

Market Rental Revitalization Study (MaRRS)

Committee of the Whole
May 10, 2018



Purpose


To present the results of the Market Rental Revitalization Study, including:

1. An overview of the Market Rental Building inventory;
2. Recommended elements of a Rental Property Standards of Maintenance Bylaw;
3. A recommended Tenant Assistance Policy; and
4. A recommended Market Rental Energy and Seismic Upgrade incentive program to test-pilot




Market Rental Revitalization Study – Project Overview

MaRRS Project Goals




- Standards of Maintenance
- Tenant Assistance Policy

Support tenant stability



- Building Envelope
- Mechanical and electrical

Improve energy performance



- Address seismic deficiencies
- Increase seismic capacity

Increase seismic resiliency



Market Rental Revitalization Study – Project Overview

Policy Context

- Housing Strategy 2016 – 2025
 - Protect and support the regeneration of existing rental stock.
 - Support improvements to rental tenant housing quality.
 - Maintain the stability of rental tenancies.
- Official Community Plan
 - Rental Replacement Policy
 - Tenant Relocation Plans
- Provincial Residential Tenancy Act
- Draft Climate Leadership Plan
- Victoria Seismic Vulnerability Study



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Market Rental Inventory

- 679 market rental buildings with 16,733 total units of various building types
- Over 80% of which are built in the 1960s and 1970s



Please note that the vertical extrusions are indicative of number of units, and are not indicative of building height or size.



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Engagement

Session	Date	# Attendees
Online Landlord/Property Manager Survey	Jan-Feb 2018	43
Landlord/Property Manager Focus Group	Jan 24, 2018	13
Tenant Focus Group 1 and follow up survey form	Feb 7, 2018	11
Tenant Focus Group 2	Mar 28, 2018	8
One-on-one meetings with Landlord BC, BC Housing, and individual landlords, property managers, and tenants	Feb-Mar 2018	10
Emerging Directions Online Survey	Apr 5-17, 2018	10



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Rental Property Standards of Maintenance Bylaw

- Business license regulation, which establishes minimum standards for housing quality in rental housing.
- Supplements existing Provincial legislation (e.g., Residential Tenancy Act)
- Be initially limited to “commercial” residential premises only – starting with rental buildings with four or more residential units.



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Rental Property Standards of Maintenance Bylaw Recommended Elements

Functioning heat and hot water

Impacts of leaks from plumbing or water ingress

Pest control

Fire Safety concerns

Integrity/functionality of housing elements such as doors, windows, and electrical facilities

Ventilation



Market Rental Revitalization Study – Project Overview

Rental Property Standards of Maintenance Bylaw Risk and Mitigation

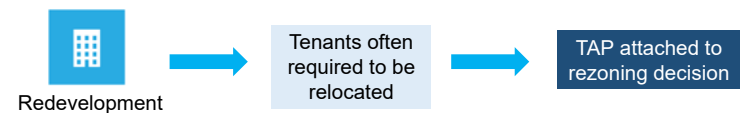
Risk	Mitigation
Displacement of renters	Application of Bylaw initially limited to “commercial” rental properties consisting of four or more units
Cost and complexity to administer and enforce	Process will help triage complaints but enforcement resourcing requirements will be difficult to quantify prior to Bylaw enactment



Tenant Assistance Policy (TAP)

Intent of policy is to:

- mitigate the potential impacts of displacement on tenants by providing guidelines for developers and property owners;
- offer best practice guidelines to provide additional supports for tenants who are displaced as a result of renovations.
- applicable to rezoning applications to redevelop or demolish an existing purpose-built building with more than four residential rental units.



Tenant Assistance Policy (TAP) Recommended Elements

Content	Current RTA requirements	Basic elements of Tenant Assistance Policy	Enhanced elements for vulnerable tenants
Notice to Tenants	2 months	3 months	Additional Notice
Compensation	Equivalent of one month's rent	3 months	Additional compensation based on length of tenure and other identified vulnerabilities
Relocation Assistance	None	Appoint tenant relocation manager as primary point of contact Identify 3 relocation options (min. 1 in same neighbourhood) at tenant request	Identify vulnerable tenants and provide additional assistance at tenant request
Moving Expenses and Assistance	None	Hire a moving company or provide monetary compensation of \$500 for 1-bed or studio and \$750 for 2-bed or more	Actively coordinate move
Right of First Refusal	None	Right of first refusal with 10% reduction in starting rent	Additional reduction in starting rent



