



City of Port Moody

Report/Recommendation to Council

Date: September 30, 2019
Submitted by: Planning and Development Department – Policy Planning
Subject: Market-Rental Policy and Inclusionary Zoning Policy: Proposed Work Plan

Purpose

To provide Council with an update regarding the Market-Rental Policy and Inclusionary Zoning Policy, and for Council to direct staff to apply for funding to support the Housing Needs Report.

Recommended Resolutions

THAT staff be directed to apply for funding to undertake a Housing Needs Report as recommended in the report dated September 30, 2019 from the Planning and Development Department – Policy Planning regarding Market-Rental Policy and Inclusionary Zoning Policy: Proposed Work Plan;

AND THAT the City provide overall grant management as required by the UBCM Housing Needs Report Program.

Background

On December 4, 2018, Council passed the following resolution:

RC18/610-611

THAT staff be directed to consult the owners of 3370 Dewdney Trunk Road (PC Urban), 125 Moray Street (Moray Place), 3131-3137 St. Johns Street (Woodbridge), and 1030 Cecile Drive (Woodlands) prior to bringing draft Bylaw No. 3173, Bylaw No. 3174, and Bylaw No. 3175 to Council for further consideration as recommended in the report dated November 14, 2018 from the Planning and Development Department - Policy Planning Division regarding Rental Multi Residential Zoning;

AND THAT staff be directed to explore and report back on a potential Inclusionary Zoning program to require market-rental units, below-market-rental units, or cash equivalent for all new residential developments in the City;

AND THAT consultation on potential Inclusionary Zoning be conducted with the following stakeholders: Landlord BC, BCNPHA, SHARE Community Services, and CATALYST.

On February 26, 2019, Council passed resolution RC19/090,

RC19/090

THAT Rental Multi-Residential Zoning for 3370 Dewdney Trunk Road (PC Urban), 125 Moray Street (Metro Vancouver Housing Corporation), 3131-3137 St. Johns Street (Woodbridge Homes), and 1030 Cecile Drive (Edgar Development) not be pursued at this time.

This report addresses the second part of the resolution, detailing the work plan to explore an inclusionary zoning program, and to direct staff to apply for funding offered by the Union of British Columbia Municipalities (UBCM) for the Housing Needs Report.

Discussion

Access to affordable housing has become increasingly difficult for households in Port Moody. Escalated housing costs, exacerbated by record-low vacancy rates throughout Metro Vancouver has led to greater number of households struggling to find shelter that is within their means. This housing insecurity has meant many households paying beyond what is considered an affordable portion of 30% of their income to housing, and accepting housing conditions that do not meet their needs, either in terms of not having enough bedrooms or the housing unit is in need of repair.

Council had directed staff to explore and report back on a potential inclusionary zoning program to require market-rental units, below-market-rental units, or cash equivalent for all new residential developments in the City.

The purpose of an inclusionary zoning policy is ensure new development includes housing opportunities for those households that cannot afford the units produced at market prices. Currently five Metro Vancouver municipalities have inclusionary zoning policies (Burnaby, New Westminster, City of North Vancouver, Richmond, and Vancouver). These policies work in conjunction with municipal rezoning powers through the provision of incentives to lever a voluntary inclusion of below-market rental units. Such incentives can include:

- reduced parking requirements;
- increased density;
- Development Cost Charges and permit fee waivers;
- density bonus and community amenity contribution waivers;
- property tax waivers; or
- a combination of the municipal measures listed above.

The provision of the above incentives are necessary to ensure the economic feasibility of proposed development projects.

While the City of Port Moody does not currently have an inclusionary zoning policy, the City has been able to secure affordable housing units through two approaches: first, through securing a voluntary contribution to the Affordable Housing Reserve Fund; and second, through negotiating with a development applicant as part of the rezoning process. In some cases, these have involved OCP amendments increasing density, reduced parking requirements, and contributions to a project from the City's Affordable Housing Reserve Fund. The other incentives listed have not been used in Port Moody to date. **Attachment 1** lists below-market and rental-market units that the City has secured through new developments.

Inclusionary Zoning Policy Report Work Plan

Staff has developed a work plan to guide the development of the inclusionary zoning policy as follows:

1. Housing Needs Analysis

In April 2019, the Province of British Columbia required all municipalities and regional districts to complete housing needs reports. These reports are meant to identify existing and projected gaps in housing supply by collecting and analyzing quantitative and qualitative information about local demographics, economics, housing stock, and other factors. Metro Vancouver Regional District has agreed to compile the base data for member municipalities that will then be used to identify the City's needs.

