

Moderate Income Rental Housing Pilot Program

Frequently Asked Questions – December 2019



Q: What is the Moderate Income Rental Housing Pilot Program (MIRHPP)?

A: The MIRHPP is a limited pilot program that enables up to 20 rezonings for new buildings that provide 100% of the residential floor area as secured market rental housing, with a minimum of 20% permanently secured for moderate income households. The MIRHPP was approved by City Council in November 2017 along with the Housing Vancouver Strategy.

The MIRHPP addresses a critical gap in the local rental housing market by encouraging the development of new rental units that are permanently secured at rates that match the affordability needs of local moderate income households earning between \$30,000 and \$80,000 per year.

Q: Why is the City doing the MIRHPP?

A: Housing costs in Vancouver have risen dramatically in recent years, and many moderate income households struggle find suitable and affordable housing. While renting is a more affordable option than ownership, market rents are increasingly unaffordable for many singles earning less than \$50,000 and families earning less than \$80,000. Rental availability is also a challenge, and the vacancy rate in Vancouver is extremely low (0.8%).

While the City has been successful in helping encourage construction of more new rental housing in recent years, there continues to be significant unmet need for secured, purpose-built rental housing options that are affordable to households earning average local incomes. To address this need, the Housing Vancouver Strategy sets a target for 20,000 new purpose-built rental units over the next 10 year, including 4,000 new privately owned below-market rental units secured for moderate income households.

The MIRHPP incentivizes the development of new below-market rental housing across the city, and ensures that rents in a proportion of the units created are secured at permanently affordable rates and made available to moderate income households.

Q: What will the rents be for moderate income rental units?

A: Starting rents in new moderate income rental units are set at rates affordable to the targeted household income levels for each unit type, which means they are significantly more affordable than average market rents for new rental housing in Vancouver.

Table 1: Moderate Income Rents, Targeted Household Incomes and Average Market Rents

Unit	Moderate Income Unit Maximum Average Starting Monthly Rent	Household Income Served (if 30% of income spent on rent)	2018 CMHC Average Rents* (buildings constructed 2005+)
Studio	\$950	\$38,000	\$1,607
1 Bedroom	\$1,200	\$48,000	\$1,869
2 Bedroom	\$1,600	\$64,000	\$2,457
3 Bedroom	\$2,000	\$80,000	\$3,235

*Source: CMHC - 2018 Rental/Market Report

Q: Will the moderate income rents remain affordable?

A: Maximum allowable annual rent increases are set by the Province of British Columbia, and the rates are established in accordance with the Residential Tenancy Act (RTA). Allowable increases are published annually, and for reference, table 2 shows the rates over the last 10 years. In 2018, the Province amended the RTA to reduce the rate of the annual allowable rent increase by 2%.

Rent increases for moderate income rental units may not be increased by more than the maximum annual allowable rate, and cannot be ‘reset’ when a new qualified moderate income renter household moves in. This means the rents are permanently secured to ensure they remain affordable over time.

Q: What is the difference between the MIRHPP and other City rental incentive policies?

A: Like other rental incentive policies (including Rental 100 and the Affordable Housing Choices Interim Rezoning Policy), the MIRHPP requires 100% of the residential floor area to be secured rental housing. However, the MIRHPP requires a minimum of 20% to be permanently secured at rates affordable to households with moderate incomes between \$30,000 and \$80,000 per year.

Moderate income rental units have specific household income and size eligibility criteria that apply, and the owners or their property managers will be responsible for verifying eligibility (see table 3).

In order to enable moderate income rental housing, the MIRHPP offers greater incentives beyond what is available under other rental incentive policies, including opportunities for additional height and density beyond what is granted under the existing zoning, parking relaxations, and relaxation of unit size and configuration requirements. The MIRHPP also enables opportunities to consider proposals in a wider range of locations across the city.

Q: What is the difference between moderate income rental housing and social housing?

A: Social housing is legally secured rental housing owned by a non-profit or government where at least 30% of the units are occupied by households with incomes below the BC Housing housing income limits (HILs). In certain parts of the city in and around the Downtown Eastside, there is a requirement for at least one-third of the units to be at rented at rates that do not exceed the shelter component of income assistance (currently \$375 per month for a single person household).

Moderate income rental housing is legally secured rental housing owned by a private, non-profit or government agency where at least 20% of the residential floor area consists of rental units that are made available to qualified moderate income households and are rented at permanently secured below-market rates.

Table 2: Recent Annual Allowable Rent Increases in BC

Year	Previous Maximum Rent Increases
2019	2.5%
2018	4.0%
2017	3.7%
2016	2.9%
2015	2.5%
2014	2.2%
2013	3.8%
2012	4.3%
2011	2.3%
2010	3.2%
10 Year Average	3.1%

Source: Province of British Columbia

Q: What are the eligibility requirements for social housing?

A: To be eligible for social housing, a household must have a gross annual income below the housing income limits (HILs), which represent the income required to pay the average market rent for an appropriately sized unit in the private market. The HILs and other eligibility considerations are published by BC Housing - more information is available at: www.bchousing.org

Q: What are the eligibility requirements for moderate income rental units?

A: To be eligible for moderate income rental housing, a household must have a gross annual income that meets the requirements for the unit they are applying for, and there must be at least one household member for each bedroom.

