



NEW WESTMINSTER



FAMILY-FRIENDLY HOUSING POLICY

Spring 2016



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Section 1: Introduction

Effective January 1, 2016, Zoning Amendment Bylaw (Family-Friendly Housing) No. 7741, 2015 came into effect. After this date, all development applications (i.e., Rezoning, Development Permits and Building Permits) which have 10 or more residential units must conform to the new regulations.

This document provides background information as to:

1. the specifics related to the policy and bylaw, including the bedroom composition regulations, design guidelines, housing affordability considerations (which would be applicable in cases where the City has negotiation rights) and exemptions to the policy and bylaw;
2. the origins of and rationale for the policy and bylaw; and
3. frequently asked questions and responses based on the Family-Friendly Housing Feasibility Study (2014), the consultation process and City staff review and feedback.





Section 2: Policy and Bylaw Specifics

BEDROOM COMPOSITION

Minimum Percentage of Two and Three Bedroom Units

Effective January 1, 2016, Zoning Amendment Bylaw (Family-Friendly Housing) No. 7741, 2015 came into effect. After this date, all development applications (i.e., Rezoning, Development Permits and Building Permits) which have 10 or more residential units must conform to the below cited regulations. More specifically, the regulations state:

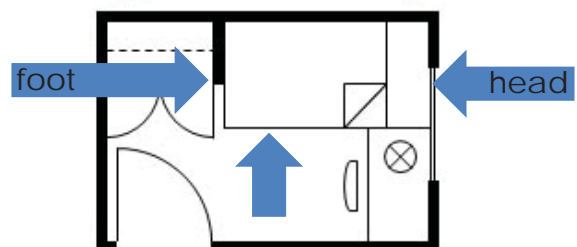
- That multi-family ownership projects include a minimum of 30% two- and three-bedroom units, and that at least 10% of the total project units be three-bedrooms or more. Further, such projects may increase the percentage of three-bedroom or more units with a corresponding decrease in two-bedroom units.
- That multi-family rental projects include a minimum of 25% two- and three-bedroom units, and that at least 5% of the total project units be three-bedrooms or more. Further, such projects may increase the percentage of three-bedroom or more units with a corresponding decrease in two-bedroom units.

DESIGN GUIDELINES

Effective January 1, 2016, all development applications (i.e., Rezoning, Development Permits and Building Permits) which have 10 or more residential units must conform to below cited design guidelines. More specifically, the design guidelines state:

Bedroom Design

- To locate bedroom doors so that they are able to open a full 90 degrees when the room is furnished.
- To allow full access to the foot of the bed and at least one other side (excluding the head of the bed), except for the smallest bedroom in units with three or more bedrooms, which must allow full access to at least one side of the bed (excluding the foot and the head of the bed).
- To provide sufficient room for storage of clothes and avoid conflict between access to clothes storage and the placement of beds.
- To provide a window directly to outside, except for the smallest bedroom in units with three or more bedrooms, which must have indirect natural light from at least



E.g. smallest room, full access to one side

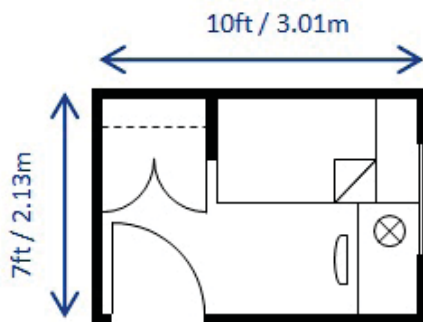


two sources (e.g. glass wall, light tube or well, etc.), one of which may be the doorway.

- e. To avoid designs that locate beds under upper-storey functional windows.

Bedroom Size

- f. In all units, at least one bedroom should be large enough to accommodate a standard queen-sized bed while meeting the general bedroom guidelines above.
- g. In multiple bedroom units, all other bedrooms should be large enough to accommodate a standard single bed while meeting the general bedroom guidelines above.
- h. In units with three or more bedrooms, the smallest bedroom must be no smaller than 70 square feet (6.5 square metres) with no dimension smaller than 7 feet (2.1 metres).

