

priorities noted above. To assist future applications in aligning with these priorities, staff have prepared a *Policy for the Review of New Unit Additions in Existing Rental Buildings*, which provides guidance and clarity for the review of such applications. Staff are seeking Council endorsement of the proposed policy.

BACKGROUND

The City has a number of older low-rise apartment buildings, which accommodate some of the City’s most affordable rental stock. In order to maintain viability of these rental buildings, the City adopted a program in 2014 to permit the conversion of underused space within these buildings into additional rental units. Since the adoption of this program, 20 Development Permit (DP) applications to add units in existing rental apartment buildings have been received. Twelve of these applications have been approved, one has been denied, one has been cancelled, and six are in progress. A summary of the applications previously received is provided in Attachment 2. A flow chart outlining the required approvals for these applications is provided in Attachment 3. A summary of the existing policy context is provided in Attachment 4.

These applications typically feature the conversion of existing storage rooms, laundry rooms, office space, or parking stalls into studio or one-bedroom residential units. In some cases, this can be achieved with only a Building Permit application, but most applications propose significant exterior changes which triggers a DP. DP applications are reviewed to ensure compliance with the relevant Development Permit Area (DPA) Guidelines.

If the application proposes to convert parking spaces which would reduce parking to below the Zoning Bylaw minimum, a DVP is required. As DVPs are a discretionary approval, the City is able to secure Housing Agreements for long term protection of all present and future rental units in the building. Housing Agreements have been registered for the three completed applications that required a DVP since the program’s inception.

DISCUSSION

While a number of successful unit additions have been constructed over the past decade, more recent applications have been increasing in complexity as more challenging spaces are proposed for conversion to new housing units. As such, to help guide the review of applications going forward and to provide transparency and clarity for applicants on City and Council expectations, staff have developed a *Policy for the Review of New Unit Additions in Existing Rental Buildings* to help streamline the application process.

The proposed policy is largely a formalization of the existing review process which has developed over time, but was also informed by the 2023-2026 Strategic Priorities Plan and other key policies including the Secured Market Rental Housing Policy, Draft Rental

Replacement Policy, Urban Forest Management Strategy, and Seven Bold Steps for Climate Action. Planning best practices and feedback provided by Council on related development applications to date were also incorporated into the proposed policy.

Application of the proposed policy would differ depending on the details of the application. For example, the policy includes both discretionary requirements, which would apply only when a DVP or other discretionary approval is required, and non-discretionary requirements, which would apply to all applications.

The key provisions of the policy, included in Attachment 1, are as follows:

- *Pre-Permit Inspections*: In order to ensure that the building is appropriately maintained and meets requirements of the *Business Regulations and Licensing (Rental Units) Bylaw*, a preliminary inspection by Integrated Services will take place early in the review. This will ensure buildings are in good repair for existing tenants prior to any new units being added. Additionally, this provision aids in the retention and long-term viability of existing rental stock through appropriate maintenance.
- *Initial Building Permit Review*: To ensure the safety of future additional units, a preliminary review of proposed additional units would be undertaken by the Building Division. This review would help ensure that life safety, fire safety, ventilation, and safe access/egress can be achieved. This will help ensure that additional units are feasible to add without compromising the integrity of the building, supporting the long-term retention of rental units and provision of safe new units.
- *Housing Agreement*: Where a discretionary approval is required, a housing agreement would be required to secure the building as rental for 60 years or the life of the building, whichever is longer. These Housing Agreements provide legal protection and guarantee that the units remain as rental in the long-term, meeting the City priority of protecting rental housing and supporting the provision of new rental units. The Housing Agreements will also stipulate that residents must be permitted to operate a cooling unit within their unit. This would help mitigate the impacts to rental buildings during extreme heat events, and support the general livability of rental units.
- *Livability Review*: Through the Development Permit Review, Planning staff would ensure units provide suitable access to natural light and outdoor space, consistent with Zoning and DP requirements. This ensures new units are livable and supports the City priority of adding new rental housing stock.
- *Tree Review*: Planning staff will carefully review any proposed removal of trees with the goal of minimizing the loss mature trees, particularly in neighbourhoods which have lesser tree canopy. Where the removal of trees is supported, appropriate replacement trees will be provided in accordance with the *Tree Protection and Regulation Bylaw*. This provision of the policy will help protect the urban forest canopy and the climate benefits it provides, as outlined in the Urban Forest Management Strategy.

The proposed policy is aligned with multiple City priorities and policies, including the 2023-2026 Strategic Priorities Plan, the Secured Market Rental Housing Policy, the Draft Rental Replacement Policy, and the Urban Forest Management Strategy. A summary of how the policy relates to other key Council adopted policies is included in Attachment 4.

Overall, staff consider that the adoption of a consistent and transparent policy to evaluate unit addition applications would help streamline the review process and provide clarity for both staff and applicants, allowing applications to move more quickly through the review process. As such, staff recommend Council endorsement of the *Policy for the Review of New Unit Additions in Existing Rental Buildings*.

FINANCIAL IMPLICATIONS

The City pays legal costs for the preparation of Housing Agreements for secured market rental buildings, an incentive contained within the *Secured Market Rental Housing Policy*. As this practice is already in place, it is not expected that this policy would significantly increase these costs. Additionally, building condition inspections by Integrated Services would require staff time from Bylaw Officers.

Development Cost Charges (DCCs) would continue to be collected for the new units at the time of Building Permit issuance.

INTERDEPARTMENTAL LIAISON

This report was prepared with input from the Planning, Building, and Integrated Services Divisions in the Climate Action, Planning and Development Department.

OPTIONS

The following options are presented for Council’s consideration:

- 1. That Council endorse the proposed *Policy for the Review of New Unit Additions in Existing Rental Buildings*.
- 2. That Council provide staff with alternative direction.

Staff recommend option 1.

ATTACHMENTS

- Attachment 1 – Policy for the Review of New Unit Additions in Existing Rental Buildings
- Attachment 2 – Summary of Unit Addition Applications
- Attachment 3 – Development Review Process Flow Chart for Unit Addition Applications
- Attachment 4 – Existing Policy Context

APPROVALS

This report was prepared by:
Hanna Jarrett, Development Planner

This report was reviewed by:
Mike Watson, Acting Manager of Development Planning
Demian Rueter, Acting Senior Manager of Climate Action, Planning and Development

This report was approved by:
Jackie Teed, Director of Climate Action, Planning and Development
Lisa Spitale, Chief Administrative Officer