

Neighbourhoods for a Sustainable Vancouver

June 17, 2009

Mayor Robertson and Councillors
City of Vancouver
453 West 12 Avenue
Vancouver, B.C. V5Y 1V4

Dear Mayor and Councillors:

Re: Short Term Incentives for Rental (STIR)

As I pointed out at yesterday's meeting, we attended the Mayor's round table on rental housing in April but we were not advised that this proposal was coming before Council. Although it has been deferred two days to Thursday June 18 at 2:00 pm, this does not give enough time for the public to review such a complex report and prepare a presentation for Council. We request that this matter be further deferred to an evening meeting where the public can be available to attend outside of work hours and that "communication of the STIR Program include advertising the opportunity for delegations to be heard by Council" as called for under the Communications Plan.

We object to this inadequate public process for this substantial change in land use policy. We also do not support this proposal as presented and feel there are better ways to provide new rental housing stock. Attached is our one page submission to the Mayor's round table that summarizes our comprehensive approach to protecting and increasing affordable and market rental housing. Without an adequate amount of time to prepare a detailed response, we include a few general comments for your consideration.

We are supportive of building new rental housing. However, this proposed program called Short Term Incentives for Rental (STIR) raises many concerns in addition to those listed in our attached submission as follows:

- a) Any new rental projects must not involve the demolition of the existing rental stock for replacement with more expensive new construction rentals. We note that STIR targets C2 zones which are not covered by Rate of Change policies. STIR would therefore make the unprotected existing rental housing in C2 zones more vulnerable to demolition. A further concern is that STIR would provide an increased incentive to demolish existing amenities such as neighbourhood theatres which are usually located in C2 zones. Rate of change policies need to be provided to protect existing amenities as well as existing rentals.
- b) The proposals would do nothing to increase the supply of rentals that would be affordable to most Vancouver renters. There are no provisions to insure that the incentives and subsidies, or the savings resulting from inexpensive design choices, would be passed on to tenants. The projected numbers of additional market rentals created under the program would not increase vacancy rates enough to generally affect rental rates. But if existing rentals are not fully protected it would further reduce net affordability to tenants.
- c) STIR appears to be a development industry driven initiative that is contrary to, and in conflict with, the neighbourhood based planning platform that this Council was elected on. We are especially concerned about proposed incentives that increase height and density through a

negotiated process, as this could abrogate council-approved local-area plans and Community Visions, undermine heritage incentives, further devalue the density in the Heritage Density Bank, and inflate the value of land. The report cites a City Plan policy that additional area planning not be required before considering site-specific rezoning for “social or affordable housing projects” to “encourage housing for lower income and special needs residents.” Clearly this exception was not intended to apply to apartments that could be sold after 20 years, would not be tied to affordability requirements, or market rentals in general, as would be the case under the STIR proposal.

d) If DCL exemptions are granted as an incentive for developers to build rental stock, the City needs to find an alternative means of funding amenities and affordable housing. Waiving DCLs is a classic example of “robbing Peter to pay Paul.”

e) Market rentals are not “amenities” and developers should not receive significant bonuses or waiving of fees, DCL’s, or taxes to build them. Condos that are only rented for a period of time and then can later be sold as strata should not be considered rental. Expanding the concept of “public benefit” to include market development, even rental housing, is to start down a slippery slope. As stated in the report: “there are additional risks to the City, which include the potential for other developments with social value requesting similar incentives” (e.g. heritage retention).

f) We do not agree with asking the Province to further subsidize market rental housing as proposed under section H, and especially not mortgage insurance and interim construction financing. In essence, this proposes the Province subsidize for-profit development of market housing.

g) As we said in our attached submission “B-5) Implement inclusionary zoning”, it was a serious mistake to permit strata-only development in Vancouver. Permanent rentals should be a required (not bonused) component in all multi-family projects. At the round table, an economic analysis of how STIR would work on a project gave an example of an East Vancouver site because they could not make the numbers work on the West Side or Downtown. Inclusionary zoning will result in a steadily increasing supply of rentals throughout the city without requiring incentives or density bonusing, and is not subject to the inherent inequities, unintended consequences and dangerous precedents that make STIR so problematic. Under present market conditions financing is dependant on rental value, making this an ideal time to introduce inclusionary zoning.

