

Jurisdictional Review of Inclusionary Housing and Bonus Density Policies in British Columbia, 2018-2019

This jurisdictional review reviews municipal inclusionary housing policies and established best practices in Southwestern British Columbia. The scope of work includes a literature review of municipal policy documents, institutional research and publications as well as interviews with municipal staff. As of March 2019, in addition to Victoria, five municipalities in BC have drafted or enacted inclusionary housing policies: Richmond, New Westminster, the City of North Vancouver, Port Coquitlam and Vancouver (Table 2 below). These policies are tailor-made to best suit each municipality's unique contexts, with differences including housing needs and demand, residential land values, supply of land, municipal government capacity and resources as well as length of policy implementation, among others. However, the common elements in these examples that are supported by research, publications, and legal precedent, establish inclusionary housing policy best practices that are summarized below in Table 1 below.

Table 1: Summary of Jurisdictional Review

Common Elements & Policy Outcomes:		Best Practices & Policy Recommendations
Inclusionary Housing Targets	<p>Inclusionary Housing Targets are defined as the policy's expected portion of affordable units in relation to the project's total units.</p> <ul style="list-style-type: none"> • These targets are not always met and the number of inclusionary units created are relatively small compared to the overall rates of new development • The targets varied from 10% to 30% of total units or total residential floor space of the project • The targets increased in relation to the land values 	<ul style="list-style-type: none"> • Best practice was found to create comparable targets that suit typical developments in the municipality, in order to reduce the potential for unintended impacts such as the reduction in the supply of new development across the housing spectrum • Best practice to recapture 75% of the increased value from rezoned bonus density to mitigate the impacts of the increased residential densities, while not impacting project viability
Affordability	<ul style="list-style-type: none"> • The affordability of the inclusionary housing units varied from or included a combination of social housing, affordable or market rental rent levels • All of the policies targeted rental tenure for the inclusionary housing units • Most policies target low to moderate income households, who aren't served by social housing but aren't able to access market housing 	<ul style="list-style-type: none"> • Best practice to ensure that the affordability of the inclusionary housing units are aligned with existing funding programs from senior levels of government • Ensure that the affordability meets the needs of the residents in the community • Set clear affordability expectations, but allow flexibility to enhance partnership opportunities and ability for applicants to meet and exceed the targeted number of inclusionary units onsite

	<ul style="list-style-type: none"> • Deeper affordability and higher targets achieved with senior government partnerships 	
Application	<ul style="list-style-type: none"> • Applied to either strata or rental projects or industrial, large green/brownfield sites • Bonus density systems are defined in different ways, including by densities in Official Community Plans, zoning bylaws, and/or pre-zoned large areas or scattered sites 	<ul style="list-style-type: none"> • Apply the policy and develop bonus density system that best suit the unique municipal contexts
Management & Ownership Scenarios	<ul style="list-style-type: none"> • Various inclusionary housing management and ownership models: <ul style="list-style-type: none"> • <i>Ownership:</i> varies from developers/investors, municipality, or non-profit organisations • <i>Management:</i> varies from landlord/building owner/property manager, or non-profit • If managed by a private property manager, units are often not rented or resold to tenants with the target income and/or household size and policy outcomes are generally decreased • Onerous administrative burden on City staff to oversee policy implementation 	<ul style="list-style-type: none"> • Encourage the management, lease or sale of units by non-profit housing organisation to increase probability of achieving policy outcomes • City can play an important role in facilitating private and non-profit partnerships • Allow for flexibility for applicants to sell, lease or contract property management of units to non-profit organisations or private investors
Unit size, distribution and location	<ul style="list-style-type: none"> • Without policy guidance or staff oversight, the majority of inclusionary housing units created are small, studio units, or poorly designed units • Scattered rental units in strata developments can be challenging to manage, but can also be preferred by some non-profit or private property managers, as well as achieves higher levels of social equity in mixed income and tenure projects • Clustered units often allow for efficient management and the opportunity for airspace parcel sale of units 	<ul style="list-style-type: none"> • Set unit mix targets (studio, 1, 2 and 3 bedroom) • Allow for flexibility to provide clustered or scattered units in strata developments to best meet unique project specifications, while allowing for a diversity of inclusionary units created • Include free access to amenities in strata development for tenants of the inclusive units in legal agreements • Ensure staff oversight of inclusionary unit size and design when reviewing development applications
Implementing the policy	<ul style="list-style-type: none"> • Requires onerous City administration to oversee policy implementation and monitoring 	<ul style="list-style-type: none"> • Annual monitoring of targets ensures relevance to market realities is a best practice

