

Attachment #3

Inclusionary Housing Policy

Inclusionary Housing Policy for Multi-unit Strata Residential and Mixed-Use Residential Developments (Applicable as conditions of rezoning)

The Inclusionary Housing Policy is grounded in the following principles:

- a) New multi-unit strata residential and mixed-use residential development seeking additional density contributes to the affordable rental housing supply;
- b) Below/non-market rental units serve a range of tenants corresponding to need in the City of New Westminster;
- c) Occupancy management of below/non-market rental units ensures intended tenants are served;
- d) Adaptable and family friendly housing policies apply;
- e) Below/non-market rental units are secured for the long-term;
- f) Applicants have clear information regarding municipal expectations;
- g) Requirements for City staff time, resources and risk are minimized;
- h) Density and built form respect the Official Community Plan (OCP) for Options 2 and 3, and are suitable for the surrounding neighbourhood for all Options; and,
- i) Inclusive communities are created.

Context

Renters account for a significant portion of the City of New Westminster's population and are an important part of the City's social fabric. Generating an adequate supply of new rental housing that is affordable for very low and low income renters is a priority in New Westminster. The City's Inclusionary Housing Policy is focused on the provision of on-site built affordable rental units in multi-unit strata residential and mixed-use residential development applications seeking additional density. The Inclusionary Housing Policy is intended to provide guidance to property owners on the City's expectation for the delivery, ownership and management of affordable rental housing required as a condition of rezoning.

Purpose

The purpose of the Inclusionary Housing Policy is:

- To help meet the City's affordable rental housing needs by securing built below-market and non-market rental units in new multi-unit strata residential and mixed-use residential developments seeking additional density.
- To ensure that below-market and non-market rental units secured through this policy effectively serve intended tenants and household income levels through non-profit or BC Housing ownership or management.

- To target household income levels corresponding to rental housing demand in New Westminster, including:
 - a. Below-market rental units intended to meet rental demand for households earning between \$30,000 and \$75,000 per year (in 2020).
 - b. Non-market rental units intended to meet rental demand for very low-income households with incomes under \$30,000 per year (in 2020).
- To provide incentives to help make provision of affordable housing viable.

Definitions

The policy targets a range of household income levels, which correspond to rental housing demand in New Westminster:

- **Below-market rental units** – To meet rental demand for low to moderate income households (e.g. earning between \$30,000 and \$75,000 per year in 2020). Average below-market rent would be set at time of application at 10% below the currently reported Canada Mortgage and Housing Corporate (CMHC) rental market median rent, all years, for New Westminster. Annual rent increases as permitted under the *Residential Tenancy Act*.
- **Non-market rental units** – Intended to serve very low income households. All non-market units would rent at the shelter component of income assistance or rent geared to income (e.g. to a maximum of \$29,999 in 2020), as determined by the non-profit or BC Housing, to meet client needs.

Schedule B includes below and non-market rent amounts for 2020 and will be updated annually.

Policy Scope

Applies to strata residential and mixed-use residential development applications city-wide, with the exemptions laid out below.

The following are exempted from this policy:

- Wood-frame development (time-limited exemption until December 31, 2022);
- Properties with high existing entitlements and limited density increase (i.e. sites zoned RM-6A and designated Residential Mid-Rise in the Official Community Plan; and, sites zoned RM-6B regardless of designation);
- Projects developed under the City of New Westminster Secure Market Rental Policy;
- Projects developed which provide only townhouse units; and
- Projects developed with fewer than 10 units.

Scenarios not covered by the scope of this policy are still required to consider the inclusion of an affordable housing contribution; however this contribution would be negotiated on a case-by-case basis using the principles outlined in this policy.

If the number of inclusionary units for a project are found, when calculated as per Option 3, to result in four or fewer affordable units, cash-in-lieu contributions will be accepted by the City in lieu of inclusionary units. Cash-in-lieu contributions would be placed in the City's Affordable Housing Reserve Fund.

Policy Application

The Official Community Plan (OCP) outlines suitable building forms and the Density Bonus Program may specify anticipated densities. There are three applicable options for strata and mixed-use rezoning applicants. Option 1 would apply for applications requesting an OCP amendment and/or exceeding the Density Bonus Policy, and Options 2 and 3 would apply for applications within OCP / Density Bonus Limits.

Applicants may choose from the following options:

Option 1 – Applications requesting OCP amendment and/or exceeding Density Bonus Policy

- Provision of a minimum of 20% of total units or floor area as built affordable units;
- Number of units and rental rates subject to discussions with Council and senior government, and consideration of other amenities;
- Units sold to a non-profit or BC Housing at below-market value.

Option 2 – Applications within OCP / Density Bonus Limits

- Provision of a minimum of 5% of total units as built non-market units;
- Rents at shelter rate or rent geared to income (to a maximum income of \$29,000 in 2020), as determined by non-profit or BC Housing;
- Units provided at no cost to a non-profit or BC Housing.