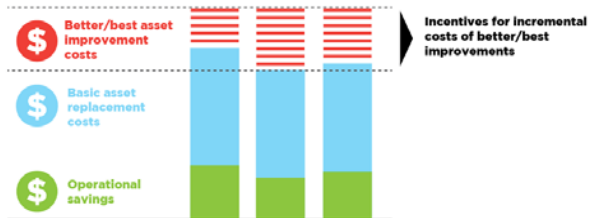
Tenant Assistance Policy (TAP) Risk and Mitigation

Risk	Mitigation
Market conditions and low vacancy rate may impact policy feasibility	Policy allows for flexibility through Council discretion in the rezoning process
Policy will not be applied to majority of cases of tenant displacement	Policy will provide a guideline in cases of renovation resulting in displacement. Policy will address development community requests for general guidance related to tenant assistance.



Energy and Seismic Upgrade Incentive Program

- To improve energy performance and seismic resilience of the aging rental apartment buildings, while retaining tenant stability
- To capture “better” performance and seismic resilience aspects within planned capital improvements that align with City goals
- Targeted at the incremental costs of improvements better than basic asset replacement



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Energy and Seismic Upgrade Incentive Program

Targeting energy and GHG reduction measures that have associated tenant benefits (e.g., improved indoor comfort) as well as operational cost savings benefits

Prerequisite to participate in program

1. No tenant displacement. In exceptional circumstances where displacement is required, adherence to Tenant Assistance Policy
2. Conduct energy, condition, and seismic assessment
3. Share energy consumption data over time

Proposed incentives

- Assistance in connecting to existing rebate programs
- Expedited permitting
- Building permit rebates
- Tiered property tax holiday in designated geographic areas in the city



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Energy and Seismic Upgrade Incentive Program

Illustrative Example – Lord Harley Apartments



- Added wall insulation
- Improved air barrier
- Better than code minimum windows
- Roof insulation
- High efficiency boiler and hot water system
- No tenant displacement
- 32% energy savings
- No seismic upgrades undertaken, but may have been possible with incentive program



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Energy and Seismic Upgrade Risk and Mitigation

Risk	Mitigation
Resource implications associated with incentives	Initial program to be piloted in a limited geographic area of the City, and recommend limiting initial pilot to 3 buildings.
Incentivized upgrades lead to unanticipated work that necessitates tenant relocation	Program prerequisite includes no tenant displacement and in exceptional circumstances where displacement is required, adherence to Tenant Assistance Policy. Program approval subject to Council discretion.



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Next Steps

Rental Property Standards of Maintenance Bylaw

- Bring forward an implementation and resourcing plan as there will be staffing and resourcing impacts associated with the Bylaw
- Work with inspections and licensing to develop internal systems and processes required for complaint intake and enforcement

Tenant Assistance Policy

- Work with development services to develop procedures and administrative forms and processes

Energy and Seismic Incentive Program

- identify pilot projects for testing and further development of the incentive program



Recommendations

That Council:

1. Accept the Market Rental Building Inventory for information, and direct staff to:
 - a. incorporate the market rental building inventory into City systems such as VicMap for public access
 - b. continue the Development Monitoring project to provide better tracking and upkeep of the rental building inventory.
2. Instruct the City Solicitor to bring forward a bylaw to implement the Rental Property Standards of Maintenance elements.
3. Direct Staff to report back to Council with a Rental Property Standards of Maintenance Bylaw resourcing and implementation plan for budgetary approval.



Recommendations

4. Adopt the Tenant Assistance Policy attached to this report effective September 1, 2018, and direct staff to:
 - a. report back to Council following conclusion of the Provincial Renters Task Force and any proposed changes to the Residential Tenancy Act that may impact provisions outlined in the Tenant Assistance Policy.
5. Refer consideration of a grant program to provide support to organisations that provide information, education and support to tenants on residential tenancy matters to the 2019 financial planning process.
6. Adopt the Market Rental Energy and Seismic Upgrade incentive program described in this report, and direct staff to:
 - a. identify pilot projects for testing and further development of the incentive program.

