

September 2019
SURREY AFFORDABLE HOUSING STRATEGY

REPLACING RENTAL HOUSING WHEN REDEVELOPMENT OCCURS

THIS PAMPHLET IS FOR GENERAL GUIDANCE ONLY.
IT DOES NOT REPLACE BY-LAWS OR OTHER LEGAL DOCUMENTS.

The purpose of this Information Bulletin is to provide guidance on the requirements for the replacement of rental housing when redevelopment occurs. (Please note this information is subject to change.)

This Bulletin is intended to be used in conjunction with ***Policy O-61, Rental Housing Redevelopment: Rental Replacement and Tenant Relocation Assistance***.

Proponents should also refer to the Planning and Development Information Bulletin, ***Relocation Assistance to Tenants When Redevelopment Occurs*** for guidance on requirements related to the assistance of tenants during redevelopment of rental housing.

Surrey Affordable Housing Strategy

The *Surrey Affordable Housing Strategy* is focused on facilitating the retention and development of purpose-built market and non-market rental housing. The *Strategy* was adopted by Council in April 2018, and complements other City plans and strategies, including the *Official Community Plan* and neighbourhood concept plans, as well as other housing policies and regulations.

The *Surrey Affordable Housing Strategy* identifies Surrey's existing purpose-built rental stock as an important asset for the community, providing secure rental housing for a range of households. As this rental stock ages, and comes under increased pressure for redevelopment, there is a need to ensure that the City prevents the overall loss of purpose-built rental housing supply.

The *Strategy* recommended that the City develop a one-for-one rental replacement policy for purpose-built rental housing units that are lost due to redevelopment.

Policy on Rental Replacement

In April 2018, Council adopted *Policy 0-61, Rental Housing Redevelopment: Rental Replacement and Tenant Relocation Assistance*. The Policy includes requirements for the replacement of rental housing units that are lost due to redevelopment.

Applicable Developments

Policy 0-61 applies to all applications for redevelopment that involve the demolition of six or more purpose-built rental units within a multi-family residential building.

Exempted Developments

Policy 0-61 does not apply to the secondary rental market such as single family homes, duplexes, secondary suites and coach houses, or individual condominium units rented out by owners. Purpose-built rental buildings with less than 6 units are also exempted from *Policy 0-61*.

Number of Replacement Units

The existing purpose-built rental units are required to be replaced by, at minimum, the same number of total bedrooms as in the original development. This provides the Proponent some flexibility in determining unit sizes and mix for the replacement rental units.

Example: a rental building with 10 1-bedroom rental units could be replaced with five 2-bedroom rental suites.

Siting of Replacement Units

Redevelopment of a purpose-built rental site requires replacement of the existing rental units on the same development site as the original units.

In special cases, replacement units off-site may be considered at a location in the same neighbourhood. The intention regarding siting is to ensure that replacement units have the same access to transit and other community amenities as the original rental units.

Affordable Rents

Replacement units are required to be 'affordable rental' for low to moderate income households, rented at a maximum of 10% below current Canadian Market and Housing Corporation (CMHC) average rents for the applicable unit size in the City of Surrey.

Notes:

CMHC's Annual Rental Market Report for Vancouver CMA is issued each fall. The report contains average rents by number of bedrooms for each municipality in Metro Vancouver, including the City of Surrey. City of Surrey Average Rents for 2018 are included in Appendix A as a reference. The Proponent should use the Average Rents for the most current year.

For non-market developments operated by charitable non-profit housing organizations, other considerations may apply to rental rates such as the total number of non-market rental units being provided in the new development.

Management of Replacement Units

The affordable rental replacement units must be managed by a non-profit organization or a non-profit / social enterprise property management firm as approved by the City.

Housing Agreement

Affordable rental replacement units are required to be secured with a Housing Agreement. The Housing Agreement shall specify:

- Rental tenure of units, secured to remain as rental for a significant period or the lifetime of the building;
- Target households (low to moderate income households, with reference to BC Housing's Housing Income Limits);
- Rental rates; and
- Administration and management of units; and
- The requirement of annual reporting to the City on the operations of the affordable rental replacement units.

Note: Housing Income Limits (HILs) represent the income required to pay the average market rent for an approximately sized unit in the private market. Average rents are derived from CMHC's annual Rental Market Report. BC Housing's 2018 Housing Income Limits (HILs) are included in Appendix A as a reference. The Proponent should use the most current year's HILs as a reference.

Communication with the City

A proposal acceptable to the City shall be provided by the Proponent with the development application. The proposal shall outline how the Proponent's application meets the rental replacement requirements of the Policy.

APPENDIX A: CMHC AVERAGE RENTS (2018) AND BC HOUSING HILS (2018)

CMHC Private Apartment Average Rents for the City of Surrey by Bedroom Type (2018)

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|----------|-----------|-----------|-----------|
| \$774 | \$978 | \$1151 | \$1307 |

Source: CMHC, Rental Market Report Vancouver CMA, Fall 2018

Note: This table is for reference only; the Proponent should use CMHC average rents for the most recent year.

BC Housing, Housing Income Limits (2018)

Housing Income Limits (HILs) represent the income required to pay the average market rent for an approximately sized unit in the private market. Average rents are derived from CMHC's annual Rental Market Report. The size of unit required by a household is governed by federal / provincial occupancy standards. HILs are calculated for the Vancouver CMA (Metro Vancouver) and are not provided specifically for Surrey.

| Bachelor | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|----------|-----------|-----------|-----------|
| \$41,500 | \$48,000 | \$58,000 | \$68,000 |

Source: BC Housing, 2018 Housing Income Limits (HILS)

Note: This table is for reference only; the Proponent should use HILs for the most recent year.