Option 3 – Applications within OCP / Density Bonus Limits

- Provision of a minimum of 10% of total units as built below-market units and 5% for properties with high existing entitlements (i.e. sites zoned RM 6A, C-3, C-3A and designated Residential High-Rise in the OCP; and, Sapperton Green);
- Rents at 10% below the currently reported Canada Mortgage and Housing Corporate (CMHC) rental market median rent, all years, for New Westminster;
- Units may be owned by developer with occupancy management by a non-profit or BC Housing, or sold to a non-profit or BC Housing at below-market value.

Incentives

Option 1

- Additional density above OCP / density bonus maximum subject to land use and livability.

Option 1 and Option 2

- Potential City DCC Waivers and/or GVS&DD + TransLink DCC Waivers.

All Options

- 75% reduction in Density Bonus/VAC payments (time limited – subject to annual review).
- Density exemption from FSR for affordable units.
- The Secured Rental Residential Units minimum parking space provisions of the Zoning Bylaw apply for below / non-market rental units. The City may consider further reducing parking requirements for below / non-market rental housing to a minimum of *:
 - 0.2 spaces per dwelling unit for sites within 400m of a SkyTrain Station;
 - 0.5 spaces per dwelling unit for sites within 400m of the Frequent Transit Network; and,
 - 0.75 spaces per dwelling unit elsewhere.

** Subject to a technical assessment, prepared by a qualified transportation professional, that adequately demonstrates parking space demand for the below/non-market rental units, and that is accepted by the City, with commitment by the applicant to Transportation Demand Management measures.*
- Prioritized Application Review.

A summary of Options 1, 2 and 3 is included in Schedule A.

Unit mix and size guidelines for below-market/non-market rental units

The unit mix reflects the requirements of the New Westminster Family-Friendly Housing Policy for rental units. Unit sizes are based on BC Housing Design Guidelines 2018. Below/ non-market rental units provided should be consistent with the unit sizes listed below. City to be flexible based on the population served.

Number of Bedrooms	Share of Units	Unit Size
Studios	75%	350 sq. ft.
1-Bedroom		525 sq. ft.
2-Bedroom	20%	725 sq. ft.
3-Bedroom	5%	925 sq. ft.

Cash in lieu provision

Council priority is for delivery of built below/non-market rental units. A cash contribution will be considered in the following circumstances:

- if the applicant can demonstrate to the City's satisfaction that a suitable partnership with a non-profit housing society for ownership or management of the built units is not possible; and/or,
- projects that in calculating as per Option 3 would result in four or fewer below-market units.

The per unit cash contribution would be placed in the City's Affordable Housing Reserve Fund. The City's priority would be to utilize cash-in-lieu contributions to secure new non-market housing units, as determined by the City's Affordable Housing Reserve Fund policy.

Schedule B includes the cash-in-lieu amount per affordable housing unit for 2020 and will be updated annually.

Combining required below and/or non-market units

Where applicants propose development projects on two or more sites, the City will consider allowing the required below and/or non-market units to be combined on one site, subject to staff review to ensure that the principle of creating inclusive communities is met.

Flexibilities

Where applicants can demonstrate unique development circumstances and financial hardship such that development viability is compromised, the City will consider negotiating for different outcomes. Financial analysis undertaken to support a case for hardship would be required. Flexibilities are solely at the City's discretion.