2. Research Policies to Incentivize/Leverage the Creation of Market-Rental and Below-Market Rental Units.

Staff will undertake an analysis of Metro Vancouver municipalities that have inclusionary zoning policies in place. This review will inform the development of Port Moody's inclusionary zoning policies as to what affordable housing opportunities are possible in current housing market conditions, and to see how it compares to the City's negotiated results.

3. Land Economic Analysis

The mandatory inclusion of below-market and market-rental units in development applications can affect the financial viability of residential projects. The purpose of an inclusionary zoning policy is to ensure that units are created for those that cannot afford to buy or rent at market-rates. By inhibiting the development of market housing, an inclusionary zoning policy could contribute to greater affordability issues through slowing the supply of housing units in a community. To avoid that, staff is recommending that a consultant specializing in land economics be hired to look at the right balance between incentives and requirements to ensure the inclusion of below-market units in ownership projects.

4. Policy Development

Staff will develop policy options that can incentivize the inclusion of market-rental units, below-market-rental units, or cash equivalent for all new residential developments in the City. The policies will be informed by the housing needs report, the land economic analysis report, case study research, and staff consultations.

5. Consultation with Stakeholders

Staff will consult with stakeholder groups in order to garner feedback on the policy options developed. Stakeholder groups will include non-profit housing providers (including the organizations previously noted in RC18/610-611), and the development community.

Once these steps are completed, staff will bring a draft policy report back to Council's consideration. In the meantime, staff will continue the current practice of negotiating affordable housing contributions in each development on a case-by-case basis.

Housing Needs Report Program

As part of this work, staff is requesting direction from Council to apply for the Housing Needs Report funding opportunity with UBCM. Staff intends to apply for the funding in order to support this work, and seeks a formal resolution from Council in support. The Housing Needs Report Program requires a Council resolution indicating support to apply for the Housing Needs Report project and willingness to provide overall grant management. The City of Port Moody is eligible for up to \$30,000 in funding, which is sufficient to complete the work related to the Housing Needs Component (**Attachment 2**).

Timelines

In regards to the timing of the Market-Rental and Inclusionary Zoning Policy, staff are currently focused on completing the Age-Friendly Plan and the Child Care Needs Plan, which will be in February 2020 and June 2020, respectively.

If the City is successful in its UBCM funding application, an RFQ will be issued for a consultant to undertake the housing needs report component of this project in February 2020. The draft policy report will be completed by fall 2020.

Other Option

That staff be directed to not apply for funding.

Financial Implications

The estimated cost associated with the land economic analysis is \$40,000. This has been identified as a capital project in the proposed 2020 budget.

It is proposed that the Housing Needs Report be funded through the \$30,000 available through UBCM.

Communications and Civic Engagement Initiatives

Consultation with stakeholders, including Landlord BC, BCNPHA, SHARE Community Services, CATALYST, and the development community will take place as part of the Inclusionary Zoning policy development process.

Council Strategic Plan Objectives

The recommendation in this report aligns with the Council Strategic Objectives of:

- Plan for a variety of housing types to meet community needs.
- Ensure future community growth is carefully considered and strategically managed consistent with the targets approved in our Official Community Plan.

Attachments

1. Summary of Development-Related Affordable Housing Contributions.
2. UBCM – Housing Needs Report Program Guide (2019).

Report Author

Liam McLellan, Social Planner.

Report Approval Details

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| Document Title: | Market-Rental Policy and Inclusionary Zoning Policy - Proposed Work Plan .docx |
| Attachments: | - Summary of Development-Related Affordable Housing Contributions.XLSX - UBCM - Housing Needs Report Program Guide (2019).pdf |
| Final Approval Date: | Nov 19, 2019 |

This report and all of its attachments were approved and signed as outlined below:

Rosemary Lodge, Manager of Communications and Engagement - Nov 15, 2019 - 2:59 PM

Paul Rockwood, General Manager of Finance and Technology - Nov 18, 2019 - 8:38 AM

André Boel, General Manager of Planning and Development - Nov 18, 2019 - 10:47 AM

Tim Savoie, City Manager - Nov 19, 2019 - 12:35 PM