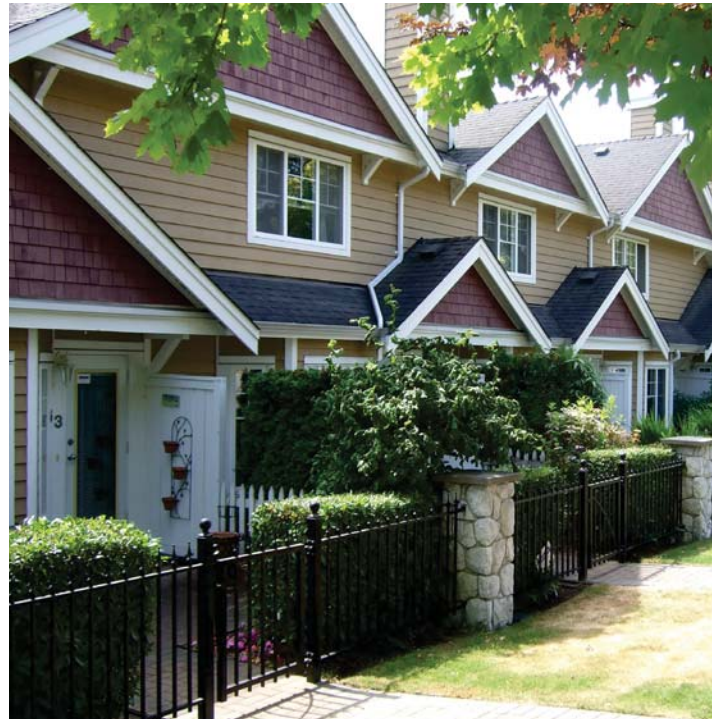


E.g. smallest room layout

AFFORDABILITY CONSIDERATIONS

The affordability considerations apply in situations where the City has negotiation rights such as in the case of Rezoning or Heritage Revitalization Agreements.

- a. That the City encourage the required two- and three-bedroom units to be generally located in lower priced per square footage portions of buildings such as at-grade or lower in buildings, and portions of buildings with less marketable views.





EXEMPTIONS TO THE POLICY AND BYLAW

After January 1, 2016, an applicant may seek to develop a multi-family residential development which does not comply with the family-friendly housing requirements. This will be possible to do through one of the following two methods:

1. The submission of a Rezoning application, in which the applicant addresses other corporate objectives (e.g., affordable housing or employment generation) or for which existing site conditions make complying with the family-friendly housing requirements inappropriate. A rationale should be included in the application as to why the regulations should not be applied and it should not include financial considerations.
2. The submission of a Heritage Revitalization Agreement (HRA), in which the applicant makes a case as to why the family-friendly housing regulations should not be applied to this development. The rationale should be based on why the site is not appropriate for family-friendly, multi-unit residential housing or how the benefits of the HRA outweigh the benefits of the family-friendly housing regulations.





Section 3: Origins and Rationale

CHILD AND YOUTH FRIENDLY COMMUNITY STRATEGY

In September 2013, the Society for Children and Youth of BC (SCY) and the City received funding from the United Way of the Lower Mainland and the Vancouver Foundation to develop a Child and Youth Friendly Community Strategy (2016). At this time, the City was planning to start work on a Family-Friendly Housing Policy, which would facilitate the provision of more housing with ground-orientation and two- and three-bedroom counts. Given the close association between these two initiatives, a decision was made to do them in tandem, with SCY taking the lead on the strategy and the City taking the lead on the policy.

FAMILY-FRIENDLY HOUSING NEEDS ANALYSIS

Between January and May 2014, SCY and the City conducted an extensive community consultation process as part of the larger Child and Youth Friendly Community Strategy (2016). During this time period, 840 parents, children and youth were consulted, including:

- 320 parents who completed a survey;
- 156 children (6 to 12 years) who completed a school-based assignment or survey;
- 228 youth (13 to 17 years) who completed a survey; and
- 136 parents, children and youth who completed a “dotmocracy” exercise on Family Day.

Consultation participants were asked a number of questions, including about their current housing situation. More specifically, they were asked “if their current housing situation met their family’s needs.” Consultation participants also commented on housing as part of other questions, including about the family, child and youth friendliness of their neighbourhood and the city and what they would like to see done to improve the city for families, children and youth. Of the 320 parents who completed the survey, 50.7% reported that their current housing situation somewhat (36.4%) or did not (14.3%) meet their family’s needs.