Table 3: Eligibility Criteria for Moderate Income Rental Housing

Initial Eligibility Criteria for New Applicants	Ongoing Eligibility Criteria for Renters Living in Moderate Income Rental Housing
<ol style="list-style-type: none">1. Gross (pre-tax) annual household income does not exceed <u>4x</u> the annual rent for the specific unit <i>i.e. For a moderate income 1 bedroom unit with a starting rent of \$1,200, the maximum household income is \$57,600</i>2. The number of persons in the household is equal to or greater than the number of bedrooms in the unit	<ol style="list-style-type: none">1. Gross (pre-tax) annual household income does not exceed <u>5x</u> the annual rent for the specific unit <i>i.e. For a moderate income 1 bedroom unit with a current rent of \$1,400, the maximum household income is \$84,000</i>2. The number of persons in the household is equal to or greater than the number of bedrooms in the unit

Q: How will households apply and be selected for moderate income rental units?

A: Each building owner or their property manager will be responsible for advertising, qualifying and selecting eligible households for the moderate income rental units in their building. They will also be responsible for verifying that households continue to qualify every five years after they move in and when a household member moves in or out.

Q: What happens if a household's income or size changes?

A: To balance the need to ensure that moderate income rental units are available for households who need them with the need to ensure stability for households whose personal or financial circumstances change, the MIRHPP allows for qualified households' incomes to rise to a certain degree. As illustrated in table 3, existing tenants are re-qualified at a higher income threshold. The income limit is established on the basis of the existing rent rate, which will also grow modestly as rents increase over time.

After a household is qualified and moves into a moderate income rental unit, landlords will re-verify their income and household size every 5 years. If a household no longer qualifies, the tenancy must be ended with a minimum extended notice period of 6 months. Depending on unit availability and eligibility, property managers will offer disqualified households an opportunity to move into another moderate income or market-rate unit in the building.

Based on recent trends, it's expected that the ongoing income limit will be high enough to mean that a disqualified household would likely be able to afford average market rents in Vancouver.

Q: What happens if tenants are displaced from existing rental units when a MIRHPP project is built?

A: Tenant relocation planning is required for all MIRHPP projects where existing renters are impacted and a City-approved tenant relocation plan will be required prior to rezoning approval.

Any renters that are impacted or displaced must be offered support, compensation and relocation assistance in accordance with the terms set out in the City's Tenant Relocation and Protection Policy and Guidelines. For more details regarding City protections for renters see: www.vancouver.ca/people-programs/protecting-tenants.aspx

Q: How many moderate income renter households are there in Vancouver?

A: As of the most recent census in 2015, renter households made up 53% of all households in Vancouver. 40% of local renter households had incomes between \$30,000 and \$80,000 per year as of the most recent Census, meaning that there were 60,740 households with incomes in that range.

Housing is generally considered to be affordable when it comprises 30 per cent or less of a household's total income before taxes. Households paying over 30 percent of their income on housing costs are considered to be housing cost burdened. Of all renter households in Vancouver, 35% (52,065) are spending between 30% and 99% of their income on housing costs.

Of the households living in non-subsidized rental housing in Vancouver and earning \$80,000 or less, 16,040 (6%) are experiencing even deeper affordability challenges and are spending more than 50% of their income on their housing costs. These households are considered to be severely housing cost burdened.

Q: How were the top 20 proposals selected for the pilot?

A: As the MIRHPP is limited to a maximum of 20 rezonings, a specialized application and intake process was established to allow City staff to evaluate the strength and suitability of each proposed project for the pilot.

Before being invited to submit a rezoning enquiry package, applicants are required to apply to take part in the pilot by making a pre-enquiry submission that includes some key details regarding their proposal. Staff evaluate each of the pre-enquiry applications and have invited the top 20 proposals to proceed with a formal application for rezoning advice (a rezoning enquiry).

Key criteria staff have applied in the review of each proposal include:

- Affordability, including the rents and proportion of moderate income units
- Number of new rental units created
- Level of impact on existing renters and rental housing
- Unit mix

- Proximity to transit and amenities
- Building form and neighbourhood fit
- Strength of the rental management plan

At the rezoning enquiry stage, staff review a more detailed package of materials from each applicant and provide specific advice on the proposals before they are invited to proceed with a rezoning application.

Q: Where can I find the full list of proposals under the MIRHPP?

A: Proposals under the MIRHPP which have reached the rezoning application stage are posted on the City's website at www.vancouver.ca/rezoning. Using the map, rezoning applications can be filtered to show only those being considered under the MIRHPP.

Because rezoning enquiries are confidential in nature, staff are not able to publish details regarding proposals until a formal rezoning applications is made.

Q: When does the pilot end?

A: The MIRHPP allows the City to select up to 20 proposals to proceed with a rezoning application by July 1, 2019. On November 26, 2019, Council extended the timeline of the MIRHPP until January 1, 2021. This means that in order to be eligible to be invited to proceed with a rezoning application under the MIRHPP, applicants must have received a written letter of response stating their application would be considered by January 1, 2021.

Applications made under the MIRHPP that receive a supportive response by January 1, 2021 will continue to be processed. Once submitted, a typical rezoning takes approximately 12 months to process. All rezonings involve staff review, comment from the public and civic committees and require decision by City Council after a public hearing to approve, modify or refuse the application.

Q: What happens after the pilot ends?

A: Once the application proposal period closes and as rezoning enquiries and applications made under the MIRHPP proceed, City staff will review the program outcomes and report back to Council with lessons learned and potentially with recommendations for a new program to enable and encourage the construction of more moderate income rental housing.

Q: Do other cities have similar programs?

A: Yes, there are other cities in the lower mainland, across Canada and internationally that have similar programs targeted at delivering affordable rental housing, including:

- Richmond, BC - Low-End Market Rental (LEMR)
- North Vancouver, BC - Mid-Market Rental (MMR)
- Toronto, ON - Open Door Affordable Housing Program
- Seattle, WA - Mandatory Housing Affordability (MHA)

Q: Where can I find more information?

A: More information on the MIRHPP is available online at: vancouver.ca/rentalhousing