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## MEMORANDUM

October 20, 2009

TO: Mayor and Council

CC: Penny Ballem, City Manager  
David McLellan, General Manager, Community Services  
Brenda Prosken, Deputy General Manager, Community Services  
Tom Timm, General Manager, Engineering Services  
Brent Toderian, Director of Planning  
Kent Munro, Assistant Director of Planning  
Michael Flanigan, Director of Real Estate  
Dennis Carr, Assistant Director, Social Infrastructure  
Jill Davidson, Assistant Director, Housing Policy  
Doug Robinson, Manager - Facilitation Group, Development Services  
Marg Coulson, Acting City Clerk  
Colin Fenby, Assistant Director, Integrated Marketing and Communications

FROM: Chris Warren, Director of Development Services

SUBJECT: Enquiries for Short Term Incentives for Rental (STIR) Program - An Update

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The Short Term Incentives for Rental (STIR) program was approved by Council on June 18, 2009 and formal enquiries under the program began on July 6, 2009, just 3.5 months ago. This memorandum is intended to provide an early synopsis of interest in the program, an analysis of the potential of the proposals and a summary of some key observations of the program.

### Interest in the STIR Program

1. The number of enquiries and rental housing unit count changes weekly; however, at the time of writing, 30 proponents had initiated discussions with staff about the program and how its provisions might apply to their projects;
2. A total of 21 STIR proposals have been proposed; these collectively represent a total of 1,668 potential rental housing units;
3. All of the proposals contemplate rental housing units that would be secured for the life of the building or 60 years, whichever is greater; and
4. Project proposals manifest themselves through either a rezoning (increase in density and processed through the Negotiated Stream) or a development permit application (no increase in density and processed through the Simple Stream): three-quarters of the proposals would require rezoning and Council should expect to see many of these on their agenda during the fall of 2009 and the spring of 2010.

## Analysis of the STIR Enquiries to Date

1. The number of STIR proposals and the associated number of potential rental housing units is summarized as follows:

Table 1 - Applications and Enquiries

	Applications Received		Enquiries - <i>Strong Potential</i>		Enquiries - <i>Uncertain Potential</i>		Total
	DP	Rezoning	DP	Rezoning	DP	Rezoning	
Projects	2	3	1	4	1	10	21
Units	86	297	19	200	130	936	1,668

2. Five (5) projects with a total of 383 units have submitted formal applications.
3. The majority of the proposals are at the “Enquiry” stage.
4. Staff’s preliminary assessment is that five (5) additional proposals representing a total of 219 units have *strong potential* as STIR Projects, meaning that there are no obvious impediments to proceeding to the pre-application stage for rezoning and/or development permit. Applications are expected soon.
5. At present, the remaining 11 proposals are considered to have *uncertain potential* as STIR proposals, meaning that because of policy questions or given the need for further articulation of the proposal by the enquirer, their potential as STIR projects is considered indeterminate at this time. For these proposals, staff and the proponents continue to explore ways to make these proposals workable.
6. The intent of the STIR program is to provide a strategic set of City incentives to encourage and facilitate the development of new residential market rental housing. Nine (9) of the 21 STIR enquiries are previously contemplated development projects that are now being re-worked to include rental housing units under the STIR program.
7. Several projects are currently being re-worked by the applicant as a result of the economic downturn and may ask the City to reconsider existing allocated public benefits in order to secure rental housing. Staff will carefully consider these requests which may or may not result in Council consideration of negotiated public benefit offerings and the STIR program for specific projects (i.e. housing vs parks/daycare).
8. In terms of geographical distribution, there is interest from all areas of the City that can be characterized as follows:

Table 2 - Geographic Distribution

Geographic Area	Downtown/ West End	SEFC	Broadway Corridor	East of Main Street	South of 41 <sup>st</sup> Avenue
Process - DP Projects (Units)	3 (187)	0	1 (48)	0	0
Process - RZ Projects (Units)	7 (641)	2 (202)	2 (122)	4 (298)	2 (170)
<b>Total Projects (Units)</b>	<b>10 (828)</b>	<b>2 (202)</b>	<b>3 (170)</b>	<b>4 (298)</b>	<b>2 (170)</b>

## Key Observations

At this early stage, staff put forward the following observations about the program:

1. While the STIR program encourages developers to make their best case for increasing the supply of rental housing, the STIR program does not override good urban design or existing planning policy as noted in the Council approved STIR report of June 18, 2009. Building height and density, which forms an important part of the STIR incentive package, is, therefore, being examined critically and carefully for each enquiry as it relates to planning policy.
2. In downtown locations where land values are higher than in other areas of the city, the City can expect that the request for increased density as a STIR incentive will also be higher in order to produce the same number of units. This is not unexpected; however staff will carefully assess the urban design implications in terms of building form and prevailing current market value of land before recommending support. This may have a particular impact on projects currently on hold that are looking for an exit strategy or ways to “kick start” their projects as a result of the economic downturn.

Council may wish to consider limiting the number of downtown projects/units it supports with STIR incentives relative to projects outside of the downtown. Staff will continue to monitor this issue as project data is confirmed.

3. Although some per unit costs of the incentive appear generous, this should be measured against the extensive term of the guarantee for retention of rental housing on each site. Council may wish to consider capping the per unit value of the incentive package for projects as amortized over time of secured rental units. Staff will continue to monitor this issue as project data is confirmed.
4. Given the status of enquiries to date it is too early to tell with certainty how many projects or units will proceed to construction. To date, none of the applicants have confirmed construction start dates given the stage of design development and approval, although 1 project is at the building permit stage and staff believe this project could start construction before the end of 2009.

## On-going Monitoring

The July, 2009 Council report on the program recommended that staff regularly report back on the program. STIR will be monitored on its ability to meet the program’s principles according to the following:

- Number of rental residential units produced;
- Number of jobs created;
- Amount of investment contributed;
- Number of rental units to the total number of residential units produced;
- Percentage increase in rental units from historical trends;
- Processing time from intake to permit issuance; and
- Costs to the City of forgone revenue.

A formal reporting on the status of STIR will be made by January, 2010.

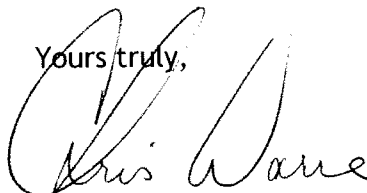
## Conclusion

The initial interest in the STIR program has been vigorous and staff and applicants, through the enquiry process, are gaining a better understanding of the program's potential and its limitations.

Staff have confidence that the STIR program can, when ready, result in an increased supply of newly constructed market rental units in the City. For those who cannot afford to purchase a home, this represents an opportunity to access newly constructed housing that is secure over time as rental.

If any clarity or further information is required, please contact Doug Robinson at 871-6092.

Yours truly,

A handwritten signature in cursive script that reads "Chris Warren". The signature is written in black ink and is positioned above a long, thin, curved horizontal line that extends across the page.

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CW/jdr