 28, 2022, Council received a report recommending a Public Hearing for a proposed development on the subject site (see **Attachment 1** - Sketch #1), which proposed a Comprehensive Development (CD) District based on the RM3 Multiple Family Residential District, RM5r Multiple Family Residential District, C2 Community Commercial District, and P1 Neighbourhood Institutional District. The proposed mixed-use rental housing development comprises two rental residential towers above office

uses for the BC General Employees' Union (BCGEU), as well as a café and an affordable childcare facility. In the February 2022 report, the rental housing was noted to be a mix of non-market and market rental housing. Half (50%) of the 292 residential units were noted to be at rental rates 20% below the Canadian Mortgage and Housing Corporation (CMHC) market median rate, with the applicant intending to bring the affordability rate down further for a portion of the non-market units. **Table 1** below was included in the February 2022 report and outlines how the density was allocated for the project, as well as the number of units derived from each zoning district.

**Table 1:** excerpt from the February 2022 Rezoning Report for Rezoning Reference #20-27 outlining proposed density and rental units for the subject development site.

	Permitted (m <sup>2</sup> )	Proposed (m <sup>2</sup> )	Proposed Units
C2 Commercial Density	1.16	1.09	-
GFA	6,357.58	5,975.61	-
P1 Institutional Density	0.11	0.11	-
GFA	586.38	586.38	-
RM3 Density	1.10	1.10	81
GFA	6,038.67	6,038.67	81
RM3 Density Offset	0.55	0.55	40
GFA	3,019.34	3,019.34	40
RM5r Density	2.20	2.20	161
GFA	12,077.34	12,077.34	161
C2 Rental Residential	0.14	0.14	10
GFA	779.03	779.03	10
TOTAL Density	5.26	5.19	292
TOTAL GFA	28,858.34	28,476.37	292

- 2.2 On March 29, 2022, a Public Hearing was held for REZ #20-27 in order to permit the development of the mixed-use development. On April 25, 2022, Council granted Second Reading to the Rezoning Bylaw (Bylaw No. 14433) and approved the required amendment to the Royal Oak Community Plan.

2.3 Subsequent to Second Reading, a staff report was advanced to Council on August 28, 2023, to provide an update on the project's financing. The report noted that the applicant had advised staff that market conditions for the project had changed, and financing and construction costs had escalated significantly. As a result, the applicant noted that the original design intent and non-market affordability considerations were no longer economically feasible without modifications to the project. A number of amendments to the suitable plan of development were proposed in order to allow the project to meet the intended levels of affordability for the non-market rental units. Council authorized rescinding Second Reading of the original Rezoning Bylaw and approved bringing forward for a new Second Reading a revised Rezoning Bylaw with an amended development plan reflecting the proposed changes. The Rezoning Bylaw subsequently received Final Adoption at the April 15, 2024 Council meeting.

### 3.0 GENERAL INFORMATION

3.1 An Excavation Permit is close to issuance for the proposed development, with excavation and offsite work to shortly follow. However, the applicant has advised staff that the project's financing application for the CMHC Affordable Housing Fund was recently declined and that BCGEU is pursuing alternative financing options to continue the project. Consequently, in the absence of CMHC contributions and favourable terms, the approved non-market rental rates are no longer financially viable, and the applicant has requested an adjustment to the affordability of some of the rental units to finance the project.

The applicant has proposed to amend the terms of the Housing Agreement to reflect the minimum required non-market rental units under the Rental Use Zoning Policy (RUZP). The requirements under the RUZP would include 17 units to be rented at 20% below CMHC market median rates (based on 20% of the 81 units derived from the RM3 density in **Table 1**), and 72 units rented at the CMHC market median rate (based on half of the balance of the 161 units derived from the RM5r density in **Table 1**). **Table 2** below summarizes the rental rates per zoning district for both the existing (original) proposal, which is exceeding the minimum required under the RUZP, and the proposed changes, which meet the minimum RUZP:

**Table 2:**

<b>Zoning District – Unit Rates</b>	<b>Existing (Original) Proposal (Exceeding RUZP)</b>	<b>Proposed Changes (Meets Minimum RUZP)</b>
RM3 – Market Rental	81	81
RM3 Density Offset – Market Rental	40	40
RM5r Density – 20% below CMHC Market Median Rental	146	17
RM5r Density – CMHC Market Median Rental	0	72
RM5r Density – Market Rental	15	72

C2 Rental Residential – Market Rental	10	10
<b>Total</b>	<b>292</b>	<b>292</b>

The above proposal amounts to approximately 30% of 292 units being rented at non-market rates. Should Council approve the rental rate amendments, the Housing Agreement will be prepared and advanced for Council approval on the basis of the updated proportion of units at the rental rates set out in Table 2. It is noted that the proposal proportions fully meet the requirements of the Rental Use Zoning Policy. No amendments to the density under the adopted Rezoning Bylaw are proposed.

- 3.2 The applicant has clarified that the intent of the project is to still provide 50% of the units as non-market rental if additional funding options are available over time, but that mandating this percentage in the Housing Agreement at this time would render the project unviable due to current financing constraints.
- 3.3 The development and proposed rental rate amendments remain consistent with the adopted Comprehensive Development Plan and other relevant City policies, including the RUZP. It is noted that Community Benefit Bonus Affordable Housing Reserve (CBBAHR) grant requests for RUZP projects have, in the past, only been considered if a proposed RUZP development exceeded the minimum affordability required by securing, in the Housing Agreement, additional units at 20% below CMHC market median rents or securing greater affordability for the required number of inclusionary units. Under the recently adopted CBBAHR grant criteria, RUZP developments are no longer eligible for grants.

#### **4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT**

Further communication and community engagement for the proposed amendments is not required. The Housing Agreement Bylaw will be brought forward to a future Open Council meeting for consideration of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> readings, and then Final Adoption.

#### **5.0 FINANCIAL CONSIDERATIONS**

There are no financial considerations related to this proposal.

Respectfully submitted,

E. W. Kozak, General Manager Planning and Development

#### **ATTACHMENT**

Attachment 1 – REZ #20-27: Sketch #1

#### **REPORT CONTRIBUTORS**

This report was prepared by Lisa Scott, Development Planner, and reviewed by Mark Norton, Manager Development, May Leung, City Solicitor, Carla Shuk, Senior Housing Planner, and Jesse Dill, Development Director.