FAMILY-FRIENDLY HOUSING SUPPLY ANALYSIS

In February 2014, the City conducted a supply analysis related to family-friendly housing, with an emphasis on ground-oriented and three-bedroom units. Based on this analysis, the city ranked 21st out of 22 Metro Vancouver municipalities with regard to ground-orientation and 20th out of 22 Metro Vancouver municipalities with regard to three-bedroom or more units.



FAMILY-FRIENDLY HOUSING FEASIBILITY STUDY

In June 2014, the City posted a Request for Proposals (RFP) for a consultant to conduct a Family-Friendly Housing Feasibility Study (2014). Based on the RFP process, the City retained the services of Colliers International Consulting and Toderian UrbanWorks. This consultant team was tasked with the following responsibilities:

- to explore the financial feasibility of developing two- and three-bedroom units as part of new multi-family projects and to determine the development cost for such units;
- to estimate the market demand and ability to pay for such units;
- to estimate the relative return on investment for such units as compared to smaller units and to determine whether such units are financially feasible, or whether, on a comparative basis, they are less profitable;
- to analyze the return on investment and relative return on investment related to form (i.e., apartment versus townhome) and tenure (i.e., ownership versus rental); and
- to make recommendations to inform the policy – e.g., the minimum percentages of such units, minimum threshold size which would be applicable, etc.

On October 6, 2014, the consultant team made a presentation to Council. This presentation



highlighted the main findings of the feasibility study and shared policy considerations. Based on the feedback from Council and follow-up consultation, the consultant team revised and finalized the feasibility study.



FAMILY-FRIENDLY HOUSING LITERATURE REVIEW

During July and August 2014, the City conducted a comprehensive literature review of academic journals, municipal documentation and relevant studies. In total, 68 municipalities were studied, with an emphasis on Canada. Other countries included Australia, Britain, Ireland, New Zealand and the United States.

Of the municipalities studied, five had mandatory minimum percentages of two- and three-bedroom units in multi-family projects. In Metro Vancouver, only the City of Vancouver requires mandatory minimum percentages (i.e., 25%) of two- and three-bedroom units in multi-family projects. The City of Vancouver also had design guidelines to inform the development of such units. The City of Richmond, the Corporation of Delta and Langley Township had policies related to play space requirements as part of multi-family projects.



Section 4: Frequently Asked Questions

The feasibility study, housing supply analysis, literature review and consultation process provided important feedback in answering a number of frequently asked questions.

Will increasing the proportion of two- and three-bedroom units in new multi-family projects have a negative impact on developer return on cost?

The feasibility study concluded that there is no negative impact on return on cost with an increased proportion of two- and three-bedroom units in new multi-family projects.

The feasibility study reported that three-bedroom units cost less to build per square foot compared to one-bedroom units. For example, each unit, regardless of bedroom count, has one kitchen – the most expensive room in a unit to build. Building additional bedrooms does not cost as much and therefore brings the per square foot cost of a three-bedroom unit down. Three-bedroom units also have a lower sale price per square foot compared to one-bedroom units. However, total project cost decreases by a greater percentage than total revenue, therefore providing a positive difference in net proceeds.

Will increasing the proportion of two- and three-bedroom units in new multi-family projects lead to longer absorption periods which could negatively impact revenues and profits?

The feasibility study reported that in most new multi-family projects, studios and one-bedroom units are sold at a faster rate compared to two- and three-bedroom units. This can be attributed to smaller units having a lower sale price and easier mortgage financing. Due to the anticipation of a longer time period needed to sell two- and three-bedroom units, most projects allocate more studio and one-bedroom units to ensure consistent and achievable sales.

The feasibility study reported that the difference in time to sell could be within weeks; however, the lag may potentially have an impact over a longer time period. The longer absorption period associated with a larger proportion of two- and three-bedroom units increases project risk, which could incentivize a developer to require a higher profit margin. It could also cause a negative impact on both revenues and profits.

The feasibility study emphasized that the impact on revenues and profits may be a reasonable result of a justifiable policy initiative and should be able to be absorbed into a well-considered, reasonably positioned multi-family project. It further emphasized that it is not the City's responsibility to ensure that every project, however marginal, will proceed in the short-term.