	<ul style="list-style-type: none"> • Administrative burden on City is reduced when non-profits own or manage the units • Grace and/or phased-in periods (increase targets over time) reduce negative impacts • Policy outcomes increased with the length of time that it has been in effect 	<ul style="list-style-type: none"> • Reporting out CACs and inclusionary units created increases transparency and helps residents be aware of benefits received from new development in their neighbourhood • Encourage non-profit partnerships to reduce administrative burden
Risks	<ul style="list-style-type: none"> • Identify potential CACs and anticipate the full life cycle costs, including the annual operational costs and long-term repair and replacement costs of the amenities • Amenity contributions such as cash in lieu and/or inclusionary housing targets are vulnerable to market fluctuations • Changes to policy targets can negatively impact development viability and availability of development sites for all housing projects, including rental and affordable developments 	<ul style="list-style-type: none"> • Consideration for how target contributions that do not reflect typical developments may affect housing supply and housing prices is strongly encouraged. This issue is of particular concern in areas where land is in short supply, where market fluctuations and land values are felt more acutely. • The number and levels of affordability of inclusionary housing units achieved through these policies are vulnerable to market fluctuations, reducing and/or increasing these outcomes on an annual basis • The request for inclusionary housing units in new projects reduces or eliminates the ability to acquire other amenity contributions • Ensure that the targets are updated regularly in order to ensure that affordability and liveability are preserved and enhanced for future generations

Table 2: Summary of Municipal Policies

Municipality and Policy	Policy Application	Inclusionary Target	Affordability Target	Occupancy Management	Outcomes
City of Richmond, Low End of Market Rental (LEMR) Policy 2007 (rev 2016 and 2018)	>60 unit apartments and mixed use developments	10% of total FSR minimum of 4 units, Previously 5%, increased in 2017	10% below CMHC annual average market rent	Developer/Investor but moving to non profit	499 LEMR units have been secured as of August 2018 175 these units are built and occupied
City of New Westminster, <i>Draft</i> Inclusionary Housing Policy for Multi-unit Strata Residential Development, 2018	Mid-rise strata residential developments	3 Options: 10% of total units below market; 7.5% as non-market; ≥ 20% of total units as non-market with BC Housing partnership	Below Market: Households earning \$30,000 to \$70,000/year, rents set at 10% of CMHC annual average market rents Non-Market: very low incomes <\$30,000 /yr	Owned by City of non profit and managed by non profit	Draft Policy under consultation
City of North Vancouver 10 10 Perpetuity Policy (2016, rev 2018)	New 100% rental; \$20 sf - Zoning to OCP Base Density; \$140 sf - OCP Base to Max Density in limited locations	10% of total units	Mid-market rental units. 10% below CMHC annual average market rent in perpetuity (changed from 10%)	Mix of Developer/ Investor/ Landlord; and non profit operators	41 Mid-market rental units secured as of July 2018 with first occupancy in 2019. 14 units operated by YMCA
City of Port Coquitlam Inclusionary Zoning Policy (2018)	Any application to amend OCP or Zoning Bylaw that would result in more dwelling units or floor area than achieved under current regulations	Minimum 10% of additional units as secure non-market rental units or 10% of additional FSR, whichever is greater.	Rents set at BC Housing Income Limits (HILS) (attributed to 100% of CMHC average market rents)	Developer or contracted to a non-profit	To be determined
City of Vancouver, Rezoning Policy for	Development Applications	30% of residential floor area adopted	30% to consist of 10% social housing	Turn Key Units, the City purchases and	Opportunities for 1,700 social

Large Developments (1988, rev 2010, 2014 and 2018)	exceeding 484, 375 sf.	July 25, 2018 (formerly 20%)	and 10% affordable to households earning between \$30,000 to \$80,000 / year	sells/contracts non profits to operate	housing units and 1,300 secure rental units. Some achieved 20%, others did not and/or included market units
City of Vancouver, Moderate Income Rental Housing Pilot Program, 2016	New 100% rental	10% of total units (previously 5%)	Affordable to households earning between \$30,000 to \$80,000 / year	Landlord/Building Owner	20 proposals at pre-application stage
City of Vancouver, Affordable Housing Choices Interim rezoning Policy, 2012 rev. 2017	New 100% rental; Ground-oriented up to 3.5 storeys ~ 100 m arterial; Mid-rise up to 6 storeys ~500m to neighbourhood centre	Range	Sold at 20% below market that is secured over time; OR Innovative housing forms, eg. Co-op, Community Land Trust	Mix of non profit partnership for social and supportive housing units and secure market rental housing	Max 20 rezoning apps accepted with interim policy – currently prescribed