

ITEM 32
MANAGER'S REPORT NO. 49
COUNCIL MEETING 89/07/26

RE: HOUSING INITIATIVES CONTAINED IN THE
B.C. GOVERNMENT'S BUDGET SPEECH OF 1 989 MARCH 30

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Planning & Building Inspection be adopted.

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TO: MUNICIPAL MANAGER 1989 July 20
FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 12.300

SUBJECT: HOUSING INITIATIVES CONTAINED IN THE B.C.
GOVERNMENT'S BUDGET SPEECH OF 1989 MARCH 30

PURPOSE: To update Council on some of the housing programs that were announced by the B.C. Government earlier this year.

RECOMMENDATION:

1. THAT this report be received for the information of Council.

R E P O R T

1.0 BACKGROUND

As Council is aware, on March 30, 1989, the Government of B.C. delivered a Budget Speech that contained many references to housing programs, many of which involved municipal governments. At its meeting of 1989 May 1 Council received a report that provided preliminary information about the initiatives. Since that time more detailed information about the programs has been made available, and some of the programs are now in operation. The purpose of this report is to update Council on these programs.

2.0 THE B.C. RENTAL SUPPLY PROGRAM

The purpose of this program is to encourage the development of up to 4,000 private rental housing units through offering interest rate assistance. The program reduces the cost of the mortgage for an approved development for a maximum term of five years. The maximum interest assistance cannot reduce the effective interest rate below 8 percent.

Developments will be selected through two Proposal Calls. The first Proposal Call for 2,000 units is under way and will be closed on 1989 July 21. Rental housing projects will be evaluated according to criteria that considers building design, initial rent structure, rate of rent change, period of rental tenure, targeted tenant group and amount of assistance required. Initial rents cannot exceed 120 percent of average rent levels as surveyed by CMHC. Preference will be given to developments that, for example, offer rental tenure beyond the five year assistance level, are appropriate for families, and require less financial assistance.

Planning & Building Inspection Department staff have had discussions with one developer interested in submitting a proposal to BCHMC for a rental development in Burnaby. It is possible that there are other proposals being pursued under the Proposal Call that have not come to the attention of staff.

A second call for the additional 2,000 units will be issued in the Fall of this year. It is expected that this proposal call will occur in tandem with another Provincial housing program, the Crown Land Rental Program so that the assistance can be used to encourage development of rental housing on Crown Land. It is our understanding that the Province is currently identifying appropriate Crown Land sites for this program.

3.0 MUNICIPAL INCENTIVE GRANTS

On 1989 June 21, the Minister of Municipal Affairs announced some of the details of the Municipal Incentive Grants for Rental Housing Program. The three types grants are described below.

3.1 Rental Housing Strategy Grants

Rental Housing Strategy Grants will pay up to \$10,000 towards the preparation of a rental housing strategy. To be eligible for funding, the strategy would have to focus on identification of specific sites for multiple family rental housing and servicing requirements as well as development of an accelerated development approval process. Strategies would have to be completed within four months.

In Burnaby, most of the activities that are eligible to be funded under this program are undertaken in the normal course of preparing and reviewing Community Plans. However, we are not aware of any method that Municipalities can use to zone or designate land use on the basis of tenure. Consequently, our Community Plans only designate sites for different forms of multiple family housing.

Staff are currently participating in preliminary discussions about the possibility of municipalities pooling their Rental Housing Strategy Grants so that a regional strategy could be prepared. It is felt that this may prove to be a more effective use of the grant funds.

3.2 Rental Housing Implementation Grant

As part of the 1989 Planning Grant Program, grants of up to \$15,000 are available to local governments to amend Official Community Plans and zoning by-laws to enable and encourage the development of multiple family rental housing. By-laws must be enacted within four months of the date the grant was approved.

Reflecting the comment made previously about the inability to zone for tenure, staff are trying to determine whether this grant is available to amending OCPS and zoning by-laws to encourage the development of multiple family housing without specific reference to tenure. Staff are currently reviewing the applicability of the grant to the Department's work priorities.

3.3 Development Incentive Grants

Development Incentive Grants are available to local governments to encourage the development of multiple family rental housing. Grants of up to \$1500 will be given to local governments for each unit of multiple family rental housing approved for construction. The grant will be increased to \$2500 per unit if the approval includes an increase in density which is at least 50 percent greater than what would have been permitted prior to the date that the application was made.

In order to receive the grants, Municipalities must give final approval within four months of the date that the development application was filed, and pass a resolution stating that conversions from rental to strata title will not be approved until the vacancy rate is 4 percent or greater. In addition, grants will not be available for rental projects on Crown Land or projects registered before construction on strata title but subsequently marketed as rental units.

The latter requirement that units not be strata titled has resulted in some confusion, since under the Condominium Act, local government does not have the authority to approve or not to approve the strata-titling of buildings before occupancy. This issue is the subject of a resolution to the UBCM sponsored by Burnaby that requests that the Condominium Act be amended so that Municipalities have the power of approval of the initial strata-title subdivision of a building. Staff are also exploring the feasibility and legality of using other methods (e.g. restrictive covenant at time of rezoning) to restrict tenure.

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However, it is expected that few private developers would be willing to restrict their developments to rental since the financial benefits of strata-titling are significant, even if the units are to be rented. It is probable that those units approved under the above mentioned Rental Supply Program may be the only units that qualify for the grant.

Staff are expecting to receive further information regarding these three grants in the near future.

4.0 CONCLUSION

Staff will keep Council apprised of any further program details as they are announced or made operational.

This is for the information of Council.



A.L. Parr
DIRECTOR PLANNING &
BUILDING INSPECTION

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BG/mcb

cc: Municipal Solicitor