

# Corporate Policy

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Section:	Social Services	10
Sub-Section:	Affordable Housing	5080
Title:	Inclusionary Zoning – Affordable Rental Units	2022-01

## Related Policies

Number	Title
10-5080-01	Affordable Housing Reserve Fund – Guidelines for Allocation of Funds
10-5080-2018-01	Rental Protection

## Approvals

Approval Date: April 19, 2022	Resolution #: <u>CW22/052</u>
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### Inclusionary Zoning – Affordable Rental Units

## Policy

This policy sets out the expectations for the provision of Affordable Rental Units as part of new multi-family residential and mixed-use residential development applications where additional density is being sought through a rezoning and/or Official Community Plan (OCP) amendment.

## Definitions

**Affordable Rental Units** – may include both Below-Market Rental Units and Non-Market Rental Units.

**Below-Market Rental Units** – units intended to serve households considered low-income by the Housing Income Limits (HILs) applicable to Port Moody as published by BC Housing on an annual basis at the time of occupation. Annual rent increases as permitted under the *Residential Tenancy Act*. Below-market rental units will be rented at 20% below CMHC median rent for the Tri-Cities area.

**Floor Area Ratio (FAR)** – is the figure obtained when the Floor Area of all Buildings on a lot, calculated in accordance with section 5.3.4 of the City of Port Moody Zoning Bylaw, is divided by the area of the lot upon which the buildings and structures are situated.

**Non-Market Rental Units** – units intended to serve very low-income households through agreements with a non-profit housing society or BC Housing for households earning less than \$30,000 and renting at shelter rates or rent geared to income.

**Market Rental Units** – purpose-built rental units without qualifying income or household characteristics requirements.

## Policy Expectations

Subject to any applicable exemptions in this policy, all applicants for new multi-family residential or mixed-use residential developments for which density is sought through a Zoning Bylaw amendment and/or OCP amendment which would exceed what is otherwise permitted will be required to include affordable housing options in their projects. Eligible housing forms may include Below-Market Rental Units and Non-Market Rental Units.

### Key Expectations

- the City expects, as part of any rezoning and/or OCP amendment application, that an affordable housing component would be included in the form of Below-Market Rental Units and/or Non-Market Rental Units;
- for any projects proposing a residential density greater than 2.0 FAR, the City requires either:
  - a minimum 15% of residential FAR as Below-Market Rental Units; or
  - a minimum 6% of residential FAR as Non-Market Rental Units.
- Affordable Rental Units may be owned by the private sector with occupancy management arranged through a non-profit society or BC Housing or sold to a non-profit society or BC Housing at below-market value. The City requests confirmation of these arrangements prior to adoption of the requested land use changes;

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- any Affordable Rental Units are required to be secured for 60 years or the useful life of the building;
- projects resulting in 10 or more affordable units should provide a unit mix as set out in the following table:

Number of Bedrooms	Share of Units	Minimum Unit Floor Area*
Studios	70% max	33m <sup>2</sup> (350ft <sup>2</sup> )
1-Bedroom		49m <sup>2</sup> (525ft <sup>2</sup> )
2-Bedroom	20% min	67m <sup>2</sup> (725ft <sup>2</sup> )
3-Bedroom	10% min	86m <sup>2</sup> (925ft <sup>2</sup> )

\*Minimum Unit Floor Area is based on BC Housing's Design Guidelines and Construction Standards.

- when determining the value of an amenity contribution under the density bonus policy (section 7.0 of the Zoning Bylaw), the estimated value of the residential density above 2.5 FAR should account for the financial impact of the portion of the density bonus that is affordable rental housing. The estimated value of the density bonus should assume that the density bonus floorspace includes the same percentage of floorspace for Affordable Rental Units as proposed for the overall residential FAR of the entire project. For example, if the overall residential floorspace in the proposed project includes 15% for Affordable Rental Units, then the density bonus FAR includes 15% for Affordable Rental Units.