What is the market demand for two- and three-bedroom units in new multi-family projects?

The feasibility study reported that it is challenging to accurately predict the level of demand that will exist for two- and three-bedroom units in new multi-family projects.

The feasibility study reported that 3,305 families (51%) could potentially afford to purchase a three-bedroom unit and 4,270 families (65%) could potentially afford to rent a three-bedroom unit in New Westminster. It cautioned that whether or not this translates into actual purchases and occupancies of three-bedroom units is unknown.

The feasibility study reported that families with children are not the only potential purchasers or renters of two- and three-bedroom units. Some other market segments that may be interested include: downsizing seniors, empty nesters, extended families, people who want a home office, roommates and shared student arrangements.



What should be the minimum percentages of two- and three-bedroom units in new multi-family projects?

The feasibility study suggested that the initial requirement should be ambitious relative to the current activity being seen in two- and three-bedroom construction but not overly ambitious relative to the unknowns. In the case of two-bedroom units, which are already being constructed in reasonable numbers, it should, at a minimum, set a base for such construction, so that it does not fall below current levels over time as market factors fluctuate. In the case of three-bedroom units, the expectation should be to create a base level of unit achievement that can also be used as a basis for observation and analysis.

The feasibility study and housing supply analysis included a review of new multi-family projects in the approvals and construction phases. With regard to townhomes and apartments, 39.7% of all units had two-bedrooms and 10.8% of all units had three-bedrooms or more. Counting only apartments, 35.7% of all units had two-bedrooms and 7.2% of all units had three-bedrooms or more. Regarding the latter percentage, it is likely inflated, as staff, in anticipation of the family-friendly housing policy and in situations such as Rezoning, have been successful in negotiating higher percentages of three-bedroom units.

Based on the literature review, only five of the 68 municipalities surveyed have mandatory minimum percentages of two- and three-bedroom units. In Metro Vancouver, only the City of Vancouver requires mandatory minimum



percentages (i.e., 25%) of two- and three-bedroom units; however, a number of other municipalities are currently exploring such policies.

Should the minimum percentages of two- and three-bedroom units apply to new multi-family rental projects?

The feasibility study reported that multi-family rental projects have negative to low returns, warranting them unfeasible because the created values are insufficient to offset the risk of undertaking such projects. It further reported that such projects often require additional financing or other incentives such as density bonusing, parking reductions and expedited processing to be feasible or viable.

The City has implemented a Secured Market Rental Housing Policy (2013), which provides a range of incentives and relaxations to facilitate

the development of new market rental housing. Since its implementation, 1,136 market rental units are in the approvals or construction phases. Of this total, 24.8% are two-bedroom units and 4.8% of three-bedroom units. As such, two- and three-bedroom units are being realized in multi-family rental projects but in smaller percentages than in multi-family ownership projects.

Should the minimum percentages of two- and three-bedroom units be realized through regulations or incentives?

The feasibility study and literature review found that municipalities who have achieved a level of success in the consistent realization of two- and three-bedroom units did so through regulations rather than incentives. The feasibility study also cautioned that in municipalities with many policy objectives, offering incentives for two- and three-bedroom units have the added disadvantage of using some of the limited ‘incentive capacity’ that may be more appropriately reserved for policy goals that cannot be regulated.

Should the family-friendly housing policy regulate design beyond the number of bedrooms?

The feasibility study cautioned against being too prescriptive with regard to design considerations





beyond the number of bedrooms, as this could have a significant effect on both project viability and unit prices. It could also lead to building floor-plates and unit layout designs that are disadvantageous to project viability.