We are very disappointed that the Vision Vancouver dominated Council has not honored its election commitments to work with the community to find supportable approaches to land use planning. We request that STIR be further deferred so that the public can be adequately involved in this process.

Regards,

Ned Jacobs
On behalf of the Steering Committee
Neighbourhoods for a Sustainable Vancouver

Group contact email: nsvancouver@hotmail.com

Appendix A: (as submitted to the Mayor’s round table)

Mayor’s Roundtable on Building Affordable and Rental Housing, April 25, 2009

Ned Jacobs, for the Neighbourhoods for a Sustainable Vancouver (NSV) Steering Committee.

In order to increase the stock of rental and affordable housing, the City must first ensure that measures are in place to prevent the loss of existing rentals. Therefore, there are two aspects to increasing the supply of rental housing; preserving the existing stock and building additional stock.

A) **Preserve the existing rental stock**, which is generally more affordable than new construction, by implementing the following:

1) **Expand the Rate of Change Bylaw** to include the preservation of all purpose-built rentals in all zones. Avoid new development on sites where there are existing purpose-built rentals.

2) **Close loopholes in the Residential Tenancy Act** which permit predatory evictions.

3) **Preserve existing secondary suites** in older homes, about 700 of which are replaced each year. Regulations are needed to encourage the preservation of this housing stock, and make its expansion by renovation and infill more economically attractive than demolition and replacement with less affordable new homes and suites. We are very concerned that the regulations currently being developed for basements in larger new single family houses and laneway infill would have the reverse effect, resulting in a net loss of Vancouver's most affordable rental housing.

B) **Build additional rental stock**. Consider the following:

1) **Provide incentives for non-strata rentals with retention of existing houses** in single family zones. Allow (where appropriate and supported) laneway housing, additional FSR and additional secondary suites as an incentive to retain existing houses. Do not allow these incentives with new construction as this would encourage demolition of the more affordable older stock. [See A-3 above.]

2) **Purpose-built rentals should be for the life of the building**. Condos that are temporarily rented out (e.g. for 10 years) are not a viable solution to increasing rental stock and would produce tenure "time-bombs."

3) **Market rentals should not be dependant on density bonusing**. Overuse of bonusing drives up land costs, resulting in diminishing returns. Density should be determined through neighbourhood planning.

4) **Incentives for rental housing should not reduce amenities or DCLs**. Increasing density without providing adequate amenities will not create sustainable communities. Rentals should be treated as a required use—not an amenity.

5) **Implement inclusionary zoning** that requires a percentage of non-strata rentals as part of every new development in all multifamily zones across the city. This is in addition to secondary suites for apartments, and would be purpose-built for the life of the building. It was a serious mistake to permit strata-only development in Vancouver. The minimum amount of required purpose built rental in addition to secondary suites could be increased over time on a sliding scale (such as 10 – 20% to start).

6) **Locate density near rapid transit stations only after these have been built or under construction**, not where rapid transit is speculated to be built, as plans may change or be indefinitely postponed. High-density nodes not serviced by rapid transit could result in congestion at key intersections, impeding surface transit. TransLink's plans to use development and rezoning to fund transit projects may conflict with locating rentals there as well.

7) **Resume development of affordable rental and co-op housing on publicly owned land** (e.g. Little Mountain Housing). To insure additional affordable and speculation-proof housing in the near and longer terms, it is imperative that public land suitable for housing not be sold off for market projects, but developed as mixed rent-gear-to-income housing by governments or non-profits. At present, market rents in new buildings are problematic for families with median incomes and completely out of reach to low-income residents. Significant affordability in new development can only be achieved through use of public land or subsidies.

8) **Provide active and genuine involvement of CityPlan committees** and other neighbourhood groups as an essential part of addressing housing issues constructively and sustainably. For example, neighbourhood centre planning currently being pursued for Norquay Village seems likely to decrease the area's 32% low income family component by accelerating replacement of existing housing stock.