#### Flexibility

The City may allow for flexibility on the above options under certain specific scenarios, including:

- where the applicant can demonstrate unique development circumstances and financial hardship that may impact development viability, and would jeopardize the delivery of a community amenity;
- where the development application includes existing market rental properties that are subject to the City's Rental Protection policy; and
- where the proposal includes other community benefits (e.g., social, environmental, cultural) with a demonstrable value.

If the applicant is of the opinion that it is not financially feasible for its proposed rezoning to provide the Affordable Rental Units outlined in this policy, an economic analysis conducted at the applicant's expense may be used to determine the amount of floor area for Affordable Rental Units to be provided in a proposed development. This analysis is to be completed by an independent third-party consultant or appraiser agreed upon by the developer and the City of Port Moody, who would be engaged by the City and paid for by the applicant. Alternatively, at the City's determination, the analysis may be undertaken by an employee of the City qualified to perform such analyses. The applicant is required to provide sufficient information to support the analysis, that includes detailed hard and soft cost estimates for the project (from a third-party contractor or quantity surveyor), an appraisal (or valuation) supporting any valuations under existing use and existing zoning, as well as any other information that the City (or its consultant) requires.

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#### Incentives

The City will consider the following types of incentives, subject to all applicable policies and bylaws:

- consideration of additional height beyond OCP height limits on a project-by-project basis;
- the Affordable Rental Units FAR will not be subject to Community Amenity Contributions;
- consideration of a reduced parking space standards for Affordable Rental Units. 0.20 spaces per studio and one-bedroom dwelling unit; 0.50 spaces per two-bedroom dwelling unit; 0.75 spaces per three-bedroom or more dwelling unit, subject to a technical assessment, prepared by a qualified transportation professional, that adequately demonstrates parking space demand for the Affordable Rental Units, and that is accepted by the City;
- consideration of variances to Zoning Bylaw requirements on a project-by-project basis when it is demonstrated as a requirement; and
- consideration of additional fee waivers or reductions (DCCs, property taxes, etc.) on a project-by-project basis when it is demonstrated as a requirement.

#### Exemptions

The following are exempted from the requirement to include affordable housing options as part of projects:

- projects where 100% of the residential component is Market-Rental Units;
- projects proposing a residential density less than 2.0 FAR; and
- applications submitted prior to Council approval of this policy where additional density is being sought, though provision of an affordable housing component is still expected of all applications involving a rezoning and/or OCP amendment.

#### Non-Profit Housing Societies

To facilitate this policy, the City will develop and maintain a shortlist of non-profit housing societies that have expressed an interest in partnering on affordable housing projects in the City.

#### Housing Agreement Expectations

The City requests consideration by the applicant of entering into a Housing Agreement pursuant to section 483 of the *Local Government Act* and any other associated legal agreements for the effective implementation of the affordable housing component of the project. Such agreements may include, but not be limited to, the following parameters:

- definition of the affordable rental/housing component, including details of unit mix, unit sizes, unit location, rental rates, etc.;
- the term of the agreement;
- details of the requirement for transfer of ownership, or management, to a non-profit housing society or BC Housing;
- criteria around tenant eligibility and selection ensuring units are made available to households that need it the most;

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- reporting guidelines to provide to the City an annual report to the City detailing the eligibility of tenants and rental rates;
- restrictions around stratification of the Affordable Rental Units; and
- maintenance requirements.

#### Cash-in-lieu Contributions

The City may consider cash-in-lieu contributions to the City's Affordable Housing Reserve Fund under circumstances where the provision of Affordable Rental Units or other eligible units is not seen as desirable and or feasible (e.g., where it results in four or fewer Affordable Rental Units being provided). Cash-in-lieu contributions shall be established by way of agreement, or failing agreement, as determined by a qualified independent analyst to be selected by the City and at the applicant's expense.

#### **Monitoring/Authority**

This policy is to be administered and monitored by the Community Development Department. This policy will be reviewed as required by the Community Development Department to ensure its effectiveness and compliance with legislation and evolving best practices.