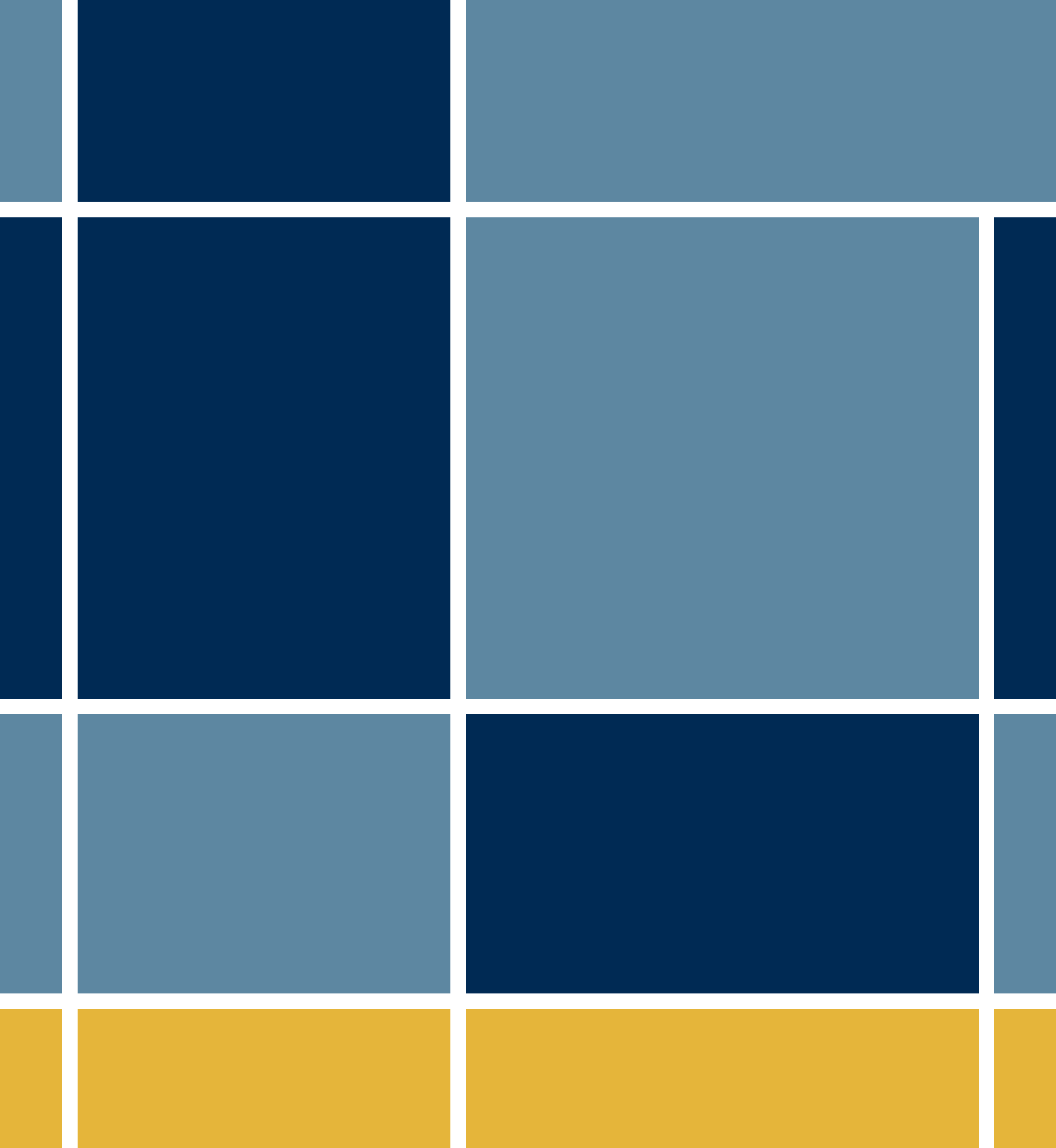
Given concerns regarding livability, particularly related to third bedrooms, staff have developed guidelines related to bedroom design for key aspects such as minimum room size and natural light access. These guidelines are intended to set reasonable minimum standards (e.g., 70 square feet for the smallest bedroom) and are not intended to be onerous. They will also be subject to review and possible revision after a two-year trial period.

Will the family-friendly housing policy be successful in retaining existing and attracting new families with children?

The feasibility study emphasized that although it is clear that neighbourhoods without sufficient family-friendly housing will have limited success in retaining or attracting families, it is also true that neighbourhoods with housing sizes to support families but lacking in other family-supportive neighbourhood amenities, designs and services, will also have limited success.

The City has recognized the need for such family-supportive neighbourhood amenities, designs and services and has initiated synergistic policies and plans to ensure that they will be achieved, including Child and Youth Friendly Community Strategy (2016) and a Child Care Strategy (2016).





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