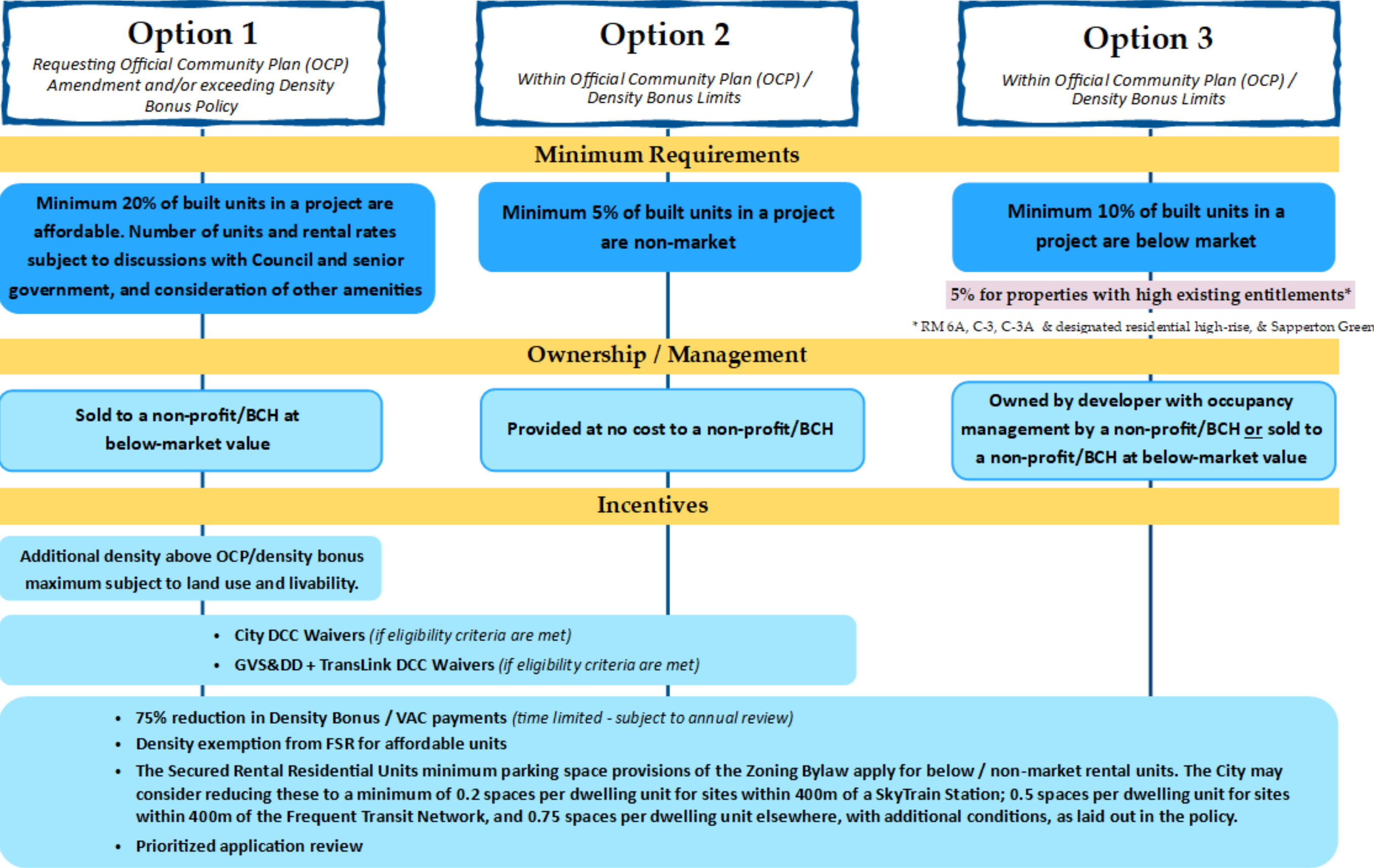
Selection of non-profit housing providers

For projects that proceed through Options 2 and 3, the City will supply applicants with a shortlist of qualified non-profit housing societies and foundations that have expressed interest in partnering on affordable housing projects in the City. The shortlist will reflect population to be served based on community need and locational considerations, as outlined in the City of New Westminster *Selection Process for Non-Profit Housing Providers of Below and Non-Market Housing Units*. For projects that proceed through Option 1, the non-profit housing partner will be determined in discussions between the City and BC Housing.

Legal Requirements

As a condition of approval, applicants / partners will be required to enter into a Housing Agreement pursuant to Section 483 of the *Local Government Act* and other legal mechanisms deemed necessary with the City of New Westminster.

Schedule B includes information about legal requirements and will be updated annually.



Schedule B

The information included in Schedule B to be updated annually.

Rents

Below-market rental units – To meet rental demand for low to moderate income households (e.g. earning between \$30,000 and \$75,000 per year in 2020). Average below-market rent would be set at time of application at 10% below the currently reported Canada Mortgage and Housing Corporate (CMHC) rental market median rent, all years, for New Westminster. Annual rent increases as permitted under the *Residential Tenancy Act*.

The following are illustrative below-market rents as of October 2022.

Unit Type	Below-Market Monthly Rents
Studio	\$1,098
1-Bedroom	\$1,139
2-Bedroom	\$1,553
3-Bedroom	\$2,096

Source: Based on CMHC Housing Market Information Portal, Rental Market Survey, October 2022.

Non-market rental units – Intended to serve very low income households. All non-market units would rent at the shelter component of income assistance or rent geared to income (e.g. to a maximum of \$29,999 in 2020), as determined by the non-profit or BC Housing, to meet client needs.

Cash-in-lieu Amount

The cash-in-lieu amount for 2020 is \$210,000 per affordable housing unit.

Legal Requirements

As a condition of approval, applicants / partners will be required to enter into a Housing Agreement pursuant to Section 483 of the *Local Government Act* and other legal mechanisms deemed necessary with the City of New Westminster specifying:

- Eligible tenants and tenant incomes for below/non-market rental units;
- Starting rents for below/non-market rental units;
- Transfer of built below/non-market rental units in air space parcel (preferred) or as strata lots to pre-qualified non-profit partner or BC Housing;
- Below/non-market rental units secured as rental units for life of building or 60 years, whichever is greater;
- Non-profit housing society or BC Housing ownership or management;

- f) That the applicant/non-profit housing partner will verify tenant eligibility for new below-market units;
- g) That the applicant/non-profit housing partner will verify tenant eligibility for existing below-market tenants every five;
- h) An annual report to be provided to the City of New Westminster on the operation of the below /non-market rental units;
- i) No additional charges, such as parking or storage, permitted for below/non-market tenants;
- j) Below/non-market tenants have access to all amenities at no charge; and
- k) Other conditions as agreed.